

# A Word From The Editor

A 60-year-old, two-story frame house on Boylan Avenue in Raleigh is getting a face-lifting. The landlord, Community Group Homes, Inc., is adding some \$12,000 to the property's value — aluminum siding, a new porch, and other improvements. "We're putting a lot of money into this home," says Community Group Homes President Chuck Edwards, who lives next door. "But it's worth it."

Living in the home are six women, most of whom were once patients at Dorothea Dix hospital. "I went to Dix when I was real depressed," Doris Jones recently told a neighbor. "I couldn't talk to anybody without crying." But during the past eight years, while Doris Jones has lived on Boylan Avenue and had primary responsibility for preparing the home's meals, her life has changed. Explaining the way the home functions, she sounds like a nurturing grandmother — which she has become — and a mental health professional — which, in a way, she has also become.

Public policy debates rarely focus on people, especially people like Doris Jones. More often than not, forums for policy discussions either: 1) emphasize theoretical issues rather than practical problems; or 2) examine such broad topics that the personal impact of policy decisions is obscured in macro-analyses that only experts can interpret. But policy discussions can address the personal implications of policy-making. And they can translate the importance of issues of broad concern into recommendations for change.

Examining large-scale issues, important in a self-evident way to all North Carolinians, remains an important goal for *N. C. Insight*. Our winter issue, for example, focused entirely on "North Carolina's Energy Future?" and has already become an important resource for policy makers and for serious-minded citizens. (See "From the Center Out" in this issue.) Similarly, we will devote our entire summer issue to the changes in the tobacco economy and the long-range ramifications for the state of tobacco in transition.

But in this issue, we highlight how policy decisions affect the lives of North Carolinians who represent less visible segments of the citizenry: small farmers, milk producers, prisoners, indigent defendants, and mentally handicapped persons. Because these groups have few advocates, policy discussions affecting them are usually restricted to a handful of professionals.

Our first article examines the difficulties that small farmers are facing, as well as other rural landowners, in keeping their land and maintaining a viable farming operation. In North Carolina, blacks lost 32 percent of their land between 1969 and 1974, a rate that has escalated region-wide to 9,000 acres *per week*. Don Saunders, an attorney specializing in rural housing for Legal Services of North Carolina, and Frank Adams,

a community educator with eastern North Carolina farmers, explain the interlocking causes of this land loss and of the credit squeeze on those remaining in rural areas of the state. And they suggest some ways to at least retard this pattern.

Twenty-five years ago, one kind of small farmer did get some attention from state policy makers. The General Assembly established the Milk Commission in order to help dairy farmers survive and insure an adequate milk supply for the state. But in recent years, the Commission has not been adequately equipped to prevent North Carolina milk prices from being among the nation's highest. Noel Allen, an attorney and Public member of the Milk Commission, explains the historical context in which the Commission finds itself and presents a list of suggested reforms.

Just as the milk-drinking public has few advocates, the voters of the state — that amorphous group known as the "electorate" — have few champions. In the May 6 primary, the North Carolina voters had to contend with a swirl of international, national, and local issues in making choices at the polls. Thad Beyle, political science professor at the University of North Carolina at Chapel Hill and co-editor of *Politics and Policy in North Carolina*, explains why current political thinking leans towards separating the presidential primary from the state electoral process as many states — but not North Carolina — have done.

Perhaps the least visible North Carolinians are those in institutions, particularly mental retardation centers, mental hospitals, and prisons. Historically, the state has placed people who deviate from society's norms in some way into an institutional setting rather than attempting to incorporate them into a community environment. Alan McGregor, North Carolina liaison for the Southern Coalition on Jails and Prisons, and free-lance writer Libby Lewis explain why alternatives to incarceration — community work, restitution, halfway houses — are gaining more advocates, from the Governor to judges to local community groups. But they also point out that much remains to be done.

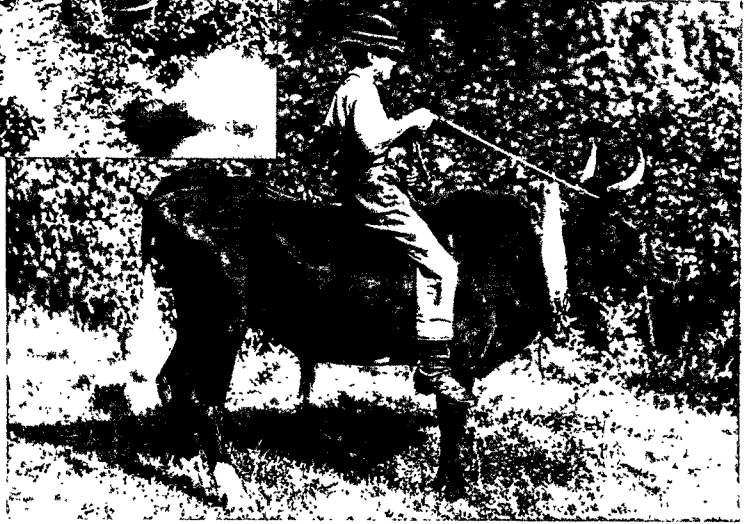
Similarly, the state has taken some first steps to help mentally handicapped citizens have the rights of full citizenship, such as living in a residential group home. But Roger Manus, attorney for Carolina Legal Assistance for Mental Health, and Barbara Blake of the Asheville *Citizen Times* caution that the state's initiatives might meet increased local opposition — both governmental and neighborhood — if the current legal protections are not strengthened.

Finally, Stan Swofford, award-winning legal reporter for the *Greensboro Daily News*, analyzes the prospects for the North Carolina public defender offices being expanded into a statewide system.

— Bill Finger



Photos Courtesy of North Carolina State Museum of Natural History



# How Can A Farmer Survive Without Any Land?

By Frank Adams and Don Saunders

**T**aking stock as 1979 drew to a close, four black farmers in tiny Gates County in north-eastern North Carolina realized their way of life and very livelihoods were in peril.

“About three years ago, I got to

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*Frank Adams is a writer and community educator. Don Saunders is an attorney with Legal Services of the Blue Ridge specializing in land and housing problems.*

feeling something was going wrong,” said Willie E. Matthews, who farms about 250 acres. “We had two disaster years in a row and lost most of our crops. I talked with my creditors. It was something unusual for them too and they said they would work along with me.” Like other small farmers, Matthews needed \$25,000 to \$75,000 a year to finance his crops to market. Losing one year’s yield meant serious indebtedness.

"But the next year," Matthews continued, "it was so dry the county was declared a disaster area. Things were bad. Along about January, I went to the Farmers Home Administration for help." Matthews' weathered face grew more taut. "That's when I got into trouble."

Willie Matthews had good reason to worry about his future. During the 1970s, almost 100 black farmers quit farming in Gates County alone. They were forced to sell out, or they were lured to eight-to-five jobs by regular wages, especially to the shipyards in the neighboring Tidewater Virginia area. Just a generation ago, almost all Gates County blacks made their living from farming. By 1980, only eight full-time black farmers were left.

"It's hard for a lot of people to believe what is going on," declared Cranston S. Costen, one of the Gates County farmers, discussing the agricultural and financial systems on which he depends. "The system is set up to take our land." The evidence he and the other three offer suggests such a conclusion. Only one of them tends more than 250 acres. They can't buy more, and renting is nearly impossible. Because their equipment is old, it's costly to maintain and suffers frequent "down" time. By their own admission, they keep poor records, a critical area for modern farming. And the succession of bad years has hurt.

**C**osten and Matthews are part of a dying American breed. During the past 20 years, an ominous trend in land ownership patterns has helped decimate the family farmer, particularly black farmers in the South. Over 70 percent of the 1.8 million small farms left in the U.S. are in the South, according to the Emergency Land Fund, an Atlanta-based organization which is working to keep black farmers in business. Between 1966 and 1970 alone, over 28,000 black farmers quit tilling the soil, throwing 2.5 million acres up for sale to large farming operations or agribusinesses. And the losses are accelerating, especially in the South.



Photo by Joseph Vaughan

A 1978 report by the U.S. Department of Agriculture indicates the true severity of the problem. Between 1969 and 1974, blacks in Alabama lost 297,621 acres, 46.7 percent of their land. In Georgia, they lost 44.9 percent. In North Carolina, where blacks now own more acres than in any state except Mississippi, blacks lost 181,306 acres during this period, 32.4 percent of what they owned in 1969.

## Blacks across the South are currently losing 9,000 acres per week.

Blacks across the South are currently losing 9,000 acres **per week**, according to Joe Brooks, director of the Emergency Land Fund. At this rate, blacks will be landless by 1985.

Traditionally, small farmers, particularly blacks, have had only one substantial economic resource — the land. After the Civil War, huge portions of the South were deeded to freed slaves. As late as 1950, blacks still owned 12 1/2 million acres. But land speculators, among others, are threatening to destroy this primary resource. Isolated rural areas have become bonanzas for sunbelt developers of industry and resorts. Investors are gobbling up the rural fringes of towns and cities, many located in farming areas. And land has become one of the best hedges against inflation for private and institutional investors.

From February, 1978 to February, 1979, the average price of North Carolina farmland rose from \$694 an acre to \$819 an acre, an 18 percent increase, according to the N.C. Crop and Livestock Reporting Service. In urban areas like Guilford County, farmland is selling for \$2,000 to \$2,500 an acre. "You can almost name your price" if farmland near the Research Triangle area is rezoned high density residential, said Douglas Harris, a local Farm Credit Service official.

Land ownership in North Carolina is determined by a concept in English common law called title. While the title system provides stability and assurance for landowners who can afford lawyers, it also serves to deprive small landowners, particularly blacks, of vast holdings.

In recent years, speculators have abused the title system most frequently by initiating partition sales of "heirs property," land that has remained within the same family for generations without a will. State law requires that such property be divided equally among those heirs closest to the deceased, usually to the surviving children. After several generations, large numbers of persons have title to a parcel but many of them don't even know of their interest. Dividing a

**Willie Matthews,**  
Gates County farmer.

tract among so many owners is impractical, but any single owner can clear title from distant claims by forcing the sale of the entire tract — a partition sale. Speculators have perfected the art of locating a remote heir and buying the small share for what appears to be a substantial sum. Having become a legal "heir," the speculator then forces such a sale. Often, the heirs living on the land have no funds to bid for the whole tract and the speculators can acquire the entire property for relatively little money.

Speculators can also get property through tax foreclosure sales. When the owner dies and no one shows an interest in carrying the tax burden, speculators are often able to bid in at a fraction of the real value of the land.

These methods are not unique nor are they used only to acquire obscure tracts of marginal land. In Mobile, Alabama, for example, investors used a partition sale to acquire for a few thousand dollars, Citronelle Oil Field, which has yielded millions of dollars. Developers purchased large portions of the Hilton Head Island, S.C., resort area through partition sales on local black farmers who had owned the land for years. Agribusiness firms from as far away as Japan are targetting eastern North Carolina, where thousands of small farmers have tilled the soil for generations.

**D**espite partition sales and tax foreclosures, small farmers are still working the family tract. But having the acreage to plant is only the first step. They must also find the capital to finance each year's crop. Remaining dependent year after year on lending institutions can be as difficult as holding onto land. Knowing the value of land, conventional lenders — banks, finance companies, pre-fab housing developers, and others — will often demand mortgages on quantities of land far exceeding the value of the money borrowed. Large amounts of land can be lost through a foreclosure sale, even on a small loan for routine agricultural expenses or home repairs. In many cases, small farmers have either learned to avoid conventional lenders or have been forced to depend on government loans. But the primary federal agency on which small farmers depend — the Farmers Home Administration — seems to function as a friend for only certain types of farmers.

Charlie Gatling, one of the eight black farmers left in Gates County, plants 80 cleared acres on his 121-acre farm. "I had loans with that (Farmers Home Administration) office for ten years," said Gatling. "In 1971, he (the FmHA agent) said 'I'll give you the money to farm in 1972, but if you don't pay your bills, I'm going to sell you out.' He told me if I sold out right away he might let me keep my house. I went to the Federal Land Bank and got a loan to pay FmHA off. I've not been back with them since."

Another Gates County farmer, George Lee Norman contends the FmHA agent forced him to sell the breeding stock of his model hog operation to repay a loan. Later, Norman alleges, the agent agreed to give him another loan on the condition he agree "to be liquidated, without recourse, if a 'substantial payment' was not made by a particular date." Norman refused to agree and didn't get the loan.



Photo by Joseph Vaughan

**George Norman,  
Gates County farmer.**

As Norman, Gatling, Matthews, and Costen — four Gates County survivors — reflected on the past decade, they remembered that the local Farmers Home Administration office had had a role in virtually every black farmer's demise. Believing that a pattern of discriminatory practices prevailed against blacks, the four turned to a recently opened Legal Services office in nearby Ahoskie, N.C. After evaluating the evidence brought by the farmers, Legal Services filed a formal complaint of discrimination

**Speculators have perfected the art of locating a remote heir so they can force a partition sale.**

with the U.S. Department of Agriculture on February 8, 1980, alleging that Robert L. Daughtry, FmHA supervisor for Gates County and neighboring Hertford County, had for seventeen years "given loans in amounts less than that which they (the black farmers) applied for and needed to operate their farms in an efficient and business-like manner." White farmers, on the other hand, the complaint alleged, got loans sufficiently large to insure their operations.

The complaint listed ten specific allegations, including the following:

\*Loan payment schedules were often accelerated without explanation. Matthews, for example, signed a



Photo Courtesy of Farmers Home Administration

Farmers Home Administration county supervisor (left) with local farmer at Jackson, N.C., office, Northhampton County.

## Interview with Haywood Harrell

Haywood Harrell, 33, has been an agricultural extension agent in Halifax County, North Carolina, for the past eight years. A native of neighboring Hertford County, he graduated from North Carolina A & T University. On February 23, 1980, Frank Adams interviewed Mr. Harrell at his home in Tillery, N.C. Forty-three out of the state's 233 agricultural extension agents are — like Mr. Harrell — black.

*In the last eight years, what trends have you seen with regard to black land ownership?*

A steady decline in black farmers and black owned land. We lose 10 or 15 percent of the black farmers each year.

*How many full-time black farmers were there when you first came to Halifax County? And how many are left?*

There were probably 350 when I came. Today, there are in the neighborhood of 100. The average farm size is about 95 acres.

*Can a person make a living farming 95 acres today?*

He would have to rent other land in order to make a comfortable living. The value of agricultural goods sold off a farm of this size comes to just over \$13,000 annually.

*What is causing this sharp decline in black land ownership?*

As I see it, black farmers are not getting their share of the pot. For example, they usually learn about changes in technology through the grapevine instead of from the agricultural extension services or the lending agencies. A lot of things could benefit them, but they don't get up-to-date agricultural information firsthand. Blacks don't participate in the planning stages. But they have got to be involved at the grass roots. When programs come out, the blacks say they are not for them. There are no training programs specifically for black farmers.

*What about the lending institutions? The Production Credit Association? The banks? The Farmers Home Administration?*

Most blacks deal with the Farmers Home Administration. I think the FmHA has contributed more to blacks losing land or discontinuing farming than any other lending institution. I don't think the Farmers Home Administration really has the black farmers' interests at heart.

*Is this because of racial attitudes within the FmHA or because it serves large landlords and most black farmers have small farms?*

It's a combination of both, but it's primarily because it serves the large landowners. The man with the little farm doesn't get the attention he should. And the Farmers Home Administration was originally set up to serve the small farmer or someone who couldn't get

promissory note for a seven-year disaster loan at 3 percent interest. The FmHA office made an initial disbursement from the loan funds, paying off a portion of Matthew's debts. Then the FmHA officials, according to Matthews, told him to sign what he thought was authorization releasing the balance of the loan to pay off his remaining debts. In fact, the complaint asserts, Matthews signed an FmHA Form 440-9, a supplemental payment agreement which forced him to repay his note in one year.

\*The agent routinely told creditors that no loans would be made in the future. "This had the effect of preventing the farmers from obtaining credit and other goods and services needed to operate," the complaint contends. "Several of the complainants are now unable to obtain basic foodstuffs, oil for heating their homes, or supplies to prepare for the planting season."

funds elsewhere. The deck is stacked against the black farmers now.

*What is happening to the land that is no longer being farmed by black farmers?*

It's being engulfed by whites, mostly large farmers and by corporations. The whites are buying it and they are farming it. And what they're not buying, they're renting with the intention of buying. Pretty soon, I see the black farmer and land owner as an endangered species.

*Is what you see going on in Halifax County happening in other places?*

I'm sure it's happening statewide. And across the South.



\*The FmHA agent would not let loans be made directly to the farmers. He had checks sent to local banks which acted as overseers. The agent also had FmHA send him the farmers' checks, which he supposedly would disburse to creditors when farmers brought him their bills.

The Legal Services document goes a step further than raising questions of economic parity. The complaint concludes by saying that economic discrimination alone can not highlight "the disrespect, embarrassment, and humiliation these families must suffer."

**I**n 1946, Congress transformed the New Deal-era Farm Security Administration, which was designed to assist rural Americans survive the Depression, into the Farmers Home Administration. Today, the FmHA is still the most likely source of financing for small farmers. It is authorized by Congress to loan money for construction and improvement of housing in rural areas and for conventional farm-related expenses. But the FmHA has moved away from the New Deal vision of helping the small farmer. Instead of being a resource for people with limited capital who can't get conventional financing, the agency has become a resource for higher-income people who could probably obtain money on the conventional market, as it functioned prior to recent interest rate jumps. The escalating interest rates of 1980 have exacerbated this problem, limiting the numbers of people of any income who can get loans.

A statewide, class-action suit in Mississippi is challenging this FmHA lending pattern. "We are

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The FmHA has moved away from the New Deal vision of helping the small farmer.

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saying, generally that FmHA is definitely qualifying for loans a lot of people who qualify to go elsewhere for money," says Isaiah Madison, attorney for the two farmers who initiated the action. One purpose of the suit, says Madison, is to challenge the FmHA method of dispensing loans, which "compared the small and black farmer to other folks with all kinds of money and all kinds of technology."

For those who do qualify for FmHA assistance, many programs seem inaccessible or unavailable. FmHA regulations currently require that money for new construction or for purchase or rehabilitation of existing housing be loaned only to owners of unencumbered property. In the case of heirs' property, the land is typically lived on and worked by only a few of the heirs having an interest. These people pay all the taxes, insurance, and maintenance costs but can not obtain financing from FmHA for

improvements because they do not have a clear title. Their huge tracts of valuable land can not be used for collateral.

Federal Home Administration practices have become a source of concern not only in the South, but throughout the nation. Congressional committees are now studying possible changes in the FmHA regulations, and the Mississippi suit may help to alter day-to-day procedures. But the changes can not come too soon.

"The continuing loss of small farmers is an ongoing tragedy in American agriculture," says U.S. Representative Thomas Foley (Dem., Wash.), Chairman of the House Agriculture Committee. "To lose them in greater numbers every year will one day be recorded as a very sad and deeply unfortunate phase of our history."

**S**hifting patterns of land ownership threaten the lifeline of black and white small farmers. Independence and human dignity, values traditionally nurtured by a closeness with one's land, are being undermined. Several organizations — the National Association of Landowners, the Emergency Land Fund, the Rural Advancement Fund, the Southern Cooperative Development Fund, and the Federation of Southern Co-ops — are working to reverse the land-loss patterns in the South and to provide support systems to small farmers. Even though these groups have focused in the deep South up to this point, some efforts are beginning to pay off in North Carolina.

Almost 500 Gates County registered voters, nearly all of them blacks, have signed a petition urging the FmHA to relocate the office from Hertford County, where it has been for years, to Gates County. The petition also asks assurance that loans be made "without regard to race, creed or national origin."

Meanwhile, the four Gates County farmers are struggling to remain survivors. The state FmHA office in Raleigh has rejected on appeal Cranston Costen's recent loan application. George Norman and Willie Matthews, assisted by Legal Services, have reapplied for loans. And Charlie Gatling, the only one of the four not in debt to FmHA, is wondering where he can turn for this year's financing.

**"The continuing loss of small farmers is an ongoing tragedy."**

**U.S. Representative Thomas Foley**

"If I farm this year," said Matthews, "I'll tend 100 acres in corn, 100 in beans, and 50 acres of peanuts." As he spoke, a radio news announcer was reporting that a majority of local fertilizer suppliers had notified all customers that after March 25 all credit would be suspended. Bills would have to be paid within 30 days. Any past due account would be charged 18 percent interest.

**Farmers Home Administration file photo from national information office. Photos like this one were used in the early 1950's to show the public how the FmHA functioned.**



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**COUNTY COMMITTEES APPROVE APPLICATIONS**

Each applicant for a farm housing loan must be approved by a committee of three local farmers. To be eligible, an applicant must be unable to obtain the needed credit elsewhere, and must own a farm that

Photo Courtesy of Farmers Home Administration

# Working to Reverse Land Loss

*The problems of small farmers and other North Carolinians living in rural areas involve an entangling connection of federal and state laws and institutions as well as local traditions and personalities. The suggestions for reform below might help alleviate some of these interlocking problems.*

1. Legal resources can help low-income persons to understand land management and financing and to construct wills in a way to avoid heir property problems. In the past, attorneys have sometimes added to the problems by taking fees for services in the form of an interest in the land and subsequently forcing a partitioning sale, causing the small landowner to lose the entire tract. Legal Services of North Carolina has recently expanded into rural areas and is beginning an educational/legal program for small farmers. But much more needs to be done.

2. A capital pool more accessible than FmHA loans could furnish the resources that small farmers desperately need. Community development projects, agriculture and housing co-ops, and other innovative means could create such capital. Land trusts, land corporations, and state-insured revolving funds could facilitate full use of farmland by the people living on it while protecting the interests of remote or unconcerned heirs.

3. Congress is now studying possible modifications in the title requirements of several FmHA programs, particularly the Section 504 Housing Construction and Rehabilitation

Program. FmHA loan requirements and lending practices need to be modified — minimum income requirements totally exclude poor people from some programs — in order to make capital available to low income rural residents. If this were done, some of the suggestions in Number 2 above, which are very difficult to put into practice, would not be so necessary.

4. The North Carolina General Assembly could enact legislation giving clear title to any improvement, such as a house, constructed on land owned in common with others. This would help prevent remote heirs — or speculators — from causing the property to stagnate and eventually have to be sold by making financing more accessible to those without clear title.

5. North Carolina court decisions currently allow the removal of an owner who has shown no interest in the maintenance of his land for 20 years. Known as “ouster” law, this method of transferring land to responsible owners could be strengthened by General Assembly action to codify this generally accepted case law (because many title insurance companies still do not accept it) and to shorten the 20-year ouster period.