They mortgage their crops or survive on credit obtained from store owners or casual employers. The lack of cash income forces blacks to depend upon those who will extend them credit and who are willing to carry them through hard times. For example, black farmers are significant in the farm economy almost entirely as a source of economic exploitation by white landowners furnishing merchants and others.

A Dallas County plantation owner explained the system to us. He owns 10,000 acres, he rents portions of the land to about 40 black families. He advances them seed, fertilizer, insecticides, cash and charged 8 percent interest. Part of the deal requires the tenant to gin his cotton at the plantation owner's gin and to purchase food at his store. This system denies the tenant cash and creates dependence.

If the black tenant decides to leave the plantation and farm on his own he finds that he can get no credit because his credit rating is based on his production history and that has been attributed to the plantation on which he worked—not to him. With no production history, the black farmer is forced to seek credit from landowners and furnishing merchants instead of borrowing from commercial banks or the Farmers Home Administration.

Farmers caught in this financial trap never break free of debt. We have obtained records of individual debts as high as $16,000 in accrued interest and principal. The income of such a farmer often is less than $1,500 a year.

The total economic dependence of black people is not confined to the agricultural sector of the economy. Even when family income is from nonfarm employment, extensive underemployment and seasonal employment requires that families seek credit from others in order to survive. The Commission heard testimony about Bellamy, Alabama, a company town owned by the American Can Company and the site of one of their large sawmill operations. Frank Fenderson, an employee, who lives at Bellamy, testified that his total take home pay for two weeks' work, after deductions for taxes, rent and debts owed to the company store, was five dollars.

In this situation the test of effectiveness of government programs is whether they enable people to escape from their condition of economic dependence. Too often programs do not accomplish this objective.

The simple requirement of cash payments every month under the Federal Food Stamp Program is an obstacle to participation by those who are in greatest need—even when the cash payment is reduced to 50 cents per person.

The Government has programs under the Farmers Home Administration to assist farmers who cannot obtain credit from normal sources. But the majority of black people are too poor to be eligible for FHA loan programs. Their earnings are meager and they have nothing to mortgage or commit to the moneylending agency.

The result therefore is that when government programs fail to reach people they remain dependent upon their old masters—the plantation owner, the furnishing merchant, the boss-man.

Some government programs also substitute their own form of dependency for the existing system.

Welfare rules under federally supported programs permit local officials to exercise vast discretion in dispensing funds and to make decisions based on orbitrary judgments of moral character rather than on need.

Loan programs to self-help cooperatives are encumbered with burdensome restrictions. For example, the Southwest Alabama Farmers Cooperative Association is trying to break the cycle of economic dependence for black farmers by establishing a marketing cooperative for vegetables. But SWAFCA has run into an unsympathetic Farmers Home Administration which insists on imposing restrictions and conditions to a loan which, in the words of its president "would simply destroy the whole philosophy behind the co-op . . . that individuals will learn and do for themselves." The supervision of the SWAFCA loan would be in the hands of the State FHA Director. Mr. Robert C. Bamberg, the owner of a large plantation who made abundantly clear at the hearing his low opinion of the abilities of Negro farmers.

Government Programs and the Cycle of Poverty

In this setting of dependency, one can examine each critical point at which government might intervene to provide people with a change for a decent and productive life and find that it is failing.