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**ANNUAL REPORT
OF THE ADMINISTRATOR
FARM SECURITY ADMINISTRATION,
1941-42**

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

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United States Department of Agriculture
Farm Security Administration
Washington, D. C., February 25, 1943

Hon. Claude R. Wickard
Secretary of Agriculture

Dear Mr. Secretary:

I transmit herewith a report of the work of the
Farm Security Administration for the fiscal year
ended June 30, 1942.

Sincerely yours,

C. B. Baldwin

Administrator

1941-42 ANNUAL REPORT

With the needs of the Nation at war requiring far greater agricultural production than ever before, and with production difficulties mounting in the face of this unparalleled demand, this fact stands out:

The many thousands of small, low-income farmers who do not have enough productive work to do must be helped to put their labor and resources to full and efficient use if no failure in food and fiber production is to occur.

The job of the Farm Security Administration has been to help small farmers make better use of their labor to produce more for their own and the Nation's needs. Farm Security's financial and technical assistance has enabled small farmers to improve their resources and skills and thus to produce more abundantly and efficiently.

What has been accomplished in the last seven years by the portion of the low-income farmers which this program has reached with the funds available testifies to its effectiveness.

For these farmers who could not qualify for loans from banks and other lending institutions, this agency has been a source to which they could turn for assistance. Rehabilitation loans have been made to them for the things they have needed to operate their farms and to become more secure on the land.

With these loans, based on realistic farm and home management plans, they have bought machinery, equipment, livestock, seed, feed, fertilizer and other farm and home necessities. To county citizens' committees, cooperating with FSA, they have turned to obtain adjustments of debts which were beyond their earning capacity to repay. These committees also assisted landlords and tenants to work out leasing agreements, protective to both parties and of the land on which they depend for a living. Grants have been made to farm families for emergency needs.

With the loans, however, have also gone the counsel and technical guidance of county farm and home management supervisors to help borrower-families reorganize their farm operations so that they no longer are dependent on a single cash crop and all its hazards. They have diversified their enterprises,

and gained knowledge and skill in scientific cropping practices, pasture development, livestock care and feeding, methods of checking soil erosion, and restoring fertility to the soil. They have improved their gardening, and become more expert in the preparation and preservation of food. They have learned how to keep records and have come to realize the value of this good business practice.

Through Farm Security's assistance, they have organized community and cooperative services, making it possible for them to compete more equitably with larger operators by joining together in the use of machinery and pure-bred sires which they could not afford to own individually. They have formed neighborhood study groups and have joined already established purchasing and marketing associations or organized their own when such organizations did not exist in their communities. They have obtained needed health services through voluntary group medical and dental care plans. Some have been able to move off unproductive land and get a new start on Farm Security's project farms. Eight out of ten tenants on the FSA program now have written leases which assure them more secure tenure and, through long-term farm-ownership loans, other tenant farmers have had the chance to become farm owners.

Producing for their own food and feed needs first, in order to make their limited incomes go farther--this has been the "live-at-home" farming pattern which FSA borrowers have successfully followed.

Their progress in producing more food for themselves and a surplus for the market demonstrates that small farmers can make a valuable contribution to the Nation's war effort when given the chance to improve their resources and productive ability. The foods which FSA borrowers have concentrated on--milk, meat, eggs, vegetables and fruits--are the very ones the Nation needs most to keep the armed forces and the civilian population well fed, and for Lend-Lease shipments to allied countries.

Farm Security converted quickly to a war basis. The combination of loans and technical guidance in farm and home management is as necessary to help the small farmer step up his food production as it is to enable him to improve his general living conditions. Hence, placing the FSA program on a war footing required only increased emphasis on the food production aspects of farm family rehabilitation. Permanent rehabilitation continues to be served

as these families provide an increasing share in production for victory.

When war came, and the Department of Agriculture revised upward its 1942 food and fiber goals, Farm Security simplified its procedures to speed credit and technical guidance for Food for Freedom production to as many small farmers as it was possible to reach with what remained of 1942 loan funds.

Where farm and home plans for 1942 already had been worked out with borrowers, county supervisors called the borrowers together in community groups and helped them draw up supplementary plans to provide for increases--over and above the amount previously planned--in both subsistence foods and products for sale. Every new farm and home plan aimed at substantial increases in war-vital foods.

Loans of a few hundred dollars each enabled underemployed families on the land to buy the tools, seed, cows, sows and chickens they required to translate into action their patriotic desire to help their country. They increased their garden, feed crop, milk, pork and egg production, and where possible, grew flax, peanuts, soybeans and other important war crops.

A farm family's eligibility for an FSA rehabilitation loan rests mainly on their possibilities of becoming more productive in their farm enterprises and achieving a more useful place in their communities in the war effort as a result of participation in the FSA program. The family's background, home environment, health, education, financial situation, tenure status, farming experience, aptitudes, resources, attitudes, and community relationships are all analyzed at the time the loan application is being considered, and the farm and home management plan takes into account these factors. Often it is necessary to correct unfavorable conditions before a plan can be drawn.

The farm and home plan--or budget--is worked out by the family with the cooperation of the county supervisors. Anticipated expenditures are listed on one side, anticipated income on the other. The loan, based on the family's debt-carrying capacity, is used to bring the expenditures and income into balance for the year.

Every borrower-family is expected to keep accurate records, and each year's records serve as a guide in planning the following

year's operations. The county supervisors keep in touch with each borrower-family through visits to the farm and group meetings of borrowers, to check on progress and provide technical guidance.

Rural Rehabilitation Loans

More than a million and a half farm families, at the lowest income levels, have received rehabilitation assistance of one kind or another from this agency or its predecessors since 1935. Of this number, 922,206 have received rehabilitation loans, repayable in one to ten years, at five percent interest. Through the 1942 fiscal year, they had been loaned a total of \$656,613,011. Their repayment record shows the progress these families have made toward a position where most of them have achieved or are achieving financial independence.

A total of \$314,282,105 in principal had matured by June 30, 1942, and of this amount, \$246,907,604 had been repaid. Some borrowers had their loans paid ahead. The aggregate of these prepayments of unmatured principal was \$14,388,960. In addition, rehabilitation borrowers had paid a total of \$34,310,321 in interest.

The ratio of matured principal repayments to maturities on June 30, 1942 was 78.5 percent. With prepayments included, the ratio of repayments to maturities was 83.1 percent.

Borrowers who have repaid in full their rehabilitation loans number 177,761. Those being actively serviced by the rehabilitation program on June 30, 1942 numbered 569,150.

New rehabilitation loans were advanced to 82,165 families during 1941-42. The loans averaged \$602. Additional loans, averaging \$234 also were made to 288,495 borrowers who had previously received loans but who needed this additional credit to continue their operations and increase production.

Attesting to the financial progress of FSA rehabilitation borrowers is the fact that annual loan collections have nearly doubled in the last three years as shown by the following table:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
1939-40	\$47,335,631	\$ 7,622,735
1940-41	51,220,014	11,155,901
1941-42	81,403,546	13,460,341

Grant payments, which were a major expenditure in the years of drought and depression, have diminished to a supplementary role as the loan program offered families a way to permanent security. Grants are still used to meet emergency needs in cases of disaster and drought and they are employed to furnish subsistence, such as food, shelter and medical care to families until they are in a position to benefit from loan assistance. During its history, FSA has made grants to 1,108,561 families. Of these, 487,134 were borrowers whose loans needed to be supplemented with grants to alleviate hardships due to crop failure, sickness or other unforeseen adversities, and 621,427 were grant only cases, which needed emergency assistance to relieve destitution.

Cumulative grant payments from inception through June 30, 1942 have amounted to \$150,722,060. In the fiscal year 1942, families to whom grants were made received an average subsistence grant of \$58.

In the last three years grant payments have decreased almost 50 percent, as the following table shows:

<u>Year</u>	<u>Amount</u>
1939-40	\$24,119,857
1940-41	17,209,582
1941-42	13,271,583

What Has Been Accomplished

A survey made at the end of 1941, covering 343,000 active rehabilitation borrowers who had completed at least one year with FSA, disclosed that the annual value of home-used production per family had increased from an average of \$163 before coming on the program to \$327 in 1941, or 101 percent. Their annual net income increased 80 percent, or from an average of \$480 to \$865, and

their net worth improved from an average of \$871 to \$1,242, an increase of 43 percent.

These families increased the amount of fruits and vegetables canned by 114 percent, from an average of 199 quarts in the year before they got loans to 297 quarts per family in 1941. They expanded milk production for home use from an average of 288 to 472 gallons, or 64 percent. They increased meat and poultry production for home use from an average of 252 to 488 pounds, or 94 percent.

These gains are significant. They mean these families are living better, enjoying better diets and improving their health. They mean these families, even before the war, were rapidly increasing their capacity to help win the war with their contributions to food and fiber production. While their individual contributions may be small, compared with the output of large commercial producers, their combined production increases are extremely important.

What has been accomplished to date in stepping up production of small farmers, however, is just a start in the right direction. Active FSA borrowers constitute only about one-third of the Nation's low-income farmers. County farm and home supervisors last winter estimated there were 1,078,627 low-income farm families throughout the country who were eligible for FSA assistance but who could not be brought into the program with the funds available.

Manpower on the Small Farms

The importance of the small farmer group in the battle of production is evident from an analysis of the farming population. Recent estimates indicate that out of the Nation's 6,000,000 farmers only 2,200,000 are producing at or near full capacity and many of these must be able to obtain sufficient labor if they are to maintain their present output.

Of the 3,800,000 remaining farmers, about 1,300,000 are part-time or retired and can be counted on for little or no food and fiber increases. This leaves 2,500,000 farmers who are not producing to the full extent of their labor resources. A large proportion of these can be brought up to full capacity production

with credit and other necessary assistance. Others in this group constitute a reservoir of labor which can be drawn upon either for agricultural or industrial manpower requirements.

There are many reasons why these farmers are underemployed. In some cases their soil is too poor for efficient production, or their tracts too small to employ their full-time labor. Or they may lack the knowledge and skills to make the best use of their land, or the working capital to finance an adequate plan of diversified farming. In many cases, poor tenure or the pressure of debt keeps them from being able to carry on operations in an efficient manner.

On such farms between 350,000,000 and 400,000,000 man-days of labor are going unused annually. This is enough manpower to produce every day the equivalent of 200 million pounds of pork or 25 million gallons of milk or 2 million dozen eggs. The greater utilization of this manpower is essential to attain our food production goals.

There are three ways in which this unused manpower can be brought into full agricultural production:

1. The small farmer who can make his greatest contribution on his present farm should be provided with the credit, supervision and other assistance he requires to make the best use of his land and labor.

2. The small farmer who is stranded on poor land while good land is available in his own farming area can be helped to lease or buy a farm on which he can become fully productive and must be given such assistance as he needs in carrying out his new undertaking.

3. Small farmers who can serve best by moving to other areas as operators or workers should be informed of such opportunities and must obtain training in the work they are to do and transportation to the place where they are needed. From this group also can come some of the seasonal worker supply under a program to transport farm labor to shortage areas from other areas where it is not needed during a particular season.

As a result of these changes, many of the poorest farms could be retired from cultivation and used as pasturage, forest land,

and other constructive purposes, without any loss of production. In other cases, small farms vacated by those who leave could be combined for more efficient operation by other small farmers in the community. The acreage devoted to crops needed in the war effort could thus be brought to a high level of productiveness.

The Bureau of Agricultural Economics, with the collaboration of the FSA, estimated how much vital war food could be produced in 1943 by underemployed farmers if they could: (1) get additional working capital, such as feed and seed; (2) add some permanent capital such as sows, baby chicks and heifer calves; (3) obtain increased or better land resources where these are lacking; and (4) follow improved methods of production. Taking the Department of Agriculture's 1942 goals for the Nation as a whole, for the purpose of comparison, the study showed that 930,000 small farmers, with FSA guidance and credit, could produce the following proportion of the increases in the major food items: milk, 22 percent; pork and lard, 20 percent; eggs, 48 percent; soybeans, 5 percent; peanuts, 10 percent; sugar beets, 7 percent; tomatoes (canned), 90 percent, and gardens (acres), 40 percent.

On May 1, 1942, President Roosevelt transmitted to the Senate a supplemental Budget Bureau request for a rehabilitation loan authorization of \$105,500,000. This was in addition to the \$75,000,000 estimate which had been submitted to the Congress earlier, to be used by the Department of Agriculture in 1942-43 to increase the productivity of the low-income farmer through the Farm Security Administration program. The reasons for requesting this additional loan authorization were:

"In order to meet our food requirements and those of our Allies, it is clearly apparent that every effort must be made to increase our production of agricultural commodities to the fullest extent. No farmer should be precluded from doing his part because of lack of credit. To this end the Department of Agriculture has informed both private and Federal credit agencies of our food needs and urged their maximum cooperation for the extension of the necessary credit. However, notwithstanding the facilities presently available, there are thousands of low-income farmers who cannot obtain sufficient credit to participate fully in the Food for Freedom program.

"Studies of the Department of Agriculture reveal that, even with all other farm groups operating at maximum production, the

production of the low-income farm group is vitally needed to assist us in reaching the food production goals required for the successful prosecution of the war. It, therefore, proposes a strong attack on this problem which will make use of the facilities of the Farm Security Administration and will quickly and effectively reach the maximum number of low-income farmers with guidance, supervision and adequate credit."

As a result of a compromise between the Senate and House, the rehabilitation loan fund that was finally authorized for 1942-43 was \$97,500,000.

Cooperatives

Food for Freedom production, to be of direct value to the war effort, must be moved from the farm to market. Lack of adequate marketing facilities has been one of the most important factors in the adverse economic position of many small farmers. They usually are forced to sell, as individual marketers, at whatever prices they can get. Wartime urgency makes it all the more necessary that farm products reach the markets as quickly as possible. Through cooperative marketing, farmers are able to distribute their produce more efficiently, and at the same time realize more substantial monetary benefits from their productive efforts.

An example of how group action, applied to the marketing problems which beset small farmers, has made possible increased production of vital war food is the achievement of a group of 79 families taking part in the Farm Security program in Escambia County, Florida. These families this year are cooperatively marketing \$70,000 worth of eggs, 90,000 pounds of beans, to a cannery filling a war contract; 20,000 gallons of syrup; 1,200 hogs; and 150 head of cattle.

The Escambia Cooperative Association began with eggs. For 15 years Escambia County farmers had talked chickens. It was argued that on soil depleted from cotton farming, and on the cut-over timberland of that section, poultry raising should furnish a profitable supplementary income. The eggs could be produced, but how to market them was the problem. Just a few cases a week would flood the local market. These 79 FSA families decided on a cooperative marketing plan. They formed an association and began selling

their eggs to it, for marketing in group lots. The eggs are graded for size and color and shipped to urban centers in a refrigerated truck, operated by a jobber on a yearly contract. The association now handles about \$7,000 worth of eggs a month and has expanded its facilities to market other commodities for its members as efficiently and profitably as it does eggs.

To accomplish similar results, county-wide purchasing and marketing associations have been set up through which FSA families can sell much of their expanded farm produce.

The purchasing and marketing associations also have been serving another pressing need by obtaining for FSA borrowers packets of high quality seed at low cost, as well as other materials required to boost production. In Arkansas, for example, FSA borrowers saved \$19,930 this year on purchases of fertilizer, workstock, equipment, seed and other necessary farm and home items. In Mississippi, borrowers saved \$32,482 on similar group purchases during the same period. In Puerto Rico and the Virgin Islands, where seed, fertilizer and insecticides must be shipped from the mainland, it would have been impossible for borrowers to obtain them individually. Bought in large quantities, and stored in a central warehouse, 6,000 families in the Islands have been able to get these necessary items for their Food for Freedom production, now urgently needed since food imports have been so greatly reduced by the war.

Hundreds of neighborhood study groups have been organized. They meet regularly to discuss better farming and home making practices, and specifically how to produce more of the war-needed commodities. The organization of many community and cooperative services has resulted from discussions carried on in these group sessions. These community services give small farmers access to resources and equipment, such as pure-bred sires, corn planters, tractors, manure spreaders, ensilage cutters and storehouses, which otherwise would be denied them. By buying cooperatively and sharing its use, a group of 100 FSA families in Missouri obtained all their necessary farm equipment at an average cost per family of \$80 rather than \$475.

The sharing of equipment by farmers is a necessary war measure today. Much of the metal that ordinarily would be used for the manufacture of farm machinery is now needed for airplanes, ships, guns, tanks and other munitions. The result is a shortage of farm

equipment at the very time when it is most needed to offset the effects of an equally acute shortage of farm manpower. Sharing the equipment which is available is a way of bringing each piece into full use and of bringing the efficiency of machine production to the greatest number of farms.

On June 30, 1942, there were 1,259 county-wide purchasing and marketing associations to which FSA borrower-families belonged, and 17,015 community and cooperative services were being actively serviced by this agency. Participating in these services were 191,517 farmers, of which 70,886 were FSA borrowers and the rest other family-type farm operators. In addition, incorporated cooperative associations which have been receiving direct loans from FSA now number more than 300, and loans have been made to low-income farmers for participation in more than 2,000 cooperatives of all types, operating in their communities.

Tenure Improvement and Farm Debt Adjustment

FSA makes every effort to help tenants and landlords get together to work out satisfactory leasing arrangements. When a tenant is unable to plan his operations for more than one year at a time, or when his rental arrangements do not provide for improvements necessary for sound farming operations, he is unable to make the most use of his own labor or the best use of the farm's production capacity. The landlord suffers not only a loss in income but also a loss in the value of his property.

To bring about more efficient operation, FSA encourages long-term written leases which provide for adequate garden and pasture space, reasonably healthful housing conditions, proper soil conservation, compensation for specified improvements, better financing arrangements and other adjustments.

A special war lease form was developed this year to encourage increased war food production on tenant-operated farms. Through the use of this form, tenants and landlords can make definite arrangements for the production of critically needed crops and for improvements necessary to produce livestock and livestock products. On June 30, 1942, 85 percent of FSA standard tenant borrowers had written leases.

Closely related to this work are FSA services to help farmers and their creditors work out voluntary debt adjustments necessary to continued farming operations. These services are available, without charge, to any farmer who has excessive debts or to any creditor who cannot collect on his investment without resorting to expensive litigation or foreclosure proceedings.

Both debt adjustment and tenure improvement services are carried out through the voluntary help of local committees composed mostly of farmers who give their time to the work for the benefit of their neighbors and for generally improved conditions in their communities. They have no legal power to enforce their recommendations. Their reputation for fairness, good judgment and impartiality have made possible the success attained in this work. They serve without pay except for a small reimbursement from the FSA to cover part of their out-of-pocket expenses.

Debt adjustments are made in various ways. Extension of payment dates, rearrangement of payment schedules, reduction in interest rates or in the amount of debt, liquidation of unneeded property and various combinations of these adjustments are the methods most commonly used.

These services have been extended to 181,591 individual farmers whose debts totaled \$500,844,718. More than half of the adjustments involved voluntary reductions which totaled \$107,933,692.

In addition, many groups of farmers have had debt adjustment services to prevent the liquidation of such group enterprises as cooperatives and irrigation districts.

Water Facilities

In the West, on many farms and ranches where productive capacity had been limited by lack of water, increased food for war needs is now being produced as a result of the water facilities program of the Department of Agriculture. The water facilities program, on the basis of a planned approach, has provided loans, grants and technical assistance for farmers and ranchers to help rehabilitate and repair existing water facilities, develop supplemental water supplies for irrigation purposes, and furnish water for livestock and farmstead use. It has enabled farmers to provide irrigation needed to diversify their crops, increase food and forage supplies,

maintain permanent pastures, and have enough water for their homes and gardens, their cattle and horses.

Water developments are of vital importance to farm and ranch operators if they are to maintain and increase food production during the war, and in 1941-42 the number of requests for financial assistance for water facility developments increased greatly. The Farm Security Administration, cooperating with the Bureau of Agricultural Economics and the Soil Conservation Service in administration of the program, encumbered almost as much money in water facilities loans in the fiscal year ending June 30, 1942, as had been loaned altogether in the three previous years.

Loans made for water facilities in the 17 arid and semiarid Western States in 1941-42 totaled \$1,109,744; and grants for water facilities totaled \$83,860. Most of the funds were made available to low-income farmers eligible for rural rehabilitation loans, but a small amount, \$147,305 appropriated under the Water Facilities Act, was loaned to farmers above the eligibility requirements in accordance with provisions of the Act.

In many instances, groups of farmers formed cooperatives to develop and utilize water in the most practical way and constructed or rehabilitated such facilities as dams, pipelines, distribution systems and pumping plants. On most of these projects, the farmers themselves made material contribution to the cost of construction by supplying labor, materials, and funds in addition to the funds they obtained from the Farm Security Administration.

During the past year, installations of farmstead water facilities were authorized for all counties in the 17 Western States. Individual farmers and ranchers drilled wells, put in pumping equipment and tanks, built surface storage ponds and reservoirs. They received farm and home management assistance from Farm Security, and were aided in planning the conservation and wise use of their water and land resources.

Since the program was begun four years ago, 7,489 families in the West have been benefited, either individually or through associations. More than 10,000 water facilities, involving 3,531,449 acres of land, have been completed or are under construction, and 233 watershed areas, involving 388,239 square miles, have been approved.

A total of \$2,349,143 had been loaned for water facilities projects through June 30, 1942. As evidence that water facilities

are a good investment, repayments on loans for this purpose on June 30, 1942 were equal to 109 percent of the amount due.

As the fiscal year closed, the Farm Security Administration completed arrangements to assume technical functions and administrative responsibility formerly assigned to the Soil Conservation Service in connection with the program, in accordance with Secretary Wickard's Memorandum of January 12, 1942 directing that this transfer be made on July 1, 1942. In the future the program will be administered by the Farm Security Administration, and area planning will continue to be done by the Bureau of Agricultural Economics.

Farm Ownership

Under the Bankhead-Jones Farm Tenant Act of 1937, Title I of which is administered by the Farm Security Administration, a limited number of capable tenant farmers has been given the chance to buy economic family-type farms of their own through farm-ownership loans. The borrower has 40 years in which to repay, at 3 percent interest.

The Bankhead-Jones Act requires that funds for this program be distributed each fiscal year throughout the States and Territories, on the basis of farm population and the prevalence of tenancy.

Counties or parishes in which loans are to be made are selected on the basis of need. County committees, composed of three local farmers, then make selections from applicants for these loans. The county committee helps the approved applicant select a suitable farm and work out a farm and home plan that will enable him to produce enough to support his family and repay the loan.

Three policies have made the farm-ownership program adaptable to its purpose and to changing conditions: (1) Variable payments, provided for by the Act, are used in place of fixed annual amounts, in order to gear the small purchaser's ability to repay his loan more closely to his production in any one year; (2) Farm Security has encouraged the purchase of large tracts of land by groups of borrowers, particularly from absentee owners, and the subdivision of these acreages into individual family-type farms, in order to extend land ownership to more farmers in a given area; (3) In

compliance with the War Production Board's conservation order on building materials, new construction or major alteration on farms bought with farm-ownership loans, is being deferred until after the war, except in cases in which construction work is required in order to keep agricultural land in production.

The farm-ownership program, like every other phase of agricultural work, was influenced during the fiscal year 1942 by war conditions. By setting a pattern for full utilization of the labor of farm-ownership borrowers on family-type farms of adequate size, the program shows one effective method of achieving war-food production goals with decreased agricultural manpower. It keeps these farms at full production by providing the necessary improvements and land resources to many farmers previously on inadequate units, thus converting wasted manpower on farms to productive manpower, and providing a basic incentive to the farm operator.

During the five years ending June 30, 1942, 28,945 tenant operators had been started on the road to ownership through this program. The loans had aggregated \$163,187,758, an average of \$5,638 per borrower.

The progress which farm ownership borrowers are making is evidenced by their repayment record. As of June 30, 1942, they had repaid 97.6 percent of all principal and interest due. In addition, they had made extra payments of \$1,469,635, bringing total payments to 115 percent of the total amount due.

The value of the variable payment plan in enabling borrowers to get ahead on their debts, as well as to lessen their debt burden in years when income is low, was demonstrated by the variable repayment record at the end of the fiscal year 1942. Under the variable payment plan, provided for in the Bankhead-Jones Farm Tenant Act and followed by 64.5 percent of all Farm Ownership borrowers through 1942, those purchasing farms under the program are billed for larger amounts in good years and for lower amounts in poor years, instead of a fixed proportionate amount each year. In either case, the payments are to balance out for full payment in not more than 40 years.

In the earlier years of the Farm Ownership program many borrowers were billed for somewhat lower annual payments during the period when they were getting a start and their incomes were lower. During the fiscal year 1942, with farming operations more solidly under way and with incomes improved, the process was

reversed, and a large number of borrowers made larger payments than would otherwise have been scheduled. On June 30, 1942, payments for all borrowers were 108 percent of the amount which would have been billed on a fixed payment schedule. For the 64.5 percent following the variable payment plan, repayments were 112 percent of the amount they would have paid on a fixed schedule. For the calendar year 1941, the variable-payment borrowers paid 40 percent more than they would have paid if their payments had been on a fixed schedule.

The demand for these loans is heavy. Roughly, 20 loan applications are received for each loan possible from the funds available. During the 1942 fiscal year, loan applications numbered 175,028, while funds permitted the making of only 8,617 loans.

More than 1,800 counties or parishes have been designated as farm-ownership counties, comprising the bulk of agricultural counties in the Nation.

Resettlement Projects

These developments highlighted Farm Security's resettlement program during the 1941-42 fiscal year: (1) By June 30 negotiations were nearing completion for the transfer of 42 nonfarm projects which have been under FSA management, to the newly established National Housing Agency; (2) the sale of project farmsteads to the farmers who have been renting them was accelerated as more of these operators demonstrated ability to assume ownership of their units; (3) families on the 152 FSA farm projects were making substantial increases in food and fibre production.

Included in the transfer of projects to the National Housing Agency under terms of Executive Order 9070 of February 24, 1942, were the three suburban Greenbelt towns (Greenbelt, Maryland, near Washington, D. C.; Greenhills, near Cincinnati, Ohio, and Greendale, near Milwaukee, Wisconsin) established by the Resettlement Administration as experiments in housing for families of modest income, and new patterns in community living. The rest of the projects involved in the transfer were the subsistence homesteads which had been started by other agencies and turned over

to FSA for management.^{1/} Residents of subsistence homesteads have been families who depend for their employment upon various trades or industries, on the projects or in nearby cities and towns. Living on the projects has given them the opportunity to supplement their incomes and raise their standards of living by producing much of their own food.

1/
Projects Transferred to National Housing Agency

Alabama

Cahaba
Palmerdale Homesteads
Mount Olive Homesteads
Greenwood Homesteads
Bankhead Farms
Tuskegee Homesteads

Arizona

Pheonix Homesteads
Baxter and Glendale Tracts
of Arizona Part-Time Farms

California

San Fernando Homesteads
El Monte Homesteads

Colorado

Denver Homesteads

Illinois

Lake County Homesteads

Indiana

Decatur Homesteads

Iowa

Granger Homesteads

Maryland

Greenbelt

Michigan

Ironwood Homesteads

Minnesota

Austin Homesteads
Duluth Homesteads

Mississippi

McComb Homesteads
Magnolia Homesteads

Mississippi (Cont'd)

Hattiesburg Homesteads
Tupelo Suburban Gardens

New Jersey

Jersey Homesteads

New York

Monroe County Homesteads

Ohio

Greenhills
Mahoning Gardens

Pennsylvania

Westmoreland Homesteads

South Carolina

Greenville Homesteads
LaFrance Homesteads
Saluda Gardens

Tennessee

Cumberland Homesteads

Texas

Beauxart Gardens
Dalworthington Gardens
Houston Gardens
Three Rivers Gardens
Wichita Gardens

Virginia

Aberdeen Gardens

Washington

Longview Homesteads

West Virginia

Red House Farms
Arthurdale
Tygart Valley

Wisconsin

Greendale

Farm Security will continue to supervise the cooperative associations existing on transferred projects, until June 30, 1943. Farm and home management assistance will continue on those projects where it has been provided in the past, and the farm and home management supervisors continue as FSA employees. FSA also will continue to service loans that have been made to project occupants, and occupants may still apply for and receive loans if they meet eligibility requirements.

FSA's farming projects, established to provide an opportunity for low-income farm families to leave poor land and make a new start on good land under more favorable operating conditions, are of two kinds. One kind is the Rural Communities, consisting of a number of farm homes grouped together around a school, a store, and sometimes other community facilities. In several of these communities, where large-scale types of operation are most efficient, cooperative associations carry on commercial-type farming. In most of them, however, each family farm is a sufficient unit in itself, but the families derive the benefits of living in a well-knit community. The other kind of resettlement farm project is the Scattered Farmsteads, in which the individual farms are integrated into a general farm area which has schools, stores and other facilities. In most cases, the Government built homes, barns and other outbuildings and in other cases merely repaired buildings and fences already on the land, arranged for the relocated family to buy or rent the farm on reasonable terms, and provided advice on sound farming practices.

Greater production of food and fiber essential to the war effort is being accomplished on all the farm projects. A survey made of four Texas rural communities shows increases in soybeans of 364 percent and in peanuts of 195 percent over the amounts produced last year. Proportionate increases in the production of beef, pork, milk and eggs on projects have been reported this year; and in those areas where projects are situated near Army camps the project farmers are supplying milk and eggs and other food commodities to the camps. The projects also are helping to relieve the sugar scarcity by increasing acreage in sugar beets and sorghum, and experimenting with bee raising. There are 42 sorghum mills on projects, with 61 additional sorghum mills available to project families.

There are 10,072 family units, comprising 925,292 acres in the FSA farm projects. These figures include 387 units in the Virgin Islands transferred to the Farm Security Administration

by the Department of the Interior by Act of Congress during the 1942 fiscal year. Altogether, 3,125 family units have already been sold to the residents. It is anticipated that 75% of these project units will be sold to farm operators before the end of the fiscal year, 1944.

Wheeler-Case Program

A significant part of the Farm Security Administration's activities in the 17 Western States is its participation in the Wheeler-Case reclamation program. Carrying out the basic policies formulated in 1938 by the Great Plains Committee of the National Resources Planning Board, the development and stabilization of water resources are providing new opportunities for the permanent resettlement and rehabilitation of farm families on land that is untillable without irrigation.

Under this irrigation program, the FSA is responsible for land acquisition, land development and settlement of families on the land. The Department of the Interior is responsible for constructing the necessary irrigation facilities, and other Federal agencies contribute labor and material for the development of the projects.

During the first two years, a total of 12 projects had been approved, and an expanding program of employment and resource development was under way. Just prior to the entrance of the United States into the war, an additional 43 projects had been investigated as to their agricultural and economic feasibility. Since Pearl Harbor, however, investigations for new projects have been based on whether or not the land was capable of producing Food for Freedom, and on the speed with which the land could be brought into production. The wartime program for approved projects is being determined on an individual project basis. Projects involving major construction and not yet under way, have been postponed for the war period. Projects under construction are being rushed to completion, with the substitution of noncritical materials, such as treated wood irrigation control structures for the reinforced concrete type. The housing program has also been curtailed.

Completion of the approved projects will provide irrigated farms for about 1,200 relocated families, and will contribute to the rehabilitation of a great many additional families living on adjacent dry land. The eight projects now under construction,

involving more than 103,000 acres of irrigable land, are important for increased food production. For instance, it is estimated that production of pork can be increased by 1,384,000 pounds; beef by 156,500 pounds; tomatoes by 52,500 bushels; and soybeans by 12,400 bushels.

Farm Labor Supply Centers

Seasonal agricultural labor, without which thousands of farmers throughout the United States cannot harvest their crops, is fast becoming one of the Nation's serious problems. War industries and the armed forces have tapped this heretofore surplus supply of manpower, and lack of transportation has checked its movement, so that serious loss of farm crops is threatened unless the most efficient use is made of the remaining labor supply available for work on the farms.

FSA county supervisors have canvassed their borrowers to determine what unused manpower they can spare for labor on larger neighborhood farms in the peak harvest seasons. The supervisors have worked in cooperation with the Farm Placement Bureau of the United States Employment Service, and with the County USDA War Boards, in attempting to make all the labor possible available to farmers who need workers to plant, tend and harvest the increased crops that must be produced.

It is in the areas where the Farm Security farm labor supply centers are operating that the most complete utilization of the available man-hours of farm labor is taking place. While these centers were established in a time of labor surplus to provide adequate housing, health and community facilities for the migrants, their role in a time of labor shortage has become increasingly apparent.

Adequate housing is a very important factor in making labor available to the grower. Many farmers have found that laborers cannot be induced to come into areas where housing facilities are deficient. To meet this emergency need, the Farm Security Administration has put emphasis in 1941-42 on the establishment of more of the mobile-type labor supply centers (often called camps), which can be moved easily and quickly to areas where they are needed when they are needed. Their schedules are adjusted to local conditions. Thus, in areas where war industry plants have

sprung up, tapping all available local labor, mobile camps with men and women brought from other areas have met the emergency, supplying the farmers with the workers needed.

A cooperative agreement has been reached with the U. S. Employment Service so that there is now stationed at each labor camp, a Farm Placement Supervisor of the U. S. Employment Service, who is responsible for receiving orders for workers and for the selection and referral of all workers from the center. By this arrangement a proper rationing of labor is accomplished, hoarding and pirating of workers is held to a minimum, and the greatest production with available labor supply results. This necessary rationing can be carried on in an efficient manner only from labor supply centers, and not when workers are scattered haphazardly over an area.

Seasonal farm workers using the centers as residences and headquarters as they follow the crops are more readily available for work than those who do not contact either the centers or the Employment Service. The latter often spend more time looking for jobs than they do working in the rapidly changing labor demand in harvest areas. As they are set up, the centers serve both employees and employers in the most efficient way possible.

There were 37 farm labor supply centers, which supply additional housing for 5366 families, constructed and put into operation during the fiscal year 1941-42. Of these, 27 are mobile, 7 are standard, and 3 are the light construction type, providing additional housing for 5,366 families. Eighteen States are now being served by 95 farm labor supply centers, which can house 19,432 families at any one time. Arkansas, Colorado, North Carolina, Virginia, Maryland, Delaware, New Jersey, New York, and Connecticut have labor centers for the first time.

The light construction farm labor supply center is designed to meet the needs of areas having a three to six months' harvest season, but where it is not feasible to maintain the center in operation for the entire year. The day nursery, laundry and sanitary facilities are housed in a permanent structure, as is the community center. The family shelters are similar to those provided in the mobile units and are demounted at the end of the season and stored in the community center until the camp is ready to reopen.

The Army has requisitioned the use of five standard labor shelter units this year. Two centers, completed this spring at Homestead, Florida; a labor homes project at McAllen, Texas; and the shelters at Yakima and Walla Walla, Washington, house specialized Army and Air Force training units.

National Defense Training Schools for boys and young men have been in session for the past two years on many resettlement projects and farm labor centers. Sponsored by the National Youth Administration and the U. S. Office of Education, these classes have been training FSA youth in welding, iron work, auto mechanics, radio operation, blacksmithing, and better methods of crop and livestock production. Boys in Woodlake, Texas, are also being trained as cooks for Army service. At the Twin Falls, Idaho farm labor shelter, ground classes in aviation have been sponsored by the Civil Aeronautics Authority. The results of these classes has meant some absorption of FSA young people into war industries. But more important to the future of increased food production, many young men have learned how to repair old cultivators, planters, fertilizer distributors and middle busters, previously declared unusable, so that they can be restored to much needed service.

Medical Care

In the early days of the war, it became apparent that adequate food production as well as fighting force rested on a healthy manpower. In cooperation with State and county medical societies, the Farm Security Administration has been operating group medical care programs since 1936. By enabling low-income farm families to get physicians' and dentists' services and hospital care at a price they can afford, together with better diets and improved living conditions, the FSA is helping to make strong, healthy Americans out of thousands of people who once could not have passed physical examinations.

Up to June 30, 1942, medical care plans were operating in 1,005 counties in 39 States, with a membership of 109,029 farm families, or 569,770 persons. Limited dental care was included in the services offered in 431 of these counties and was also provided in separate plans in 246 counties which had no medical care plans. Hospitalization was provided in 528 of the 1,005 counties with medical care plans and in an additional 8 counties.

Altogether, one or more of these three types of services were available in 1,074 counties in 40 States, with a total membership of 117,460 families, or 613,854 persons.

Medical care programs for seasonal workers, through agricultural health associations, have made possible healthier and more stable agricultural labor. At each labor center, local doctors hold regular clinics and are on call in case of emergency. In addition, a nurse is resident at each center. All bona fide agricultural workers may receive health services offered by the health associations, whether or not they are living in the shelters. Three mobile dental clinics were added this year to the services at labor centers in Florida and the Pacific Northwest, while local dentists serve many of the regular clinics in the other areas. During the first six months of 1942, a total of 117,053 visits to the health centers were made by 34,533 agricultural workers, or members of their families. Services included immunizations, prenatal care, preventive medicine, physical examinations and necessary treatments. A total of 9,492 others were referred directly to private physicians for care of serious ailments.

Last year a health survey was made of 2,480 FSA borrowers and their families in 21 typical counties in 17 States. A total of 11,947 men, women, and children was examined. This survey, made to gauge the general health of farm families who need FSA aid, indicated the urgency of maintaining a medical care program if rural farm families were to work efficiently and diminish the upset to family budgets through cost of emergency illnesses. Ninety-six percent of the persons examined had significant physical defects. For the group as a whole, the number of physical defects averaged $3\frac{1}{2}$ per person.

A survey was made this year in the four southern States of Alabama, Georgia, South Carolina, and Florida to find out how the sons of FSA borrowers measured up from the health standpoint against other young men called for military service. Up to December 15, 1941, a total of 36 percent of all draftees in this predominately rural region were rejected; only 23 percent of the men from Farm Security families were turned down.

With the help of the FSA, many borrowers also have made a real step forward in the elimination of insanitary living conditions. In recent years, nearly 75,000 families, for example, have built sanitary privies; 38,000 have put up screens to keep

out flies and mosquitoes; and 32,000 have safeguarded their water supplies.

Special Wartime Assignments

During 1941-42, Farm Security carried on war relocation, war housing and Japanese evacuation activities as special wartime assignments.

War Relocation:

Since May, 1940, FSA has aided in relocating farm families who have been compelled to give up their farms to make way for the construction of munitions plants, ordnance works and Army camps. During the first three months of 1942 the responsibilities of the FSA in relocating farm families displaced by war activities was clarified by the Secretary of Agriculture to the chairmen and members of the USDA War Boards. Where FSA had been compelled in earlier months of the defense effort to carry practically the whole relocation load, from original survey of families to the moving and resettling of the last one in the area, Secretary Wickard's statement apportioned out the future relationships of USDA agencies and their duties. For instance, making local surveys to determine the number of families to be relocated and the types of aid they would need, became the responsibility of the local Agricultural Planning Committee. Collection of lists of farms for rent or sale was centralized in the Extension Service. FSA's responsibility was made specifically:

"The making of loans and grants for moving expenses, subsistence, and permanent rehabilitation and relocation will, within the limits of available funds, be the responsibility of the FSA. However, in some areas, many farmers will probably not need special financial assistance in moving. They will be expected to take care of their own needs or obtain loans from private banks and regular agencies of the Farm Credit Administration. In order to simplify the financing, farmers will be encouraged to apply for loans and grants to the local office of the FSA, which agency will either handle the financing, in so far as funds permit, or refer the applicants to the appropriate agency."

Special areas were set up in 25 States where families were being displaced because of the purchase of land by the Army and Navy. Over 50 percent of the more than 17,000 displaced families needed help of some kind in solving the problem of getting adequately relocated. Classified information for farm work in the area was made available, as well as a list of farms that could be leased and other information, and assistance was provided through loans and grants as well as in the displaced families' actual dealings with farmers and others.

Loans

In States where Defense Relocation Corporations were set up, many of the displaced families were relocated on good land bought with rehabilitation loan funds loaned for this purpose. The farms upon which they were located were to be purchased by the farmers. This program was carried out in close cooperation with the Army and Navy to aid them in taking over acreage quickly and with little confusion.

On March 5, 1942, the Comptroller General ruled there was insufficient legislative authority to carry out this program with rehabilitation loan funds, and therefore no further funds were advanced for this purpose.

War Housing

FSA was designated to provide some war housing because of its experience in the construction of low-cost homes under its resettlement and farm ownership programs, and in the construction of farm labor supply centers. By June 30, 1942, 7,724 family trailers, dormitories to house 9,214 single persons, demountable houses for 966 families, and dormitory trailers for 150 single men had been provided under supervision of FSA engineers. Permanent-type homes which were assigned to FSA for construction consisted of 350 units in Virginia, 1,000 units at Greenbelt, Maryland, and 72 units in California.

Steps were being taken by the end of the fiscal year to turn these, along with other nonfarm housing projects of FSA, over to the National Housing Agency, created on February 24 by Executive Order of the President.

Japanese Evacuation:

With the attack on Pearl Harbor, the Farm Security Administration was directed by the Army to handle another war task under the Wartime Civilian Control Administration. Japanese residents of the Pacific Coast, both citizens and aliens, were removed inland to less vital areas. It became FSA's task to find citizens who would take over and keep in production the agricultural land vacated by the Japanese. With \$4,500,000 in funds allocated from the "Emergency Fund for the President" and by the Army, production loans were made for this purpose to qualified applicants who could not get operating capital from other sources. More than 700 applicants received loans.

The Japanese vacated 6,789 farms, representing 231,992 acres. The Farm Security Administration arranged for operators for these farms. By the end of June, 225,165 acres of the total involved had been transferred to citizen operators who have kept these farms in production.

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