

In dollar amounts, FHA loaned \$3,034,960 to Negroes in all FHA programs in 1966 and 1967; of this amount \$1,958,840 was in the operating and economic opportunity loan programs. This means that 64 percent of the money loaned to Negro farmers went for subsistence or marginal developments purposes rather than for growth and capital improvements. Most of the money loaned to whites was concentrated in rural housing and farm ownership loans, and thus were for growth and development.

NUMBER AND TOTAL AMOUNT OF FHA LOANS, 16 ALABAMA BLACK BELT COUNTIES, FISCAL YEARS 1966 AND 1967

	White		Black	
	Number	Amount	Number	Amount
Operating.....	306	\$1,208,220	1,226	\$1,493,700
Farmownership.....	71	950,832	53	359,380
Rural housing.....	184	1,730,300	155	664,590
Economic opportunity.....	26	43,840	339	465,140
Emergency.....	9	41,660	102	52,150
Total.....	616	3,974,852	1,875	3,034,960

The size of a loan, in part, is related to the ability of the borrower to repay the loan and those borrowers with larger operations, proportionately more of whom are white, are more likely to be able to repay larger loans. As State FHA Director Bamberg explained, "some people have more resources to borrow more money than others . . . it goes back to this, in many cases our nigger [sic] population has small acreage. . . . Well, there is a tremendous difference [between] what we would loan to a man who has 170 acres and one who had 2 or 12."⁹

The Commission heard testimony that to borrow money, a farmer needs security, a history of crop production and some means of repaying the loan. Many of the black farmers were unable to meet these conditions.

Calvin Orsborn, business manager of the Southwest Alabama Farmers Cooperative Association, a predominantly black farmers cooperative, testified:

A large segment of our people don't either have one of these basic requirements. . . . most of these fellows have worked 30 or 40 years in a plantation type setup. All of the production that they made, everything that they did for 30 or 40 years, the credit did not go to him, the credit went to the plantation, which means when this fellow is put off of this place or when he decides to move he has no history. He can show no basic method of repaying this loan and he has no security nine times out of ten.

One result is that black farmers must seek credit from furnishing merchants who have done business with them for many years instead of going to banks or the Farmers Home Administration. L. R. Haigler, a white furnishing merchant who does business in Lowndes County, was asked why black farmers came to him rather than to banks for financing, despite the fact that his interest rates were higher. He answered:

Well, just been doing business with us so long. I reckon that would be the answer. We have been in business down there—my father did this business and my grandfather did it. So I just imagine that's the reason . . . The banks don't—wouldn't go out on a limb like I would, naturally, because they don't know too much the history of these people like we do, see.

Rural Housing Loans

The Commission heard testimony that the need for housing for blacks in rural areas of Alabama is "grave." More than 90 percent of the rural housing

⁹ Mr. Bamberg—the person responsible for administering Farmers Home Administration programs in Alabama—also operates a 4,000 acre farm in Perry County. He rents on a share basis to about 25 black farm families, advances them seed, fertilizer, cash for rations and charges six percent interest on balances through September 1 of each year. As State Director of the Farmers Home Administration he is responsible for administering loan programs that provide funds for purposes similar to those for which he lends money to his tenants and for which the Government charges five percent interest. Asked whether this practice was inconsistent with his responsibility for administering programs designed to lift tenant farmers out of the debt cycle Mr. Bamberg stated that he runs his office by the rules and his farm to make the most money for his family. He also volunteered to the Commission: "The 'human kingdom' is just like the 'animal kingdom'. The strong take it away from the weak, and the smart take it away from the strong."