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Black Farmers in America, 1865-2000

The Pursuit of Independent Farming and the Role of Cooperatives

Abstract

Black farmers in America have had a long and arduous struggle to own land and to operate independently. For more than a century after the Civil War, deficient civil rights and various economic and social barriers were applied to maintaining a system where many blacks worked as farm operators with a limited and often total lack of opportunity to achieve ownership and operating independence. Diminished civil rights also limited collective action strategies, such as cooperatives and unions. Even so, various types of cooperatives, including farmer associations, were organized in black farming communities prior to the 1960s. During the 1960s, the civil rights movement brought a new emphasis on cooperatives. Leaders and organizations adopted an explicit purpose and role of black cooperatives in pursuing independent farming. Increasingly, new technology and integrated contracting systems are diminishing independent decision-making in the management of farms. As this trend expands, more cooperatives may be motivated, with a determination similar to those serving black farmers, to pursue proactive strategies for maintaining independent farming.

Acknowledgments

The idea of conducting this research was developed from reading an unpublished manuscript by a co-worker, Beverly Rotan, which was based on several case studies of black farmer cooperatives. Her research indicated that historical background was essential to understanding many of the current conditions for black farmers and their cooperatives. Discussions with Beverly and another co-worker, Edgar Lewis, were indispensable in the effort to adequately understand the goals and practices of black farmers and cooperatives. John Zippert of the Federation of Southern Cooperatives/Land Assistance Fund provided background on some of the major developments of black farmer cooperatives during the 1960s and 1970s, as well as providing a substantial set of key documents. The historical component of this report relied to a large extent on three excellent books by the Smithsonian Institution scholar, Pete Daniel (see the References section). Furthermore, he reviewed an earlier version. His suggestions were helpful for making several improvements in this report. A second version was reviewed by Professor Robert Zabawa of Tuskegee University and Spencer Wood, a doctoral candidate in sociology at the University of Wisconsin. They offered several excellent critical observations and suggestions.

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Black Farmers in America, 1865-2000

The Pursuit of Independent Farming and the Role of Cooperatives

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Farming as a family-owned and independent business has been an important part of the social and economic development of the United States. But for many black farmers it was more often than not a losing struggle.[1] The end of slavery was followed by about 100 years of racial discrimination in the South that limited, although it did not entirely prevent, opportunities for black farmers to acquire land.

Enforcement of civil rights in the 1950s-60s removed many overt discriminatory barriers, although by that time increased technology had significantly reduced the demand for farmers in agricultural production. Nevertheless, cooperatives, while having some limited application in earlier decades, emerged as a significant force for black farmers during the civil rights movement. They assumed a major role in marketing and purchasing and in improving opportunities for black farmers to retain their ownership of land. They essentially helped keep alive a traditional aspiration for independent farming. This report reviews the history of black farmers to explore the role of cooperatives in their pursuit of independent farming.

The term "independent farmer" is often used for different purposes, ranging from description of a personality-type to justifications for farm policy. A general definition is an individual who makes farm-operating decisions that have variable risk and reward outcomes. For independent farming to be successful, risk/reward combinations must be competitive with what is offered by alternative production systems that diminish operating independence of farmers.

About 25 years ago, an independent farmer was generally defined as having freedom to make decisions with risk and reward consequences while functioning in an interdependent market system (Breimyer, 116-17; Lee, 40-43). While this definition is still valid, interdependencies in the farm economy are increasing and farm decision-making has become more coordinated and restricted during the last 25 years (Wolf).

Definitional boundaries of farming independence are left to farmers and agribusiness to negotiate without major interference by government in determining how risk and reward are shared. In general, public policy and agricultural research are focused on how to increase aggregate income and to provide a farm safety net, but for the most part are neutral about the extent of a farmer's entrepreneurial independence.[2]

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[1] The abolition of slavery did not end domineering systems of command and control by some white planters over most black farm operators. The undermining of opportunity for blacks to develop independent farming, in many cases by the use of peonage, existed well into the post-World War II era. (Daniel 1972).

[2] U.S. agricultural policy in general has adhered slightly more to a philosophy of "consumer sovereignty" in regard to not directly promoting the operating independence of farmers, than for example, French agricultural policy. For a comparison between French and U.S. policies on the role of cooperatives with respect to independent farming of grapes for wine production, see Knox. For an institutional and policy comparison between the U.S. and France regarding the relative importance of consumer sovereignty and of human factors of production, i.e., independent farmers, see Chen.

That leaves cooperatives, with their democratic control of value-added businesses, as the major institutional mechanism for sustaining independent farmers. However, as applied in predominantly white farming regions of the U.S., members' operating independence is assumed and the primary objective of cooperatives is to maximize member earnings. By itself, independent farming traditionally has been regarded as only an implicit objective in these cooperatives.[3]

For many white farmers, independent farming has been an economically challenging vocation, but unlike black farmers, they have not experienced social and institutional barriers to owning and operating farms. For many black farmers, there is a special incentive to operate independently: to avoid both farming under the controlling systems that many white planters applied in the past, and the trade credit practices that led to foreclosure on land they owned (Litwack, 137).

Since the civil rights movement, cooperatives have played an important part in helping black farmers to sustain or develop as independent operators. As a public issue, the objectives have been civil rights and fighting poverty, and not independent farming. In fact, during President Lyndon Johnson's "war on poverty," many of today's black farmer cooperatives got their start with financial assistance from the Federal Government. But to black farmers and community leaders, building and sustaining operating independence is a concomitant objective and cooperatives have a major role in achieving that end.[4]

The experience of black farmers is directly connected with major events in Afro-American and general U.S. history. For a quick reference on pertinent historical developments, see a chronology of periods and events for 1865-1965 in Appendix Table 1. The first section of this report discusses farm-operating arrangements that developed during Reconstruction and the subsequent decades of progress for some, but worsening conditions for most black farmers with the rise of the Jim Crow era in the 1890s. The second section examines development of three strategies during the period of 1880 to 1932 for establishing independent farmers: cooperatives, farm settlement projects, and farming self-sufficiency. The third section describes the impact and legacy of the New Deal period, 1933-41, on the prospects for black farmers. The fourth section examines the influence of the civil rights movement on the rise of black farmer cooperatives during the 1950-60s and the role of the Federation of Southern Cooperatives/Land Assistance Fund (FSC/LAF). The last section discusses some of the challenges in using cooperatives to sustain independent black farmers, and how they are being met in rural black communities to accomplish value-added initiatives.

Black Farmers in the South, 1865-1932

Abolitionists worked to end slavery for several decades before the Civil War, but most were unconcerned about how former slaves would transition to freedom in a capitalist society (Pease, 19 and 162). When victory by the North was imminent, this issue was immediately in the forefront. Its resolution required answering a basic question: to what extent should government provide for a transition to "free" labor rather than support the desire of many freedmen to be independent farmers?

There were isolated opportunities for former slaves to acquire land. As early as 1862, Union generals subdivided some plantations of Confederate leaders for small farm settlements by former slaves. The government sold confiscated land on St. Helena Island and Port Royal, SC, in 1863 to a philanthropist-entrepreneur who produced cotton by hiring freedmen and arranged mortgage payment plans for those farmers to gradually purchase the land (Pease, 139-41).

The first Freedmen's Bureau Act in 1865 included plans for 40-acre tracts to be sold on easy terms from either abandoned plantations or to be developed on unsettled lands. But by late 1865, President Andrew Johnson terminated further initiatives by the Union Army for small farm settlements. In 1866, a second

[3] Joseph Knapp's two-volume history of American agricultural cooperatives, the most comprehensive to-date, describes how farmers formed associations to improve their income. He attached a different meaning to the term "independent farming" from the way it is defined in this report. He viewed the late 19th century commercialization of agriculture as eliminating farmer independence. In his view, the decline of independent farming created the need for cooperatives (Knapp 1969, 46). The stated purposes of most cooperatives are synonymous with sustaining the independence of farmers, but in following Knapp's conception, they are rarely ever described in such terms.

[4] Even black political and government leaders emphasize economic development and not operating independence. This emphasis, which misses the desire of many black farmers, is described by Jerry Pennick in the Federation of Southern Cooperatives/Land Assistance Fund 25th Anniversary Report of 1992: "Of all the black leaders, both locally and nationally, how many have provided us with a real and viable plan for economic independence? Invariably they say that in order for us to achieve economic independence, we must have jobs. By jobs, they mean working for the established employment producing industries, which are over 95 percent white owned and controlled."

Freedmen's Bureau Act was passed that lacked specific terms and actions for implementing 40-acre settlements (Shannon, 84).

Social scientists and economic historians have considered the government's reluctance to implement a major land settlement program for the freedmen as a lost opportunity for independent farming (Marshall 57; Higgs, 78-79). The extent to which land reform would have required seizure and breakup of plantations may have worked against adoption of such a policy. There were opportunities to provide small farms on government-owned or unsettled lands. But a related issue was what to do with large plantations and how they would be farmed? By leaving the plantations intact, a demand for farm-operating labor was created.

Despite early announcements of plans for land settlement programs, the work of the Freedmen's Bureau focused instead on facilitating a transition from slave to various types of farm operation or labor relationships. During a 4-year period, the Bureau mediated agricultural production contract negotiations between planters and freedmen (Woodman 1984, 534-35). In other words, national leaders decided that its appropriate role was to help former slaves become "free" in being able to offer labor and farm operating services, while independent farming was left to individuals to pursue.[5] The demise of land distribution plans did not eliminate opportunities for ownership and independent farming, but its future depended on the extent of economic mobility, or what was called moving up the agricultural ladder. The Freedmen's Bureau sought to establish potential for mobility by requiring fairness in the terms negotiated for farm production.

The freedmen eschewed operating as wage-workers out of concern that planters would establish a "free" labor variant of the factories-in-the-field system of slavery. They also wanted more connection to the land with responsibility for raising crops such as cotton on individually designated tracts. Furthermore, the freedmen wanted separate family residences, in contrast to the centralized living quarters under slavery (Ochiltree 357, 377). Each tenant or sharecropper family had its own cabin and designated section of land.

The two general alternatives to wage labor were tenancy arrangements under rental contracts and sharecropping. The tenant contracts were often not a fixed-rent type, but a specific share of either the harvest or of sales. In contrast to sharecroppers, tenants supplied more farm production inputs in addition to their labor. The distinction had originally meant that tenants paid landowners for use of the land, including debt payments, while sharecroppers received their share, less debt payments, from landowners. Several southern states passed laws during the late 19th century that established the status of payment terms and working relationships as subject to determination by private negotiations between the landowner and tenant worker, which resulted in negligible differences between tenant and sharecropper (Edwards). Hence, the alternative forms of contracting that are reported in the Census of Agriculture for the South were in many cases of actual practice equivalent to sharecropping in providing slight incentives to increase efforts for more productivity and earnings, as observed in later studies (Woofter, 10-11).

The Freedmen's Bureau was not in a position to uniformly establish fairness in farm contracting. Its termination by 1869 may have been premature, but it did help establish terms under which some planters and black farm operators would develop effective working relationships. The Bureau, in concert with private organizations, also helped establish schools that remained in operation throughout the Reconstruction period (Vaughn, 9-23).

The presence of Federal troops also facilitated the exercise of new freedoms by former slaves, especially the establishment of their own churches. The churches became a focal point of community development. Some even assumed coordinating roles in education and commerce.

Newspaper stories from Alabama in the 1870s describe corn production and price agreement strategies used by black farmers to withstand pressures to sell cheaply. This coordination was accomplished through the informal channels of church membership. In fact, the value of church membership created sufficient incentive and social cohesion to prevent free-riding behavior from unraveling group commitments. These assertions of coordinated market power by black farmers in the Reconstruction years, however, fueled resentment among some elements of white society (Curtin, 26 and 34).

The withdrawal of all Federal troops in 1877 signaled a turn for the worse in making progress for independent farming. The availability and quality of public and private schools declined. In many rural areas, there was no access to high school education for black children (Litwack, 56-113). Concurrently, institutions and arrangements for agricultural production in the

[5] As noted in footnote 2, independent farming has seldom been a direct concern of policy in U.S. history.

South evolved further away from incentive-based relationships to increasingly rely on more command and control over farm laborers (Ochiltree, 367-68; Curtin, 35).

The extent of progress of black independent farming does not admit easy generalizations for the period of 1880-1920. Census data and other evidence is mixed between progress in land ownership for some and economic stagnation for most black farmers.

W.E.B. Du Bois estimated 19th century progress in land ownership by black farmers: 3 million acres in 1875, 8 million in 1890, and 12 million in 1900 (Aptheker, 105). The Census of Agriculture shows a steady increase in the number of farm operators owning land in the South from 1880 to 1890 and again in 1900, but does not distinguish between white and nonwhite owners until 1900. Census figures show 1920 as the peak year in the number of nonwhite owners of farmland in the South (Appendix Table 2). In terms of acreage owned, the census shows 1910 as the peak year for the South. More than 12.8 million acres were fully and partly owned, respectively, by 175,290 and 43,177 nonwhite farmers.[6]

Increases in land ownership after 1900 were partly due to a significant rise in cotton prices that lasted until the outbreak of World War I in 1914. The growth in farmland acquisition by blacks during the late 19th and early 20th centuries demonstrates a period of economic mobility for about 25 percent of farm operators (Appendix Table 2). In the early 20th century, there were instances of black farmers having achieved the status of landlords and becoming philanthropic community leaders (Grim, 412-14).

During the 19th century there were some opportunities to establish farms on unsettled lands, but over the long run, most black farmers gained land through their working relationships with white planters (Higgs, 69, 130-31). Landowners profited by offering tenant farm operators the incentive of having an opportunity to buy certain tracts of land in exchange for increased farming efficiency. Much of the land black farmers own today is adjacent or relatively near to farms owned by whites.

The increased land ownership and prosperity of the first two decades of the 20th century, however, were not shared by a large majority of black farm operators. Enactment of Jim Crow laws in the late 1890s empowered landlords and planters to try to extract more output from tenants and sharecroppers with less compensation, rather than using incentives for self-motivated work (Ochiltree, 367; Litwack, 127-29; Alston, 267). Oppressive farm operating contracts were easier to impose because the voting rights of blacks were limited. Without the franchise, black tenants and sharecroppers had no legal or political recourse. These laws also facilitated tacit coordination by white landlords in applying stricter terms in agricultural contracts.

The purchase of farm and household supplies was financed by loans secured with crop liens from merchants, which put many farm operators into a persistent state of debt (Litwack, 136). In some southern states, a peonage system developed from laws on indebtedness that enabled planters to force some tenants to remain as operators on their plantations (Daniel 1972, 20). Cotton grown by tenants and sharecroppers was usually sold for them or credited to their furnishing accounts. So, even when these growers avoided peonage, they likely received lower returns because they lacked the power to monitor marketing transactions (Woodman 1982, 228; Litwack, 133).

The misery brought on by cotton crop liens was not limited to blacks. During the antebellum period, many southern whites had been small subsistence farmers who did not grow cotton. They shifted to cotton after the war, but many lost their farms because of dependence on crop liens (Woofter, xxi; Woodman 1982, 229). Increasingly, landless whites became a large part of the tenant and sharecropper workforce (Appendix Table 2).

Census reports from 1900 to 1920 show an increasing number of black tenant and sharecropper families in the South. By 1920, there were 369,842 tenants and 333,713 sharecroppers. Natural disasters and agricultural price declines during the 1920s created much economic distress. By the 1925 census, sharecroppers had become more numerous in the South than rental tenants. By 1930, the number of southern black sharecroppers peaked at 392,897. Between the 1920 and 1930 censuses, the number of white sharecroppers also increased; many of them may have fallen from the ladder rungs of tenants and owner-operators (Appendix Table 2).

While not all individuals succeed in farming in any setting, the repressiveness of Jim Crow society sti-

[6] The census only reported sharecroppers for classifications of white and nonwhite farm operators. However, by confining the data to southern states during this period, the count in the nonwhite category is either identical or only slightly larger than the actual enumeration of black farm operators. Although Texas and Oklahoma were included as southern states in these census reports, their sizable populations of Mexican-Americans were included in the white category.

fled market incentives that enable economic mobility. Economist Robert Higgs observed that many planters were willing to trade off some potential earnings in return for the social solidarity achieved by pursuing white supremacist values (130). Many planters may have also believed that it was advantageous to maintain a supply of low-paid farm workers by limiting economic mobility for sharecroppers.[7]

The erosion of opportunities for decision responsibility and for education worked against black farmers' pursuit of independent farming. USDA studies during the 1930s revealed that the production contracting and furnishing system of previous decades created dependency and ignorance about economic alternatives (Woofter 142-43; Daniel 1985, 85-87). But although opportunities and capabilities for operating independence were systematically undermined, the desire of tenants and sharecroppers to achieve the life of an independent farmer was not extinguished.

Independent Farming Initiatives, 1886-1932

Between 1886 and 1932, there were several types of initiatives to promote more independent farming by black tenants and sharecroppers. The most famous and durable achievements were in agricultural education. The Second Morrill Act of 1890 established state agricultural colleges for black students. Booker T. Washington (1856-1915) emerged as a leading public figure in promoting education and farm improvement. But three other initiatives of this period applied directly to development of independent farming: (1) organization of cooperatives for farmers and other community services, (2) projects for land purchase and resale to small farmers, and (3) farm diversification and self-

sufficiency. The first two directions proved to be unsustainable, but they reemerged in later years as key strategies for supporting the independence of black farmers. The third initiative helped many farmers avoid the continuous indebtedness and peonage that often resulted from cotton sharecropping and crop lien finance.

The Farmers Alliance of the 1880s and early 1890s was a significant cooperative organizational movement. The Alliance spread throughout the Plains states and the South by regionally organizing into northern and southern branches. Alliance cooperatives were established in many communities. The movement also attempted a centralized cooperative marketing approach that had not existed with the earlier Grange cooperatives. Opposition to the crop lien system was a primary motivation for the Farmers' Alliance, and its leadership developed several innovative financial and cooperative strategies (Knapp 1969, 57-67).

A faction within the Alliance tried to build a cooperative society without segregation and racism, but Alliance leaders were conflicted on the issue of participation by black farmers. Black participation was accomplished by establishing an organizationally segregated branch of the movement, the Colored Farmers' National Alliance and Cooperative Union (CFNACU) in 1886 (Goodwyn, 278-85). A history of the association claims that the CFNACU cooperative exchanges that operated in several southern cities provided supplies and loans to help members pay land mortgages.[8] But the resources, size, and operations of these cooperatives have not been documented.

[7] B. T. Washington, who preached that hard work would be rewarded, observed how this was not always valid in practice. In an article in the Country Gentleman magazine, he tried to point out to planters the advantages from using incentives for gaining more efficiency: "In one case I happen to remember a family that had three or four strong persons at work every day that was allowed to rent only about ten acres of land. When I asked the owner of the plantation why he did not let this family have more land he replied that the soil was so productive that if he allowed them to rent more they would soon be making such a profit that they would be able to buy land of their own and he would lose them as renters. This is one way to make the Negro inefficient as a laborer—attempting to discourage him instead of encouraging him." (BTW, V12, 392).

[8] The general superintendent of CFNACU was a white Baptist minister, R.M. Humphrey, who had also served in the Confederate Army. An historian, who is currently researching the CFNACU, has studied the Alliance publications and a history written by Humphrey (Ali).

The Alliance also tried to build organizational bridges between farmers and laborers, with the latter being represented by the Knights of Labor. The Alliance was renamed the Farmers and Laborers Union of America in 1890. Steps toward amalgamation ended as farmer participation declined and attention turned toward political actions in the formation of the Populist Party. Ultimately, as one historian has pointed out, unions were more relevant for sharecroppers than cooperatives (Woodman 1982, 229-30). Nevertheless, sharecropper and tenant unions can be regarded as a stage in the pursuit of independent farming and, like cooperatives, are forms of democratically governed collective action.

CFNACU ordered a general cotton harvest strike in 1891, although several of its local suballiances opposed it. Black sharecroppers struck in a region of Arkansas, and violent altercations ensued. This form of activism increased divisiveness between CFNACU and the Southern Alliance, which included some planters who operated with sharecropping (Goodwyn, 292-94). The Alliance movement began to further unravel when it effectively amalgamated with the Populist Party. It dissolved after losses in the elections of 1892 and 1896. But the Knights of Labor continued to recruit sharecroppers and accomplished substantial interracial organization (McMath, 126). Their work may have influenced the specific unions of tenant farmers that organized in the early 20th century.

In summary, the Alliance introduced the idea of cooperatives to some black farmers in the South, and may have contributed experience that was applied to other types of associations in rural communities. However, the Alliance's political activism may also have influenced many southern whites to move in the direction of segregation and disenfranchisement with the passage of Jim Crow laws in several states throughout the 1890s (Goodwyn, 304-06).

A movement for black cooperatives, separate from the Alliance, developed in East Texas. Robert Lloyd Smith (1861-1942), a local school principal and community leader, initiated it. His first step in the direction of cooperatives was to establish a branch of the Village Improvement Societies, a movement from the northeastern United States. This movement was dedicated to home and community improvement efforts, but as Smith learned about the perpetual cycle of debt caused by crop liens, he reorganized it as the Farmers' Improvement Society of Texas (FIST) in 1890 (Zabawa, 463-64).

FIST helped farm families develop more self-sufficiency and strategies for operating on a cash basis. It established local purchasing cooperatives that, while separate from the Alliance, may have been influenced by that movement's promotion of cooperatives. Smith was politically competitive with the Alliance support of the Populist Party, which he defeated in the 1894 and 1896 elections to the Texas House of Representatives by running on the Republican ticket.

FIST was a successful regional cooperative for several years. Its membership grew from 1,800 in 1898 to 2,340 members by 1900, with 86 branches in Texas, Oklahoma, and Arkansas. Its members owned 46,000 acres of farmland. FIST was also adaptive in its strategy. While many members needed to operate on a cash basis, others had credit needs for acquiring land or developing their farms. To meet the needs of such members, it established the Farmers' Improvement Bank in Waco, TX, in 1906. Even though it served many low-resource farmers, FIST's annual supply purchasing volume was estimated at $50,000 in 1909. Other projects and services included agricultural education and facilities for applying best practices in producing eggs, poultry, and swine (Texas State HA).

The success of FIST was partly due to achieving critical mass by meeting a range of member needs. Smith coupled the agricultural side of cooperation with the Village Societies' home and community improvement work. The letterhead on FIST stationery stated its purpose: "What We Are Fighting For: The Abolition of the Credit System. Better Methods of Farming. Cooperation. Proper Care of the Sick and Dead. Improvement and Beautifying of our Homes"

(Washington, henceforth, BTW, V.5, 4). In other words, its activities covered services from better living to dignity in death.

In the early 20th century, many associations were organized by black church leaders and provided a range of community services for education, health benefits, funerals, and credit services for buying land and establishing homes. They often had religious names, such as "Good Samaritans" or the "Order of Moses." They operated with member dues and control as in mutual insurance associations or shared-service cooperatives (Ellison, 9-15).

Prior to the Depression, the largest type of self-help association in terms of membership and financial assets was often cooperatives for providing funeral and burial services for predominantly black rural and some urban residents. Members paid monthly assessments and accumulated benefit certificates over time. Many of these cooperatives were federated into organizations that covered fairly large geographic areas. One of them had members in seven states. Some had accumulated several million dollars in assets by 1931 (Ellison, 13).

The growth and formal structure of the funeral cooperatives did not carry over to farmer cooperatives. Outside the Alliance experience and FIST, farmer cooperatives were mostly of an informal and *ad hoc* variety. Their informality reflected the limited commercial opportunities and unequal market access available to black farmers during the first half of the 20th century. A formal and countervailing-power type of marketing cooperative of black farmers was not tolerated in the pre-civil rights era. Vocational agriculture teachers and county agents often provided leadership and management of informal cooperatives (Pitts, 21). Their purposes were limited to making seasonal bulk purchases of farm supplies, organizing street markets, or handling occasional surpluses that farmers could not sell or consume on their own.

The most direct strategies for the pursuit of independent farming in the early 20th century were projects for coordinated land purchase and contiguous settlements of small farmers.

By the late 19th century, a few prosperous black communities emerged in the South and in other parts of America (Grim). Booker T. Washington studied and wrote about some of the most successful rural communities, pointing to them as examples of economic uplift. Mound Bayou, MS, founded in 1887, became famous for establishing black-owned businesses and independent farms, and governance entirely by its black residents (BTW, V9, 307-20).

B. T. Washington promoted land purchasing programs that influenced future rural development strategists. He was a major public figure and widely respected by political and business leaders such as President Theodore Roosevelt and Andrew Carnegie. He used his many connections to raise startup capital for several settlement projects. His first project focused on improvement for tenant housing. In the 1890s, the Tuskegee Institute received a grant from a Boston philanthropist to establish a revolving loan fund for home improvements. This grant contributed to tenant well-being, but the program always required new funding because the economics of most tenant production contracts did not generate sufficient earnings to capitalize the program (Harlan, 213).

In future projects, Washington sought a kind of hybrid plan for satisfying investor interests with a target rate of return and philanthropic interests by helping black farmers establish independent farm enterprises. In the late 1890s, he and supporters debated various alternatives for financing and managing a project for land acquisition by small black farmers. The experience of FIST in applying cooperative organization prompted consideration of the idea of organizing a "co-operative land association" with stock subscriptions and application of a cooperative system for production (Zabawa, 465-69). Yet, when this project was implemented in 1901 as the Southern Improvement Company (SIC), the cooperative dimension was left out. Nevertheless, SIC intended to be a practical way for black farmers to obtain ownership of land.

SIC was capitalized by a group of northern philanthropist entrepreneurs and managed by a Tuskegee graduate. A 4,000-acre tract of land was purchased and subdivided. The business plan included housing and small-acreage farms for purchase with relatively low mortgage interest rates. Project revenue was generated primarily by cotton and cottonseed sales that were exclusively handled by agents for SIC (Anderson, 114). Historical research on SIC offers conflicting views about its success.[9] The project worked well when cotton prices were high, but after conditions worsened, individual farm holdings foreclosed by 1919 (Zabawa, 467).

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[9] See Harlan; Zabawa and Warren for an appraisal of the SIC's positive impact, while Anderson, who used different archival sources, argues that it became exploitative of the farmers. Washington wrote in glowing words about the accomplishments of the SIC in a magazine article in 1911, but died before farm earnings plummeted and undermined the project (BTW, V10, 605-06).

Washington initiated another land project in 1914 that was earmarked for Tuskegee graduates who lacked family farm ownership. An 1,800-acre tract was purchased by a group of investors, led by a Tuskegee trustee. The Tuskegee Farm and Improvement Company, also called Baldwin Farms, basically followed the same operating procedures as SIC (BTW, 309-10). Unfortunately this project was started as the cotton market entered a period of low prices and boll weevil problems. A community of independent black farmers sustained operations until 1949 (Zabawa, 467-69).

The most successful strategy for independent farming in the early 20th century was crop diversification to build self-sufficiency. Washington regarded this as a way for black farmers to avoid the problems of dependence on cotton and indebtedness from crop liens. He influenced the development of the black extension agent system and the content of what was promoted to farmers. Much of this influence was carried forward by Thomas M. Campbell, a student and assistant to Washington at Tuskegee. Campbell was the first farm extension agent to be appointed by USDA, and over his career from 1906-53 he was the predominant leader of the black extension agent service (Jones).

In addition to crop diversification, information on preserving farm-grown foods was disseminated by agents as a way to develop self-sufficiency and insulation from white commercial society. Black extension agents initially focused their efforts on farmers who owned enough land for independent operating, but depending on the receptiveness of planters, they increasingly promoted gardening by sharecroppers (Zellar, 432- 438).

Washington knew about cooperatives but did not embrace them as an appropriate strategy for black farmers, at least under the prevailing economic conditions and political power structure. Extension agents coordinated occasional group purchasing or joint-selling efforts but did not systematically disseminate knowledge for formal cooperative development.

During the years of the New Deal, Campbell seized the opportunity to establish a cooperative at the Tuskegee Institute to serve as a model of this method of self-help (Jones, 53). Prior to the 1960s and apart from a few New Deal programs, the Federal Government offered negligible assistance and encouragement of cooperatives for black farmers.

Of the three directions for developing independent farming, self-sufficiency with crop diversification had a more immediate and lasting impact at the time than cooperatives or coordinated land purchase initiatives. Increased self-sufficiency would help to reduce dependency on cotton, but with the exception of tobacco-growing regions, there were insufficient alternatives for involvement in and experience with a more commercial type of farming. In any case, crop diversification away from cotton was gradual and not uniformly adopted. As late as 1964, the Census of Agriculture reported that about half of the black farmer population produced cotton.

The period of the 1920s and 1930s was a watershed for many tenant farmers and sharecroppers. A combination of steadily increasing mechanization and economic depression forced a major reduction in the demand for farm labor in the South (Appendix Table 2). Natural disasters in the late 1920s and major commodity price declines increased the role of government in the farm economy. In 1929, the Federal Farm Board was established to sanction and direct market intervention by farmer membership associations, primarily nationwide or regional cooperatives.

The onset of the Depression in 1933 triggered an expansion of the interventionist role of government in agriculture through the administering of commodity payment subsidies directly to individual farmers. USDA policies abated a market process of land turnover to would-be independent farmers by restricting the entry of new producers and reducing incentives for many landowners to quit farming. In retrospect, the apolitical approach advocated by Booker T. Washington was to prove especially disadvantageous to black farm operators with the increased politicization of agriculture that the New Deal inaugurated.[10]

New Deal Agriculture

The New Deal was for the most part a bad deal for black farmers. Under the Agricultural Adjustment Act (AAA) of 1933, cotton was supported by restricting acreage and guaranteeing minimum prices. The immediate impact of reduced cotton acreage was displacement for many black and white tenants and sharecroppers. There were also cases of landlords who

[10] Washington tolerated a temporary acceptance of disfranchisement that he believed would change in step with economic progress of blacks (Harlan, viii ; Lutwack, 146-47). Though tolerating disfranchisement and segregation, he took a behind-the-scenes activist role in fighting debt peonage because of its direct interference with economic opportunity (Daniel 1972, 67).

did not distribute the share of payments that belonged to their tenants or sharecroppers (Woofter, 67; Fite, 141-2; Daniel 1985, 101-4). The New Deal also marked a significant increase of government services, for which distribution was controlled by politically connected groups in rural communities. For much of the South, this system resulted in diminished access to services for many blacks which, as alleged in recent lawsuits against USDA, persisted into recent years (Pigford).

Another unintended consequence of the AAA was to raise entry barriers to farm ownership. Numerous studies estimate that commodity price supports raise the price of farmland by as much as 15 to 20 percent as a national average (Floyd; Ryan). The commodity programs are tied to specific lands, which capitalizes the future value of the programs into the value of the land.

Although farmland prices were depressed during the 1930s, ownership was often not feasible for those, like many blacks, who had diminished access to AAA programs. Incentives for land purchases and expansions of farm acreage were increased for those with access to AAA programs. Census figures show that between 1930 and 1935, white farm owners and tenant operators increased farmland acres in the South by 12 percent, or more than 35 million acres. But farmland acreage owned by nonwhite farmers declined by more than 2.2 million acres, from 37.8 million to 35.6 million, during the same period. White farmers with full ownership in the South increased by 13 percent or 139,646 between 1930 and 1935, and white part-owners increased by 8 percent or 15,299. Nonwhite full-owners of farmland increased by 6 percent or 9,617 between 1930 and 1935, but part-owners decreased by 13 percent or 5,571. During the same 5-year span, white tenants increased by 145,763, while nonwhite tenants decreased by 45,049. These divergent changes may have reflected differences in access to subsidies (Appendix Table 2).

The increased entry by whites into farming appears to have been at least partly policy induced because it occurred during a period of acreage reduction for cotton and low commodity prices. The gains in land values from commodity price supports accrued once it became evident that these programs would persist. For those who added to their land holdings during the Depression, the benefits were gained once acreage restrictions for cotton and other program crops were eased or lifted. Future inducements to expand farming acreage would especially jeopardize much of the land owned by black farmers that was adjacent or

near white farms. The AAA programs and continued supporting of prices in farm policy raised barriers to land ownership for black farmers and limited their opportunities to either stay in farming or achieve the status of operating as independent farmers. Yet, farm policy is only one of several institutional factors that have worked against ownership of land by black farmers, and these have been examined in various studies and investigations (see Gilbert; and Associated Press).

New Deal policymakers did not neglect displaced tenants and croppers. Subsistence relief and resettlement programs were offered for these farm operators and their families during the mid-1930s. Such programs functioned more as a holding action for the unemployed than in addressing the economics of excess labor supply in southern farming. But during 1935-41, the programs of the Resettlement Administration, followed by the Farm Security Administration (FSA), were a substantial government effort to help tenants become independent farmers and to use cooperatives (Knapp 1973, 299-316; Baldwin, 193-211). Lending programs were established to enable tenants to purchase farmland and machinery. By analyzing creditworthiness, these programs tried to target those with the most capability to farm efficiently.

Displaced tenants and sharecroppers, who were selected for participation in some of the resettlement programs, were in effect offered an opportunity to develop as independent farmers. In many cases newly settled farms were in contiguous areas. Such communities provided a basis for establishing cooperatives, which FSA actively promoted and operated. These cooperatives included both traditional farm supply purchasing and marketing, but also a range of shared services. The latter included associations for joint ownership of farm machinery and breeding stock

(Baldwin, 203). These initiatives represented an awareness of the needs of new entrants to farming, of opportunities for farm ownership, and of the potential role of cooperatives in rural development, which had been put aside during the initial years of launching the AAA programs.

Many tenants lacked sufficient farming assets, equipment, and skills to qualify for land purchase loans, a problem that the FSA sought to address by implementing two types of cooperatives — farm production and land-lease. The former projects failed due to insufficient property rights incentives (Knapp 1973, 316). But land-lease cooperatives used a more individual-based incentive system. These cooperatives received loans for leasing entire plantations that were subdivided into family farms for subleasing to members. They also operated the plantation cotton gin and other facilities on a cooperative basis, in addition to farm supply purchasing. By 1940, there were 31 land-lease cooperatives, with 949 black and 750 white farm families (Knapp 1973, 313).

An alternative program involved lending for the acquisition of large tracts of land and subdividing them into individually owned family farms. It followed a plan similar to the projects promoted by Washington 30 years earlier, but this time with government support. FSA implemented 10 or more black settlements that were designed for family farm ownership. The Tuskegee Institute assisted the Prairie Farms in Macon County, AL, in developing a community infrastructure. The Prairie Farms community included a cooperative for purchasing and machinery sharing and a K-12th grade school (Zabawa, 480-3). Prairie Farms shut down in the 1950s.

FSA programs for farm ownership and cooperative development were phased out after 1941 although shared services, particularly farm machinery sharing cooperatives, were actively supported during World War II (Sharing). In fact, 32 farm machinery cooperatives were reported to be active in black communities of North Carolina throughout the 1940s (Pitts, 35). These programs likely contributed to the increase in farm ownership in the South between 1940 and 1945 (Appendix Table 2). Knapp's general assessment of the FSA initiative toward cooperatives was that the government was too directly involved and idealism often crowded out the practical experience needed for long-term sustainability (Knapp 1973, 316).

Some of the cooperatives organized by these programs lasted for several years after 1941. A 1946 survey showed that only 16 percent of the 25,543 cooperatives organized under FSA programs had gone out of business (Baldwin, 203). Many closed during 1950-59, the 10-year span with the largest rural exodus in the Nation's history (Appendix Table 3). This period was also the turning point from increasing to decreasing numbers of cooperatives in the United States (Mather). Yet the Mileston Farmers Cooperative that was established in Tchula, MS, by the FSA programs continues to serve its members today.

The establishment of cooperatives through government initiative in FSA programs contributed to knowledge about how individuals can work together in organizing agricultural purchasing and marketing. The FSA programs also applied the ideas for land acquisition and community planning that Washington had promoted. The elapse of these programs in 1941 and the post-war exodus from farming (Appendix Table 3) ended a phase of cooperative development, but made room for more enduring and grass roots approaches in the future.

The Civil Rights Movement and Cooperatives

The civil rights movement emboldened many black farmers to join cooperatives. It may have also provoked more discrimination by white-owned businesses against black farmers in commercial dealings. But, discrimination in some cases induced cooperative formation. In a time of interracial tensions, bulk purchasing of farm supplies or assembling member products for consolidated transactions enabled black farmers to minimize the frequency of their individual interactions with white merchants and product brokers. Cases of this mechanism are documented, where farmers' access to supplies or markets were blocked when they were known to be members of the National Association for the Advancement of Colored People (NAACP).

In 1956, black farmers in Clarendon County, NC, organized the Clarendon County Improvement Association to circumvent discrimination due to their NAACP membership. It provided small loans, farm supplies, and services. When area gins would not accept cotton from black farmers, the cooperative transported it to distant facilities for ginning (Daniel 2000, 247). Circumventing discrimination was also the purpose of forming the Grand Marie Vegetable Producers Cooperative, Inc., in Louisiana in 1965, after brokers boycotted some growers for their civil rights activities (Marshall, 51).

While cooperatives helped reduce members' exposure to potential racial discrimination in commercial dealings, the formation of associations elicited antagonism and reprisals from racist business owners. The Clarendon association lost access to credit from local banks, but it was able to borrow from the NAACP and also received funds from the United Automobile Workers for purchasing farm machinery (Daniel 2000, 247). One of the largest and most widely publicized black cooperatives to emerge in the late 1960s was South West Alabama Farmers Cooperative Association (SWAFCA). It encountered numerous boycotts from local businesses and discriminatory actions from politicians.[11]

The civil rights movement had a direct influence on cooperative formation by introducing the critical element of leadership. Black farmers were receptive to cooperatives, but getting organized was often difficult because many potential members lacked the training and resources. As in the past, county or university extension agents provided the initiative and leadership for informal or *ad hoc* cooperation, but many civil rights leaders wanted to help develop cooperatives of a formal and more visible type.

Many initiators of cooperative development were religious leaders, continuing a tradition of churches taking an active role in community building. For example, the Rev. Francis X. Walter founded the Freedom Quilting Bee cooperative in Alabama in the early 1960s. Father A. J. McKnight organized the Southern Consumers Cooperative (SCC) and several credit unions during the 1960s-1970s (Marshall, 37-40).

Father McKnight also contributed significant institutional development for black cooperatives with the founding of the Southern Consumers Education Foundation (SCEF) in 1961. His work drew attention and support from the Cooperative League of the USA (CLUSA), the Credit Union National Association (CUNA), and other national organizations.[12] Along with some foundations, they helped establish the Southern Cooperative Development Program (SCDP) in 1967. It offered cooperative education and technical assistance to cooperatives and credit unions located primarily in Louisiana, Mississippi, and Alabama. After two years in operation, SCDP realized a need to focus assistance on a group of 25 associations, rather than spreading its resources on new cooperative development (Marshall, 42).

The Federation of Southern Cooperatives (FSC) was also founded in 1967, organized by representatives from 22 cooperatives across the South (Federation 1992, 7-9). Its director was Charles Prejean, who, like Father McKnight, was involved with improving adult literacy and realized the importance of concrete interests and tasks such as cooperative participation in helping people develop their economy (Bethell, 4). FSC had common purposes with SCDP but was more encompassing in its plan of action. For a brief period in the early 1970s, SCDP combined with the FSC as a

Table 1 —Federation of Southern Cooperatives membership, 1969

	Agricultural		Credit Unions		Consumer		Othera		Total	
States	co-ops	members	co-ops	members	co-ops	members	co-ops	members	co-ops	members
AL	2	1,825	6	2,784	3	230	3	2,789	14	7,398
MS	5	1,875	1	500	3	1,080	8	1,482	17	4,937
LA	3	290	4	1,833	--	--	1	2,050	8	4,183
Otherb	14	1,992	5	801	9	1,720	13	578	41	5,091
Total	24	5,982	16	5,918	15	3,030	25	4,303	80	--

[a] Other cooperatives include handicraft, small industry, and fishing.
[b] Other states are Arkansas, Florida, Georgia, Kentucky, Missouri, North Carolina, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

[11] SWAFCA had been approved for an Office of Economic Opportunity (OEO) grant, but in June 1967 Alabama Governor Lurleen Wallace vetoed it. Sargent Schriver, the director of the OEO, overrode the veto (Marshall 48; Bethell, 6).

[12] Father McKnight was inducted into the Cooperative Hall of Fame in 1987.

lending unit for cooperatives. It was renamed the Southern Cooperative Development Fund (SCDF) but has operated separately since the mid-1970s.

FSC encompassed a comprehensive range of services for rural community development, including help for farmers to secure their ownership of land and operating independence. The scope of FSC programs for training, consulting, and research, as well as capital for land and business project development, has required financial assistance, including grants from government and private foundations.

Founded by 22 cooperatives, FSC had 80 members after only two years. By the mid-1970s, it had 130 cooperative members (Voorhis, 212). Table 1 is a condensed version of FSC membership data in 1969 as published in a study by Marshall and Godwin. The total membership is not reported because some members belonged to more than one cooperative. The FSC draws from 14 states, but over time Alabama and Mississippi have consistently accounted for much of its membership.

The challenges in promoting cooperatives for black farmers were demonstrated by the experience of SWAFCA. It was the largest cooperative in FSC's initial membership. It was established in 1967 with 1,800 farm families. SWAFCA epitomized the spirit of the civil rights movement in asserting freedom from discrimination and pursuit of economic uplift for poor families. Its initial membership grew out of discussions among black cotton farmers who wanted to diversify into vegetable crops but needed a marketing outlet. A large-scale membership campaign was included in voter registration drives and in the Selma-to-Montgomery "March for Freedom" in 1965 (see Appendix Table 1). Civil rights workers and organizations such as the National Sharecroppers Fund and CLUSA participated in its formation (Marshall, 46).

SWAFCA achieved some marketing successes, despite harassment from some white politicians and business leaders. Although members were predominantly black, SWAFCA's vegetable marketing programs attracted membership from some white farmers (Voorhis, 96). Nevertheless, it encountered problems in establishing durable cooperative programs. Marshall and Godwin observed that its management was not up to serving such a relatively large membership. They noted, "… members had very limited understanding of cooperative principles" (Marshall, 47-9). FSC worked diligently to bolster management and cooperative education deficiencies, but market access problems and sustaining the involvement of SWAFCA's large membership continually weakened the organization.

During the mid-1970s, SWAFCA attempted to shift its focus from marketing vegetables to producing gasohol. The late Albert Turner, who was a civil rights leader and an experimental engineer, led this endeavor.[13] In the 1970s he developed a system for using corn, vegetables, and organic residues supplied by members for producing gasohol. He adapted a pickup truck to run on gasohol and drove from Alabama to Washington, DC, to promote his plans. His proposals also included feed byproducts and methane from cattle waste for generating electricity. These projects were appealing to the membership, but were denied funding from government agencies.[14] By the mid-1980s, SWAFCA terminated its operations. Some of its assets were transferred to another farmer association.

The civil rights movement also reinvigorated land purchasing for small farms, yet land retention became a more urgent issue for independent black farmers. During the late 1960s, churches and other groups were independently making purchases of relatively small tracts of land for self-sufficient farm settlements. In other cases, a few cooperatives purchased small tracts of land for market production by members. Both FSC and SCDP assisted in those projects (Marshall 59).

In the late 1960s, several Alabama tenant farmers were evicted after they won a lawsuit for their share of USDA price support payments. They formed the Panola Land Buyers Association to combine their efforts for finding and acquiring farmland. With financial assistance from several individuals and groups throughout the U.S., Panola and FSC jointly purchased a 1,164-acre tract of land near Epes, AL, in the mid-1970s. Panola members built homes on part of it, while FSC established a training center and demonstration farm on the remaining part (Federation 1992, 25-26; Bethell, 6-8).

The Emergency Land Fund (ELF) was organized in 1971 to assist black farmers in Mississippi and Alabama with problems they faced in retaining land. By the 1970s, displacement of tenants was abating, but land loss by black farmers continued. While assistance for land purchasing was provided, ELF's major thrust was to provide legal, tax, and estate planning advice.

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[13] Albert Turner was the Alabama director of the Southern Christian Leadership Conference (SCLC). He was a leader of voter registration drives and confronted considerable danger in these activities during the 1960s. He was chosen by the SCLC to lead the mule train that carried Dr. Martin Luther King in the funeral procession.

[14] This information was provided by John Zippert of the FSC/LAF.

ELF established a grass-roots network of citizens, called the County Contacts System, who were trained in identifying farmers in their counties who were in danger of having to sell their land. When owners were notified of pending problems, ELF followed up with legal and other technical assistance (Wood 21).

Over time, County Contacts personnel developed a system that paralleled the county extension service of land-grant universities. But the information they provided was more relevant to the economic survival of small farmers. During the 1960s, the USDA controlled much of the content that moved through university channels of extension, including the black extension service. In one instance, an initiative for training on cooperatives for black farmers was blocked (Equal Opportunity, 47). By contrast, County Contacts personnel covered not only information directly related to managing land ownership and rights, but also on marketing strategies to generate more economic value from the land. ELF generated much of this information from its demonstration farms and greenhouses (Wood, 22-23).

ELF received Federal funding in 1977 to establish land cooperative associations. The land cooperatives operated like credit unions as member savings institutions but were designed to help farmers finance continued ownership of their lands in times of financial pressure. ELF also spawned several other organizations with a similar mission of land retention. In 1985 the Federation of Southern Cooperatives and the ELF combined to form the FSC/LAF (Land Assistance Fund).

FSC/LAF's educational programs and concern for land ownership carry on the tradition of Booker T. Washington. But in its commitment to cooperatives, FSC/LAF is more reminiscent of Robert Lloyd Smith and FIST. In contrast to earlier initiatives, the FSC/LAF leadership recognized the indispensability of civil rights to achieving the goals of prosperous and independent farming. FSC/LAF brought farmers together in cooperatives for a unified voice to influence development of more favorable, equal-access public policies (Marshall, 3-4).

Melding civil rights with cooperative development has led to some outside criticism and to periodic disruptions in funding of FSC/LAF programs (Bethell; Campbell). Even supporters of civil rights regarded the multiplicity of objectives in cooperatives like SWAFCA as impractical for cooperative business effectiveness (News 1969). In retrospect, progress on civil rights has turned out to be slower than was anticipated in the 1960s. Its incompleteness disadvantaged many black farmers and cooperatives. But the cooperative system established by FSC/LAF has contributed to identifying and eliminating discriminatory practices.[15]

Recent court decisions and USDA reforms have the potential for creating a new chapter of more progress for black farmers (Civil Rights, USDA). Ralph Paige, the executive secretary of the FSC/LAF, observed: "Black farmers and all other others who are recipients of government services deserve nothing less than justice at the hands of government officials. Perhaps now some healing can begin and Black farmers can work toward becoming an integral part of American agriculture" (Zippert, 152). One of the avenues for progress is to assist black farmers in greater use of formal cooperative methods and procedures. Some of the challenges for and progress by black farmers in applying cooperative business practices and establishing value-added businesses are reviewed in the next section.

Promoting Independent Farm Enterprise Through Cooperatives

Marketing and purchasing practices of black farmers for most of the 20th century have centered on local dealings where trusting relationships were supported. During this time, black extension agents initiated informal associations or *ad hoc* cooperatives for seasonal activities such as harvesting, assembling products, and bulk purchasing of farm supplies (Pitts, 21). The acceleration of cooperative development in the 1960s witnessed many associations continuing the informal approach of the pre-civil rights era while some of the civil rights-inspired cooperatives emerged with a more progressive market access and value-added orientation. The former cooperatives are more tied to historical experience, while the latter have been building new organizational strategies to develop and maintain independent farming.

FSC/LAF currently has about 75 cooperatives and credit unions. The majority are predominantly black rural cooperatives and credit unions in the

[15] Legislation such as the Minority Rights Act in the 1990 Farm Bill and the favorable ruling in the recent anti-discrimination case against USDA are visible signs of the political and legal gains that have been made. Several studies by the U.S. Commission on Civil Rights have documented the discrimination and inadequacy of USDA services to black farmers (Equal Opportunity in Farm Programs; The Decline of Black Farming).

South. Some nonmember cooperatives and credit unions work with FSC/LAF State associations or with universities. Table 2 lists these organizations by type and location in a few of the major states and for the South in total.

Eleven of the 50 agricultural cooperatives reported are not members of FSC/LAF. Some have developed with assistance from the Arkansas Economic Corporation, an organization with similar objectives and services as the SCDF and FSC/LAF. While these 50 cooperatives have a formal organizational structure and status, there are an unreported or undocumented number of informal or *ad hoc* cooperatives.

Table 2—Black cooperatives and credit unions in the South

Location	Agricultural co-ops	Credit Unions[a]	Other co-ops[b]	Total
AL	6	6	6	18
MS	11	3	3	17
GA	7	3	4	14
SC	11	0	3	14
Other[c]	15	7	5	27
Total	50	19	21	90

[a] Includes only black credit union members of FSC/LAF.
[b] Other cooperatives include handicraft, small industry, fishing, housing, and day-care.
[c] Other states are Arkansas, Florida, Kentucky, Louisiana, Missouri, North Carolina, South Carolina, Tennessee, and Texas.

Recent survey-based research in the lower Mississippi Delta region (Scott) and in Southeastern States (Onunkwo) have shown that most black farmers have had experience with cooperatives in the past and are aware of their potential benefits. Much of this experience, however, was confined to the informal type of cooperatives (Scott).[16] Although most of these associations are defunct, they had lasting influence on the preferences black farmers express about what they want from cooperatives.

Membership size of most cooperatives in the southeastern states ranged between 15 to 20 farmers, while membership size surveys for the Mississippi Delta states revealed fewer than 30 members per cooperative on average. A preference for smaller and local membership cooperatives was indicated among a sample of black farmers in South Carolina. They preferred smaller membership cooperatives because of ease of communications and in organizing meetings (Onunkwo, 16).

Leadership has played a critical role in both informal and formal types of black farmer cooperatives. In informal cooperatives, leadership provides the cohesion and coordination that would otherwise be established in part by written membership agreements, bylaws, and business plans. Many of the informal cooperatives that depended on leadership from black extension agents have disappeared. In recent years, the black extension service has been merged into the general agricultural extension system. Changes in its program have reduced the extent of past outreach to farmers (Scott).

Many of today's extant cooperatives are held together by strong leadership from one or just a few members.[17] Of the informal type of cooperative, bulk seed purchasing is the most common service to persist over time. Member involvement in these associations, while lacking the equity capital commitment of the standard cooperative model, has been an in-kind type, based on volunteers for carrying out services (Onunkwo,18). But volunteerism cannot sustain most cooperatives that seek improved market access and value-added operations.

The experience of FSC/LAF staff and the recent survey research have identified weaknesses in cooperative education regarding transition to formal cooperative organization and operations. The pre-civil rights *ad hoc* cooperatives did not provide this type of education and experience. Thus, many aspects of the human and social capital that make farmer cooperatives work did not have enough opportunity to fully develop in many rural black communities in the South.

For most of the 20th century, many black farmers sought to protect their independence and ownership of land by diversifying away from cotton and relying on local sales of fruits and vegetables to citizens in their communities. One cooperative operates today with help from fellow parishioners of a church. Parishioners volunteer for harvesting and packing, as well as providing a large share of consumer purchases (Rotan). A 1996 farmer survey in south-central Alabama observed a predominance of local selling of fruits, vegetables, and livestock where other potential higher-value markets could be developed (Tackie, 50). A concern for protecting independence can sometimes work against long-run sustainability of independent farming if a more commercialized and remunerative system of

[16] The research report by Scott and Dagher is in a draft stage, so references will just refer to Scott, without page numbers.
[17] Edgar Lewis (USDA/RBS), who has worked with some of these cooperatives over several years, offered this observation.

marketing does not develop. Without better prospects, younger generations of black farmers will increasingly seek economic opportunities outside farming.

Some cooperatives, particularly many members of FSC/LAF, have made progress in commercialization and value-added operations. The founders anticipated long-term needs in both the areas of cooperative education and in coordinating local production. They have helped member cooperatives introduce and coordinate adoption of various vegetable crops to replace cotton. Obtaining sufficient volume of a new crop for a marketing program involves extensive outreach. FSC/LAF's training center and demonstration farm in Epes, AL, is designed for this type of outreach. When a new vegetable or fruit crop is identified as suitable for local growing conditions, FSC provides training in production and marketing to area farmers. This center has also helped many young farmers, not only with production techniques, but also with training in cooperative principles and procedures.

Black farmer cooperatives are increasingly moving toward value-added activities and market development. Several have vegetable packing facilities to serve supermarket buyers. Others are packing high-value products like pecans; pepper growers are bottling a branded hot sauce. Several livestock projects have also been implemented (FSC/LAF annual report 2000). The development of Southern Alternatives, a pecan-marketing cooperative in Georgia, reflects the recent emphasis on commercialization and expanding market access. The farmers who formed this cooperative in 1991 were seeking a way to get around the "middlemen" who procure pecans for the operators of shelling and processing facilities.

Progress in this direction was started in the mid-1990s from discussions with Ben Cohen from Ben and Jerry's Ice Cream Company. A project director from that company worked with Southern Alternatives and the FSC/LAF in developing a business plan. Ben and Jerry's established a purchasing agreement with the cooperative, while a pecan processor in Georgia prepared the quantities needed. This opportunity enabled the cooperative to expand its direct marketing by using an array of methods such as e-commerce (www.southernalternatives.com).

A major challenge in retaining land is to increase the profitability of farming enough to attract young farmers. However, the "aging of agriculture" is also having an impact. The average age of American farmers reached 54.3 years in the last census. In the Mississippi Delta survey of black farmer cooperatives, members were on average more than 60 years old. In a survey from south-central Alabama, almost 50 percent of limited-resource farmers were between 40 and 54 years old, while almost 32 percent were 65 years and older (Tackie, 47). Survey results for the southeastern region found that more than 61 percent of farmer cooperative members were 50 years or older.

Some of the black farmer cooperatives are taking a proactive strategy of teaching younger generations about the rewards of farming. The Beat 4 Cooperative in Mississippi has an innovative youth program. Young people participate in a full range of both farming and marketing activities (FSC/LAF annual report 1994-95). They are also trained in computer applications for farming and business, which is particularly appealing to many young people.

An important dimension of profitable farming is low-cost scale of operation. Surveys indicate that black farms are relatively small in relation to the average size of farms. In a survey of 54 black farmers in South Carolina, about 70 percent farmed 100 or fewer acres (Onunkwo, 22). In the south-central Alabama survey, the mean farm size was 138 acres and the median was 40 acres (Tackie, 47). Although these farms are relative-

ly small, recent census data suggest some consolidation in black land holdings. While farm numbers declined by 365 between 1992 and 1997 (Appendix Table 3), during the same period the amount of farmland owned by blacks increased by 3.2 percent (Pennick, 6).

In the recent class action lawsuit against USDA, it was alleged that in many cases black farmers were turned away from obtaining loans needed to maintain ownership of land. In many instances, these lands had belonged for many decades to black family farmers (Pigford). Some individuals also experienced delays when trying to borrow to purchase lands from other black farmers, while credit for making such purchases were made available sooner to white farmers. These instances not only frustrated the opportunity of some black farmers to expand their scale of operation, but also increased their concern for the loss to black farming in general.[18]

Cooperative consolidation or establishing a regional organization is another strategy that may offer efficiency gains and cost reductions for black farmers (Scott). In one survey of black farmers a majority preferred small-membership cooperatives to large, but a large majority also wanted a cooperative to offer a comprehensive set of services (Onunkwo, 27). The feasibility of delivering services is unlikely without economies of size. More statewide, multi-state, and even regional organization of cooperatives would achieve various economies in providing services and commercialization strategies. Lack of start-up capital is likely to be a constraint, but important initial steps include developing more lines of communication between growers throughout the South. The FSC/LAF regularly holds conferences that develop acquaintances and communications among black farmers throughout the South.

An example of consolidation is provided by the New North Florida Cooperative (NNFC).
When several black farmers in north Florida wanted to organize a marketing cooperative in 1995, they received technical assistance from USDA's Natural

[18] Knowledge of these developments was provided by Edgar Lewis. Also see the series of investigations by the Associated Press.

Resources Conservation Service (NRCS) and other service organizations. The NRCS agent in north Florida provides on-going leadership and assistance in making NNFC successful. The cooperative receives, washes, and packages a variety of fruits and vegetables for shipment to schools and other institutional markets throughout their region (Karg; Holmes). As its customer base grew, NNFC sought out neighboring black farming communities in Alabama for increased sources of supply. This is an example of a multi-state approach to expanding the membership.

A consolidated structure for black farmer cooperatives could reach more customers beyond their communities. A full-time cooperative manager could find valuable markets for member products. Furthermore, a manager can provide the communications link between customers and farmers. Customers may want certain attributes in produce or in its packing for which producers can capture value. Black farmers who operate independently have the flexibility to offer qualities or features for certain fruits and vegetables that other systems may not supply. In addition, given targeted promotion, their produce would have special appeal to urban consumers. FSC/LAF periodically coordinates participation in farmers markets for member produce in large cities. Start-up costs for an expanded program, including market promotion, are relatively high for low-income farmers, but are likely to be remunerative in the long run.

A major obstacle to applying cooperatives is the reservations that many black farmers have in regard to having some of their earnings retained in an association as compared to immediate dealing with familiar individuals, whether they are customers in their communities or a local broker/dealer. Distrust by some black farmers for more distant commercial relationships and for larger membership cooperatives does not reflect excessive individualism or a desired independence from commercial society. Rather, its source is likely the experience (which has gradually changed in recent decades), of being denied equal access to markets and many government services. A history of discouragement of opportunities for black farmers to actively and visibly participate as leaders and directors in community cooperatives may have also weakened the development of adequate trust in more sophisticated commercial-type cooperatives.

In addition, a century of often having crop liens used to undermine their economic independence was not conducive to developing trust in other types of commercial dealings, including formal methods of cooperative marketing such as pooling. Black farmers are increasingly discovering that as many of the old barriers fade away, the practices that had developed around such past constraints can be set aside for new business opportunities in using cooperatives.

USDA Rural Development Programs

A primary role of USDA's Rural Development today is to work with farmers and rural residents to build cooperatives and other enterprises to increase farmer income. To be successful in this role, USDA assistance must be tailored to adapt to the differences in both individual and community needs and local conditions. These efforts must be coordinated with those of a wide range of universities, state and local governments, nonprofit organizations and citizen-centered grassroots organizations. All of these organizations can play critical roles in the process of rural development.

The history of black cooperative development demonstrates the necessity of recognizing how cultural and social institutions must be considered in the development of economic solutions to the challenges facing black farmers.

The goal of this report was to gain a more complete understanding of the historic processes and unique challenges that have faced black farmers as they have tried to gain operating independence and viability through use of cooperative tools. This understanding enables USDA to develop more effective strategies and partnerships in addressing those unique needs and providing the assistance strategies and methods most directly meeting the needs of black farmers.

Many black farmers today have small-scale operations. Without coordination with other producers to adopt effective strategies for competing in their local markets and entering new, more remunerative markets, opportunities for these farmers will shrink. The historical challenge of obtaining and holding onto land is today, more than ever, linked to having marketing programs and cooperative organizations in place. For black farmers, a key challenge is to build effective marketing cooperatives that are adequately capitalized and operating with sound business practices.

USDA now offers a number of programs that black farmers can access to assist them in the process of developing and strengthening cooperative businesses to increase returns to their farming operations. USDA's Rural Business-Cooperative Services (RBS) provides research, technical assistance and educational services to farmers involved in cooperatives through a network of national office and state cooperative spe-

cialists. Through these programs, USDA staff can work directly with black farmers and cooperatives to build stronger business operations.

RBS' 1890 Land Grant Program builds capacity within historically black universities to provide business advisory services to minority, small and disadvantaged farmers and rural residents. The Rural Cooperative Development Grant Program establishes a network of 20 cooperative development assistance centers, operating in conjunction with universities and nonprofit organizations. Several of these centers are targeted specifically to small and minority farmers. USDA's new, Value Added Development Grant program provides an opportunity for minority and other farmers to access grants for business planning and start up activities and operating capital for new enterprises for gaining greater value from the sale of their agricultural commodities.

Summary

Independent farmers belong to a broad economic class of owner-operated small businesses. Like other small businesses, some farmers choose to function as contractees in an integrated business system with centralized control of operating decisions. Often, this is not the result of a choice among alternative ways to operate, but rather because the producers or small businesses are newcomers to farming or to an industry, and integrated firms provide an opportunity for them. In contrast, farmers who choose to maintain control over operating decisions are pursuing long-term benefits. Black farmers -- like any others -- want operating independence for economic prosperity, and not for its own sake. Their historical experience suggests to many that their best prospects for long-term prosperity require independence from white farm managers and merchant dealers.

During Reconstruction (1867-76), the U.S. government attempted to establish an equitable system of contracting for agricultural production between landowners and freedmen. By the late 1890s, farm production systems in the South increasingly adopted sharecropping and financing secured with crop liens. The decline of civil rights for black citizens under the Jim Crow laws supported a command and control system of farm contracting that often left little room for performance incentives and opportunities to acquire land. Nevertheless, many planters prior to the 1920s sold parcels of land to their tenants as incentives for productive and efficient farming.

Booker T. Washington became a leading advocate and developer of programs to help blacks become independent farmers. Best known for his educational initiatives, he also promoted land-tract purchases for subdivision into small family farms. This approach influenced later government programs and strategies during the civil rights movement. Washington also influenced the Black Extension Service to promote a shift from cotton to fruits, vegetables, and livestock. While he did not promote cooperatives, other black leaders did. Experiences with black farmer cooperatives prior to the 1920s helped keep the idea in circulation. Black Extension Service agents regularly initiated informal cooperatives, but opportunities for developing formal organizations were limited by the overall impact of restricted civil rights.

The advent of the New Deal farm programs was a major setback to the efforts of many black farmers to obtain land. The institutionalizing of commodity price supports contributed to concentration of land ownership and reduced opportunities for would-be farmers, especially blacks, to enter the business of farming. Furthermore, small tracts of land that an earlier generation of planters had sold to black farm operators became desirable under the price support programs for a later generation to reclaim. In addition, for many years, USDA services were not equally available to assist black farmers with credit programs for purchasing land from neighboring black farmers or from estate sales. Consequently, many black farmers have struggled to stay in business without equal opportunity to increase the scale of their farming operations.

Civil rights leaders emphasized the application of cooperatives to strengthen independent farmers. While the civil rights movement eliminated the Jim Crow laws, lingering effects of discrimination were manifested in the diminished trust that many black farmers had toward commercial trade or business dealings beyond local market sales. This lack of trust has hampered efforts to develop cooperative marketing programs, especially when the latter generate added benefits only in return for delivery commitments and delayed payments. But, FSC/LAF and university programs have provided black farmers with training in the applications of cooperatives. FSC/LAF has also helped cooperatives improve market access and has assisted black farmers in land retention since the late 1960s. USDA Rural Development is also assisting cooperatives and value-added enterprise by black farmers.

Cooperatives have taken a prominent role in enhancing the operating independence of black farm-

ers. This emphasis has not been paralleled in the mainstream tradition of farmer cooperatives. Members of those cooperatives have in the past guided management to maximize earnings without pursuing any deliberate strategies to develop technologies or marketing systems that expand potential advantages of independent farming.

The population of independent farmers is declining through farm consolidations and through contracting systems that diminish decision-making requirements of farmers. As this trend continues, the usefulness of cooperatives, as well as the capacity of farmers to organize them, will decline. If farmers are motivated to maintain operating independence, cooperatives will develop strategies for production and marketing systems that use the advantages of coordinated but decentralized decisions. The distinctive characteristic of cooperatives is in having a membership of independent farmers, and correspondingly, their natural source of competitive advantage is derived from augmenting that entrepreneurial independence. This pursuit reflects the same goal that has, under much different historical circumstances, been of central importance to black farmers for decades.

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Appendix Table 1—A chronology for the history of development of black farmer cooperatives, 1865-1965.

1865-69	Emancipation and the Freedman's Bureau—new terms and relationships for agricultural production. Churches assume a lasting role in community building and social cohesion.
1867-76	Reconstruction
1875	Congress passes Civil Rights Bill guaranteeing equal access to public accommodations regardless of race.
1877	Withdrawal of remaining Federal troops.
1878	Beginning of black "exoduster" migrations to Kansas and the West.
1883	U.S. Supreme court declares Civil Rights Law of 1875 unconstitutional.
1886-92	Farmers Alliance and the Colored Farmers Alliance and Cooperative Union.
1890	Second Morrill Act establishes black land-grant colleges. Mississippi constitution marks the beginning of Jim Crow laws – disenfranchisement and segregation. Robert Lloyd Smith organizes the Farmers' Improvement Society of Texas.
1891	Cotton pickers strike – divisive for the Alliance movement.
1896	Plessy v. Ferguson, U.S. Supreme Court declares "separate but equal" public facilities to be constitutional.
1900-19	Commodity price improvements and prosperity for black farm owners, while severe conditions for tenants and sharecroppers increases their involvement in unions. Tuskegee participation in programs for land purchase and resale to small farmers in new settlement communities.
1920-32	Period of recessions and natural disasters.
1933	Agricultural Adjustment Act cotton acreage reduction (plow-up). Southern Tenant Farmers Union calls public attention to the plight of displaced tenants and sharecroppers.
1937	Bankhead-Jones Farm Tenant Act establishes the Farm Security Administration.
1941	Termination of the cooperative development programs of the Farm Security Administration.
1946	Farmers Home Administration replaces the Farm Security Administration for rural development services, but discontinues the programs for applying cooperatives to meet development needs.
1954	Brown v. Board of Education, U.S. Supreme Court strikes down the "separate but equal" doctrine that it upheld since 1896. This decision is a catalyst for the civil rights movement, although many earlier developments contribute as well: including President Truman's policy of integrating the military, which improved interracial relationships among Korean War veterans.
1963	March on Washington, D.C., and Dr. Martin Luther King's "I have a dream…"speech.
1964	Civil Rights Act of 1964 strengthens right of equal opportunity for all.
1965	On March 7 civil rights leaders and supporters march from Selma to the state capital in Montgomery, AL, to protest continued suppression of voting rights. The march includes voter registrations and membership signups for the farmer cooperative, SWAFCA. Violent intervention by State troopers alarms national government leaders.On August 6, President Johnson signs Voting Rights Act that provides for Federal Government intervention in states that limit voting from racial groups. On August 20, Economic Opportunity Act is passed that establishes the Office of Economic Opportunity (OEO) to conduct the "war on poverty."

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Appendix Table 2—Number of farm operators and operating status for whites and nonwhites in southern states, 1900 to 1959

	1900	1910	1920	1925	1930	1935	1940	1945	1950	1954	1959
White, total	1,879,721	2,207,406	2,283,750	2,299,963	2,342,129	2,606,176	2,326,904	2,215,722	2,093,333	1,853,820	1,379,407
Full owners	1,078,635	1,154,100	1,227,204	1,173,778	1,050,187	1,189,833	1,185,788	1,348,076	1,269,641	1,145,372	856,864
Part owners	105,171	171,944	152,432	150,875	183,469	198,768	185,246	165,355	274,135	300,280	285,418
Managers	17,172	15,084	16,548	10,259	16,529	15,401	13,215	12,751	9,740	9,190	8,906
Subtotal	1,200,978	1,341,128	1,396,184	1,334,912	1,250,185	1,404,002	1,384,249	1,526,182	1,553,516	1,454,842	1,151,188
Tenants			660,188	686,315	708,563	854,326	700,482	513,280	391,109	291,562	180,569
Croppers			227,378	278,736	383,381	347,848	242,173	176,260	148,708	107,416	47,650
Subtotal	678,743	866,278	887,566	965,051	1,091,944	1,202,174	942,655	689,540	539,817	398,978	228,219
Nonwhite, total	740,670	890,141	922,914	831,455	881,687	815,747	680,266	665,413	559,090	463,476	265,621
Full owners	158,479	175,290	178,558	159,651	140,496	150,113	141,902	160,980	141,482	129,854	89,749
Part owners	28,197	43,177	39,031	34,889	41,523	35,952	31,361	28,252	51,864	50,736	37,534
Managers	1,593	1,200	1,770	667	829	381	365	442	239	381	290
Subtotal	188,269	219,667	219,359	195,207	182,848	186,446	173,628	189,674	193,585	180,971	127,573
Tenants			369,842	291,926	305,942	260,893	207,520	205,443	167,448	122,259	64,661
Croppers			333,713	344,322	392,897	368,408	299,118	270,296	198,057	160,246	73,387
Subtotal	552,401	670,474	703,555	636,248	698,839	629,301	506,638	475,739	365,505	282,505	138,048

Source: Census of Agriculture. Selected years, Washington, DC: Bureau of the Census

Appendix Table 3—Farm operators in the U.S. by race, 1900 to 1997

Year	Total	Black	White	Other
1900	5,739,657	746,717	4,970,129	22,811
1910	6,365,822	893,370	5,440,619	31,833
1920	6,453,991	925,708	5,498,454	29,829
1930	6,295,103	882,850	5,372,578	39,675
1940	6,102,417	681,790	5,377,728	42,899
1950	5,388,437	559,980	4,801,243	27,214
1959	3,707,973	272,541	3,423,361	12,071
1964	3,157,857	184,004	2,957,905	15,948
1969	2,730,250	87,393	2,626,403	16,454
1974	2,314,013	45,594	2,254,642	13,777
1978	2,257,775	37,351	2,199,787	20,637
1982	2,240,976	33,250	2,186,609	21,117
1987	2,087,759	22,954	2,043,119	21,686
1992	1,925,300	18,816	1,881,813	24,671
1997	1,911,859	18,451	1,864,201	29,207

Source: Census of Agriculture. Selected years. Washington, DC: Bureau of the Census

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