

States.	Year Admitted to Union.	Number of Farms.		Average Size (Acres).	
		1850	1860	1850	1860
North Carolina . . .	Original member	56,963	75,203	369	316
South Carolina . . .	“ “	29,967	33,171	541	488
Georgia	“ “	51,759	62,003	441	430
Florida	1845	4,304	6,568	371	444
Alabama	1819	41,964	55,128	289	346
Mississippi	1817	33,960	42,840	309	370
Louisiana	1810	13,422	17,328	372	536
Tennessee	1796	72,735	82,368	261	251
Arkansas	1836	17,758	39,004	146	245
Texas ¹	1845	12,198	42,891	942	591

The average size of farms in the ten cotton states in 1850 was 273 acres. The size of cotton plantations, however, is said to have seldom been less than 400 acres. Some of the plantations contained over 10,000 acres.² There were in these same states in 1860, 3,634 farms of more than 1,000 acres each; 12,187 of more than 500 and less than 1,000 acres, and 113,625 containing from 100 to 500 acres each.³

In 1850 there were but 74,031 cotton plantations in the United States which produced more than five bales each.⁴ This divided into the estimated acreage of that year would give us approximately 675 acres as the average amount of arable land devoted to cotton production on each plantation within the ten cotton states.

¹ Texas but recently admitted when the census of 1850 was taken apparently presents an exception to the rule regarding increase in size of holdings. But its decrease in size of farms from 1850 to 1860 was due to the sale of lands by land speculators.

In all the cotton states, with the exception of North Carolina, there was between 1850 and 1860 an increase in the average amount of cultivated land in farms, the increase being 16.4 per cent. for the entire cotton belt. See Von Halle, *Op. Cit.*, 271.

² Compendium of Seventh Census, 175.

³ Report of the Statistician of the Bureau of Agriculture in Report of Commissioner of Agriculture, 1876, 129.

⁴ Compendium of Seventh Census, 178.

With the large plantations there naturally went large gangs of slaves. There were 347,525 families reported as holding slaves in 1850,¹ but this number was too large, for, as Helper has pointed out,² it included slave hirers. There were two persons reported by this census as holding each more than 1,000 slaves; nine who held more than 500 and less than a thousand; fifty-six holding from 300 to 500; 187 from 200 to 300, and 1,479 from 100 to 200.³ Whether or not these large slave properties were held by the holders of the large landed properties cannot be stated definitely. There is little doubt but that this was the case, however, for with few exceptions the slaves were employed almost exclusively in agriculture.⁴

Although there were many large estates in the slave breeding states and in the old cotton states, South Carolina and Georgia, the large cotton plantation was seen to its best advantage in the alluvial lands of Mississippi and Louisiana. Here was the cotton garden of the world, settled under the patronage of the state banks in the '30's, and containing perhaps the richest soil in the United States. The land was all taken up in large holdings and worked by slaves. The owner seldom lived on the plantation.⁵ Absenteeism was in fact one of the great evils of *grande culture* in the South.⁶ "It

¹ Compendium of Seventh Census, 94.

² "Impending Crisis of the South," 73.

³ Compendium of Seventh Census, 95. See further Von Halle, *Op. Cit.*, 275, where a comparison is made with the number of slave holders in 1860. There were in this year 384,900 families owning slaves, only 2,292 of which held more than one hundred slaves each. Thirteen of these held between 500 and 1000 each, and only one held more than 1,000.

⁴ Cf. Von Halle, 276.

⁵ Olmsted, "The Cotton Kingdom," II : 147.

⁶ Russell, "North America," 289-90.

may be computed from the census of 1850 that about one-half the slaves of Louisiana and one-third those of Mississippi belong to estates of not less than fifty slaves each, and of these, I believe nine-tenths live on plantations which their owners reside upon, if at all, but transiently."¹ The management of the estates was confided to overseers. These, as we have seen, found their value rated according to the crop which they made and the plantation, the slaves and other property suffered under their management of it. "Having once had the sole management of a plantation and imbibed the idea that the only test of good planting is to make a large crop of cotton, an overseer becomes worthless. He will no longer obey orders; he will not stoop to details; he scorns all improvements, and will not adopt any other plan of planting than simply to work lands, negroes and mules to the top of their bent, which necessarily proves fatal to every employer who will allow it."²

As the planters spent so little time upon their estates, they concerned themselves little with the farm improvements, such as buildings and fences. These were much inferior, not only to those on corresponding estates at the North, but also to those on the farms of northern farmers of only moderate means.³ The overseers were usually housed in frame houses of an inferior sort; large sheds sufficed for the storing of cotton until it was hauled to market; there was seldom much farm stock, and such as was to be found, including work horses and mules, was poorly housed and sometimes only half fed. The negroes lived in small log houses about twenty feet

¹ Olmsted, *Op. Cit.*, II: 233.

² From the *Columbia South Carolinian*, quoted by Olmsted, *Op. Cit.*, II: 188.

³ Russell, "North America," 289. Olmsted, "The Cotton Kingdom," II: 48.

square and containing usually only the one room. The big western plantations seldom raised sufficient provisions for their own laborers or the feed for the horses and mules, but were almost entirely devoted to cotton. "Large plantations," said Mr. Russell, "are not suited to the raising of hogs, for it is found to be almost impossible to prevent the negroes stealing and roasting the young pigs. This is one of the disadvantages in raising certain kinds of produce incidental to a system of slavery. The number of cattle which can be raised on the large cotton plantations, do little more than replace the draught oxen that are required. The sheep only supply the wool needed for clothing; and the mules used for ploughing are bred in the Northern States."¹

The maximum efficiency of slave labor was said to be secured when not more than fifty negroes were placed under the management of a single overseer. The difficulty of securing good overseers and the high salaries which were often paid them, however, frequently led to the placing of more than one hundred slaves under the supervision of one man.² Each overseer regulated the hours for work on his own plantation. What these hours were we have already stated.

The small plantations were for the most part in the old cotton states, the Carolinas, Georgia and Tennessee.³ Their owners, usually of the poor white class, were either non-slave holders or owned only a few negroes. The most of the land where the small plantations flourished consisted of pine barrens. The owner was usually his own overseer and sometimes his own slave driver, although those who had any social pride would not do

¹ Russell, *Op. Cit.*, 266.

² Olmsted, "The Cotton Kingdom," II: 201.

³ Report of the Commissioner of Agriculture, 1876, 129.

this degrading work. There was a greater diversity in the crops grown on these small farms in the hill country than on the large plantations, due partly to the fact that the land had been exhausted for cotton, and partly because the planter could not afford to buy his corn and bacon, as did his richer neighbors. More stock was also raised, although it was usually of an inferior breed and was ill kept. As stock was allowed to run at large, some of the states compelled the planters to keep up fences. This was a serious burden to the small farmer, for, owing to his small enclosures, the proportion of land given up to fences was a large one and the cost of construction and maintenance of these fences was considerable. In South Carolina, the state geologist estimated in 1858 that the cost of fences every ten years equaled the annual value of all the stock (cattle, sheep and hogs) which these fences were intended to prevent from becoming injurious to other property.¹

Methods of cultivation on these small plantations were, owing to the ignorance of the people, but little better than those on the large plantations. In some portions of the South, however, where the people were of a more intelligent character, the houses and farm improvements were good and the people lived in more comfort than even those living on the large plantations.² Domestic manufactures flourished in these neighborhoods. Each family spun and wove from wool or cotton the garments required for the use of its own members, while the neighborhood shoemaker and blacksmith supplied the shoes and farming implements required by the community.³

¹ Lieber, Report on the Survey of South Carolina, 26-7.

² Olmsted, "The Cotton Kingdom," II: 125.

³ *Ibid.*, 125-6.

The almost universal form of land tenure throughout the cotton belt was individual ownership, whether of large or small tracts of land. In the hill country, as we have already observed, the small farms predominated; elsewhere *latifundia* were the rule. The renting of land for agricultural purposes must have been extremely rare, for census and agricultural reports and travelers' accounts are alike silent in regard thereto.¹ Where the average price of occupied land was only five or six dollars per acre,² and new lands could be secured for from fifty cents to three dollars per acre, there would be small reason for any one renting land. It was not until the break up of the agricultural system of the South by the Civil War that land in the planting states came to have a rental value.³

Although nearly every writer who has attempted to describe southern agricultural conditions has had something to say about the credit system with which southern agriculture was involved, definite information concerning this interesting phase of rural economy previous to the war, is difficult to obtain. Pre-bellum writers have usually contented themselves with deprecating the practice of the southern farmer by which he rendered

¹ "The rent of land in Southern America as part of the cost of producing cotton could not be estimated by Mr. Finnie, [one of the planters engaged by the East India Company to go from America to attempt the culture of cotton in India according to American methods]. In the Southern States he said every planter is a landlord, from the squatter with his small section, to the capitalist with his twenty thousand acres. Land rent is thus unknown, and the value of an estate is never calculated so closely. A farmer who is compelled to sell takes what his neighbor is disposed to give him. . . . In a word, land in the southern states has no fixed value, but seems to fluctuate with the price of cotton." Wheeler, "Madras vs. America," 99.

² Compendium of the Seventh Census, 175.

³ Report of the Commissioner of Agriculture, 1867, 417-422.

himself dependent upon factors or merchants by pledging his crops months ahead of harvest in return for advances made by these factors, but they have told us little concerning the terms of the contracts or the extent of the practice. Later writers who have described the credit system have often overlooked the fact that this system existed previous to the war, and have seemed to indicate that liens on crops are a phenomenon which has been produced by the changes wrought in southern agriculture since 1865.¹

Yet agricultural credit is no new phenomenon in the South. The custom of "anticipating crops by engagements founded upon them" existed in South Carolina, according to Ramsay,² even before the Revolution, when advances seem to have been made by the English merchants. The desolation in the South caused by the war for independence increased the planter's need of obtaining credit,³ although the securing of this credit was rendered more difficult, "for the indulgence formerly granted to subjects in Carolina has seldom been extended to citizen planters."⁴ "The merchants, knowing the value of the staple commodities of Carolina, were very liberal of credit to the planters; but on terms of enhanced price, as a security against loss and protracted payments."⁵ And thus the obtaining of credit, which at first was a result of the necessity of beginning agriculture at all, continued either because of the lack of economy on the part of the planter, or because the

¹ Cf. Otken, "Ills of the South," 12; Holmes, "The Peons of the South", *Annals of the American Academy of Political and Social Science*, IV: 64 ff; *Ibid.*, "The Private and Public Debt in the United States," *Bulletin of the Department of Labor*, I: 53.

² "History of South Carolina," II: 222.

³ *Ibid.*, 428.

⁴ *Ibid.*, 222.

⁵ *Ibid.*, 428.

dependence upon one crop, which often failed, compelled the cotton growers to pledge future crops in order to continue planting.¹ "A few of the most shrewd and laborious [planters]," wrote Mr. James H. Lanman in 1841, "manage to accumulate large fortunes; yet the liberal and free indulgence of much the greater part scarcely enable them to pay their expenses from year to year and often, as is well known, the harvest of one year is, as it were, mortgaged for the expenses of the next, and those means which in the hands of some would be a source of vast profit, become in their hands a cause of mere competence."²

The chief borrowers in the cotton belt were the large planters. The small farmers in the hill country who raised their own provisions, and who bought little and sold little, had small use for the mechanism of credit, even if they had been considered desirable debtors. Negroes were usually sold on credit,³ even to the small farmer, however, provided he had already secured means to purchase one slave for cash. The possession of one slave seemed to be a guarantee that the owner would be able to pay for a second one. The desire to increase slave property was a frequent cause of the planter running in debt. "The majority of planters would always run in debt to the extent of their credit for negroes, whatever was asked for them, without making any calculation of the reasonable prospect of their being able to pay their debts. When any one made a good crop, he would always expect that his next one would be better, and make purchases in advance upon such expectation.

¹ Ramsay, "History of South Carolina," II: 395-6.

² "The American Cotton Trade," *Hunt's Merchants' Magazine*, IV: 226.

³ Von Halle, *Op. Cit.*, 279.

When they were dunned, they would attribute their inability to pay to accidental short crops, and always were going ahead risking everything in confidence that another year of luck would favor them and a big crop make all right."¹ In addition to their slaves, it was customary for a large part of the planters to buy on credit the provisions and clothing for the negroes and the tools and stock needed on the plantation. The factors at the port towns where the cotton was sold were usually the money lenders, although sometimes the merchants of New York made advances on the growing crops.² The merchants in the southern cities sold their goods on credit, charging necessarily much higher prices than when they sold for cash. Even then the risks were so great that in 1855 the Southern Commercial Convention recommended the chambers of commerce and commission merchants of the southern and southwestern cities, "to adopt such a system of laws and regulations as will put a stop to the dangerous practice heretofore existing of making advances to planters in anticipation of their crops—a practice entirely at variance with everything like safety in business transactions and tending directly to establish the relations of master and slave between the merchant and planter by bringing the latter into the most abject and servile bondage;" and they also recommended "the legislatures of the Southern and Southwestern states to pass laws making it a penitentiary offense for the planters to ask of the merchants to make such pecuniary advances."³ Very little seems to be known concerning the rates of interest or discount on loans made to the cotton planters previous to the war.

¹ Olmsted, "The Cotton Kingdom," II : 49.

² James H. Lanman in *Hunt's Merchants' Magazine*, IV : 224.

³ Quoted by Olmsted, "The Cotton Kingdom," II : 49-50.

Olmsted was told that farming land in the Mississippi Valley was usually sold on the installment plan, the purchaser paying down what he was able to pay and giving security for the remainder. The rate of interest in such cases was ten per cent. If the planter was unable to pay when the notes became due, he was obliged to borrow money from the Jewish money-lenders at New Orleans, paying often as much as twenty-five per cent. per annum for the loan, and pawning his furniture, jewels, carpets, etc., as security.¹ Mortgages on farming land were almost unknown at the South, the low value of land and the exhaustive system of culture making this form of security undesirable. A planter's wealth was gauged by the number of negroes he held, and not by the number of acres he owned.²

The crops then growing or yet to be planted became, therefore, almost the only security which could be furnished by the planter desiring to borrow money or purchase supplies. When a planter had prepared his ground for cotton he would go to the factor at the nearest market, describe his land, the number of acres he expected to plant, and the factor having satisfied himself of the truthfulness of the statement would make the desired loan, taking a lien on the crop as security. The rates of interest on these loans varied considerably, according to the commercial integrity of the borrower, the fertility of the land, etc., but the rates were always high as compared with interest rates at the North. "Every person familiar with the condition of trade in the Southwest," wrote a Southerner, "knows what an enormous tax is levied by factors on planters for the advances made the latter. Ten, twelve, fifteen or more per cent.

¹ Olmsted, "The Cotton Kingdom," II: 322.

² *Ibid.*, 303.

are the common rates of interest charged for these loans. Besides, the planter is placed completely in the power of the factor. The crop is often sold to satisfy the exigencies of the latter's situation. This custom is likewise most oppressive to the factor. It obliges him to keep up a large amount of capital, and exposes him to a variety of hazardous risks."¹ Many of the factors who had outstanding accounts with the planters at the outbreak of the war were completely bankrupted, owing to the inability of the latter to make good their promises of repayment.

In the preparation of cotton for the market great advances had been made previous to 1860. The original methods of ginning and packing were even more slovenly than the methods of tillage. The invention of the saw-gin and of the M'Carthy roller gin² revolutionized the methods of cleaning both the short and long staple cottons, but the methods of packing and shipping for many years lagged behind. During the early years of cotton culture, the cotton was thrown into canvass or gunny bags and compressed by tramping with the feet.³ Hence early trade statistics give cotton imports or exports by bags. "During the operation of ginning no bags or boxes received the cotton, and oftentimes large quantities were thrown together until the motors were prepared to examine them. In packing, an old iron axletree, or wooden pestle, the present [1844] instrument was used. There were no reinspectors of the cotton before it was deposited in the bag, in which the spinner would frequently find, in addition to a large supply of

¹ "Establishments of Credit, or What is Our True Policy? It is Herein Considered: By a Virginian." (1866), 21.

² Seabrook, "Memoir," 35. "Handbook of South Carolina," 38.

³ Joseph B. Lyman, "Cotton Planting," in Report of the Commissioner of Agriculture, 1866, 203.

leaves and crushed seeds, potato skins, parts of old garments, and occasionally a jack knife.”¹

During the later years of cotton culture under slavery the short staple cotton was put up in square bales and covered with jute or hemp bagging. Nearly all of the large planters had their own gin houses and presses, and the preparation of the cotton for market thus being carried on directly under the supervision of the planter or his manager was probably more carefully attended to than it has been in later years when the competition of ginning establishments has resulted in a cheapening of the cost of ginning at the expense of the quality of the work done.² But the plantation presses did not sufficiently compress the bales for purposes of export, and on the cotton arriving at the port cities, the bales were still further compressed by steam compresses to about one-half their former size. “There is no sufficient reason,” wrote Mr. Lyman, “why this neat and solid packing should not be done at the plantations, thus saving the planter an expense of from one to two dollars a bale, now incurred at the shipping ports.”³ Even after this second compression, the American bales were sent to Liverpool in a less neat and solid package than those from the East Indies.⁴

The changes wrought in the political, economic and social conditions of the South by the development of means of transportation are even yet imperfectly understood, and consequently not fully appreciated even by historians. Many of these changes in methods of transportation are partly the cause and partly the effect of

¹ Seabrook, *Op. Cit.*, 30.

² “Handbook of South Carolina,” 590.

³ Report of Commissioner of Agriculture, 1866, 204.

⁴ Lyman, *Loc. Cit.*, 204.

the spread of cotton culture. The early settlers in the back part of the Carolinas and Georgia were for the most part of Pennsylvania and Virginia stock. Between these people and the colonists of the low country "there were no ties of consanguinity, no identity of history, traditions or experience, no religious affinities, no personal acquaintance, no commercial relations."¹ Between the two sections there was very little intercourse previous to the Revolution. The middle region lay between them, a wilderness through which there were no roads practicable for wagons.² The trade of the colonists in the back country was therefore carried on almost entirely with northern cities, Philadelphia, Baltimore and Richmond. It is not improbable that the importance of Philadelphia as a cotton market previous to 1790, as is evidenced by the establishment of roller gins there, even before the Revolution,³ is due to the carriage thither of small quantities of cotton produced by these early settlers in the back portions of the Carolinas. But the spread of cotton culture after 1793 made these old routes of trade impracticable and rendered necessary the establishment of means of communication and transportation between the back country and the coast region. Facilities for water transportation were first developed, and this was the usual method of sending cotton to market during the first half of the present century. River towns such as Columbia, Cheraw, Camden, Hamburg, Augusta, Montgomery, Vicksburg, Natchez and Shreveport, were the chief markets for the inland cotton trade and the centres from which cotton was transported to the

¹ W. L. Trenholm, "Transportation in South Carolina," in "Handbook of South Carolina," 616.

² Trenholm, *Loc. Cit.*, 616.

³ Ellison, "A Centennial Sketch of the Cotton Trade of the United States," 15.

coast cities, Charleston, Savannah, Mobile and New Orleans. Even the sending of cotton direct from the plantations to market was often by boat. Many of the large plantations were along the rivers, thus affording them an easy access to market. "Besides these ordinary conveyances, several novel methods were employed of moving produce to market. It is said that cotton was sent to Hamburg from the country near the upper Savannah by throwing the bales into the stream and letting them float with the current."¹

In 1826 there were ten steamboats engaged in the cotton trade between Charleston and the towns of Savannah, Augusta, Hamburg, Georgetown, Cheraw and Columbia. These boats had an average capacity of six hundred bales of three hundred and twenty pounds each.² The usual method, however, of transporting cotton on the rivers was by means of flat boats. These boats were managed by a "patroon" and five hands. They carried usually about 110 bales of cotton. The freights, including insurance, amounted to \$1.00 per bale from Columbia or Camden to Charleston, and \$1.75 from Augusta or Hamburg to Charleston.³ Transportation in this way was necessarily slow and expensive. A writer in 1831 says: "The rich inhabitants of the back country of South Carolina and of those parts of North Carolina and Georgia which trade with Charleston, are obliged at great expense to transport their produce and receive in return their supplies; weeks and not infrequently months have elapsed before places, not more distant in a direct line than one hundred and twenty miles, could effect their communication, and then and at all times

¹ Trenholm, *Loc. Cit.*, 622.

² Mills, "Statistics of South Carolina," 428.

³ Trenholm, *Loc. Cit.*, 627.

with great expense and at no time without great risk of loss and great delay.

“The profits of the planter, or what ought to be his profits, are but too often consumed in the expense of transportation, and the merchant finds it impossible to calculate with that certainty which his operations require, the time he may expect arrivals or hear of his shipments having reached their points of destination.”¹

Those planters who did not live along a navigable stream were usually compelled to haul their cotton over land by wagon to market. Even those who had the opportunity to make use of the rivers as highways of commerce, often preferred to send their cotton over land. Thus Mills tells us that, although the freight from Columbia to Charleston by way of the Congaree and Santee rivers was in 1821 only \$1.50 per bale, “this route was so long and hazardous that shippers preferred to send their cotton by wagons at a cost of \$3 per bale.”²

The small planters often sold to dealers in the small towns who undertook to haul the cotton over the poor roads sometimes one hundred and fifty miles to where it could be sent by flat boats to cities on the coast.³

The era of railroad building began in the South with the construction of the Charleston and Hamburg railroad, which was begun in 1830 and completed in 1833. But although there was a gradual development of railroad building in the South between 1834 and 1860, progress in this direction was less rapid than in the North.⁴ In 1850 the southern states, including Virginia and Kentucky, had less miles of railway than were possessed

¹ Quoted by Trenholm, *Loc. Cit.*, 628. Cf. Von Halle, 112-113.

² “Telescopic Press,” (pamphlet), p. 19, quoted Trenholm, *Loc. Cit.*, 638.

³ Russell, *Op. Cit.*, 292.

⁴ Cf. Von Halle, *Op. Cit.*, 114-15.

by the New England states, and in 1860, there were but 9,517 miles of railway in the southern states, as compared with 11,114 miles in the North Central states.¹

The railroads exercised an important influence on cotton growing, not only in the fact that they furnished cheaper and more rapid transportation for cotton, but that they created local markets, stimulated interior buying and facilitated the deportation of negroes from the coast to the interior. "The railroads stimulated the extension of cotton culture and made western provisions so cheap that the farmers neglected the production of food at home. By cheapening the transportation of corn and bacon to the cotton lands, and cheapening the carriage of cotton to the seaboard, an unaccustomed adjustment of prices came about, which led the farmers into that vicious semblance of economy of which the evil effects are still seen and felt throughout the states, whereby the independence and the substantial comforts of farm life are sacrificed to the pursuit of money returns from a large cotton crop."²

Although there were many attempts made by southern agriculturists and statisticians to determine what were the costs and profits of cotton raising, the results secured are not very satisfactory from a statistical point of view. Conditions of production varied not only according to the difference in locality, but within a single community they varied according to the size and management of the plantation. The large plantation with a superior organization of slave labor, produced at a less expense than did the small plantation adjoining. Difference in the fertility of the soil, in character of the seasons, in facilities for marketing will occur to any one at

¹ Preliminary Report of the Eighth Census (1860), 234-5.

² Trenholm, *Loc. Cit.*, 635. Cf. Von Halle, *Op. Cit.*, 115 (table).

first thought. Even on a single plantation it was difficult to estimate the average cost of raising cotton, if any other crops were cultivated, or to say what proportion of the expense was to be legitimately reckoned as costs of cotton raising. About 1840, when planters were becoming alarmed lest India should become a successful rival of the southern states as a cotton producing country, there was a meeting of the "most distinguished and intelligent planters" to take measures for counteracting these efforts which were being made by the East India Company. "It was then decided that so long as the American planters could get eight cents (4*d*) per lb. for their cotton, delivered at the nearest market, they could afford to produce it, but that if a supply from any other quarter could be obtained for less than that sum, they must then turn their attention to the cultivation of other commodities.¹

In 1849 several of the large planters on the Mississippi bottoms estimated that they could grow cotton for six cents a pound,² and planters writing for *De Bow's Review* declared that when they were obliged to raise cotton for five cents, the business was ruinous.³ The smaller planters must have had still higher prices if they found production profitable. Except during the decade between 1840 and 1850, cotton rarely sank below ten cents a pound on the New York and Liverpool markets, and this was deemed sufficient after deducting commissions and other marketing expenses, to enable the planter to make a profit. Ten cents seems, indeed to have been considered the golden mean of cotton

¹ Wheeler, "Madras vs. America," 99.

² Patent Office Report (Agriculture) 1849-50, 310-12.

³ This refers simply to the cost on the plantation, without counting the cost of marketing. De Bow, "Industrial Resources," 151, 163.

prices. If cotton sank below this figure its production became unprofitable; if it rose above ten cents, labor became "too dear to increase production rapidly."¹

¹ De Bow, "Industrial Resources," I: 175.

CHAPTER IV.

SOUTHERN AGRICULTURE SINCE THE CIVIL WAR.

A. Industrial Reconstruction.

The close of the Civil War found the agriculture of the South in a chaotic condition. The losses of property always incident to the invasion and occupation of a land by hostile armies, were not wanting, nor were they lacking in severity, but even these were insignificant when compared to those occasioned by the complete collapse of the industrial system of the defeated section. Slavery had been the foundation on which the industrial structure of the southern states had been reared, and it was inevitable that with its washing away, there should disappear the fortunes of all who had built upon it. But the decline of values was not measured by the loss of slaves alone. All kinds of property seemed to have been caught in the general ruin caused by the downfall of slavery, and if in the case of slaves the loss had been more complete, it was less diffused, for the number of slave holders had always been small in proportion to the total population.¹ The uncertainty of obtaining laborers to cultivate the fields caused the lands of the cotton states, which had been worth little enough before the war, to be thrown on the market in such quantities that their value became merely nominal, most of them being unsaleable at any price. The buildings on the plantations had been destroyed during the war, or had fallen into decay through want of repairs. Tools had been lost or broken; cattle had strayed away or been stolen,

¹ Cf. Von Halle, *Op. Cit.*, 261.

and on many plantations there was not food enough to last the owner and his former slaves until a new crop had been harvested. There was thus a lack of capital, not only for making the much needed repairs and improvements on the plantations, but even, in many cases, for resuming agricultural operations, and what was still a greater misfortune, there was no substantial basis for obtaining credit.

The one ray of hope which seemed left to the planters of the cotton belt came from the high prices which their staple was then bringing on both the European and American markets. The superior character of the American cotton had made its scarcity in Europe during war times severely felt, both in Lancashire and on the Continent, even after the importations from India and elsewhere had become great enough to supply the wants of the trade for cotton goods. The unsatisfactory character of the Indian cotton had caused great irritation to the spinners, and the reopening of the southern ports at the close of the war was hailed with joy throughout Europe. Prices of the American staple in Liverpool in 1865 averaged nearly 20 pence on the basis of "middling uplands," and the awakened demand for cotton promised to continue prices on this high level for some years to come.

Important as were these high prices to the planter in encouraging him to revive his agriculture, and to the freedman in furnishing him employment in an occupation in which he was in a certain sense a skilled laborer, they proved in some respects a misfortune to the South; for not only did they lead to a return to the old plantation method of farming, with its "one crop" system of cultivation, but the very stimulus which they gave to cotton growing led to over-production of that staple, and

caused an unexpected and rapid decline of prices. The planter who, without money or means of securing credit in any other manner, had been obliged to borrow money from the factors and had pledged his cotton crop in payment therefor, trusting in the high prices of this staple to remunerate him for the high interest charges on his loans, found with the fall in prices that the receipts from his cotton crop were not sufficient to clear him of his indebtedness to the factor, and he could only begin a new year by still further increasing his obligations to the money lender and promising to raise still more cotton to act as additional security. The high prices of cotton thus aided in establishing that credit system which has been the main feature of southern agriculture since the war, as slavery was previous thereto, and which has been the chief cause retarding the economic development of the cotton states and the betterment of their agriculture. Had the price of cotton been low in 1865-6, the revival of the farming industry of the South would doubtless have been less rapid, but it probably would have taken a different direction, leading to the production of larger food crops and a more moderate increase in the production of cotton, and would thus have prevented many farmers from falling into that state of peonage to factors and merchants in which the majority of the cotton growers are to-day to be found.

In attempting to adapt himself to the changed condition of affairs in 1865, the first question which confronted the land owner was how he should secure laborers for the cultivation of his estate. To farm this alone with only such assistance as he could obtain from members of his family was in most cases impossible. The average size of the farms in the cotton states was in 1860 four hundred acres, and although on most of the plan-

tations a considerable portion of the land was uncultivated, even the tillable portion demanded the assistance of outside labor. Nearly all of the planters would have been glad to sell a part of their land, but buyers were seldom found. Of the European emigrants who began to pour into the United States at the close of the Civil War, few found their way to the southern states.¹ The disorganized political conditions there existing, lingering prejudices against associating with the negroes, ignorance of the southern crops, the tendency of migration to follow isothermal lines, and the presence of friends in other sections of the country, all serve to explain why the new arrivals preferred the plains of the West and Northwest to the fertile lands and mild climate of the cotton belt.

A few northern men, whom military or political affairs had brought to the South, were induced by the cheapness of land and the high prices of cotton to purchase farms and to attempt the raising of this staple. But the ill success of their experiments, and the social ostracism which northern men encountered while the bitter feeling resulting from the war lasted, prevented any noticeable increase of land buyers from that section. Of the southern people themselves, those who had land wished to sell, and those who did not own land had neither money nor credit wherewith to buy. The breaking up of the large estates, which multiplied so rapidly the number of land holdings, did not begin until several years after the war, when the crop failures

¹ Of 3,300,356 immigrants landed at the port of New York from Aug. 1, 1855, to Dec. 31, 1873, only 23,599 announced their intention of settling in any of the ten cotton states. Mayo-Smith, "The Influence of Immigration on the United States of America," *Bulletin de l'Institut International Statistique*, Tome III, 2^{ème} Livraison, 46-7.

had shown the impossibility of longer maintaining the old plantation system.

Unable to sell their lands, the planters first thought of hiring their old slaves and continuing the old system of farming in other respects unchanged. As few planters had money to pay their hands by the week or month, they sought to contract with the negroes for a year, payment to be made when the crop was harvested. In the meantime the laborer and his family were to be furnished with rations as in *ante-bellum* days. Through an investigation made by the United States Department of Agriculture¹ in 1867-8, the average annual wages paid to agricultural labor in the cotton states for the years 1867 and 1868, and the wages paid for hired labor in 1860 were found to be as follows:²

States.	1860.			1867.			1868.		
	Men.	Women.	Youth. ³	Men.	Women.	Youth.	Men.	Women.	Youth.
Virginia	\$105	\$ 46	\$39	\$102	\$ 43	\$46	\$102	\$41	\$45
North Carolina	110	49	50	104	45	47	89	41	39
South Carolina	103	55	43	100	55	43	93	52	42
Georgia	124	75	57	125	65	46	83	55	47
Florida	139	80	65	139	85	52	97	50	44
Alabama	138	89	66	117	71	52	87	50	40
Mississippi . .	166	100	71	149	93	61	90	66	40
Louisiana . . .	171	120	72	150	104	65	104	75	60
Texas	166	109	80	139	84	67	130	72	65
Arkansas . . .	170	108	80	158	94	78	115	75	67
Tennessee . . .	121	63	60	136	67	65	109	51	45

¹ Although the statistical reports put out by the Federal and state departments of Agriculture, often cited in this chapter, are based on as reliable data as the times and resources of these bureaus have permitted them to secure, the reader is advised not to give them the same value as is assigned to census returns.

² Rations and clothing are included with these wages for 1860; rations without clothing for 1867 and 1868. The inflated character of the currency for the latter years would make the difference in real wages between 1860 and these years much greater than the above figures show.

³ Youth includes all children of both sexes over 14 years of age.

The wage system, although never universally adopted in the cotton belt, seems to have been the prevailing one for the first year or two immediately following the war. The results of these few years of experiment plainly showed that, although this system had some important advantages for southern agriculture,¹ its adoption under the then existing circumstances was premature. Neither to the freedman nor to the planter did it give satisfaction. The idea of waiting until the end of the year for his wages was displeasing to the negro, and in reality often proved an unsafe practice, for the planter working under the credit system often found that the returns from his crop were insufficient to remunerate the negro for his services, after the claim of the factor or the merchant had been satisfied. On the other hand, weekly or monthly payments, aside from the fact that they were often impossible to the planter, were thoroughly unsatisfactory to him, for once the negro had obtained his pay, nothing could induce him to return to the cotton fields until he had spent every cent of his earnings. Often he would refuse to hire his services for more than two days in the week.² Even when working for annual wages, this indisposition on the part of the negro to work steadily was the most serious drawback to the wage system. As a slave he had been accustomed to associate the idea of freedom with that of idleness, and the practice of his master had done much to confirm him in this opinion. The ease with which a bare subsistence could be obtained in the South rendered it difficult to divest the freedman's mind of this idea. "To be free was to hunt and fish and

¹ Cf. Loring and Atkinson, "Cotton Culture and the South, Considered with Reference to Immigration" (1869), p. 28-30.

² Report of the U. S. Commissioner of Agriculture, (1866), 573.

lounge about the country town; to the women it was to desert outdoor employment, and ape in a slight degree the fashions and habits of the more fortunate white race.”¹

The tendency of the blacks to collect in large masses for social, political or religious purposes made itself strongly felt during these early years of freedom, and this natural inclination was greatly strengthened by the efforts made by the “carpet-bag” politicians from the North to capture the negro vote. Threats of re-enslavement, and extravagant promises were made by these political free-booters to draw the freedmen away from the influence of their old masters and secure their aid in furthering their own selfish plans. In order to attend political meetings, the negro would often desert the corn or cotton fields when they most needed attention, and many crops, even after a successful cultivation, were left ungathered for want of laborers to harvest them. The cotton crop actually harvested in 1866 was probably less than a million bales, and the commercial crop of 1866-7 was hardly more than two million bales. The loss occasioned by these failures was thrown entirely upon the planters who had furnished the laborers with their subsistence during the making of the crop, and when the negro broke his contract before harvest, these planters were left without any return for this outlay.

For these reasons the wage system was usually abandoned after the first year’s trial,² and those planters who continued it did so with greatly reduced wages, as can be seen by a reference to the above table. Throughout the cotton belt, wages for full hands (men) showed a de-

¹ Report of the U. S. Commissioner of Agriculture, (1867), p. 421.

² *Ibid.*, p. 416.

crease of nearly 25 per cent. in 1868 from those paid in 1867.

The necessity for breaking up the old plantation system now became more and more urgent. The decline in land values had steadily continued since the close of the war. The crop failures and the decline in the price of cotton had compelled planters who were unable to meet their obligations to their factors, to throw their land upon the market. "Plantations that had brought from \$100,000 to \$150,000 before the war, and even since, were sold at \$6,000 or \$10,000, or hung on the hands of the planter and his factor at any price. The ruin seemed to be universal and complete, and the old plantation system, it then seemed, had perished utterly and forever."¹

The total value of the farming lands, including fences and buildings, in the ten cotton states declined from \$1,478,947,832 in 1860, to \$764,121,662 in 1870, a fall of more than 48 per cent. In the leading cotton states, especially those with the largest negro populations, the decline in value was the greatest, being as high as 67 per cent. in Louisiana.² Attracted by the low prices to which land had fallen, there now came a class of small buyers, *not from the North or Europe*, whence the planters had hoped to attract purchasers, nor from amongst the freedmen, who, though anxious to become land owners, seldom rose to this rank in the decade following the war. The purchasers who came to relieve the planters from their landed burdens came from one of the least expected sources, from out of that class of "poor whites" whose lack of ambition and wretched poverty had been a result of the disgrace connected with

¹ Henry W. Grady in *Harpers' Magazine*, LXIII: 721.

² Census returns of 1860 and 1870.

labor during slavery days. The mania for cotton growing which, in spite of the repeated failures, seemed to have seized hold on the people of the South, and the willingness of the planters to sell on any terms, and of the merchants to give credit on the prospective cotton crops, awakened in these poorer classes the desire to better their condition, and induced them to purchase the lands which the owners were so willing to sell. "Never perhaps," wrote Henry W. Grady,¹ "was there a rural movement, accomplished without revolution or exodus, that equaled in extent or swiftness the partition of the plantations of the ex-slave holders into small farms. As remarkable as was the eagerness of the negroes—who bought in Georgia alone 6,850 farms in three years—the earth hunger of the poor classes of the whites, who had been unable under the slave holding oligarchy to own land, was even more striking. In Mississippi there were in 1867 but 412 farms of less than ten acres, and in 1870, 11,003; only 2,314 of over ten and less than twenty acres, and in 1870, 38,015. There was thus in this one state a gain of nearly forty thousand small farms of less than one hundred (?) acres in about three years. In Georgia the number of small farms sliced off the big plantations from 1868 to 1873 was 38,824. In Liberty county there were in 1866 only three farms of less than ten acres, in 1870 there were 616, and 749 farms between ten and twenty acres."

The increase in small farms as shown by a comparison of the number and average size of land holdings in the South in 1860 and 1870, was general throughout the entire cotton belt, and was therefore in marked contrast with the condition of affairs during the decade 1850-60, when the average size of farms in the western states

¹ *Harpers' Magazine*, LXIII : 721-2.

had increased. Between 1860 and 1870 the average size of farms in the cotton belt decreased from 401.7 acres to 229.8. The extent and importance of this agrarian movement is best seen, however, by comparing the number of farms in each of several classes for the two decennial years, as in the following table.¹

NUMBER AND SIZE OF FARMS IN 1860 AND 1870.

States.	Less Than 100 Acres.		Per Cent. of Increase.	100 to 500 Acres.		500 to 1,000 Acres.		1,000 or more Acres.		Average Size of Farms.		
	1860.	1870.		1860.	1870.	1860.	1870.	1860.	1870.	1850.	1860.	1870.
Alabama . .	38,961	54,208	39	13,455	11,719	2,016	1,149	696	306	289	346	222
Arkansas . .	34,397	45,793	33	4,231	3,465	307	133	69	33	146	245	154
Florida . . .	4,848	8,424	74	1,432	1,570	211	175	77	72	371	444	232
Georgia . . .	39,588	59,541	27	18,821	17,490	2,692	1,506	902	419	441	439	338
Louisiana . .	10,841	23,936	120	4,955	3,753	1,161	659	371	142	372	536	247
Mississippi .	35,083	57,999	65	11,408	8,938	1,868	853	481	233	309	379	193
N. Carolina .	54,488	78,741	44	19,220	13,819	1,184	889	311	116	369	316	212
S. Carolina .	19,961	44,183	121	11,369	7,112	1,359	465	482	129	541	488	233
Tennessee . .	59,386	98,873	66	21,903	18,806	921	412	158	50	261	251	166
Texas	35,595	54,480	53	6,831	6,268	468	305	87	72	942	581	301
Total . . .	333,058	517,178	55	113,625	92,940	12,187	6,537	3,634	1,572	404.1	401.7	229.8

The elevation of the poorer class of whites in the South to the rank of peasant proprietors, produced a remarkable increase in the proportion of whites employed in the cultivation of cotton. Partly from choice, but principally from necessity, as we shall see when we come to discuss the influence of the credit system on cotton growing, these small land owners devoted their energies principally to cotton raising. Previous to 1860 it is supposed that the proportion of whites to blacks in the cotton fields was about one to eight,² and it was generally held that the culture of cotton was unsuited to white labor. By 1876 nearly forty per cent. of the laborers engaged in the cultivation of cotton were whites, and in

¹ Compiled from census returns.

² De Bow, "Industrial Resources," I: 175; *De Bow's Review*, XVIII: 154; Von Halle, 355.

some states the whites in the cotton fields outnumbered the blacks. The percentage of each class in the ten cotton states is shown in the following table:¹

States.	Blacks.	Whites.
North Carolina	65	35
South Carolina	68	32
Georgia	66	34
Florida	72	28
Alabama	59	41
Mississippi	68	32
Louisiana	77	23
Texas	38	62
Arkansas	40	60
Tennessee	59	41
Average for the ten states	61.1	38.9

As remarkable as was the increase of land holdings in the South during the decade following the war, the negroes had participated to but a slight extent in this agrarian movement. As late as 1876 the Bureau of Agriculture at Washington found as the result of an investigation that only about five per cent. of the freedmen in the cotton states had become owners of land, the percentage being highest in Florida with eight per cent, and lowest in Alabama and Tennessee with four per cent.² Efforts had been made by many planters to induce the negroes to purchase land, the plantations being divided with this end in view into small strips large enough to be cultivated by a single family. These the freedmen were encouraged to buy, payment to be made usually in four or five annual installments, which could be paid in money or kind at the option of the purchaser. In spite of these favorable conditions to purchasers, the plan seldom met with the success hoped for. The negro was pleased, it is true,

¹ Report of U. S. Commissioner of Agriculture, (1876), 136.

² *Ibid.*, 137.

with the idea of becoming a land owner, and he entered enthusiastically into the scheme, but his enthusiasm, it is to be feared, was largely because of the prospect of his becoming master of his own time, free to work or remain idle as he saw fit. The result was that he made perhaps one or two payments on his purchase and then, either because of a bad season or more probably because of his own neglect, he failed to make a crop large enough to pay for the advances which had been made to him by the merchant, to say nothing of keeping up the annual payment on the land. A few of the more industrious negroes, who were aided by the indulgence of the planters in extending their time, became land owners in this way, but as a rule one success of this kind was accompanied by a dozen failures.

Another plan which was tried in many localities after the wage system had proven a failure, was the renting of the land for cash rents. This was, however, not a widespread practice during the early *post-bellum* years. It had its best results in those portions of the South with large white populations. The tenant under this system furnished the tools, seed and cattle, as well as his own rations, raised such crops as he saw fit and cultivated them after his own fashion. The rental price of land varied, of course, according to the quality and location of the land, but was always high when compared with the selling value of the land. In one county in Tennessee it was reported in 1867 that the number of farms rented was in excess of that farmed on shares.¹

The system which soon became the all but universal method of farming the cotton lands by negro labor, was the "share system," more commonly known in the South

¹ Report of U. S. Commissioner of Agriculture, (1867), 417.

as the "cropping system." The many and various forms under which this system has appeared make it difficult to give a general description of it which would apply to all localities. After the failure of the wage system from causes we have already mentioned, the planter found it necessary to devise some means of making the negro laborer responsible for at least a part of the losses occasioned by his own idleness. Under the wage system the planter had furnished the negro with his subsistence for the year, and perhaps advanced a part of his wages, when the latter had often suddenly deserted the plantation, leaving the crop unpicked and the planter no returns for his outlay.

The one general idea which ran through the plans that now found favor in various localities, was that the laborer should be given some interest in the crop. As early as 1866, a freedman in the upper pine belt of South Carolina became possessed of the idea that the share of the laborer should be one-fourth of the produce, in addition to his own food and shelter.¹ The plan that he proposed was that he should work five days of the week for the planter, and in return should be furnished with his house and food, three acres of land and a mule to work it on Saturdays, and in addition should be given \$16 a year. This plan, with modifications the following years by which the freedmen worked four, three and even two days for the planter, became a widespread method in this part of South Carolina.²

¹ "This may serve as an illustration," says Major Harry Hammond, "of the instinctive processes by which these people seem to grasp intuitively the most complicated problems and the most advanced doctrines in the great questions as to the remuneration of labor. Only just emancipated, they at once take ground to which the laborers of the old world seem to have been struggling up through all the centuries since the abolition of serfdom." "Handbook of South Carolina," 83.

² *Ibid.*

Throughout the greater part of the cotton belt, however, the share system seems to have taken the direction of giving the laborer, not a portion of the land to cultivate, but a share of the crop which he raised for the planter. The negro tenant who furnished his own tools, seed and mules, usually received two-thirds of the crop, sometimes three-fourths of the cotton. It was not often, however, that the negro was able to furnish the capital, and when he supplied only his own rations and had a house and garden and all the work animals and implements for cultivating the land furnished him, he seldom received more than one-half the crop. While the "cropping system" had the advantage over the wage system of stimulating the industry of the negroes through the interest which it gave them in the crop, and therefore diminished the loss which the planter would suffer from the negro breaking his contract, or from a failure of the crop or a decline in its value, it had the misfortune of weakening the planter's interest, and caused a lack of oversight and superintendence of the work. The tenant who was interested only in making a big crop usually neglected, under the "cropping system", to keep the land in good condition. This weakness of the share-system has become more evident as the years go by, and shows that while the system was perhaps a necessary step in the re-organization of southern agricultural economy, it was suited only to a transitional stage, and as a permanent arrangement is inferior to the wage system.

After the discouraging efforts of the first few years to grow cotton, the acreage and production of this staple rapidly increased. There are no reliable statistics giving the number of acres planted in cotton prior to 1870, but the estimates made since the war usually give

the extent of the cotton area in 1860 as twelve or thirteen million acres. The number of acres planted in cotton during the years immediately following the war was doubtless small in comparison with those immediately preceding, while the average production was still more affected both by the absence and inefficiency of the laborers. From local returns submitted to the United States Bureau of Agriculture in 1867, it was estimated that the average production for that year was about 190 pounds lint cotton per acre, and 1,750 per hand.¹ Judging from the more accurate returns of later years, this estimate, especially as touching the yield per acre, seems too large. It is doubtless true, however, that the yield of cotton per acre has increased since the war.² In 1870-71, when we have our first estimate put forth by the Agricultural Bureau of the number of acres cultivated in this plant, the crop raised on the estimated 8,666,217 acres was 1,924,000,000 pounds, as compared to 2,247,000,000 pounds raised on the supposed twelve or thirteen million acres in 1859-60. This would be a yield per acre of 222 pounds in 1870-71, as compared to one of 172 to 187 pounds in 1860.

While the increase in acreage which continued with slight interruptions after 1870, was due largely to the taking in of new lands west of the Mississippi, especially in Texas where cotton growing had only become fairly established at the outbreak of the war, there was also a noticeable increase in the cotton area in the older states, particularly in the Carolinas and Georgia. There was also an increase in the yield per acre in the older states,

¹ Report of U. S. Commissioner of Agriculture, (1867), 415.

² See table, "Average annual yield per acre of cotton in different states, (1874-1894)," in H. Hammond's "The Culture of Cotton," *Loc. Cit.*, 269.

and particularly in those portions of the cotton belt where white labor was engaged in the cultivation of this staple. The increase in acreage and yield in some of the older states was sufficient to raise their proportion of the crops grown, in spite of the fact that the center of cotton production was moving westward. Thus North Carolina, which in 1849 had produced but 2.9 per cent. of the entire crop, and in 1859, 2.7 per cent., in 1869 produced 4.8, and in 1876, 4.7 per cent. of the total crop. South Carolina raised her production from 6.4 in 1859 to 7.4 in 1869, and 7 per cent. in 1876. Alabama, Mississippi and Louisiana showed a decrease in their proportion of the crops grown.

The cause for the extraordinary increase in the acreage and yield in the older states, though partly to be explained by more intelligent cultivation, especially on the part of the small farmers, was principally due to the use of commercial fertilizers. Not only was the yield of cotton per acre thus increased, but the maturity of the plant was hastened, and this permitted the extension of cotton growing to regions where it was formerly unprofitable. "In North Carolina alone," wrote Mr. Grady, "the limit of cotton production has been moved twenty miles northward and seventy miles westward, and half of Georgia, on which no cotton was grown twenty years ago, now (1881), produces fully half of the crop. The area of low production as the Atlantic states are brought to the front by artificial stimulation is moving westward, and is now central in Alabama and Florida."¹ It was only during the decade preceding the war that the value of the deposits of marl and phosphates in the Atlantic states began to be appreciated. In the years following the war a perfect mania for the use of these natural re-

¹ Henry W. Grady, *Harpers' Magazine*, LXIII : 720.

sources for fertilizing the cotton lands seized hold of the people of the Carolinas and Georgia. From an investigation made in 1876, it was learned that the proportion of the cultivated area fertilized was in North Carolina, 35 per cent., in South Carolina, 60 per cent., and in Georgia, 42 per cent. In Florida, Alabama and Mississippi from ten to fifteen per cent. of the land was fertilized, chiefly through a return of the cotton seed to the soil, while in Tennessee and west of the Mississippi the percentage of the land fertilized was too small to be appreciable.¹ The need of the land in the Atlantic states for fertilization was unquestionably great, and the utilizing of the long neglected phosphate rock for this purpose was certainly a piece of wisdom.² But the use of commercial fertilizers was often far from judicious. Instead of using these guanos and phosphates to supplement stable manures in bringing up the fertility of the land as well as for increasing production, the farmers were led by the high prices of cotton to neglect the stable manures altogether, to plant every acre possible in cotton, and to distribute their high-priced commercial fertilizers in such a way as to raise big crops of cotton, while the land received little benefit therefrom.

The rapid decline in the price of cotton from 43 cents in 1866, to 17 cents in 1871,³ made the expense for commercial fertilizers a severe burden, and increased the indebtedness of many of the farmers, and their dependence on the merchants.⁴ As is always the case

¹ Report of U. S. Commissioner of Agriculture, (1876), 123.

² "Considering the condition of the land and the labor system of the cotton states at the close of the Civil War, it is difficult to conceive how cotton culture could have been continued or sustained, but for the use of such manures." H. C. White, "The Manuring of Cotton," in "The Cotton Plant," 173.

³ Average New York prices.

⁴ H. C. White, *Loc. Cit.*, 175.

where a sudden demand is created for any commodity, great quantities of worthless and fraudulent fertilizers were thrown upon the market, and largely purchased, until the various states provided for an inspection and analysis of the commercial fertilizers, and prohibited the sale of the undesirable brands. By the publication of these chemical analyses, and the results of the experiments with the various makes by the state experiment stations, the people were led to use greater discrimination in their purchases, and to make a more economical use of those they did buy, by composting them with the stable manures. In Georgia, the Commissioner of Agriculture reported the inspection of 48,648 tons of commercial fertilizers, costing \$2,481,048, an average of \$51 per ton, for the year 1874; and 56,596 tons, costing \$2,640,203, an average of \$46.64 per ton, for the year 1875. Nearly half the fertilizers in the latter year were so composted as to yield for every ton of commercial fertilizer, four tons of compost deemed to be of equal value with the uncomposted fertilizer.¹

In the western states where many of the farms were still so large as to make fertilizing almost impracticable, the practice of fallowing was resorted to to a limited extent, and with good results.²

Next to the increased use of fertilizers, perhaps the most gratifying change for bettering the agriculture of the cotton states, was the increased attention given to other crops than cotton. The change was not great, and was far from universal, showing itself principally in new communities where the force of custom was less operative, the number of immigrants larger and where cotton speculation had not become a mania with the people.

¹ Report of the U. S. Commissioner of Agriculture, (1876), 123.

² *Ibid.*

The change indicated little progress so far as a rotation of crops was concerned, being principally evidenced in an increase of the corn area, at the expense of cotton growing, but it indicated a disposition on the part of some farmers to raise their own provisions rather than to depend on the northern and western states for their meal and bacon. Cotton was supposed to have occupied 44 per cent. of the tillable area of the cotton states in 1860; Indian corn, 38 per cent., and other crops 18 per cent. In 1876 35 per cent. of the cultivated land in these states was supposed to be given over to cotton, 41 per cent. to corn, and 24 per cent. to other crops.¹ On many plantations almost the whole cultivated surface was given over to cotton, and every mouthful of food was purchased from other sections.

There were few improvements in the mode of cultivating the cotton lands to be noticed during the twelve or fifteen years following emancipation. The decrease in the size of the farms and the increase in the amount of intelligent labor should lead us to expect an increase of intensive cultivation, the use of better farm implements, an increase in the number of crops grown, leading to a useful system of rotation; the keeping of more live stock, and the preservation and use of stable manures; but there were few of these improvements to be noted even as late as 1880. There seemed to be in some localities an increase in deeper plowing before planting, and more shallow cultivation afterwards. About fifteen per cent. of the farmers were said to practice subsoiling,² and in the hill country of South Carolina and Georgia the white farmers had begun to endeavor to prevent the washing of their lands by drains

¹ Report of the U. S. Commissioner of Agriculture, (1876), 121.

² *Ibid.*, 127-8.

or "ring cultivation." There had been little increase in the number and kind of farming implements used, unless the more extensive use of cotton planters be considered. One of the chief purposes which prompted the holding of the Atlanta Exposition in 1881, was to furnish the southern farmer an opportunity to become acquainted with the best class of agricultural implements. Mr. Grady wrote this year, that "the farms are littered with ill adapted and inferior implements and machines, representing twice the investment that, intelligently placed, would provide an implement that with half the labor would do better work."¹ If we except the herds of cattle grazing on the plains of Texas, we find that there was less live stock in the cotton states in 1880 than in 1860. The lack of attention given to a rotation of crops, and the failure of most of the farmers to save and use stable manures, we have already mentioned.

There was much to excuse the planters and their tenants for this failure to adopt new and better methods of cultivation. The negroes were accustomed to the old routine of cotton planting, and were not apt in learning new practices. The lack of capital in the South; the discouragements of the old planters, who had spent the best years of their life in accumulating slave property; the failure of the greater part of the cotton belt to attract immigrants; the still plentiful supply of new lands which could be taken into cultivation when the old ones had become exhausted, and the force of custom, always strong in old communities, driving the sons to plant and cultivate as the fathers had done, made the adoption of new methods of farming slow and difficult. A still greater hindrance to the improvement of the farming system of the cotton belt was the credit system which

¹ *Harpers' Magazine*, LXIII: 732.

had arisen, and which gave to merchants the power of deciding what crops should be planted, regardless of their effects upon the land, or their value to the producer. The influence which this credit system has exercised on the later development of southern agriculture makes it necessary to devote some especial attention to this unique feature of southern agrarian history.

CHAPTER V.

SOUTHERN AGRICULTURE SINCE THE CIVIL WAR.

(Continued).

B. The System of Agricultural Credit.

Crop liens are no new feature in the agricultural credit system of the southern states. The preceding pages have made us familiar with the practice prevalent in the cotton belt previous to 1860, whereby the planter who desired to secure a short time loan resorted to one of the cotton factors living in one of the principal market towns of the South, and secured from him the desired funds. As a guarantee of repayment the planter was accustomed to pledge to the factor his cotton crop then growing, or about to be planted. The wealth and well known business standing of the large planters who alone obtained advances in this way, made the risk which the factors ran from a failure of the borrowers to fulfil the terms of their contracts a very small one. Loans were seldom made to a greater extent than ten dollars a bale on the crop which it seemed probable would be harvested. In addition to the charges for interest which, while high, were usually not exorbitant, the factor secured the handling of the planter's entire crop, the commissions which he charged for this service making the business a very lucrative one.

The poverty of the cotton growers at the close of the war, and the urgent necessity which drove most of the planters to borrow money or supplies, compelled a return to the old system of crop liens wherever it was possible under the changed conditions to do so. Many

of the factors had been ruined by the blockade, or by their inability to collect their outstanding loans to the planters. Yet the high prices which cotton brought during the early years succeeding the war made traders as well as planters anxious to profit by the revival of the trade in this staple, and those factors whose business had survived the war disasters were usually willing to resume operations by again making advances upon the prospective cotton crops of their debtors. When the factors themselves lacked the funds for making these loans, they secured advances from the commission houses of the North or in Europe. It was of course impossible under the changed circumstances of the borrowers to give credit on such favorable terms as were customary previous to 1860. There were no longer slaves to stand as the planter's security, and the land was worth so little that factors accepted it as a pledge only when crops and personal property proved insufficient guarantees of payment. The additional risks had in every case to be met by higher interest rates and the pledge of more cotton for security. For the planter there was no choice. He was glad to accept the credit on even these disadvantageous terms, trusting in the high prices of cotton to relieve him of his indebtedness and still allow him to profit by the transaction.

In order to facilitate the obtaining of credit by the planters, the legislatures of nearly all the cotton states had in the years immediately after the war passed the so-called "lien laws," which permitted the planters to mortgage their growing or unplanted crops, and gave to the factors or others who advanced supplies on these crops the first claim on them when they were harvested. The action of the legislatures in enacting these "lien laws" has been the subject of much criticism by many

writers on southern agriculture, who are inclined to make these laws responsible for the disasters which have overtaken many cotton growers who have under the credit system of the South become helplessly dependent upon factors and merchants for their food and the necessities of life.¹ It is doubtless true that these "lien laws" have contributed somewhat to the fostering of that spirit of indifference and careless management characteristic of many farmers in the South, who through natural indolence or want of foresight have not emancipated themselves from the money lender, even when able to do so. The freedmen especially have taken advantage of the privilege afforded by these laws to live off their future crops, and to spend the surplus remaining to them from the crop just harvested, in idle extravagance. And yet these "lien laws" must not be judged entirely by the abuses of the privileges which they have conferred, by the more thriftless and indolent portion of the farming community. It is difficult to see in what other way the farmer could have obtained credit at a time when it was most needed, if he could not have mortgaged his crops as security for his loans. There was no other property which he could offer as security. And as a matter of fact, the "lien laws" are not responsible for the introduction of the existing system of agricultural credit in the southern states. As we have already seen, and as one of the critics of the "lien laws" has himself remarked, "before the lien laws were enacted, and before they were used as a basis of credit, thousands of farmers in every southern state had already largely increased their debt obligations to merchants."² Instead, there-

¹ See Nordhoff, "The Cotton States in the Spring and Summer of 1875," 109; Otken, "Ills of the South," 35 ff.

² Otken, "Ills of the South," 38.

fore, of establishing the credit system in the South, the "lien laws" only legalized a system already prevalent and necessary, because it furnished the only means which the majority of the planters had of obtaining loans. By the legal protection which these laws furnished the money lender, credit was made possible on much easier terms than would otherwise have been the case.

For several years following the close of the Civil War, the factors at the ports or principal market towns of the South, continued to be the chief reliance of the cotton growers who were compelled to borrow money to carry on their planting industry. Custom and the existing methods of communication and transportation, combined to make the port cities the natural markets for the cotton, and these factors the natural intermediaries between the commission merchants and money lenders of Europe and the North and the cotton planters of the southern states. But with the decline in the price of cotton came the break-down of the old plantation system already mentioned, carrying with it often the ruin of the planters and the factors who had risked too much money in the hope of higher prices. The large planters gave way in many instances to the small farmers cultivating from ten to one hundred acres with only the help of their families. The hired laborers became tenant farmers dividing with the land owner the produce from their small holdings, and henceforth responsible for their own maintenance and direction. Under these circumstances a change in the credit system became necessary. The tenant farmers and small land holders stood as much in need of credit as the large planters, but obviously the extent of their undertakings and their business standing was not such as to make it

desirable for money lenders at some port city, perhaps hundred of miles away, to advance them money or supplies, taking only a mortgage on their crop as security for the loan. It became necessary for these small farmers to obtain local credit from some person whose residence in the community and acquaintance with the business habits and financial standing of his neighbors made possible the assumption of such risks as were involved in making loans to these small borrowers. About the same time that the increase of small farms and tenant holdings resulted in the collapse of the old plantation system of agriculture, there came, with the opening up of new methods of communication and transportation, an extension of that system of interior buying which has been described elsewhere in this essay.¹ This resulted in taking the marketing of the cotton crop largely out of the hands of the factors at the ports, and giving this business over to the merchant of the inland cities and towns, and even to the country storekeepers situated at the small railway stations throughout the South. It was the merchants now who also assumed the business of making loans or advances on the growing crops. Where the factors have continued to share in this loan business they have done so largely through the agency of the country merchants.

From his position in the community as the buyer of the farmer's produce, and the seller of all that the farmer purchases, the southern merchant is well prepared to judge of the honesty, promptness and business capacity of his customers. He better than anyone else knows to what extent he can trust this or that borrower, and he is better able than any one else to watch

¹ Book II, Chapter X.

suspicious or careless debtors. Under the rule of the merchant lender, the character of the loans has also changed. Factors were accustomed to make loans to the large planters in money, for the use of which they charged a specific rate of interest. Merchants, on the contrary, seldom make loans of money to their customers. The advances come in the form of articles of food, especially corn and bacon, in wearing apparel, furniture, crockery, agricultural implements,—in short everything purchased by the farmer which the merchant has to sell. Instead of charging fixed rates of interest on the amount of these loans, the merchant seeks remuneration for these advances by charging higher prices for the goods thus sold on credit than when he sells for cash. The loans do not run for a definitely stated time, but it is understood that payment is to be made as fast as the crop is harvested. In order to secure the repayment of these loans, it is customary throughout almost every county in the cotton belt for the advancing merchant to take out a regularly recorded mortgage on the crops of his credit customers. It occasionally happens that in a community where the virtue of strict integrity is well diffused, the merchant may not require this mortgage on the crop, but relies on the honor of such customers as he sells to on credit to meet their obligations when due.

But the crop mortgage is so often required and given that it may be considered as the all but universal method of securing loans made by the advancing merchants in the cotton belt. Sometimes the mortgage is given only on the cotton crop, sometimes on the cotton and corn, and sometimes on all that the planter raises, and if this is deemed insufficient security, the mortgage is made also to cover the mules, household goods and other chattels

of the would-be credit purchaser, and lastly, if all these are still considered not to be equivalent in value to the contemplated purchases, the real estate of the farmer is also pledged in repayment. It has frequently happened during the era of low prices which have prevailed in the last few years, that tenant farmers were unable to secure advances from the merchants until the land owner signed over his right to his share of the tenant's crop, should the "cropper's" own portion prove insufficient to meet in full the obligations which he had incurred to the advancing merchant.

To show the firm hold which the merchant secures upon the farmer when the latter has once become his debtor for supplies, the essential portion of one of these mortgage instruments, omitting the usual certificate forms for the witnesses, notary and judge of probate, is herewith given :

STATE OF ALABAMA, }
MONTGOMERY COUNTY. }

\$ Ala., 189 . . .

On or before the . . . day of 189 promise to pay or order, the sum of dollars, which sum was advanced to . . . by said in Horses, Mules, Oxen, Necessary Provisions, Farming Tools and Implements or money to purchase the same, to enable to make a crop during the year 189 . . in county, and we hereby declare that the said advances were obtained by bona fida for the purpose of making a crop, and that without such advances it would not be in power to procure the necessary teams, provisions and farming implements to make a crop. And further waive all exemptions which have or may be entitled to under the Constitution and Laws of Alabama, in regard to the collection of the above amount, or the amount which may owe during this year, and the cost incurred in the collection thereof.

Witness : [L.S.]
. [L.S.]
. [L.S.]

Now, in order to secure the payment of a note or writing of which the above is a copy, which note includes the amount of \$

due as a balance of last settlement and which is hereby acknowledged, and also the payment of any future advances due and owing by to the said, or which may be owing him during the year 189 . . . whether for future advances or otherwise. . . . do hereby grant, bargain, sell and convey unto the said, my entire crop of Cotton, Cotton Seed, Corn, Fodder, Peas and Potatoes, which may be grown by and my family, or in which or any of family may have an interest, on the plantation in said county, known as the place, or any other place, in said county, and the following described property, to-wit : to have and to hold all the above described property to the said his heirs and assigns forever. Upon the following condition, nevertheless : If shall well and truly pay this said note, and all future indebtedness which may then owe the said when the same falls due, then this conveyance shall become null and void, but in case shall fail to make such payment, then the said is hereby authorized and empowered to take possession of any and all of said crops and personal property, and sell the same at such time and place he may think proper, for cash ; and may sell said real estate, at auction, for cash, at the Artesian Basin, in Montgomery, Ala., after having given four weeks' notice of the time, terms and place of sale, by four weekly insertions thereof in any newspaper then published in said city. And out of proceeds of such sales he shall first pay all expenses incident thereto, then reserve enough to pay said note and interest, and said future indebtedness which may then owe him, and the balance he shall pay over to And the said is hereby authorized to purchase said real and personal estates the same as if he was a stranger to this conveyance, and should he so purchase, the auctioneer making the sale is hereby authorized and directed to execute a deed conveying all of interest therein to the said, and hereby covenant with him, his heirs and assigns, that will warrant and forever defend the title so made against the lawful claims and demands of all persons. And to expedite the payment of said note or writing when due, and to save expenses hereby waive right under the Law to have said above mentioned personal property advertised before sale ; and that he shall apply the proceeds of sale first, to all expenses of seizure and sale, including all attorney's fees for collection and adjusting the same, and the payment in full of said note or writing, if any over, to be paid to :, and do hereby declare and represent to the said that there is no other or prior lien, claim or encumbrance on any portion of the above described property, except, and that the money or advances hereby obtained by from the said is obtained on the faith of this representation.

In testimony whereof, have hereunto set hand
 and seal this the day of , 189 . . .
 Signed and sealed in presence of [L.S.]
 [L.S.]
 [L.S.]

When one of these mortgages has been recorded against the southern farmer, he has usually passed into a state of helpless peonage to the merchant who has become his creditor. With the surrender of this evidence of indebtedness, he has also surrendered his freedom of action and his industrial autonomy. From this time until he has paid the last dollar of his indebtedness, he is subject to the constant oversight and direction of the merchant. Every mouthful of food that he purchases, every implement that he requires on the farm, his mules, cattle, the clothing for himself and family, the fertilizers for his land, must all be bought of the merchant who holds the crop lien, and in such amounts as the latter is willing to allow. Except for cash no other merchant will sell him anything, for the first merchant holds the lien on his property and prospective crops, and the second merchant would have nothing as a guarantee of repayment. When the crop is gathered it is the advancing merchant who furnishes the market for the same. The farmer can exercise no right to hold his crop, or to seek his own market, until he has delivered to the merchant enough of the produce which he has raised to cover, at the ruling market prices, his indebtedness to the latter for supplies. Should the total receipts for his crops be insufficient to wipe out his indebtedness to the merchant, as very often proves to be the case, his contract binds him to continue his dealings with the merchant for the succeeding year, and to submit to the latter's demand for additional security in order to obtain credit for the future. But it

is not alone with respect to the buying of his merchandise and the sale of his produce that the farmer is subject to the control of the merchant creditor. The latter dictates what crops shall be grown, and how much of each. As the basis of the credit system consists in the lien on the crops that are to be planted, personal property and real estate being considered only as collateral security, it follows that the merchant will accept as a pledge of repayment for his loans only those crops whose complete failure is improbable, and for which he can readily find a market. It is in this connection that the agricultural credit system of the southern states has so profoundly affected the later history of cotton culture, and has exerted an influence strong enough to determine almost completely the direction which southern agriculture has taken since the close of the Civil War. The facility for marketing cotton, due to the superb commercial mechanism for moving the crop which I have attempted to describe in a later chapter¹, has caused merchants to give the preference to cotton as security for their loans, and to demand that their customers who seek credit for merchandise shall raise cotton to repay them for the advances which the latter have received. This demand by the merchant for cotton has been readily conceded by the majority of the farmers in the cotton belt. The ready sale which cotton finds at any time of the year has made this staple known throughout the South as the "cash crop," and has led farmers as well as merchants to give its production the preference over that of other crops². The freedmen, especially, have shown a strong liking for cotton, due doubtless, in addition to the above reason, to the fact

¹ Book II, Chapter X.

² Otken, "Ills of the South," 56.

that they are more familiar with its cultivation than with that of other staples, and that its culture permits of a concentration of the laborers, the negro's social instincts impelling him to work in company with others rather than by himself.

But there is a further reason which impels the merchants to insist on the raising of cotton by their credit customers. The two articles of merchandise in which the advancing merchant in the South principally deals, and on which credit is most frequently given, are corn and bacon. Both of these commodities can be easily and cheaply produced at home, and it is certainly the interest of the farmer to produce them, for they form the chief items in the food supply of the agricultural classes of the South. But it has been the policy of merchants to discourage their production. The raising of corn would not only give a less marketable crop into the hands of the merchant, but it would eventually lose him his customers, for the raising of his own supplies would release the farmer from the necessity of doing business on a credit basis. The farmer has, therefore, been encouraged to raise cotton exclusively, or nearly so. "When he saw the wisdom of raising his own corn, bacon, grasses, and stock, he was notified that reducing his cotton acreage was reducing his line of credit¹." Following in this line for a few years, with a steady decline in the price of cotton, making its production unprofitable to the small farmer, the latter has been plunged hopelessly in debt. The high prices which he has been obliged to pay for his merchandise, and the low price which he receives for his cotton, leaves the balance of the account each year stand in favor of the

¹ Henry W. Grady in the *New York Ledger*, 1889; quoted by Otken, "Ills of the South," 57.

merchant. The contract which the farmer has entered into with the merchant binds him to continue his business with the latter until the old debt is paid, and as the end of each year finds him unable, in his own words, "to pay out," he begins again the weary struggle for existence, with new burdens laid upon him, but still deluded by the vain hope that "more cotton" will enable him to escape from his load of indebtedness.

The prices which southern farmers have been obliged to pay for merchandise bought on a credit basis have been the subject of frequent comment by recent writers on the South. Various statements and bits of information have been published which show that in numerous individual instances credit prices from ten to two hundred per cent. higher than cash prices for the same articles have been charged the luckless farmer who became the victim of the crop lien. Careful statistics on this subject have never been collected from all the cotton states. Several of the state bureaus of agriculture have through their correspondents collected data on the subject and published the results in tabulated form. But in only two of these states, Georgia and Louisiana, has the investigation covered more than a single year, and of these two, Georgia has abandoned the effort since 1890. As representing, even imperfectly, the condition of affairs in these two states which may be considered typical of the other cotton states, I have condensed the results of these investigations in the following table.¹ It is believed that it will show in a fairly reliable manner the disadvantages under which the credit purchaser of the South is to-day struggling. From this table it

¹ Compiled from county and parish returns published in the Publications of the Georgia State Department of Agriculture, and the Reports of the Commissioner of Agriculture of Louisiana.

In the table on page 153 the columns headed, "Percentage of Credit Over Cash Prices. Six Months," should be headed, "Percentage of Credit Over Cash Prices," and the columns headed, "Percentage of Credit Over Cash Prices. One Year," should be headed, "Equivalent to an Annual Interest Rate of."

will be seen that those farmers who purchase on credit are obliged to pay for necessities of life which can be easily produced at home, prices varying from twenty to fifty-five per cent. higher than the cash prices for the same commodities at the same stores; or a difference equivalent to an annual rate of interest on the cash price of from forty to one hundred and ten per cent. (The short time for which most of these accounts run makes six months a very liberal estimate for the average length of the period for which the loan is made.)

There is a considerable difference in the customs of merchants and localities as to the methods of selling goods on the credit system. In some sections of the cotton belt and by some merchants a difference in the credit price of an article is made according to the length of time for which the credit is to run. Most farmers begin securing advances in the early spring when preparations are being made for putting in a new crop. Payment is expected as soon as the farmer can gather enough cotton to make good the amount which has been advanced to him in supplies. This will depend largely on the locality and season, but the usual time for beginning to gather the crop is from August 15th to September 15th. In a portion of the sea island cotton region of lower Georgia, the plan is followed of deducting at various times from the credit price of an article one-fourth the difference between its cash and credit prices at the time of planting the crop. Thus flour, which sells for a cash price of three dollars per barrel on March 1st, will sell on credit at that time for four dollars. On the first of June a reduction of the credit price to \$3.75 will take place. In July it will be sold for \$3.50, and about the first of August another quarter of a dollar will be taken off. All purchases made with-

in thirty days of settlement time are made at cash prices. In other portions of the South, as in central Alabama and in the great cotton region along the Mississippi, the rule seems to be to maintain throughout the summer the same difference between cash and credit prices that was made when the crop was planted, except that cash prices are given on credit purchases made within thirty days of settlement time. Merchants are frequently found who are unable to give the difference between their cash and credit prices, because none of their customers ever buys for cash. This seems to be especially true of certain kinds of merchandise, as for example, fertilizers. A Georgia merchant who sells each year over one thousand tons of commercial fertilizers, reports that he has never sold any for cash, although he would gladly make a difference of several dollars per ton in favor of cash purchasers.¹

The use of the credit system is not confined to a small number of the farmers of the cotton belt. Ninety per cent. of the cotton growers of Alabama, it is stated on high authority, make their purchases in this way, and pay prices on an average twenty-five per cent. higher than do their neighbors who buy for cash. Throughout the cotton belt it is probably no exaggeration to say that three-fourths of the cotton planters and their tenants, white and black, buy "on time," and pay usury to factors, merchants or others who have advanced money or supplies on the prospective cotton crops of the borrowers.

It has been usual to criticise severely the advancing merchants, and to make them responsible for the disasters which have befallen the southern farmers. Such a view of affairs is not only unfair to the merchants but

¹ Cf. H. C. White, *Loc. Cit.*, 175.

is unmindful of the development of affairs which has made the merchant the natural money lender of the South, and it overlooks the principle which makes profits, in a large measure, the remuneration for business risks. It is doubtless true that many of the advancing merchants have taken advantage of their power over their ignorant customers to charge them prices out of all proportion to the value of the merchandise sold. The credit system with its arbitrary methods of making differences between cash and credit prices, presents great possibilities for the exercise of unscrupulous methods on the part of merchants, and this would naturally attract to this business persons whose sordid dispositions prompt them to grasp every opportunity of enriching themselves at the expense of their neighbors. And yet it is questionable whether the business of merchandising in the South presents such great possibilities of becoming speedily wealthy as the above price quotations would seem to indicate, or as many writers on the credit system have intimated. Honesty is a virtue which is little regarded by many of the people in some sections of the South, especially by the freedmen, who are nearly all recorded on the books of the merchants as credit purchasers. The danger of losses involved by doing business on credit with this class of purchasers has been the prime cause of the great difference between cash and "time" prices, while the frequent failures of advancing merchants, and the unsettled accounts which even the most careful and shrewd of those merchants are obliged to carry over from year to year, do not furnish proof to the statement that, "the road to wealth in the South, outside of the cities and apart from manufactures, is merchandising."¹

¹ George K. Holmes, "The Peons of the South," *Annals of American Academy of Political and Social Science*, IV : 267.

But it is in its relation to the culture of cotton that the credit system has in this essay an especial importance. Nothing but cotton has been considered by the merchant as a satisfactory security for the advances made by him in money or supplies. "His cry for cotton, and more cotton, to keep pace with the indebtedness, has led to so enormous an increase in the production of this fibre since the war, that the North, ignorant of the real situation, has pointed to it as an evidence of the superiority of the free, over the slave labor of the blacks."¹ In spite of an almost steady decline in the price of cotton since the war, the acreage and production of this staple have almost as steadily increased. The cost of production of the staple by the small farmers has for several years been above the market price of the commodity when harvested, but the increase in cotton growing has nevertheless continued. When the price has sunk so low that merchants have begun to fear the total bankruptcy of their debtors, they have relaxed somewhat their demand for cotton as a pledge for indebtedness, and have sought security in other crops or in other kinds of property. This, aided by an especial effort on the part of the planters, especially the large cotton growers, has tended for a year or so to reduce the cotton acreage and to increase the production of other commodities, and has given occasion for frequent prophecies and rejoicings on the part of sympathetic persons that the southern farmer was beginning to learn the lessons of economy and self-help, to produce his own food, and to escape at last from his peonage to merchants. The credit system was thought to be dead in 1868 when the crop failures had ruined the factors who had made advances on the

¹ George K. Holmes, *Loc. Cit.*, 257. Cf. H. C. White, *Loc. Cit.*, 175.

cotton.¹ Again, in 1873 the system was thought to be crippled, and once more in 1881, at the time of the first Atlanta Exposition, the problem of southern agriculture was supposed to be forever solved. The enormous increase in the production of cotton since 1890, and the low price to which this staple had fallen by 1894, led merchants to refuse in many cases to grant further credit to their customers, and thus compelled a reduction of the acreage in cotton for 1895. This has once more led to optimistic prophecies in regard to the future. It is doubtful, however, whether the present tendency to reduce the acreage of the staple will prove to be more than temporary. While the credit system remains as it is, the class of cotton raisers which needs most of all to maintain the smaller acreage, is unable to act independently in this matter.

The indirect effects of the credit system on the agricultural and industrial development of the southern states have been scarcely less remarkable or less destructive than its direct result in causing an overproduction of cotton. There is an especial need in the South to-day of a force which shall awaken the old planters from the lethargy into which they were cast by the loss of their fortunes as a result of the Civil War; which shall put new hope into the breasts of the "poor white" farmers who have for a quarter of a century been struggling to improve both their economic and social condition, and which shall furnish ambition to the negroes to seek to elevate their position in southern society and to better their physical surroundings. Such an influence cotton exerted in the early days of its culture, and such has been the result in certain sections of the South of the rise of manufacturing and the development of the mineral re-

¹ Loring and Atkinson, "Cotton Culture and the South," 158.

sources. But the pernicious credit system has worked directly opposite results. It has continued the old planter in his discouragements, kept the "poor white" poor, and has enabled the negro to maintain a "hand to mouth" existence, and to live in that condition of lazy contentment which is the boon of the idle and improvident. As in the case of every adversity, there are those who have struggled through and beyond it, but to the man of average ability the high charges for loans and his compulsion to raise cotton have furnished an obstacle which has prevented his escape from indebtedness and has forbidden his undertaking to improve his agriculture. The credit system has stimulated unnaturally the demand for land for rental purposes and has injured its sale.¹ The negroes prefer to rent land rather than to labor for wages, because the credit furnished by the merchant enables them to live off the future crops and to control their own labor during the present. The unwillingness of the merchants to grant credit on the land has aided in keeping down its selling value, and to-day throughout the cotton belt we find that the rental value of the land equals from one-fourth to the total selling value. But despite the unwillingness of the merchants to take the land as security, the growing indebtedness of their customers has often forced them to do so. The foreclosure of the mortgage which in many cases was sure to be the result, has turned over to the merchants the ownership of these farms. It was this tendency which caused the late Henry W. Grady to fear lest there might be a return to a landed aristocracy in the South. "There is beyond question," he wrote in 1881, "a sure though gradual rebunching of the small farms into large estates, and a tendency toward the re-establishment of a landholding oligarchy. Here and

¹ George K. Holmes, *Loc. Cit.*, 267.

there through all the cotton states, and almost in every county, are reappearing the planter princes of the old time, still lord of acres though not of slaves."¹

The necessity which has driven so large a proportion of the farmers of the cotton belt to seek credit since the close of the war, and the rapid development of the means of furnishing credit, which has marked the commercial and industrial advancement of the present century, give rise to the question: are there no other means than the above by which the southern farmer may obtain credit? no other lender than the merchant to whom he may go for loans?

For the majority of the farmers in the cotton belt who desire to borrow, these questions must be answered in the negative. The lack by most of the farmers of valuable personal property which might stand as security for short-time loans, and the small amount desired by most of the borrowers, prevent the majority of the cotton growers from taking advantage of the loan and discount features of such banks as exist. And, indeed, the banking facilities of the southern states are very imperfectly developed. Within the ten cotton states the number of national banks in September, 1895, was only 417, of which 214 were in Texas.² On the basis of the population of 1890, this gives only one bank to every 33,660 inhabitants of these states, or, excluding Texas, one bank to every 58,130 inhabitants, as compared to an average of one bank for every 16,600 inhabitants for the entire United States. The lack of state and private banks seems to be equally felt in most parts of the cotton belt, although there has been a marked increase in the number of these institutions in

¹ Henry W. Grady, *Harpers' Magazine*, LXIII: 719-734.

² Statistical Abstract of the United States, (1895), 53-4.

some of the eastern states during the last decade. Thus Georgia, which in 1884 had only fifteen national and twenty-two state banks, in 1894 had twenty-seven of the former and one hundred and eighteen of the latter class. These were to be found in seventy-one places, situated in sixty-three counties.¹ This still leaves, however, one hundred and twenty-three counties in this state unsupplied with any incorporated bank.

About the year 1880, Major Harry Hammond, the special agent of the United States Census, detailed to write on cotton production in South Carolina, discovered that in the Piedmont region of that state the farmers were making use of the country banks to obtain their loans.² A fuller account of these banks and their operations was given by the same gentleman in the "Handbook of South Carolina," published in 1883. As this will have a bearing on what is to be said in a later chapter in regard to the credit system, Major Hammond's account is herewith given in full:

"There has grown up in this region a system of banks at the county seats for the accommodation of farmers. The National Bank of Newberry was the first to be established; under the excellent and judicious management of its president, Robert L. McCaughrin, the operations of this bank have added largely to the prosperity and independence of this county; which, besides leading in cotton production in proportion to its area, is, in many other regards the most thriving in the region. The capital of this bank, \$150,000, was subscribed by the citizens of the county, except \$12,000, and ninety-five per cent. of the stock

¹ R. T. Nesbitt, "Georgia, Her Resources and Possibilities," p. 22.

² H. Hammond, "Cotton Production in South Carolina." Tenth Census of the United States, VI: 321.

which is at thirty per cent. premium and not for sale, is now held within the county. It has six hundred and fifty-four accounts, three-fourths of which are with farmers. These accounts vary in amount from forty dollars upwards; only sixty-five of them, however, reach or exceed one thousand dollars. Since 1872 the rate of discount has been from seven to twelve per cent., or from one-half to one-third of the average rates prevailing elsewhere in the state. The loans during the crop season aggregate \$324,000, and the doubtful debts for the last ten years do not reach in all \$6,000. Loans are made purely on personal security or on collaterals; liens and mortgages are not asked for or given. If there is a question as to the ability of the party seeking accommodation to meet his payments promptly, he is required to get the indorsement of one or more of his neighbors. In this way it frequently happens that three neighbors indorse each others' notes, so that if ill-luck befall one during a crop season, the others help him through, and it is found that such assistance is equalized in a series of seasons. Besides the direct assistance this bank affords, its direct influence is highly beneficial; not only does it encourage personal trustworthiness and integrity, but by the circulation of its capital during the active season of the year, it gives a healthy cash tone to business; where a large proportion of the sales are for ready money, the purchases by merchants are more carefully made, and even advances on liens are less exorbitant than elsewhere."¹

Fourteen years have elapsed since the publication of the above account which conveys so much that should be hopeful to the southern farmer. And yet, while there has been some increase in the number of banks

¹ "Handbook of South Carolina," 154-55.

doing business in this and the neighboring states during this time, and while the banks in the above region are still said to be in a flourishing condition and to be of much assistance to the farmers, the failure to establish country banks in most portions of the cotton belt, and the apparently small patronage which such banks as have been established receive from the farmers, shows that there is still something lacking to make these banks a permanent and universal source of relief to the agricultural credit purchasers of the cotton states. Indeed, it appears from a recent statement made by a correspondent from the very region in which these banks have been longest established, that even here they have failed to solve the problem of agricultural credit for a very large proportion of the farmers. In answer to the question, What is the actual financial and material condition of the cotton raisers in Laurens and Newberry counties, South Carolina? Mr. J. Washington Watts, of Laurens, S. C., writing under date of July 11, 1893, says: "The actual financial and material condition of the cotton raisers is very bad; generally in debt. In my opinion, the majority are making their crop with supplies bought on credit, and are in debt to that extent at least. I estimate the proportion of insolvent to be at least three-fourths of our farmers. Those who raise even a portion of their supplies are doing fairly well, but very few do this, preferring to risk the cotton which sinks them deeper in debt each year."¹

The failure of the country banks to bring relief to southern farmers who are seeking credit seems to be due in some instances, at least, to the high interest charges

¹ "Letters from Prominent Cotton Growers"; Report of United States Senate Committee on Agriculture and Forestry, 53d Congress, 3d session. Report 986, Part I, p. 286.

for loans. Usury laws in all the states prohibit the taking of interest in excess of fixed maximum rates, but every one familiar with legislation regarding usury, knows how easily these laws are evaded. Thus in a portion of Georgia where the maximum rate of interest which can be taken is fixed by law at eight per cent., the country banks which lend money to farmers discount the principal plus the legal interest, at the rate of fifteen per cent. The farmer seeking the loan of one hundred dollars for one year will thus receive \$91.66, in return for which he will be expected to pay at the end of the year \$108, thus actually paying an interest rate on the money received of nearly eighteen per cent. For loans made for less than one year's time, the banks discount at the rate of one and one-half per cent. per month. These rates taken in addition to the fact that about the only security which most of the farmers have to offer, crop liens, are not accepted by the banks, show plainly that these agencies of so much value to the credit-seeking merchant are of little practical benefit to the southern farmer who finds himself in straitened circumstances.

The late Henry W. Grady had strong hopes that the loan agencies which at the time of his writing (1881) were beginning to spring up in all parts of the South, would lend material aid toward the solution of the credit problem. He gave an account of the success of these institutions, and related instances of their having loaned money to farmers on good real estate security at interest rates of seven or eight per cent.¹ But while the number of these agencies established mainly by a few northern companies, has gone on increasing since Mr. Grady wrote, their service to the farmers has not been of such

¹ Henry W. Grady, *Harpers' Magazine*, LXIII: 723-4.

a nature as to afford much hope of their attaining the success that was predicted for them. In the first place, they do not meet the need of the southern farmers for short time loans which will carry them through the cultivating season. The usual plan of these agencies is to loan money for five years, taking as security real estate at from forty to fifty per cent. of its appraised value. Then, as in the case of the banks, the interest charges seem unusually high. The nominal charge for interest is eight per cent., occasionally seven per cent. But in order to avoid the legal penalty for charging interest in excess of eight per cent., certain fees or commissions amounting usually to about twenty dollars on every hundred dollars borrowed, when the loan is for three hundred dollars or less, as well as the first year's interest, are deducted from the amount borrowed. Thus, a Georgia planter who borrowed \$400 from one of these agencies, actually received only \$335. This burden has been especially severe on those who borrowed money when cotton was selling for ten or twelve cents a pound, and were obliged to pay it back when prices had fallen to five or six cents per pound.

Nothing shows more clearly the need of better credit facilities in the South than the willingness on the part of the more thrifty and industrious farmers to borrow money on such terms rather than to submit to the high prices and dictation of the advancing merchants.

CHAPTER VI.

SOUTHERN AGRICULTURE SINCE THE CIVIL WAR.

(*Concluded.*)

C. The present Condition of Cotton Culture and the Cotton Growers of the United States.

By 1876 the culture of cotton had apparently recovered from the industrial paralysis caused by the Civil War and the subsequent era of reconstruction. The crop harvested that year corresponded in amount closely to that gathered in 1860, the largest of the ante-bellum crops. The price of the staple had steadily declined since 1864, but at thirteen cents a pound (average New York prices), was still far from discouraging, while the causes which had operated to bring about this decline, such as the greater reliability and efficiency of labor, and the adoption of better methods of tillage, were generally favorable to the producer.

There is very little in the history of cotton growing to excite attention during the fifteen years following 1876, except the rapid growth in production. Many writers in both England and America had predicted that emancipation would result in an increase in the production of cotton in the southern states, but no one could have foreseen the extent of this increase, nor the rapidity with which it came about when order and quiet had been restored, and the South was left free to guide her own course of development.

The cotton crop harvested in 1876 is stated to have been slightly in excess of two billion pounds, grown on a little less than twelve million acres. By 1880 the

amount produced was in excess of two billion, six hundred million pounds; by 1890, nearly three and one-half billion pounds were raised, and by 1895 production had swelled to four billion, seven hundred and ninety-two million pounds, and the cotton area was estimated at twenty-three million acres.¹ Despite this rapid increase in both acreage and yield, trade conditions continued to favor the producer until 1890. There was, it is true, a continuation of the fall in prices, but the rate of decline was small when compared to the increase in production, as may be seen in the following table :

Years.	Average Annual Production. Million Pounds.	Increase. Per Cent.	Average New York Prices.	Decrease. Per Cent.
1876-80	2.612		11.77 cents	
1881-85	2.805	7.38	11.06 "	6.51
1886-90	3.217	14.71	10.44 "	5.93

Only once during all these years did the average price of cotton on the New York market fall below ten cents per pound for the commercial year, while in the South the improvements effected in agriculture, cheaper transportation, and the greater yield per acre served to compensate for the decline in the price of the staple, which was slowly taking place. For in spite of the enormous increase in production, the consumption of cotton by the European and American mills was increasing at a still more rapid pace. Had it not been for the relatively important part which Indian cotton still played in European consumption, there probably would have been no decline whatever in the price of the American staple.

It is only since 1890 that the condition of the cotton grower has been rendered serious by the depreciation in the price of his product. The agricultural depression

¹ Shepperson, "Cotton Facts," (1895), 13-17, 80.

which has befallen the South as a result of these low prices has excited the attention of the whole country, and the keenest controversy has been waged over the question as to what has caused the fall in prices and the accompanying financial distress among the agricultural classes. The extent of this fall of prices and what it has cost the southern farmer, can only be appreciated when the total selling value of the cotton crop during recent years is compared with the years preceding and it is seen what a falling off there must have been in the farmer's income. In 1875-76 the cotton crop of the United States amounted to a sum total of 4,632,313 bales, and its value computed on the basis of average New York prices for middling uplands was \$267,540,000. In spite of an almost steady fall in prices between 1875 and 1890, the total selling value of the crop generally showed an increase, so that the large crop of 1890-91 whose average price showed a decrease of two and one-half cents per pound under that of the preceding year, had a total selling value of \$429,792,716. The decline in values since that year has been as follows :

Year.	Total Crop. Bales.	Average New York Prices.	Total Selling Value.
1890-91	8,652,597	9.03 cents	\$429,792,047
1891-92	9,035,379	7.64 "	391,424,716
1892-93	6,700,365	8.24 "	284,279,066
1893-94	7,549,817	7.67 "	294,593,859
1894-95	9,901,251	6.50 "	289,809,616
1895-96	7,157,346	8.16 "	294,095,347
1896-97	8,757,964	7.72 "	338,057,410

According to this exhibit, the planter who in 1894 raised twice as much cotton as in 1875, received a total income from his crop no larger than that received in the earlier year, and he received nearly one-third less than that received from a much smaller crop in 1890.

In 1893 the Senate Committee on Agriculture and

Forestry made a lengthy report to Congress on the condition of cotton growers in the United States. In this report it is stated that "there is a general consensus of opinion that cotton cannot, except under the most favorable circumstances, be raised profitably at less than eight cents per pound, nor without loss under seven cents."¹ Now when we remember that from the prices quoted in the above table, which for the seven years average only 7.85 cts. per pound, must be deducted charges for transportation and commissions for selling the crop, we find that the plantation price of cotton since 1890 has seldom been high enough to allow the producer a profit and not infrequently it has caused him an actual loss. With an ever increasing acreage and with every increasing effort on the part of the farmer to extricate himself from his perilous situation, there has followed a further fall in the price of his produce and a steady decline in his annual income. No wonder, then, that the result of these discouragements has been "to produce wide-spread discontent among cotton producers and a disposition to discredit their old time conservative methods and to induce a too ready acceptance of plausible theories for relief."²

Among the causes which have combined to bring about this fall of prices there are doubtless some that have been a direct benefit to the producer. Such are the improved methods of cultivation which have enabled the planter to secure a greater yield from a given acreage than heretofore. According to the statistics of acreage which we possess, and which can be considered as only approximately accurate, the average yield per acre throughout the cotton belt for the decade 1881-90

¹ Report of Senate Committee on Agriculture, I: iv.

² *Ibid.*

was 168 pounds, while in the five years 1891-95 the average was 197 pounds.¹ It would, of course, be incorrect to represent this as a clear gain to the farmer. The increase has been caused by the expenditure of additional labor and capital on the land, and this expenditure, especially for fertilizers, has been considerable. In 1879 the average yield of cotton per acre in Alabama was 136.02 pounds and in 1889, 158.11 pounds. The amount of fertilizers purchased in the state during the latter year was more than double that purchased in 1879.² In Georgia where there was a similar increase in the yield per acre, the amount of commercial fertilizers inspected for sale increased from 48,648 tons in 1874-5 to 315,612 tons in 1893-4.³ Similar though less noticeable results were produced in South Carolina and Louisiana. But while the increased yield per acre has, therefore, not been a net gain to the farmer, it is safe to say that it has yielded him a profit; otherwise the purchase of fertilizers would not have continued. The price of these fertilizers has also declined more than *pari passu* to the decline in the price of cotton.

The producer has also gained by the decline in the cost of other elements necessary to production. The increase in white labor has rendered labor more efficient and therefore cheaper. Plows, mules and horses, cotton bagging and iron ties, trace chains, hoes, gins and presses, food and clothing have all shown a decline in price, which has been advantageous to the cotton raiser.⁴

¹ Report of Latham, Alexander & Co., (1895), p. 125.

² Eleventh Census of the United States. Volume on Agriculture, 45-46.

³ Publications of the Georgia State Department of Agriculture, (1894). 255.

⁴ Watkins, "Cotton and the Currency," Sound Currency Pamphlets, Vol. III, No. 21, p. 13.

“ It also costs much less to handle cotton after it gets to market; commissions for selling, storage, insurance, drayage, etc., are all cheaper than formerly.”¹

Probably the greatest factor in cheapening the cost of production has been the lowering of transportation rates. The cost of sending one hundred pounds of cotton by steamer from New Orleans to New York was in 1873 sixty cents, in 1880 forty-five cents, and in 1892 thirty-two cents. In 1886 it cost eighty-five cents to send one hundred pounds of cotton by rail from Atlanta to New York. In 1893 the price had fallen to sixty-seven cents.² While the advantage gained by the farmers through the cheaper and improved means of production can only be estimated, it is probably fair to say that eight cent cotton is as remunerative to-day as ten cent cotton was in 1860.

There is another way in which the loss to the farmer through lower prices of cotton has been partly offset, and that is through the sale of the cotton seed, a product whose uses were scarcely known previous to the war, and which was not highly valued for many years afterward. In 1885 there were only forty cotton seed oil mills in the country. There are now three hundred of them, and a still further expansion of this industry may be expected.³ In 1889 the cotton growers of the South disposed of 1,793,369 tons of cotton seed at an average price of \$8.84 per ton, giving a total value of \$15,852,525.⁴ Not all of the farmers have sold their cotton seed. Those of the Atlantic states have usually

¹ Watkins, “Cotton and the Currency,” 13.

² Schoenhof, “A History of Money and Prices,” 281.

³ Patrick Walsh, “Agriculture in the South.” *The Independent*, March 7, 1895, p. 3.

⁴ Eleventh Census of the United States, Volume on Agriculture, 61.

preferred to retain it for the purpose of fertilizing their land. While the power of the cotton seed oil trust to depress prices has not always allowed the producers to obtain the full value of their seed, yet the returns from its sale have contributed not a little to increase the income of those who have thus disposed of this product.

But after making all due allowance for the above circumstances that have served to reduce the loss which the cotton growers have suffered from falling prices, it must be admitted that they fail to explain away this loss or to account for the rapid decline in the price of cotton since 1890. And it is easy to exaggerate the importance of these factors and their influence on the cost of production, as seems to be the tendency of some writers.

Cotton seed may undoubtedly be made an important source of income. Yet the total value of that sold in 1889 was but little more than four per cent. of the total value of the cotton crop for that year, and this would compensate for less than one-half per cent. decline in the price of the lint. There has no doubt been a decline in freight rates, but the reduction has been less in the South than in the northern and western states, and unjust discriminations in favor of certain southern cities have worked to the disadvantage of cotton growers situated near the less important shipping points.¹ It is impossible to measure the gain to the cotton growers secured through the lowering of the cost of production on the plantation, but it may be said that while it is true that food is cheaper, the increased acreage in cotton has caused the planter to raise less of his own supplies and to buy more from the North and West, and this

¹ Newcomb, "Federal Railway Rates," *Political Science Quarterly*, June, 1896, 211.

has more than offset the advantage gained from a lowering of the price of provisions.¹

And even the most liberal allowance for a reduction in the cost of producing and marketing cotton, while it might be accepted as an explanation of the gradual decline in the price of cotton between 1876, and 1890, utterly fails to account for the sudden fall from an average of 10.44 cents between 1880 and 1890 to an average of 7.81 cents for the years 1891-95. It cannot be said that causes tending to lower the cost of producing cotton since 1890 were not operative in the decade preceding.

It has been usual to attribute the cause of low prices and the agricultural depression in the South to over-production of cotton, although there are some writers who are inclined to deny that there has been any over-production.² Elsewhere in this essay,³ I have sought to show by a study of the conditions prevailing on the world's market for cotton that over-production has actually taken place, and that the southern farmers are themselves directly responsible for the low price of their chief product. To merely assert, however, that low prices have been caused by over-production is about as satisfactory as to assert that fluctuations in prices are caused by changes in supply and demand, without pointing out what these changes have been. Admitting that there has been over-production in recent years, we are

¹ Moore, "The Condition of the Southern Farmer," *Yale Review*, III: 59. The two great articles of food in the South are "hog and hominy." Between 1860 and 1890 the population of the ten cotton states increased 87 per cent. The corn crop showed an increase of 30 per cent., but nearly the whole of this increase came from Arkansas and Texas. The number of swine showed an absolute decrease. The cotton crop increased 54 per cent. during the same period.

² Report of Senate Committee on Agriculture, I: v.

³ Book II, Chapter XI.

justified in asking what has caused it and what are the conditions surrounding the southern farmer which has caused him to continue to produce for a steadily declining market.

Prominent among the causes which have led to over-production in recent years is the increase in the cotton acreage west of the Mississippi river, especially in the great state of Texas. The opening up of new lands in this region has affected the cultivators of cotton in other sections in the same way as the settlement of the Mississippi bottom lands and the extension of cotton culture in the 'thirties and 'forties affected the planters in the Atlantic states, causing them to suffer from the phenomenally low prices which reigned between 1840 and 1850.

In 1859 and again in 1869, Texas stood sixth in rank among the cotton growing states, producing in the former year about one-twelfth and in the latter year about one-ninth of the total crop for the year. In 1879 Texas had moved up to third place among the cotton states, but even then produced but little more than one-seventh of the cotton grown in the country. A decade later she had passed her former rivals, Georgia and Mississippi, in both acreage and production, and in 1894-5 had over one-quarter the total cotton acreage and produced nearly one-third the cotton grown in the country.¹ Looked at merely from the standpoint of the western increase, it might with truth be said that the planters in the older states could not be charged with over-production of cotton, but that the responsibility for this must be shouldered by the Texas cotton growers. From the following table it appears that there has been but little increase in the quantity of cotton produced

¹ Shepperson, "Cotton Facts," (1895,) 16, 80.

outside of Texas since 1890, certainly not more than would have been demanded by the increasing consumption of the American and European mills.

Year.	Total U. S. Crop. Thousands of Bales.	Texas Crop. Thousands of Bales.	Annual Rate of Increase or Decrease. Per cent.	U. S. Crop outside of Texas. Thousands of Bales.	Annual Rate of Increase or Decrease. Per cent.	Annual Rate of Increase in World's Consumption.	Average New York Prices. Cents.	Annual Rate of Increase or Decrease. Per cent.
1889-90 .	7,297	1,770	. . .	5,527	11.53	. . .
1890-91 .	8,674	2,000	13.0	6,674	20.7	6.06	9.03	-21.6
1891-92 .	9,018	2,400	20.0	6,618	-0.8	-0.04	7.64	-15.3
1892-93 .	6,664	2,235	-6.9	4,429	-35.0	-3.27	9.24	7.8
1893-94 .	7,552	1,925	-13.8	5,607	28.8	3.03	7.67	-6.9
1894-95 .	9,837	3,219	72.4	6,618	18.0	7.58	6.50	-15.2
1895-96 .	7,157	1,990	-38.1	5,167	-21.9	-0.24	8.16	24.1
Average	8,028	2,220	7.7	5,806	1.6	2.18	8.39	-4.5

The rapid increase of cotton growing in Texas is largely due to the natural advantages which this state possesses. The new and fertile lands enable the producer to raise as much or more cotton per acre without the use of fertilizers, and with less labor than can his competitor in the eastern states, who in order to produce a good crop is compelled to adopt intensive methods of farming. "Fertilizers are not used in Texas, except barn-yard, and not much of that," writes a correspondent to the Senate Committee on Agriculture; and he goes on to say that, "four-fifths of the black land of Texas is capable of producing one bale per acre with favorable seasons, which come once in about every three years. The timbered sandy land about averages, one year with another, a bale to three acres."¹ Outside of the river bottom lands very little of the cultivated area east of the Mississippi will produce one-third of a bale to the acre, without the use of fertilizers.

¹ Report of the Senate Committee on Agriculture, I : 369.

But Texas' superiority in cotton raising is not due entirely to her soil and climate. Her people are, without question, more thrifty, more hopeful and more progressive than the residents of the older states. In 1860 Texas was still a new state, just beginning to feel the touch of slavery. The war bore on her people less heavily than on those east of the Mississippi, and she had less to lose by emancipation. The negroes were always in a minority in this state, and their proportion has been steadily decreasing since the war. The number of blacks engaged in the cultivation of cotton is comparatively small, and it seems probable that this number is decreasing,¹ although no definitive statement can be made to that effect. Texas has been to some extent an exception to the rule that the cotton states have failed to attract any considerable number of the foreign born population of the country. Although the increase in foreign born has not quite kept pace with the increase of native born, Texas has received a considerable addition to her population from this source in the last thirty years.² She has also gained large numbers of immigrants from the northern states. The quality of her labor has as a consequence steadily improved in most parts of the state, and probably this, as much as cheaper and more fertile lands, has given Texas her present advantage over other cotton states. Her more intelligent and efficient labor has enabled the cotton growers to take advantage of any improvements in implements or methods that have been made.

From the estimates furnished the Senate Committee on Agriculture, it would seem that cotton can be produced in Texas at from $1\frac{1}{2}$ to 2 cents a pound cheaper

¹ Report of the Senate Committee on Agriculture, I : 354.

² Compendium of Eleventh Census, I : XCIII.

than it can be raised in the eastern states.¹ The cotton growers of Texas have not become victims of the crop lien system to the extent that their competitors in other states have, and it is worthy of note that whatever reduction in the acreage and production of cotton has taken place in recent years as a result of low prices, has for the most part been effected in Texas. The reports of correspondents of the Senate Committee on Agriculture show that with few exceptions the cotton growers of Texas are in much more favorable circumstances than are those elsewhere,¹ and in the case of these exceptions, the bad conditions are usually attributed to the failure of the farmers to raise their own supplies and to diversify their farming. A correspondent from Van Zandt county writes as follows: "Twenty years ago cotton raising in this county was an exception to the rule, and then our people were universally prosperous; ten years ago cotton raising became general, and the system of crop mortgages among farmers came with it, and now the mortgage system is nearly as general among farmers as cotton raising. Now cotton raising and crop mortgaging are practically synonymous terms."²

But if it can be shown that the increase in the cotton area and production in recent years has come almost entirely from the region beyond the Mississippi, it does not follow that the cotton growers of the older states are not responsible for over-production and low prices. Prudence and their own experience should have taught them that they could not compete with the western farmers in the production of this staple. The farmers of the New England and Middle states have felt the effects of a similar competition on the part of the wheat growers

¹ Report of the Senate Committee on Agriculture, I : 351-71.

² *Ibid.*, 370.

of the Northwest, but they have adjusted themselves to the changed conditions. "The farmers of New York have greatly decreased the relative production of wheat and other staples adversely affected by changing railway rates, and have increased that of hay and potatoes, but little modified in that way. It is otherwise in most of the Gulf states of the South. They still rely upon the old staples which like wheat have been lowered in value at the seaboard by changed cost of transportation, and such staples as cotton, that by greatly increased production have over-stocked the market and thus fallen in price. The farmers in such states suffer the full effect of the losses by modern economic changes affecting the price of agricultural staples."¹ Instead of maintaining and seeking to increase his cotton acreage, the farmer east of the Mississippi should have reduced his acreage in cotton as rapidly as possible, increasing that of other crops, and raising cotton, if at all, as a surplus crop. The farmer can scarcely plead ignorance as an excuse for not having done so. For sixty years or more, southern agricultural writers and speakers have besought him to raise his own food supplies, and the practice of his more prosperous neighbors has furnished him with an example of the practicability and wisdom of so doing. As early as 1875 the commissioner of agriculture of Georgia showed that allowing for only a very moderate yield of corn and cow peas, the raising of these two staples would have yielded the farmer a net profit of \$8.32 per acre, while cotton, then selling at 15 cts. per pound on the New York market, gave a net profit of only \$4.52 an acre.² In reading over the re-

¹ L. G. Powers, Fifth Biennial Report of the Bureau of Labor of Minnesota, (1895-96), p. 399.

² Second Annual Report of the Commissioner of Agriculture of Georgia, 135.

ports of the correspondents of the Senate Committee on Agriculture, one cannot but be struck with the practical unanimity with which these practical men whatever be their own theories as to the cause of low prices have asserted that those farmers who raise their own supplies have prospered, while their neighbors who raised cotton exclusively are in desperate circumstances. An Alabama planter sums up the general verdict when he says : "As a rule cotton raisers are prosperous in proportion as they grow their supplies on the farm."¹

In justice to the cotton growers it should be said, however, that the majority of them have in recent years, been unable to exercise their own discretion as to what staples they should cultivate. The crop lien system has taken away their industrial freedom and made them dependent on the merchants for the food and provisions which they might otherwise have raised at home. "Cotton raising has grown to be a necessity more than a choice. As a general rule, supplies cannot be obtained from the merchants on any other crop than cotton ; consequently they are forced to raise it to get credit."² It is the system of agricultural credit, therefore, to which in the last analysis must be referred the cause of over-production of cotton and under-production of food crops.

Uneconomical methods of production and bad farm management are not the least among the causes which have contributed to the financial depression among cotton growers, and they have been an indirect cause if not a direct one of the excessive planting of this staple. Cotton is the "lazy man's crop" in the South, although it is an expensive one to produce. In no one way has

¹ Report of Senate Committee, I : 308.

² *Ibid.*, 317. Cf. H. Hammond, "The Culture of Cotton," *Loc. Cit.*, 268 ; H. C. White, *Loc. Cit.*, 175.

lack of economy contributed more to its over-production than in the purchase of commercial fertilizers. There can be no question of the benefits which the South has derived from the finding of rich deposits of phosphates and marl in various portions of her territory, which have been utilized only since the Civil War. In many localities the use of fertilizers is indispensable to the profitable production of cotton. A South Carolina farmer writes: "Most of our land without the aid of fertilizer would produce about one-fourth of a bale the first year, and in the course of a few years would not produce over one-eighth or one-tenth of a bale per acre. Without fertilizer we would have to quit planting cotton."¹ But the expense incurred for commercial fertilizers is a heavy one, usually ranging from 12 to 33 per cent. of the total value of the crop, depending on the amount applied as well as on the price of cotton, and this expense could usually be partly if not entirely saved by preserving and using barn-yard manures or home made composts. The commercial fertilizers are almost without exception bought on credit and seldom used on any other than the cotton lands. They are usually placed in the center of the ridge where they feed the cotton, but do little to bring up the fertility of the soil.²

There is a noticeable lack of economy in many other respects on the majority of southern plantations, although southern planters are not the only ones who are guilty of this charge. Many of the cotton growers

¹ Report of Senate Committee, I: 293; Cf. H. C. White, *Loc. Cit.*, 172 ff.

² It is still a disputed question as to whether commercial fertilizers should be broadcasted or applied in the drill. See White, "The Manuring of Cotton," in "The Cotton Plant," Bulletin No. 33, Office of Experiment Stations, Dept. of Agric., p. 189.

have no gardens and still many more keep no live stock except their work animals. Better implements have come into almost general use within the last twenty years, but these are often left unhoused when not in use and in a few years are "worn out." "There is a neglect and want of thrift which are a burden in themselves. The farmer is not willing to lend a hand to delay the dilapidation of his buildings. The plow is left at the end of the last furrow until the next year; a few nails or screws would save dollars of loss or of eventual credit with the merchants in scores of places."¹ There is far more truth than is generally appreciated at the South in the sentiment of an Alabama planter who writes: "I am unable to say that this depression or distress is produced by causes coming from the action or non-action of Congress or of our state legislatures. The trouble arises from bad management and want of proper economy at home."²

In discussing the causes which have produced the agricultural depression in the cotton states, too much emphasis cannot be laid upon the inefficiency and unreliability of agricultural labor. A Texas correspondent of the Senate Committee writes that, "of all causes mentioned as contributing to the financial depression of the cotton raiser, the want of reliable labor is perhaps the most important and the most difficult to remedy."³ The difficulties which arise from this source are more noticeable in those parts of the South where cotton cultivation is in a large measure dependent on negro labor. It is commonly supposed that the cultivation of this

¹ Holmes, "The Peons of the South." *Annals of the American Academy of Political and Social Science*, IV: 270.

² Hon M. L. Stansel of Carrollton, Pickens County, Alabama, in Report of Senate Committee, I: 312.

³ I. H. Wimbish of Cuervo, DeWitt Co. *Ibid.*, I: 362.

staple is mainly carried on by colored labor, as was the case in slavery days. But in an earlier chapter¹ we have shown that the tendency during reconstruction days was toward an increase of white labor in the cultivation of this plant. By 1876 thirty-nine per cent. of the laborers in the cotton fields were whites. While statistics are not available for showing the rate of increase there is no doubt but that the proportion of whites engaged in the cultivation of this staple has steadily increased since 1876. Mr. Tillett estimates that white labor produced in 1883 forty-four per cent. of the cotton crop; in 1884, forty-eight per cent., and in 1885, over fifty per cent.² Reckoning on a gain of two and one-half per cent. annually, Otken came to the conclusion that "the cotton produced by white labor in 1893 is about seventy per cent. of the entire crop."³ But, without relying too much on these individual estimates, the fact that in Texas the cotton crop has more than doubled in the last two decades, while the increase in white population for the same period has been more than twice that of the blacks, is an indication if not a certain proof of the increase of white labor in cotton cultivation.

It is perhaps hardly correct to say, as have some writers,⁴ that the decline in the proportion of the cotton crop raised by the negroes is partly to be explained by a desertion of cotton culture by this race in order to engage in other pursuits. It is true that in certain sections of the South, as in the sea island cotton country

¹ Above, p. 130.

² "The White Man of the New South," *Century Magazine*, XXXIII: 771.

³ "Ills of the South," 246.

⁴ Otken, *Op. Cit.*, Chapter XII. Van de Graaff, "The Unaided Solution of the Southern Race Problem." *Forum*, XXI, 330.

of lower Georgia, the thrifty white labor has pushed the blacks off the plantations into the turpentine forests, or to engage in railroad building; and it is also true that in the outskirts of most of the southern cities and towns there has been a congregation of negroes who by means of "odd jobs" in the towns have been able to maintain a hand to mouth existence. But it cannot be said that as a class the negroes are leaving the farms in large numbers to engage in other industrial pursuits,¹ or that they have shown that marked preference for urban life that has characterized both the foreign born and native white population of the United States during recent years.

Mr. Van de Graaff's excellent detailed study of the geographical distribution of the black race in 1890² has failed to show any radical change from the conditions prevailing in 1860, when, with few exceptions, the large negro populations were to be found in the chief cotton producing counties of the South.³ The negroes still remain agricultural laborers in the cotton belt and the tendency for the country people to drift into the cities has probably affected the blacks less than any other class of the population.⁴

But it is equally true that the negro has not deserted cotton culture in order to grow other crops. His preference for cotton is as great as it was in slavery days or during the early years of freedom. In fact, the tendency

¹ Hoffman, "Race Traits and Tendencies of the American Negro," *Publications of the American Economic Association*, XI: 251.

² *Loc. Cit.*, 330.

³ See above, p. 61, map.

⁴ In the fourteen cities in the ten cotton states which had over 25,000 inhabitants each in 1890, the increase in the white population since 1880 was 45.44 per cent.; of the colored population 41.31 per cent. Birmingham, Ala., is not included in this number, because separate returns were not made in 1880.

which existed previous to the war for the blacks to congregate on the rich cotton lands of the river bottoms and to leave the hill country to the whites, has continued since the negro has been free to control his own movements. In the so-called "delta region," bordering on the Mississippi, Yazoo and Red rivers, the blacks comprised in 1890, 68.71 per cent. of the entire population; their rate of increase during the preceding decade being 20.59 per cent., as compared to a white increase of 14.58 per cent.¹ The comparatively small white population in this region is largely due to the malarious character of these alluvial lands. The negroes stand the climate better, and as a result the large planters in this region give them the preference as agricultural laborers.

We may look at the question as to the efficiency of the negro labor for cotton culture from two standpoints. Is his labor as valuable as that of the white man under the same circumstances? Is his labor improving? The facts already mentioned seem to furnish a negative answer to both questions. Not only has there been an increase in the proportion of whites engaged in the cultivation of cotton, but a corresponding increase in the production of this staple has taken place in precisely those regions where the increase of white labor is most noticeable. Mr. Hoffman² has pointed out the fact that in Mississippi, where the proportion of blacks to the white population has almost steadily increased since 1860, the production of cotton has

¹ Van de Graaff, *Loc. Cit.*, 334-5. The theory has been advanced that this portion of the South may come to form a negro state into which will be gathered the majority of the blacks in the United States, and that these blacks left to themselves, will relapse into barbarism. Von Waltershausen, "Negerfrage," "Handwörterbuch der Staatswissenschaften." Erster Supplementband, 649.

² *Op. Cit.*, 261.

actually shown a falling off, while in Texas, where the proportion of colored to the white population has decreased fifteen per cent. since 1860, the production of cotton is seven times as great as in the earlier year. The white farmers who cultivate the sea-island cotton in Georgia raise three or four times as much per acre as do the blacks who raise the same variety a little farther to the south in Florida. These indications of the inferiority of the negro labor in cotton culture are confirmed by the statements of southern planters from almost every portion of the cotton belt. The fact is further proven by the wages paid to colored labor, when these are compared with the wages received by white men employed in the same pursuits.¹

The only exception to this general preference for white labor comes from the "delta region." Here the negro is generally preferred to the white man for cotton cultivation. The preference, however, is not due to the greater efficiency of the black man, for here as elsewhere wages of white labor are higher. But the malaria in this region affects the negroes less than it does the whites, and negro labor is accordingly more steady and reliable. Negro labor is also much cheaper, for the negro's lower standard of living allows him to dispense with many things which seem indispensable to the white man. The latter demands a good house, stoves, and a diversified diet, while the negro seems content with a log cabin and a fire place, and with corn, bacon and molasses as articles of food. The superiority which this region possesses for cotton raising and the advantages which it has for negro labor, make it certain that a considerable portion of the cotton crop will for years to come be cultivated by negro labor.

¹ Hoffman, *Op. Cit.*, 265.

It is generally conceded at the South that not only are the negroes less efficient laborers than they were under slavery, but that the best workers among the blacks are ex-slaves, men and women now perhaps sixty or seventy years of age, who under slavery had been trained in the methods of cultivating cotton and have not under freedom entirely lost their skill in this direction nor become victims of idleness. "It takes on an average to-day two negroes of the old class to do as much as one did formerly, three of the class of young men to do the work that one did in a former period, and five women of this latter class to do the work of one in past time. There are worthy exceptions in these groups, but they are few. The equation resulting from the character of this labor may be thus expressed: the work of three negroes in 1860 equals the work of ten negroes in 1890."¹

The freedmen and their descendants are generally lacking in energy and ambition. They possess none of the qualities which are found in all progressive workers. Their labor succeeds only when it is subject to constant supervision. On the big Mississippi plantations an authority little short of compulsion is often exercised by the managers, and in such cases the negroes are fairly successful laborers. But poorer farming can scarcely be found than on those numerous plantations in the South where the absentee proprietor has rented out his land to the negro "cropper" and has left the latter free to conduct the farming in his own way. There are to be found in every southern community negro farmers who are prosperous, respected citizens, and whose agriculture is fully on a par with that of their white neighbors. They prove the possibility of the negro attaining economic independence and prosperity where he is industri-

¹ Otken, "Ills of the South," 238.

ous and saving. But these men are only the notable exceptions to the general rule of negro idleness and shiftlessness. The majority of the freedmen will not work unless compelled to by dire necessity; they spend all their surplus earnings for useless luxuries as soon as they are paid, and they are hopelessly content with a bare subsistence.

The negro's preference for cotton, and his apparent inability to raise other crops, have contributed not a little to over-production of the white staple. "It is, indeed, a commonplace in the South that the negro can only grow cotton—that he cannot grow corn. Corn will not bear neglect; to fail to plough at the proper time means loss of the crop. Though cotton must be worked much more, it bears the delays incident to negro methods much better."¹ In spite of falling prices, therefore, the negro continues the cultivation of this staple. The "cropping system" facilitates this and the "credit system" often compels it, but neither the "cropping system" nor the "credit system" would have proved such serious obstacles to the reduction of the cotton acreage had it not been for the natural preference for cotton felt by so large a proportion of those engaged in its cultivation.

In the cultivation of cotton the negro women seem to participate in a much less degree than they did in slavery days. They still form an important addition to the labor force in picking time. But their evident desire to live as do the white women has generally caused them to shun out-door employments, and the quality of their work has deteriorated even more than that of the men.

Closely connected with this question of negro labor

¹ Van de Graaff, *Loc. Cit.*, 340.

is the problem of land tenure in the cotton states. During the period of industrial reconstruction we saw that the failure of the planters to secure steady labor from the freedmen, under the wage system, led to the abandonment of this method of farming, and to the adoption throughout the greater part of the cotton belt of the "share" or "cropping" system—a plan aptly described by Mr. J. R. Dodge as "a partnership in which labor wrought without hire and capital was advanced without security."¹ This mode of tilling the cotton lands still continues at the South, and while the following table compiled from the returns of the Tenth and Eleventh Censuses² shows a slight decrease in the percentage of farms cultivated on the share system in some of the states, in the leading cotton states, especially those where negro labor is largely employed, it is seen that the "cropping" system has more than held its own.

TENURE OF FARMS IN THE COTTON STATES.

States.	Percentage Cultivated by Owner.		Percentage Rented for Fixed Money Rental.		Percentage Rented for Share of Products.	
	1880.	1890.	1880.	1890.	1880.	1890.
North Carolina . . .	66.55	65.86	5.48	5.93	27.97	28.21
South Carolina . . .	49.69	44.72	23.41	27.75	26.90	27.53
Georgia	55.15	46.46	13.39	17.19	31.46	30.35
Florida	69.11	76.37	15.14	11.50	15.75	12.13
Alabama	53.15	51.43	16.85	24.68	30.00	23.89
Mississippi	56.22	47.16	17.14	21.04	26.64	31.80
Louisiana	64.78	55.62	13.81	16.95	21.41	27.43
Arkansas	69.09	67.89	10.50	13.21	20.41	18.90
Texas	62.41	58.13	6.94	8.80	30.65	33.07
Tennessee	65.47	69.16	11.63	11.33	22.90	19.51

More noticeable than the increase in the number of farms cultivated on shares, is the decrease in the per-

¹ Report of Commissioner of Agriculture for 1876.

² Tenth Census of the U. S., Volume on Agriculture, p. XIII. Eleventh Census of the U. S., Volume on Agriculture, pp. 118-120.

centage of those cultivated by owners, which appears in all the leading cotton states.¹ This decrease is not an absolute one, however, for in all the cotton states the decrease which has taken place in the average size of landed properties has been accompanied by an increase in the number of those cultivated by owners, as well as in the number of those farmed by tenants. It is not easy to explain the greater increase in the number of rented farms, especially when one considers the low selling value of southern farming lands and their relatively high rental value. The negroes do not seem to have acquired land in recent years to any appreciable extent, while the facilities for renting land have increased the number of negro "croppers." Perhaps it is not to be regretted that the majority of the negroes, in their present state of efficiency, have not acquired ownership of land; for, as Mr. Hoffman says, "As a rule their 'farms' are such in name only, and the cultivation of the soil and the condition of the grounds, are of the lowest order. The value of the negro as an agricultural laborer becomes impaired. The small produce of his farm, together with the earnings of his wife and children in peanut or strawberry season, enable him to live in comparative comfort, adding little or nothing to the aggregate wealth of the community."² But if the choice lays between negro ownership and negro tenancy, the advantages of the former to society far outweigh those of the latter. The negro's cultivation of the land

¹ "The decrease in the average size of farms, the multiplication of very small farms, and the decrease in the occupancy of farms by their owners, stand parallel to each other and parallel also to a large extent, but not wholly, with the increase or decrease of the percentage of the colored population in the several localities." H. Hammond, "The Culture of Cotton," *Loc. Cit.*, 249.

² Hoffman, "Race Traits and Tendencies of the American Negro," *Loc. Cit.*, 269.

as a tenant is even worse than as an owner. His dependence on the merchant is much greater, and there is the additional dependence on the land owner. Land owning has stimulated the ambition of some negroes and has caused them to carry out agricultural improvements. And while the majority of negro cultivators are not yet in a condition to make the best use of the land if ownership in farming property were suddenly conferred upon them, it may be said that the fact that a freedman has accumulated enough capital to buy a farm, is evidence that he will be able to manage it with considerable prudence and economy.

As regards the "share system" or "tenant system," (for some writers¹ draw a distinction between the two,) there is a unanimity of opinion among writers on the subject as to its present unfitness and its deleterious effects upon both the worker and the soil. The tenant is interested only in the crop that he is raising, and makes no effort to keep up the fertility of the land, by means of careful cultivation, judicious fertilizing and the rotation of crops. Cotton is always the preferred crop to the land owner, because he is able to secure larger rents than he could in cash, and because there is less danger of a complete failure of the cotton crop than would be the case if other crops were planted; while the cotton has the additional advantage of always find-

¹ As, for example, Van de Graaff, *Loc. Cit.*, 339-40, and Pitt Dillingham, "Land Tenure Among the Negroes," *Yale Review*, V: 190-206. By share system these writers mean "a species of agricultural partnership in which the land owner furnishes land, tools and stock, and the laborer feeds himself and takes the crop." By tenant system they refer to the renting of the land by the tenant "as an independent contractor, the master of his own time," and following his own methods. The distinction is, at best, only a theoretical one, for all possible combinations of these two systems have existed since the war and still continue to exist in the leading cotton states.

ing an open market and a ready sale. The tenant also prefers cotton, partly because it bears neglect better and gives him more time for fishing and camp-meetings, and partly because he is able to live on the crop in advance of its harvesting, owing to the credit which it gives him at the store.

The whole tendency of the share system, therefore, is to encourage wasteful methods of cultivation, diminish the fertility of the soil, increase the number of crop liens, cause over-production of cotton, foster the natural inclination of the negroes to remain idle, and it is, doubtless, largely responsible for that curious phenomenon of southern agriculture—the fact that the rental value of the land is often equal to from one-half to the total selling value.¹ “The tenant system of farming has proven more wasteful and destructive than slavery ever was anywhere. The productiveness of the lands has been lowered, buildings have undergone great deterioration, live stock has decreased in quantity and is of inferior quality; orchards and gardens have disappeared. Poverty and even destitution may be found where of old there was good living for all. The negroes have accumulated nothing; they are still living on the credit of the crop yet to be grown. In good times they have gotten but a subsistence; under the stress of hard times very many have been brought literally to the ragged edge of starvation.”²

There is no question as to the desirability of a change. The present system is entirely too bad to continue for any length of time. The only question is as to the direction of the change and the means of bringing it about.

¹ “Economic rent does not exist in this country.” H. Hammond, “The Culture of Cotton,” *Loc. Cit.*, 267.

² Van de Graaff, *Loc. Cit.*, 341.

CHAPTER VII.

THE REMEDY FOR OVER-PRODUCTION OF COTTON; CO-OPERATIVE CREDIT; OTHER AGRICULTURAL REFORMS.

The failure of recent writers on southern agriculture to come to any agreement as to the causes which have operated to produce the present agricultural and financial depression among cotton producers has necessarily resulted in a disagreement as to the remedy to be applied to the existing situation, or the direction to be given to agricultural reform. It is generally conceded that over-production of cotton is directly responsible for the low prices of that staple which have prevailed on the world's markets since 1890. But when it is attempted to go farther and explain the cause of over-production itself, and the means of preventing its occurrence in the future, there are found to be as many causes cited and preventive measures proposed as there are writers who make the proposals. The plans which have been proposed or attempted for ameliorating the condition of the southern farmer range all the way from mere agitation in favor of a reduction of the cotton acreage, and a recommendation to farmers to raise their own food supplies,¹ to a demand that

¹ Especially noteworthy in this connection are the systematic efforts which, for several years past, have been put forth by the Southern Cotton Growers' Association. This Association, presided over by the late commissioner of agriculture of Alabama, and with a vice-president in each state, has as its aim the raising of cotton prices by a reduction of acreage. Its work is by agitation. Speakers for the Association travel throughout the cotton belt, urging upon the planters the necessity of planting less cotton and more food crops. The work of the Association in recent years has been largely carried on in the region west of the Mississippi river, especially in Texas. There is a considerable difference of opinion among the cotton growers as to whether the Association has exerted any influence on cotton production.

the state shall interfere directly in this matter, and by the exercise of its taxing powers compel the planting of less cotton.¹ Plans for a remonetization of silver;² for the prevention of dealings in "futures";³ for the establishment of a "cotton planters' trust," to regulate prices and control production;⁴ for the lowering or total abolition of the tariff on cotton goods,⁵ and many other schemes have been devised for the solution of this problem, but none of them has as yet gained sufficient popular favor to secure its adoption.

There is not room in this chapter for a discussion concerning the desirability, practicability or efficiency of any of these plans which have been proposed for removing the difficulties which to-day confront the southern farmers. None of them, in my opinion, touches the true cause underlying the over-production of cotton. All of them which aim at the reduction of the cotton acreage presuppose it to be entirely within the power of the producer to determine for himself what crops he shall grow and how much of each.

Now from the account of the credit system and its in-

¹ The plan of Major Harry Hammond of South Carolina (see published address on "The Reduction of the Cotton Crop," delivered before the Beech Island, S. C., Farmers' Club, Aug. 1, 1891). The plan proposes a single tax on cotton according to acreage and requires the concurrent action of all the important cotton producing states in enacting and enforcing such a law.

² Report of the Senate Committee on Agriculture and Forestry, 53d Congress, 3d session. Report 986, Part I, pp. XXI-XLI.

³ *Ibid.*, VIII-XX.

⁴ The plan of Mr. John T. Roddey, a New York cotton broker. Mr. Roddey proposes the establishment of a cotton planters' "trust," with a capital of from \$50,000,000 to \$100,000,000, "subscribed entirely by the farmers of the South, and divided into as many shares as may be necessary, and small enough for every cotton planter to subscribe." *Columbia State*, Oct. 25, 1894.

⁵ Report of Senate Committee, *Op. Cit.*, v-VIII.

fluence on cotton production given in a preceding chapter, it will be seen that this view of the situation is erroneous. The majority of the cotton growers of the South are not in a position to decide for themselves what crops they shall cultivate. Insolvent, as every detailed examination made since the war shows many of them to be¹; dependent on the advancing merchants for their food supplies as well as other necessities of life, with their crops pledged before they are planted in repayment for these commodities, the southern farmers are usually unable to act independently in these matters, but must submit to the direction of the advancing merchant, and plant that crop which is likely to prove most profitable to the latter. For reasons already given, that crop is seldom other than cotton.

I do not mean to deny that there are other causes which tend to hold the southern farmer to cotton. I have already conceded this. Custom, the ready sale which this crop finds at all seasons of the year, and a strong speculative element based doubtless upon the monopoly for cotton production which the South possesses, have all contributed to give this staple an advantage over other crops in the mind of the southern farmer. The preference given it by the negro cultivators has also been mentioned. Nor would I claim that all those who plant cotton are subject to the dictation of the advancing merchant as to what crops they shall raise. In every southern community there are those

¹ See, for example, Loring and Atkinson, "Cotton Culture and the South, Considered with Reference to Immigration," 1869; the Reports of the U. S. Commissioner of Agriculture for 1867 and 1876; the reports of the special correspondents of the Tenth Census (1880) of the United States on "Cotton Production," Vols. VI and VII, and the Report of the Senate Committee on Agriculture and Forestry, 53d Congress, 3d session (1893), Report 986, Part 1.

who plant cotton largely, almost exclusively, who do so deliberately, without any pressure from outside being brought to bear upon them to do so. But these men are in every instance the exceptional men, persons of more than the average business ability or foresight, or planters who, favored by exceptional circumstances, are enabled to raise cotton at a less expense than can their neighbors. Among these are many of the large planters, who, as we saw in the preceding chapter, often have advantages over the small producers in a better industrial organization, better and cheaper facilities for marketing, cheaper credit, and the ability to wait for a favorable market before selling their crop. In this class is also to be included the land owner who rents out his land for a share of the crop. He often obtains in this way a larger revenue than he would if the land were rented for cash, and as his investment is comparatively small, owing to the cheapness of land, his share of cotton, even at a low price of that staple, will yield him a considerable profit.¹

But after making all due allowances for this class of persons, for whom indeed the cotton problem does not exist, it remains true that the majority of cotton growers, including the greater part of the tenant farmers and small land owners, as well as some of the large planters, are bound to cotton by a law as inexorable as any ever promulgated by the most despotic of earthly governments; even more so, for legal enactments may be evaded, while the fiat of the advancing merchant must be observed or foreclosure and indigence will result. The first and great problem of southern agriculture today is how to enable these cultivators to escape from their peonage to factors and merchants and to attain a

¹ Patrick Walsh, "Agriculture in the South," *The Independent*, XLVII: 295.

complete industrial independence. When this problem is solved, the way to other agricultural reforms will be made possible, if not easy. Until it is solved, efforts to reduce the cotton acreage can meet with no more than a transient success.

The solution of this problem lies in the establishment and extension of a proper system of agricultural credit. Such a system, we have seen, the southern states do not now possess. The banking institutions in these states are too few in number, and are so organized and managed that agricultural borrowers can make little use of their loan features. The national banks cannot be established with a less capital than \$50,000, and this fact alone prevents their location in many southern communities where there is a scarcity of capital. Furthermore, the national banks are forbidden to loan money on landed security, and this prevents farmers who wish to make loans for a considerable length of time and have nothing but their land to offer as security, from having recourse to these banks. The existent loan associations often supply this deficiency, but on the other hand they offer no opportunity for short time loans which are the especial need of the southern farmers. Finally, the terms on which both the banks and the loan associations offer credit are such as to discourage borrowers, and to make repayment of the loans well nigh impossible.¹

Under these circumstances and amid these difficulties, it is possible that a clue to the credit problem in the

¹Two measures designed to supplement the existing credit institutions in the southern and western states were proposed during the last session (1896-97) of Congress. One proposed a system of "credit foncier," similar to that in France, for making loans on landed security. The other measure proposed to allow the establishment in small places, of national banks with a capital less than \$50,000. See *Banker's Magazine*, July, 1897, p. 7.

South may be found in a study of the history and experience of the so-called "co-operative credit associations," or "peoples' banks," now flourishing in most of the countries of continental Europe.¹

Very little seems to be known concerning these institutions in either England or America, although both types of the associations now in existence were founded nearly a half century ago, and wherever established they have met with a success that has called forth encomiums from all who have studied their workings and witnessed their results. It is true that several books, pamphlets and magazine articles which describe these associations either in a general or detailed manner have appeared in English, and among a few professional economists and others who have made a study of the economic institutions of Europe the history and accomplishments of these institutions have long been familiar knowledge. But to the majority of the business and professional classes, even to the bankers themselves, the very existence of these associations is unknown. So far as I know, no attempt has ever been made in this country to secure agricultural credit by co-operation, although the readiness with which the American people have co-operated for other purposes, due, doubtless, largely to their habits of association formed by experience with local self-government, is a fact too well known to require more than mention. Co-operation for the purpose of purchasing credit had an early beginning in this country in the establishment of our building and loan associations, and it is remarkable that the success of these well

¹ An attempt is now being made to establish these associations in Ireland. The success of the experiment will be watched with interest. See Finlay, "Agricultural Coöperation in Ireland," *Economic Journal*, (British), VI : 210.

known societies has awakened in the mind of no one the idea of carrying on a similar work among the agricultural classes of the country.

It is not my intention to recite in the following pages the history of these associations, nor to attempt to describe in detail their methods of organization and management. Such information is easily available to the reader who desires to obtain it.¹ I shall here attempt only to outline a plan based on the experience of the European societies, which, if introduced, seems likely to aid in solving the vexatious problem of agricultural credit in our cotton states.

American conditions are so different from those which exist in any European country that any plan which has met with success there will doubtless require considerable modification before it can be made to conform to the needs and characteristics of the American people. But this fact need cause no apprehensions of failure. In whatever land these associations have been introduced from Germany, their original home, they have required changes (often seemingly radical ones) to meet their new environment. In spite of these modifications, the associations have shown a remarkable adaptability to new conditions, and when managed in a business-like manner have never failed to accomplish their purpose. Not infrequently, indeed, the engrafted sprout has proven hardier than the original tree. Perhaps the

¹ Among the works in English which describe these associations are Henry W. Wolff's "Peoples' Banks," (London, 1893,) a full and rather enthusiastic account of the coöperative movement in Europe; Edward T. Peters' "Coöperative Credit Associations in Certain European Countries," (Department of Agriculture, Washington, 1893), less complete but more conservative in tone than Wolff's book; R. T. Ely's "Coöperative Credit Unions in Germany," *Atlantic Monthly*, February, 1881, and an English Blue Book for 1886. A bibliography of the foreign literature is to be found in Wolff.

associations which come nearest to meeting the requirements in our own case are the *Banche Popolari* introduced into Italy by Signor Luzzati, for the conditions which prevailed in Italy previous to the introduction of these associations seem strangely similar to those which exist in the southern states to-day, while the greater familiarity with banking operations possessed by the Italians enabled them to dispense with many of the cumbrous devices of the German associations.

The end and purpose of all these associations is, in the words of Schulze-Delitzsch, one of their founders in Germany, "to procure capitals without a capital of guarantee," or, as it is still better expressed by M. F. Passy, "to find means for giving credit to those who have no security to offer in exchange."¹ To accomplish this, at first sight, impossible feat, neither the aid of the state nor maintenance by the philanthropist is invoked. The plan savors in no way of paternalism, nor does it partake of the nature of a charitable or benevolent scheme. The forces on which it relies for success are honesty, self-help and mutual aid. "It is," said the late Leon Say, "the most effective weapon against the development of socialism."²

The first question which naturally arises in connection with these societies, is that concerning their membership and methods of organization. As the chief purpose of the associations is to furnish loans to borrowers who are unable to secure credit through the ordinary channels of trade, and as the best managed and most successful of these associations limit borrowing to their own members, it follows that the members will for the most part be from the poorer classes of the commu-

¹ Quoted by Wolff, "Peoples' Banks," 23.

² Wolff, *Op. Cit.*, 12.

nity. It is needless to say that these members must have a reputation for honesty, and that the most careful discrimination must be exercised in their selection. Now, from what has been said regarding the absence of this moral quality in a large number of the cotton growers, especially those of the colored race, it may be inferred that credit associations based on a co-operation of members would fail of success among these people. This is undoubtedly the weakest spot in the plan. I am obliged to admit that a large number of those cotton growers who stand most in need of credit have neither the moral nor the business qualifications for membership in such associations as the ones proposed. Nor is it surprising that such is the case. Under slavery the negro lacked property rights himself and naturally concerned himself very little about the property rights of others. Accustomed to consider everything on the plantation not required for the direct consumption of the master and his family as subject to his own use, it is not strange that after emancipation the freedman should have failed to grasp the distinction between "mine and thine," or to understand the necessity of fulfilling his moral and legal obligations.

But while a large proportion of the negro cultivators would thus be debarred from membership in such associations, and could not come under the direct influence of these societies, and while it is possible that even the not inconsiderable number of thrifty and honest freedmen would, because of lingering race prejudices, be unable to co-operate with their white brethren in the establishment and management of credit unions, it does not follow that these banks could not be established in the South, or that they would exert no influence in reducing the cotton acreage. The majority of the people