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RESTRAINTS TO ECONOMIC DEVELOPMENT
OF BLACKS IN AGRICULTURE

BY

CHARLES D. WHYTE

Professor of Economics and Assistant Director
of the Bureau of Economic
Research and Development
Virginia State College
Petersburg, VA

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RESTRAINTS TO ECONOMIC DEVELOPMENT
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I.

A symposium on "Small Farm Oriented Agricultural Policy" that is void of a discussion of Blacks in agriculture would be highly unsatisfactory since over 90 percent of them are small limited resources farmers. A discussion on the Restraints to Economic Development of Blacks in Agriculture would not be replete without a historical review of their background in agriculture. The underlying causes of the restraints and an understanding of the problems of Blacks, so vital in the formulation of policies to enhance their welfare, would be lost without this background. And whether or not Blacks can succeed in agriculture depends very much on the perception that policy makers have of the causes of their present condition, the understanding of their problems and the sensitivity they have toward them.

Restraints to economic development of Blacks, therefore, are viewed not only in terms of present and likely future restraints but also in terms of past restraints which have had significant influence on the current status of Blacks in agriculture. Restraints are viewed in terms of the factors and/or events which have led to the voluntary or involuntary displacement of Blacks from agriculture; and current programs and/or factors that are likely to cause further displacement. Economic development, viewed in the context of "Small Farm Oriented Agricultural Policy," refers to the extent to which agricultural policy has been effective or ineffective in bringing about changes in the lives of the Black farm operators of whom 94 percent have less than \$10,000 value in farm products.

II

Following emancipation, the predominant system of relations between the freed Blacks and their former owners was that of sharecroppers, mainly because the freed

sensitive Blacks were no longer responsive to the demand for gang work as hired laborers, and because hiring made for a relatively unreliable supply of workers. This system of relations provided the opportunity for continued exploitation and abuse by the white property owners that left the majority of Blacks still enslaved. With the exception of a small number of freed Blacks who were able to purchase small farms of their own, the majority remained landless; and despite the Homestead Act of 1862 to promote widespread property ownership, a hundred years later, Blacks, in advocating the philosophy of the "Black Power" movement, were still calling for minority control over economic and political resources as a way of promoting pride, self respect, independence and economic progress. [1]

Full ownership of land by Blacks was at its peak (15.9 million acres) in 1910; while the number of Black farms reached its peak of 954,284 in 1920. By 1969, full ownership had declined by over 60 percent to about 6 million acres; and the number of Black farms had declined by 90 percent to 89,285. [2] Since 1969, ownership by Blacks had declined even further and seems to be continuing unabated at the very moment when the Southern Black community is finally within grasping distance of some significant degree of political control over its destiny as the effects of the Voting Rights Act of 1965 begins to be translated into majority rule in the heavily populated Black counties of the South [3].

The major underlying force influencing the decline of black land ownership was the New Deal Legislation of the 1930s. The Agricultural Adjustment Administration (AAA) reflected the interests of large farmers and hurt rather than helped Black farmers who were predominantly sharecroppers and tenant farmers. The acreage reduction under the AAA "...revitalized the South's plantation economy, while worsening the position of tenants, sharecroppers, and laborers." [4] Benefit payments for taking acreage out of production accrued to the land owners rather than the sharecroppers and tenants; and this reduction in acreage caused the displacement

of thousands of Blacks, including tenants, sharecroppers and laborers. So severe was the impact that between 1930 and 1940 some 200,000 black owners, tenants, sharecroppers and laborers were uprooted from agriculture; while the number of white operators remained constant. [4] Furthermore, most Black sharecroppers slipped to the status of wage laborers, while others became homeless migrants.

Equally severe to the fate of Blacks in agriculture was the New Deal Resettlement Administration, created in 1935, to resettle low income families on subsistence plots with equitable treatment to Blacks. Blacks were, however, victims of differential treatment as resettlement areas were opened, with few exceptions, to the "native white stock." [5].

Occurring almost simultaneous with the New Deal Programs of the 1930s and 1940s was the opening of alternative opportunities to Blacks in the non-agricultural sectors of the economy, brought about by increased manpower demand for the production of war materials. The displacement of Blacks from agriculture (and the South) was also enhanced by very effective lines of communication established between Blacks in the industrial North and those in the agricultural South. Between 1940 and 1970 some 4.2 million Blacks migrated from the South. [6] This turn of event served quite effectively to supplement programs by the Department of Agriculture designed to reduce the number of small farmers, which, of course, impacted quite severely on the Black farmers.

Of significance also was the increasing adoption of mechanized techniques of production in agriculture since the early 1950s which virtually eliminated hand field labor. In the 1950s alone almost 1.5 million Blacks left the South and agriculture, in part due to mechanization, in search of alternative opportunities to improve their standard of living. [6]

The programs of the USDA have continued to effect declines in the number of small farmers, particularly Blacks. Down through the years the USDA continues

as an agency almost entirely oriented around production economics. And, with the exception of some food and lending programs, efforts continue to be concentrated on shoring up farm prices and increasing production, hence increasing income. The displacement of large numbers of Blacks from agriculture is an integral part of the agricultural research and mechanization revolution geared at increasing the level of farm income. Of necessity, this requires large scale or commercialized farming, and, therefore, precludes Blacks who lack the resource requirements.

Black farm operators are overwhelmingly concentrated in the South (97 percent) and, typically, possess small farms, concentrating in the production of those crops (cotton, tobacco, peanuts) hardest hit by changes in technology and federal government programs. In contrast, white farm operators responding to the market signals, have shifted their operation to livestock, dairy, and poultry farming. The failure of Black operators to respond likewise indicates perhaps, deficient capital, or the ability to obtain capital at reasonable terms, or poverty, or both.

III.

A review of the development of Blacks in agriculture reveals that the Federal government programs in agriculture generally have discriminated against Blacks, the majority of whom are small limited resource farmers. This discrimination, though not overt in nature, has been through such programs as: price subsidies; benefit payments for acreage reduction; and the general policy emphasizing increased production. Smaller producers receive a disproportionate share of the benefits from these programs, many of which were intended to raise their level of income. Instead, they find themselves worse off, relative to larger producers, with an ever increasing income gap resulting from the smaller share of the benefits they receive, and the lower prices for their products, having been reduced by competition.

The economic development of Blacks in agriculture, therefore, has been restrained most severely by the following:

1. small acreage, with the average size farm of 87 acres for Blacks compared with 317 acres for whites (1969);
2. competition from large farms and corporate farms;
3. rising costs of operation, including resource inputs and local taxes;
4. low levels of education and skills to manage and operate a farm commercially;
5. the inability to obtain credit due to their small equity base and the insensitivity of creditors;
6. family responsibility, which in the face of low income from farming, forces the farm family (labor) to seek alternative off-farm opportunities; and
7. the inequities of the federal government programs designed to assist low income farmers.

Small Acreage - The problem of small acreage owned by Blacks is historical, and dates back to the time of slavery when Blacks were landless. Their inability to obtain land was, of course, due to the system of relations that existed following emancipation (i.e. land ownership associated with being an American citizen); and the overt and covert discrimination that prevented Blacks from receiving their equitable share of the distribution of land under numerous federal government programs and through normal means. More important, and perhaps, more damaging to the development of Blacks in agriculture has been the loss of land by Blacks due to ignorance concerning ownership rights, taxes and legal aspects of land ownership, and fraud by unscrupulous lawyers, land speculators and county officials [see: 2, 7].

Commercial farms (classes 1-5) in the South, where 97 percent of the Black farmers are located, average almost three times as large for white farmers than for Black farmers, 243 acres versus 85 acres, respectively. [8] Black farmers

are more dependent than their white counterpart on crops such as cotton and tobacco which are hardest hit by technological changes and federal agricultural policies [9]. Squeezed by rising local taxes, high costs of production inputs, lack of credit, and low farm prices (being easily undersold by larger farms and corporations), the Black farm operator cannot expand nor mechanize and, therefore, usually takes the option to sell, which is the easier course and the one increasingly chosen.

Competition - Competition from corporate farming greatly intensifies the pressures of the independent small Black farmer. The trend toward corporate farming is perhaps strongest in the South, where 97 percent of the Black farmers are located, and the West [10]. Big canners like Minute Maid, a subsidiary of Coca-Cola, and Libby-McNeill and Libby, for example, own an estimated 20.0 percent of Florida's citrus groves compared with less than 1.0 percent in 1960. [10] Two conglomerates, Purex and United Brands, now control one-third of the green leafy vegetables in the United States. The list of conglomerates and corporations plunging into agriculture includes: Tenneco, Gulf and Western, Pen Central, W. R. Grace, Del Monte, Getty Oil, Goodyear, Monsanto, Union Carbide, Kaiser Aluminum, Aetna Life, Boeing, Dow Chemical and American Cynamid. Their motives are chiefly land speculation, tax dodging and profit through the development of integrated "total food systems."

A small farmer, and particularly a Black small farmer, who has no benefits from outside earnings, who has to depend on the income alone from his farm, who is faced with rising taxes and rising costs of inputs, and who has no access to credit, cannot possibly compete with the corporation who has all these and much more - such as government aid in the form of direct and indirect subsidies. Direct subsidies are, for example, in the form of payment for reduced crop production; and the indirect subsidies are, for example, in the form of welfare

(i.e. seasonal workers who live on welfare until the cropping season begins.)

Furthermore, corporations enjoy the government - sanctioned privilege of exploiting their employees from a federal minimum wage for farm workers which is substantially below that of all other workers.

Rising Costs - The essential inputs that the Black farmer needs for his economic development are: land, experienced labor, managerial expertise, operating capital or equipment and credit (at reasonable rates). Each of these inputs has increased in cost over the years, some at alarming rates. But more significant is the fact that some of these inputs are not available to the poor Black farmer. Credit, for example, might be accessible on reasonable terms but most lending agencies, including the government, will not lend to those who have very little resources of their own. Land ownership by Blacks has been declining at the very time when the value of farm land has been appreciating rapidly due to income support to agriculture and industrial demand. Experienced labor is scarce because of the displacement of labor from agriculture by mechanization and available alternative non-farm opportunities. Managerial expertise by Blacks in agriculture is deficient for several reasons: the lack of funds or desire or both, to invest in human capital (agriculture); the advanced age of Black farm operators (an average age of 55 years), which means that a sizeable number of the Black farm operators have not been trained or educated in the new techniques of production and management; and the opportunity available to young Blacks outside of agriculture.

Level of Education - Even in the most progressive agricultural areas of the country, the notion that a grade school education was sufficient for a farmer lingered for many years after it ceased to be valid. [11] Several factors responsible for this view of education include: neglect of the rural Black school facilities and programs, lack of educational incentive commonly inherent in sharecroppers and tenants; and discrimination. It is believed that the

Black farm population is more than one generation behind the white farm population. Blacks, traditionally, have shied away from the study of agriculture but have done so increasingly in recent years as opportunities in other fields become more attractive to them. Moreover, low income from farming is a disincentive for young Blacks aspiring to do better than their parents.

Credit Availability - As previously stated, access to credit on reasonable terms exist but, because of limited asset, Black farmers are unable to obtain such credit. Moreover, credit is insufficient for poor farmers who do not have the other ingredients (inputs) necessary for improving production and hence income to repay the loan. Poor farmers have found it very difficult to take advantage of loan programs designed for established middle and upper income farmers. Given the resources Black farmers have at their command, they are not able to benefit to any significant extent from programs designed for the mainstream of the farm sector.

Family Responsibility - The low income received by Black farmers of necessity forces them to seek off-farm employment to supplement their income so as to support a level of living at least at the poverty level. The fact that 94 percent of all Black farm operators had less than \$10,000 value in farm products, which translates into less than \$2,500 of net income means that the almost all Black farm family has to see off-farm income to live above the poverty level. Data from the 1969 Census of Agriculture reveal that a substantial percent of Black commercial farmers (65.8 percent) were engaged in crop production (versus 37.0 percent for whites); and that income from crops grown on commercial farms averaged about \$6,600 for Blacks, compared to \$12,250 for whites. Income from all crops was \$2,950 for Blacks and \$8,050 for whites. [7].

Inequities of Federal Government Programs - Federal government programs designed to assist small poor farmers often have turned out instead to benefit larger farmers. For example, programs designed to increase the level of farm income have

instead widen the income gap between small poor farmers and large farmers. Black farmers, in particular, have been the most disadvantaged of the small poor farmers because of racial discrimination. This was particularly true under many of the New Deal programs and programs up through the 1960s. Much lip service was given to legislations for rural development programs to assist low income farmers in the 1950s and 1960s but little was actually done. For example, in 1954, President Eisenhower [12] declared that something must be done for farmers with very poor incomes but no legislation appropriating large scale funds was implemented until 1961 under the Area Redevelopment Act. Programs of the 1960s and even the 1970s, such as the Food and Agricultural Act of 1962 and the Rural Development Act of 1972, did little to redress the status of rural poor farmers. The National Advisory Commission on Rural Poverty in 1967 report [12] was highly critical of the current federal programs to aid the rural poor. The report said that instead of raising the incomes of rural poor, some rural programs helped to create wealthy landowners. Today, incomes of Black farmers remain proportionately low and unemployment of Blacks remain high relative to that of whites. The federal government programs create greater inequities than they do good to help the poor Black farmers.

IV

Under existing conditions, it would be impossible for Blacks to realize significant economic development in agriculture. The alternatives in nonagricultural occupations seems equally dismal, given the present high unemployment rate of Blacks resulting from the lack of qualification and discrimination. Federal support and assistance to Blacks in the form of legislations and programs have had only temporary success. For example, programs encouraging employers to hire Blacks have been unsuccessful because the supply of qualified Blacks was inadequate. Educational (job training) programs have failed because jobs were not available.

Numerous other programs, designed originally to redress the problems of Blacks, turn out instead to have little to do with Blacks. The federal government programs in agriculture designed to benefit depressed small low income farmers have turned out instead to benefit the large farmers and the corporations; and have left small farmers relatively worse off.

Advocates of the small farmers have proposed a program of land redistribution on both equity and efficiency grounds. Some argue that land reform is needed to give a sizeable segment of our population an opportunity to be free to assume responsibilities of their own that will effect their well-being - make them their own bosses and help them achieve dignity. Such a program would have the dual effect of solving the problems of rural poverty and contributing to the solution of urban poverty. It would help reestablish land-owning Black farm families who are the nucleus of the political, educational and economic reform of the black community. It would help alleviate the high unemployment and underemployment of Blacks in agriculture.

On the efficiency ground, it is argued that ". . .small farms are often more productive per acre because their owners work harder and take better care of the soil." [10]. Potentially, however, large farmers are more efficient. They can produce more food at less cost and thus assumedly save consumers money. But, the question is: do large and corporate farms indeed produce up to their potential? There seems to be some doubt as to whether efficiency is the primary goal of large and/or corporate farms. Moreover, it is believed that economies of scale contribute to agricultural abundance only marginally.

On the equity ground, it is argued that savings to consumers from efficiency and economies of scale are extracted from them in the form of higher taxes needed to support federal programs that benefit only the larger and corporate farmers. So, beyond a certain point there is nothing gained by having one large farm in place of several smaller ones. Moreover, low food prices are due not to efficiency and economies of scale but, instead, to intense competition; and,

large and corporate farms erode competition, and the lack of competition causes prices to increase. What large farms and corporations in agriculture are efficient at is tapping the federal Treasury and exploiting hired labor. [10]. Take away these privileges, it is argued, and the small farmer looks extremely good.

It is on the equity ground that the argument is strongest for the land redistribution necessary for establishing economically viable small scale farming. The elimination of favors bestowed upon large farms and corporations - by revising tax and labor laws, by establishing protection against conglomerates and by encouraging competition - are prerequisites for land reform.

It is argued that the efficiency ground is unsound since the concern in agriculture is overproduction rather than underproduction (as is evidenced by farmers being paid not to produce). Moreover, the kind of efficiency that exists is one that causes the replacement of farm labor by machinery, and one that increases the profit margin of the large producers, not necessarily from the sales of their products but from tax loopholes and exploitation of the labor that remains. This displacement of farm labor (including thousands of small Black owners, tenants, sharecroppers and field laborers) causes both rural and urban unemployment and hence a social cost on society. So, what in fact occurs is a transfer to society the cost of "efficiency" on the large and corporate farms. This social cost is visible in the form of the explosion of social tension that causes destruction of lives and property and the enormous welfare rolls.

The land redistribution argument is idealistic (for small Black and white farmers or, at least, a majority of them), but hardly realistic. And, given the insurmountable constraints Blacks face in agriculture, they are better advised to seek alternative non-agriculture occupations. [13].

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