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The Farmer Pays His Debts

BY JAMES HEARST

Cedar Falls, Iowa, April 4

THEY say that the farmer is getting rich. If he is, I think the public is entitled to know something about it, to know how rich he is and what he is doing with his money. The public has a right to know these things because in part it was the public's money which helped rehabilitate the farmer back in the 1930's. In those days the farmer was a poor but honest free enterpriser who was bankrupt and didn't know it. In struggling to pay off his obligations he was sliding deeper and deeper into debt because through no fault of his own the price level had sunk from under him. Even the cold eye of the United States Department of Agriculture viewed his efforts with sympathy, and these words were spoken in his behalf: "Bankruptcy . . . is used relatively infrequently by farmers as a method for dealing with an untenable debt situation." Of course today, if the farmer is getting rich, he has no need of such character references, and all talk of bankruptcy should be forgotten. The trouble is that the farmer's memories are beginning to haunt him, and signs of his apprehension are as thick as falling leaves in a cold October rain.

The city consumer, the farmer's best customer, occasionally reads a statement about farm income released by the Department of Agriculture. He may have read that for the year 1945 farm income was twenty-one billion and some odd dollars. It probably seemed like a lot of money. It seemed that way to the farmer, too. It is enough to make anyone wonder what the farmer is worrying about.

One thing that worries him is that the twenty-one-bil-

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These are the obvious expenses. There would be some others for tools and such supplies as twine, sacks, seeds, and nursery stock. On the other hand, our average farmer would not pay out any actual money for depreciation. I think we might fairly settle on a net income, in round figures, of $2,000. This is the money with which he feeds and clothes his family, pays his doctor and dentist, buys personal insurance, pays for his automobile. It doesn't seem a large sum to me, not when I consider the risk he takes.

But at least our average farmer is in the clear. The road ahead seems straight, level, and wide. Farm production is still rising. Prices are high, and Congress has promised, through the Steagall amendment, that they shall be maintained at 90 per cent of parity until the end of 1948. If they are, what has the farmer to fear? Why is he nervous?

The older farmers remember the storms of the 1920's and the ruin that followed in their wake. The younger men see the repeated warnings in the farm papers: "Post-war depressions likely to occur first in agriculture"; "The depression for agriculture may be more prolonged than the industrial depression." Moreover, the farmers, with native skepticism, put little faith in the Steagall amendment. There is no machinery designed to restore prices to the promised level. Congress often fails to bolster its good intentions with technical competence. Farm prices depend for their stability upon the nation's purchasing power, and according to the economists of a Midwest college, "Whether purchasing power will be strong enough in the latter half of 1947 is doubtful—1948 is very doubtful." Senator George D. Aiken, second in command on the Senate Agricultural Committee, frankly told the dairy-plant operators of Vermont, "In the years ahead the greatest single problem confronting American agriculture will be to find markets for all that our nation's farmers will produce."

Already bankers are being advised to tighten the credit lines extended to less efficient farmers and those on less productive land.

The well-known and respected farm economists Frank Pearson and William Meyers, of Cornell University, make this significant statement: "The post-war collapse in 1920-21 occurred despite the general belief that there was a shortage of anything that could be named. Then as now everyone was worrying about inflation, but deflation was the real threat and may again be the real problem."

Words like these produce a ringing in the farmer's ears. The continued silence on the part of Secretary Anderson and the cloudy proposals of the G. O. P. dominated Congress concerning food exports seem to make audible the sound of buck-passing. The savage attack on the reciprocal-trade treaties by nearsighted Senators destroys more of the farmer's confidence. He feels that the old isolationist gang expect to break the farmer's back again with surpluses while the hungry world wails at the tariff wall. A shiver has passed through the price structure and he has felt it.

For the most part, the average farmer is a conservative person who moves rather slowly into social action. But this conservatism does not prevent him from doing what he can, now, to build up his defenses against economic perils. Here in Iowa, where we all really live off the farmer's labor, agriculture is beginning to rouse itself. Some years ago the farmers in this state became intensely interested in our tax structure. It had, like the tariff system, promised them much and gouged them plenty. After considerable study, we farmers in 1934 persuaded the state legislature to pass what was called the "three-point" tax system. One of these three points was a state income tax. This system gave the farmer a chance, for once in his life, to stand up under the burden of the property tax and take a deep breath.

But as time went on a balance began to appear in the various state tax treasuries, and, in spite of the scandalous conditions existing in our state institutions, the legislature passed a law "forgiving" half of the income tax. The law expires this year and people with large incomes, the ones best able to pay, are fighting tooth and nail to have it reenacted.

The Iowa Farm Bureau Federation has made a study of the situation and come to these conclusions: Property taxes are quietly rising again; for school purposes alone property taxes have increased nine million dollars in the last two years. Instead of being equalized, taxes are being shifted from the rich to the poor; the state is losing revenue which is badly needed for education, for mental hospitals, for institutions of corrective training. The Iowa Farm Bureau explains that every county farm bureau in the state has asked for full collection of the income tax. Pointing its finger straight at the target, it says, "It's the Iowa Taxpayers' Association, the Republican Central Committee, and the Iowa Manufacturers' Association that don't wish to pay income taxes." Against the pressures these groups bring to bear in the state legislature, the farmers have gathered their forces.

One thing the average farmer is doing with his $2,000 income is paying off his debts. In 1923 the nation's farm-mortgage debt amounted to $10,785,621,000; in 1946 it was only $5,080,717,000. Many economists
think that the reduction may be the means of saving agriculture from a depression.

This sounds like a good thing for farmers, but other readers of The Nation may ask, what about the rest of us. I assure you that it is good news for you too. Just as surely as the farmer is dependent upon labor and capital for the support of his price level, so capital and labor rely directly on farm purchasing power for their own production and wages. It is a sad paradox that when food prices are lowest, bread lines are longest. The phenomenon arises, I believe, from the economic fact that industry cannot adjust itself easily to a falling price level. When farm prices begin to fall and farmers cease to buy, industry must close up shop and put its workers out on the street until there is a return of purchasing power or until the price level becomes more stable. The farm-machinery manufacturers learned long ago that ten-cent corn will not buy an $800 tractor.

Notes on Jamaica

BY MARGARET MARSHALL

Ocho Rios, Jamaica

I AM returning from my leave of absence by way of Jamaica, having taken a detour around what seems to have been the winter to end winters, at home and abroad. It wasn’t possible to by-pass Miami which looks more than ever like a fake country town with a fake country fair in progress. Flying away from it was a pleasure, even to a scared amateur flyer, and the trip to Kingston was so smooth and quiet that I wasn’t even bothered when the pilot came in and sat with the passengers during most of the journey. We stopped only once, in Camaguey, Cuba. In the little station there a sign was posted advising passengers to buy liquor at the bar and not from unauthorized solicitors. The proprietor of the bar, said the Spanish, was “cooperating with the employees of this company.” The English translation gave a quite different impression. It said that the proprietor was “helping against the employees of this company.” This little study in Hispanic-American relations, con and contra, was somehow capped when an American business man, reading the English, which was good enough for him, murmured knowingly to his wife, “Hm, seem to be havin’ labor trouble here.”

The first thing I discovered in Kingston was that world prices had preceded me by several flights, and that my countrymen on vacation, determined as they always are to pretend that nothing can feaze them, had made the island practically uninhabitable for people in the modest brackets. American tourists and the peoples they visit seem to bring out the worst in each other—over-consuming on the one side and gouging on the other. It is an exchange which corrupts the atmosphere, and the process has gone pretty far in this island paradise. I crossed the island by rail—tourists usually go by car—and I think I was the only white person on the train. Most of the time I was the sole occupant of the first-class compartment—a rather battered wooden observation car at the end of a battered train. It was a long slow trip, but the landscape, the altitude, the vegetation, the weather, and our speed changed so frequently that it was far from monotonous. Plains, hills, mountains. Plantations of cane, coconuts, bananas. Ranch lands with Indian cattle grazing. Cactus and poinsettias, hibiscus, bougainvillea. Glimpses of blue sea now and then. Sultry blue skies and massed clouds, black or white, and always a breeze—it’s called “the doctor.”

Toward the end of the day the hardworking engine pulled us slowly up into the Cockpit Mountains—wonderfully named. We careened down, around curves, through tunnels, through alternate rain and shine, playing crack the whip over the high broken landscape.

Occasionally a few Jamaicans joined me in my first-class loneliness—among them a family of Chinese, mother, father, and two small boys, who looked as if they had just stepped out of a bandbox instead of a remote mountain village. At intervals a very pleasant young colored man came in for a chat—a government employee who travels about the island. He was well-informed and patient with questions. We discussed politics and economics, exports and imports, education and the native language. He told me at one point that 75 per cent of Jamaicans have an inferiority complex, and the old phrase reverberated curiously as I looked out at cocoa-nut palms and women carrying baskets on their heads.

The pirates are back in Jamaica running hotels in Montego Bay. Not so bold as those in Miami or Palm Beach, but bold enough. Food prices have gone up, though forty cents a pound is the top price for beef and the prices of pork, goat’s flesh, and mutton stand at twenty, twenty-five, and thirty cents respectively. But labor is still cheap, and considering that most hotel employees get no more than ten or twelve shillings a week (the shilling is worth about twenty cents) and must feed themselves, the proprietor of a third-rate hotel who gets fourteen dollars a day, per person, for a