

Legislation Needed by Our Rural Interests

By CLARENCE POE

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[The address as given herewith is not in full, a brief discussion of general rural conditions, improved agricultural methods, and cotton warehousing having preceded the point at which this report begins.]

But important as is the marketing of cotton, it is also important to insure better marketing of other products if diversification is to be practiced and profitable farming insured. In North Carolina the activities of the State Farmers' Union secured the passage of a plan I introduced in the State Board of Agriculture for providing for the establishment of a "Division of Markets and Rural Cooperation," and I am glad to say that the results have been of untold value. This division has assisted farmers in the scientific grading of their products; has assisted in putting community and county marketing associations on a business-like basis; has helped make a market for North Carolina products among North Carolina merchants; and has made lines of farming profitable in communities where they didn't pay before. In Edgecombe County, for example, it helped farmers grade their cotton with the result many farmers said that they had never known that there were grades above middling! I happen to know of one lot of 375 bales officially graded and shipped to Norfolk on which a clear profit of \$800 was realized as compared with prices offered by local buyers. In another county where potato growers were going the poor-house route under the old plan of selling by hodge-podge wagon loads, they are now traveling the automobile-route by selling in well-graded carloads. And in other eastern counties right now soy bean growing is being transformed into a highly profitable industry through the adoption of better marketing methods.

Credit Unions and "Time Prices"

But this Division of Markets and Rural Cooperation I have been discussing doesn't stop here. There are three factors in profitable farming—economical production, economical marketing, and economical credit—and this Division is concerning itself with both the last two problems. It is assisting in the establishment of credit unions or farmers' savings and loan associations all over the state, and I know no new movement affecting North Carolina agriculture more promising than this. The work has already outgrown the general officers of the Department and arrangements have been made for assigning it to a whole-time officer, an efficient young man with experience both in farming and banking.

I understand your last session passed a credit union act but made no provision to encourage and assist their formation. That is to say, it set up a piece of machinery without arranging for power to operate it, a defect which I hope this session will remedy.

In considering this question of short-time credits, moreover, gentlemen, I should be untrue to the thousands of struggling poor in South Carolina; I should be untrue to the feelings implanted in me by Him who has declared that He will hear "the needy when he crieth, the poor also, and him that hath no helper"; I should be untrue even to the memories of my own youth when growing up I saw my own flesh and blood crushed by the iniquitous burden of "time prices", if I did not call your attention to the blight and shame with which this system curses our whole Southland. For it is a shame that states which solemnly declare that 6 or 8 per cent interest per annum is enough and all above that is usury, yet permit the neediest and most defenseless portion of all our population to be charged rates of 60 to 80 per cent per annum in the form of "time prices." When I printed a blank in The Progressive Farmer about September 1 asking subscribers in South Carolina and other states to report the difference between cash prices and time prices, the replies that came to us from South Carolina—typical of those that came from every state—averaged the following results:

SOUTH CAROLINA

Article	Average Cash Price	Average Time Price	Increase Per Cent
Corn, bushel	\$1.02	\$1.235	21.08
Flour, sack	1.97	2.25	14.21
Hay, ton	20.50	25.50	24.39
Mead, bushel	1.0722	1.2944	20.72
Oats, bushel	.6436	.7936	23.31
Lard, pound	.1037	.1343	29.51
Sugar, pound	.0672	.0833	23.96
Molasses, gallon	.4364	.6026	38.16

Now what does this mean? It means that the average difference between "time prices" and cash prices was 24 per cent; or if the average time price account runs four months, interest was at the rate of 73 per cent per annum. Or if the average time price account runs as long as six months,

which I do not believe, the rate would still be over 48 per cent, or six times as high a rate charged the struggling poor as the state says bankers and money-lenders shall charge the rich. Something should be done about this. Either the merchants' crop lien should be wiped out root and branch, or else time prices should be limited to not more than 1 per cent a month.

Taxation and Tenancy

In the matter of home ownership I am glad to take as my text that ringing passage in which the Governor of South Carolina, in reviewing the conditions in the state needing your attention, declared:

"Forty-three per cent of our white farmers are tenants. If we are to build up our rural districts, increase the production of the soil, make easy the improvement of our rural schools, churches, roads and all rural community life, we must have a greater proportion of our people owners of their homes and farms."

Now one supreme need in remedying this condition, as Governor Manning rightly and eloquently says, is a better system of rural credits. One other thing, however, which I regard as of equal importance in your state and my state and all our Southern states is a juster system of taxation. Let me quote for you in this connection what one of the most eminent and thoughtful men in your state, and one of your citizens who is most highly honored and most generally loved, said to me in a letter this week:

"A home-owning farm population of white people is our second greatest need. Land barons and land speculators now hold thousands of acres of undeveloped land. They are depending on the unearned increment to make them rich. They assess their land for taxation at a merely nominal figure, while they refuse to sell a single foot. Holdings in some instances run up to 50,000 and 100,000 acres. Absentee landlords controlling 5,000 and 10,000 acres are common. If these lands were put on the tax books at the price for which they are held, their owners would raise a storm of protest, but they would sell rather than pay taxes. The result would be a number of purchases by small farmers who would build homes, improve roads, erect schools and churches and help develop a better rural life."

The Curse of Absentee Landlordism

And let me quote also what another distinguished student of South Carolina conditions, my friend Prof. Wm. K. Tate, said in an address at your University here not many months ago:

"I am thoroughly convinced that the permanent well-being of South Carolina demands that white people in increasing numbers shall own the soil and till it with their own hands. Every white man who moves to town and leaves his farm to Negro tenants makes the country a less desirable place for his white neighbors and hastens the tendency, so sadly evident in some sections, to absentee landlordism and Negro tenantry, with its accompanying deterioration of soil and decline of social life.

"The nominal land tax in South Carolina is an unmitigated menace to rural welfare. It gives the absent landlord or the larger holder the opportunity to place his money in large sums where it will largely escape taxation and will surely bring princely returns through the steady increase in land values. In the meantime, it is farmed indifferently by Negro tenants and kept out of the hands of desirable white settlers. The country boy, unable to secure land, moves to town or to some other section of the country. After a section is once depleted of its white population in this manner, it will be exceedingly difficult to induce a return to the resulting unfavorable social and educational conditions."

Ominously enough do these words of Professor Tate's recall the prophecy of the English poet: "But a bold peasantry, their country's pride; when once destroyed can never be supplied." Ominously do they recall for us all over the South the saying of the Latin historian that it was *latifundae*—the big estates—that ruined Italy; while the words of America's most profound student of rural economics, Dr. Thomas N. Carver of Harvard, also ring in our ears. In all his "Principles of Rural

Economics" there is no more emphatic passage than that wherein he declares:

"Next to war, pestilence and famine, the worst thing that can happen to a rural community is absentee landlordism."

No commonwealth which cares for its future can fail to face this issue. It cannot dodge it; it cannot ignore it. And the first step in dealing with it should be a revision of our tax methods. Instead of taxing more lightly the lands held out of use, a super-tax should be levied on them; and instead of taxing the big estate at a lower rate per acre than the small farm, we should reverse the process. For my part, too, I should favor not only your State Tax Commissioner's recommendation for \$100 personal property exemption, but I should favor going further; just as I am confident that your session will not end leaving South Carolina as one of the ten states in the United States without an inheritance tax.

Decrease Tenancy and Increase Ownership by Just Taxation

Our supreme aim in taxation in both Carolinas should be to tax the gains of thrift and industry less; the gains of chance, inheritance and exploitation more. We should take some of the burden off of the producer who earns his living in the sweat of his brow, and put a little more on the non-producer who earns his living in the sweat of his grandfather's brow.

I believe this matter of taxation should be kept in mind in all that is done with regard to rural credits. It would be a great thing for South Carolina to take the lead among all the Southern states in providing funds for helping tenants become land-owners. The Sherard bill providing for a vote by the people on a \$10,000,000 bond issue, the proceeds to be used in making loans for the purchase or improvement of farm lands, is evidence of that courageous grappling with big problems which has always distinguished your people. I should like for you to consider if the maximum amount to be lent any one person should not be limited to \$3,000, however, and then see if South Carolina cannot lead all the states of the South in this matter of giving genuine aid to the landless man.

But let us see to it, gentlemen, that the help gets to the man it is intended for. As one of the first results would be to increase the demand for land and therefore its price, the state should make haste to see that the benefits go to the struggling, landless man and not to capitalist speculators, holding-up the would-be home-owner for higher and higher prices while they at the same time escape in great measure a just share of the burdens of taxation—in fact, are assisted by the state in holding up the landless man simply because the state holds the landless man back, holds him down by an undue burden of taxation, while it at the same time shoves the capitalist-speculator up by relieving him of his just share of tax burdens.

I don't mean to say South Carolina is any worse than North Carolina in this respect. We haven't as many big land holdings as you have, but our tax system is just as rotten, as I can prove to you by two examples from counties adjoining your own state. Union County last spring assessed the farmer's cotton at nine cents a pound, his corn and wheat at \$1 a bushel, his cows at \$50 and his horses at \$200; the landless man thus paying taxes on practically 100 per cent of practically everything he had—and also on \$300 worth of property he didn't have at all if he was liable for poll tax—while lands were assessed at one-fourth their value; and as an extreme example, in the adjoining county of Mecklenburg recently the S. A. L. Railway got a four-acre assessment reduced from \$1,500 to \$1,250 and then sold one-fourth of an acre off of it for \$12,500!

When I reflect upon this vicious system of taxation, here's the picture that always comes to my mind: Here's a poor devil trying to get his foot on the ladder, and here is a strong man who already has his foot there, and the state bears twice as heavily on the man who is trying to rise as it bears on the stronger man who has already risen—or who, without doing any rising or putting forth any effort has simply been born to a position of superior vantage.

Yes, my friends, let us have a plan for lending money to buy and improve small farms—not over \$3,000 going to any one individual—but let not the

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