Plight of Black Farmers in the Context of USDA Farm Loan Programs: A Research Agenda for the Future

Shakara S. Tyler  
*Michigan State University*, tylersh1@msu.edu

Eddie A. Moore  
*Michigan State University*, mooreee@anr.msu.edu

Follow this and additional works at: https://tuspubs.tuskegee.edu/pawj

Part of the Agricultural and Resource Economics Commons, Agriculture Commons, and the Civil Rights and Discrimination Commons

**Recommended Citation**


This Article is brought to you for free and open access by Tuskegee Scholarly Publications. It has been accepted for inclusion in Professional Agricultural Workers Journal by an authorized editor of Tuskegee Scholarly Publications. For more information, please contact k craig@tuskegee.edu.
PLIGHT OF BLACK FARMERS IN THE CONTEXT OF USDA FARM LOAN PROGRAMS: A RESEARCH AGENDA FOR THE FUTURE

Shakara S. Tyler\textsuperscript{1} and Eddie A. Moore\textsuperscript{1}  
\textsuperscript{1}Michigan State University, East Lansing, MI  
*Email of lead author: tylersh1@msu.edu

Abstract
Black farmers remain an underdeveloped topic in academic literature. This historical study used a historical research methodology to assess the plight of Black farmers in the context of United States Department of Agriculture (USDA) farm loan programs and offered an array of future research recommendations. We investigated the severity of the plight of Black farmers in the context of USDA farm loan programs with an emphasis on effective and responsive leadership in relation to four elements: 1) legislative initiatives, 2) policy initiatives, 3) USDA structure and delivery systems, and the 4) Pigford v. Glickman class action and consent decree. We identified research and development recommendations for the future, such as interviews to determine the perceptions of Black farmers pertaining to the current accessibility of USDA loans. This research agenda may better assist both scholars and advocates in supporting the steady rise of Black farmers in the U.S.

Keywords: USDA, Civil Rights, Black Farmers

Introduction
American agriculture was built upon the backs of Africans who were enslaved upon American soil (Hinson and Robinson, 2008). In 1862, an Act to Establish a Department of Agriculture was signed into law, with the basic mission “to acquire and diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of the word” (USDA National Agricultural Library, n.d., p.1). President Lincoln envisioned the USDA as “the people’s department” (USDA National Agricultural Library, n.d., p.1). Despite the founding vision, the “Department itself has recognized that there has always been an inconsistency between what President Lincoln envisioned as “the people’s department,” serving all of the people, and the widespread belief that the Department is “the last plantation” (Civil Rights Action Team, 1997; Hinson and Robinson, 2008).

The number of Black farm operators peaked in 1920 at 925,710 and declined substantially to 30,599 in 2007. Table 1 displays the overall loss of Black and white farm operators, which were 96.6\% and 61.5\%, respectively. The number of Black farm acres owned in 1910 at 16 million declined in 2007 to 3.2 million. Table 2 displays an overall land loss of 80\% among Black farm operators compared to 3.8\% of land gain by white farmers.
Table 1. Number of Principal Black and White Farm Operators in the U.S., 1920-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>African American</th>
<th>%</th>
<th>White</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>925,710</td>
<td>-95%</td>
<td>5,498,454</td>
<td>-59%</td>
</tr>
<tr>
<td>1974</td>
<td>45,594</td>
<td>-50%</td>
<td>2,254,642</td>
<td>-9%</td>
</tr>
<tr>
<td>1987</td>
<td>22,954</td>
<td>-21%</td>
<td>2,043,119</td>
<td>-8.7%</td>
</tr>
<tr>
<td>1997</td>
<td>18,000</td>
<td>+16%</td>
<td>1,864,201</td>
<td>+13.4%</td>
</tr>
<tr>
<td>2007</td>
<td>30,599</td>
<td></td>
<td>2,114,325</td>
<td></td>
</tr>
</tbody>
</table>

Overall percentage loss
Between 1920-2007 -96.6% -61.5%


Table 2. Number of Farm Acres Owned by Black and White Farm Operators in the U.S., 1910-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>African American</th>
<th>%</th>
<th>White</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>16 million</td>
<td>-74%</td>
<td>832 million</td>
<td>+15.5%</td>
</tr>
<tr>
<td>1978</td>
<td>4.2 million</td>
<td>-45%</td>
<td>961 million</td>
<td>-9.2%</td>
</tr>
<tr>
<td>1999</td>
<td>2.3 million</td>
<td>+34%</td>
<td>837 million</td>
<td>-1%</td>
</tr>
<tr>
<td>2007</td>
<td>3.2 million</td>
<td></td>
<td>864 million</td>
<td></td>
</tr>
</tbody>
</table>

Overall percentage loss
Between 1910-2007 -80% +3.8%


Black farmland loss can be attributed to a combination of macro- and micro-factors including: non-participation in farm programs (Gilbert et al., 2002), the dominating growth of agribusiness (Pilgeram, 2012; Tajik and Minkler, 2007), and systematic discrimination in the USDA (Farquhar and Wing, 2008; Gilbert et al., 2002; Tajik and Minkler, 2007). Other causes such as mortgage payments and foreclosures, farm taxes, forced sales due to economic and personal reasons, natural disasters, low commodity prices, lack of interest in farming by new generations, career opportunities in other disciplines, and culturally negative opinions about farming are all contributive factors to Black land loss.
The purpose of this historical study was to assess the plight of Black farmers in the context of USDA farm loans programs and develop a future research agenda. The research objectives aim to: (1) conduct a review of literature and research on the topic; (2) investigate the severity of the plight of Black farmers in the context of USDA farm loan programs with an emphasis on legislative initiatives, policy initiatives, USDA structure and delivery systems, Pigford v. Glickman class action and consent decree; and (3) identify future research and development recommendations.

This study is important because it provides researchers and practitioners with both a historical perspective and a futuristic research agenda for assisting society in addressing one of its most challenging issues, the plight of Black farmers. According to Zabawa (1991), Black landowners possess limited access to land due to a long history of interaction with a dominant White discriminatory society. Within this context of historical discrimination, this study identified some of the most critical elements in society that have affected Black farmers and offer a number of research and development recommendations that are responsive in nature and have potential for assisting the USDA and other entities such as public, private, and non-profit institutions in rectifying issues that have adversely affected the lives and communities of Black farmers for many generations.

In designing this study, the researchers recognize that policies, programs, and personnel have adversely affected other underrepresented groups and individuals in society. The potential effects of other factors not related to USDA farm loan programs on the lives and communities of Black farmers over the years are also recognized. However, this study is purposefully limited to the plight of Black farmers in the context of USDA farm loan programs with the development of research as its focus. Given the adverse history regarding Black farmers and the USDA, assessing this topic from a historical perspective is a necessary step in constructing a current research discourse that can assist with the recovery and development of Black farmers in the U.S.

Methodology

Ary et al. (1990, p. 453) stated:

Historical research is the attempt to establish facts and arrive at conclusions concerning the past. The historian systematically and objectively locates, evaluates, and interprets evidence from which we can learn about the past. Based on the evidence gathered, conclusions are drawn regarding the past so as to increase our knowledge of how and why past events occurred and the process by which the past became the present. The hoped-for result is increased understanding of the past and a more rational basis for making choices.

Results

Legislative Initiatives

A plethora of farm loan legislation enacted over the years has contributed to both the rapid decline in the number of Black farm acres (1910-2006) and slow rise in the number of Black farm operators (2007-present). The Morrill Act of 1890 assisted Black extension agents in providing technical and financial support to Black farmers. “Negro agents” encouraged a system of self-sufficiency and habitually advised Black farmers against taking loans to break the crop lien system (Reid, 2007). Browne (2003) contended the destruction of Black agriculture was in large part the work of “American governing institutions and the politics of
institution building.” For example, New Deal programs institutionalized commodity price support programs, which contributed to the concentration of land ownership and reduced opportunities for Black farmers. The programs were clearly run by and for relatively rich landowners and commercial farmers, most of whom were not Black farmers (Fite, 1984).

The Bankhead-Jones Farm Tenant Act of 1937 authorized the government to make long-term, low-interest loans to tenant farmers for the purchase of land and equipment. Although the legislation intended to assist tenant farmers, it never realized its potential because so few loans reached needy Black tenants (Reid, 2007). The importance of this legislation was reflected in the availability of low-interest credit options for Black tenants who made up at least three-quarters of all Black producers at the time (Browne, 2003). Without the advantage of federal loans, Black tenants became dependent on landlords or merchants for credit (Reid, 2007).

In this context, the Farm Service Agency (FSA), originally the Farmer’s Home Administration (FmHA) became the lender of last resort when farmers did not qualify for assistance from commercial lending institutions (Escalante et al., 2006; Hinson and Robinson, 2008; Miller, 1987; Pigford v. Glickman, 1999). FmHA was equipped to provide low interest rates for the purchase, lease, and improvement of farms by ‘socially disadvantaged individuals’ (defined as ethnic minority farmers and white women in recent years) who lack sufficient or reasonable credit from other sources. During the first two years that the Bankhead-Jones Farm Tenant Act was in operation, only 987 loans were made to Black farm tenants (USDA, 1940). As time progressed, FmHA continued to underserve Black farmers throughout various regions. In 1979, North Carolina Black farmers only received 28.7% of FmHA loans awarded (U.S. Commission on Civil Rights, 1982). On a national scale, FmHA farm loan programs obligated almost $7 billion during FY 1981. During this year, Black farmers received 5.1% of the total number of FmHA farm loans and only 2.5% of the total dollar amount (U.S. Commission on Civil Rights, 1982).

Various scholars (Gilbert et al., 2001; Reid, 2007) contended that civil rights legislation failed to address Black farmers’ needs as it did the needs of other farmers, mainly white farmers. While the Black farm population continued to suffer from the ironic and unintended mistreatment after the Civil Rights Act, President Johnson signed the Economic Opportunity Act of 1964. Nelson (1978) argued that Title III of the Economic Opportunity Act (EOA) of 1964, which provided financial assistance to poor farmers in the form of loans rather than grants, has had little effect in helping poor farmers improve their farms. In agreement, Fite (1984) suggested the Act provide grants to low-income rural families to improve their farming operations. Ten years later, after EOA 1964, the Equal Credit Opportunity Act of 1974 (ECOA) stated: “no person in the United States shall, on the ground of race, color, or national origin, be prohibited from participating in, be denied benefits of, or be subjected to discrimination under any program or activity of an applicant or recipient receiving Federal financial assistance from the Department of Agriculture.” So although, Congress revised the Act, it still contained no provision for grants to poor farmers. Based on the filing of the Pigford v. Glickman class action lawsuit, the ECOA failed to adequately serve Black farmers.

Both the 1990 Minority Farmers Rights Act and Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act) (Public Law 101-624) were underfunded. Due to reasons unknown to the researchers, the former authorized the distribution of $10 million in technical assistance to minority farmers, but actually delivered only $2/3 million and as of 2002 was in danger of being defunded (Hinson and Robinson, 2008). The latter was a
critical component of the USDA's civil rights initiative and overall outreach and technical assistance to small and underserved farmers. The program directed resources to organizations and educational institutions with the demonstrated experience and ability to reach and assist Black farmers.

By the late twentieth century, legislation began to focus on righting the wrongs of the USDA discrimination practices toward minority farmers. The Agriculture Reorganization Act of 1994 abolished the FmHA by “striking Section 332 and Section 333 of the Consolidated Farm and Rural Development Act (CONACT)” (USDA FSA, 2006). All functions and authorities once delegated to FmHA were canceled by this legislative action. Since the FmHA was considered to be the agency of “last resort” at the time (Reid, 2007), denying loans to unstable Black farms exacerbated their already blighted circumstances.

Beginning with the Clinton administration, some legislative initiatives began to work in Black farms’ favor. Congress passed a measure in the FY 1999 omnibus funding law that waived the statute of limitations on civil rights cases for complaints made against the USDA (Cowan and Feder, 2012). This resulted in a new class certification for farmers who “farmed, or attempted to farm” between January 1, 1981 and December 31, 1996 and filed a discrimination complaint on or before July 1, 1997 (Pigford v. Glickman, 1999). A progressive step was taken when Section 10707 of P.L. 107-171 (2002 farm bill) mandated that the USDA carry out an outreach and technical assistance program to assist “socially disadvantaged farmers” in owning farms and participating in USDA programs. Section 10708 mandated governing the composition of county, area, or local committees to encourage greater representation of minority and women farmers (Cowan and Feder, 2012).

The 2008 farm bill provided financial support to socially disadvantaged farmers and ranchers by mandating the creation of the USDA Office of Advocacy and Outreach to ensure equity in provision of services and providing restitution for plaintiff farmers in the Pigford case (USDA Office of Communication, 2010). The Pigford Claims Remedy Act of 2007 (H.R. 899; S.515) and the African-American Farmers Benefit Act of 2007 (H.R. 558) were introduced to provide relief to many of the Pigford claimants whose petitions were unfairly denied. These legislative provisions were included in the 2008 Farm Bill, providing up to $100 million for potential settlement costs (Cowan and Feder, 2012).

Policy Initiatives
Starting with the New Deal era, programs were created to stabilize a U.S. economy in risky economic and political times of the Great Depression that allowed farmers to borrow money, obtain better commodity prices, improve land, and increase their income (Hinson and Robinson, 2008). In spite of the emergence of government programs, Black farmers remained marginalized from other farmers in their class, namely white farmers. Hinson and Robinson (2008) contended Black farmers and landowners needed more effective government programs in all areas, especially credit and technical assistance, especially during the pre-Civil Rights Movement period when they were not aware of many federal programs. In 1997, the Civil Rights Action Team (CRAT) provided 92 recommendations; the 28th recommendation suggested the agency develop a national registry of minority farmers and landholdings. The intent of the registry was to act as an important source of information to conduct outreach and support services to traditionally underserved farmers nationwide.

The U.S. Commission on Civil Rights (1982) reported discriminatory practices by some FmHA personnel, and failure by the rest of the agency to act in halting the farmland loss
among Black farmers. The Congressional Committee on Government Operations in 1990 identified the FmHA as one of the key causes of drastic decline in farm ownership by Blacks. Black farmers only received 1% of all farm ownership loans, 2.5% of all farm operating loans, and 1% of all water conservation loans (U.S. Commission on Civil Rights, 1982). On average, it took three times as long to process loan applications by Black farmers compared to white farmers (Pigford v. Glickman, 1999). These actions were in direct violation of the basic elements outlined in the Due Process Clause of the Fifth Amendment – “adequate and sufficient notice of rights and obligations, objective eligibility criteria, meaningful procedural protections in the form of a standardized application process, a review process which permits a borrower or applicant for federal assistance to appeal adverse decisions” (Miller, 1987, p. 593).

In addition, the U.S. Commission on Civil Rights released “The Decline of Black Farming in America” in 1982 revealing the FmHA failed to focus enough attention in addressing the crisis facing Black farmers, and found indications that the agency may be involved in the kind of racial discrimination it should be seeking to correct. Racial discrimination in USDA farm loan programs occurred for decades without policy intervention. The plight of Black farmers not only went unrecognized by the agricultural institution that was expected to assist the population, but also by Congress. It was not until the court issued its Pigford 1999 judgment that civil rights interests appeared to finally secure a place in the agricultural policy domain (Worsham and Stores, 2012).

**USDA Structure and Delivery Systems**

USDA organizational structures have undergone numerous revisions. The decentralization of the bureaucracy of the Department severely disadvantaged Black farmers (Hinson and Robinson, 2008). In a 1998 Washington Post article, detailing the internal investigation of USDA employees conducted by Dan Glickman, the former USDA Secretary of Agriculture, “the USDA was described as an agency with rural roots and what some critics called a deeply entrenched good ol’ boy network” (Fletcher, 1998, p. 1).

In the listening forums conducted by the CRAT Team, minority farmers described a pattern of discriminatory behavior, including approved loans arriving long after the planting season, arbitrary reductions in loans amounts, and much higher rejection rate for minority loan applicants than whites (Gilbert et al., 2001). According to the CRAT report (1997), the USDA was accused of ignoring research that would help small-scale and limited-resource farmers; it was also accused of failing to include minority populations in outreach efforts to raise awareness of federal programs.

While Black farm tenants and Black farm owners attended and oftentimes voted at committee meetings, the supervisor and the committee functioned to maintain the prejudices that characterized the status quo with no oversight from Washington, D.C. Also, applications and grievances were heard at the local level, where needs of Black farmers were rarely represented (Hinson and Robinson, 2008). There was minimum accountability within the USDA (Gilbert et al., 2001; CRAT, 1997); the CRAT report revealed non-federal employees were paid with federal dollars. Gilbert et al. (2001) further asserted that racism contributed greatly to low participation rates in government programs meant to assist small and socially disadvantaged farmers; this was because most of the programs were implemented by local committees on which Black farmers were not represented, even in majority Black-counties.

In an effort to correct the devolution of power, the Consolidated Farm and Rural Development Act (CONACT) (1982; 1983) removed the locally elected county committee
from the FmHA loan council where local decisions were made regarding the government’s farm loan programs. The FmHA and the Agricultural Stabilization and Conservation Service (ASCS) were combined to form the Farm Service Agency (FSA) through reorganization under the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994.

**Pigford v. Glickman Class Action**

Under the Equal Credit Opportunity Act, three Black farmers representing a putative class of 641 Black farmers filed a class action suit against the USDA for discrimination in farm loan programs (Pigford v. Glickman, 1999). The farmers claimed they were denied USDA farm loans or forced to wait longer for loan approval than were non-minority farmers. The basis of the class action was: 1) failing to investigate the discrimination complaints, 2) failing to approve eligible Black farmer loan applications, and 3) failing to approve loans on time. The Reagan Administration eliminated the USDA’s Office of Civil Rights in 1983, “effectively denying Black farmers any recourse for claims of discrimination from 1983 to 1996;” however, the Office was reestablished in 1997 (Environmental Working Group, 2006; Pigford v. Glickman, 1999). In fact, when Judge Paul L. Friedman approved the settlement, it was seen as a first step in delivering justice. He wrote:

> It is difficult to resist the impulse to try to undo all the broken promises and years of discrimination that have led to the precipitous decline in the number of Black farms in the United States…. class action lawsuit that will not undo all that has been done… the Court finds that the settlement is a fair resolution of the claims brought in this case and a good first step towards assuring that the kind of discrimination that has been visited on Black farmers since Reconstruction will not continue into the next century.

However, the USDA still obstructed justice by deliberately undermining the terms of a 1999 landmark civil rights settlement with Black farmers (Environmental Working Group, 2006). One major problem with the Consent Decree was that while it compensated some farmers, it did not address the need for changes in the USDA’s approach to civil rights allowing the bureaucracy to still discriminate against Black farmers (Ellis, 2008). Thirteen years after the settlement, some farmers are still waiting to receive their payments. The delay is partly due to the filing of Pigford II claims endorsed by the Claims Resolution Act of 2010 (H.R. 4783) providing an additional $1.15 billion in funding for successful claimants (Cowan and Feder, 2012). The agency’s resistance to pay claims, as noted by the Environmental Working Group, may also be a reason as to why some farmers have not received restitution more than a decade after the settlement. The USDA aggressively fought claims using “hard-nosed tactics” by spending 56,000 staff hours and $12 million contesting individual farmer claims, in what was supposed to be an easy settlement process (Environmental Working Group, 2006). In light of the historically unjust treatment imposed by the agency on Black farmers, numerous research foci are necessary to develop a holistic understanding of the plight of Black farmers in the context of USDA farm loan programs.
Discussion

The plight of Black farmers is substantially underdeveloped in research literature. Hence, the plight of this population is possibly underestimated and misunderstood. Most government reports, studies, and books illuminate discriminatory policies and “racial minority lending” as an underlying cause of the rapid decline of Black farm ownership. Majority of the literature suggests unfair lending practices that put Black farmers at a disadvantage. As an equal opportunity provider and employer, the USDA has attempted to operate according to a civil rights statement. The non-discrimination clause printed on many USDA documents (USDA, 2005), for example, states:

“The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual’s income is derived from any public assistance.”

In light of proven institutional racism, the USDA failed to abide by their dictum.

Effective and responsive leadership of various political leaders or the lack thereof is visible throughout the legislative, policy, structure and delivery system of the USDA, and the Pigford class action and consent decree discussed in this paper. President Clinton waived the statute of limitations allowing more farmers to apply for class entrance into the lawsuit. Secretary of Agriculture Dan Glickman charged the Civil Rights Action Team to discern the discriminatory loan problem against Black farmers. President Clinton’s predecessors failed to deal with problems plaguing Black farmers effectively. For example, President Reagan dismantled the USDA Office of Civil Rights during a crucial period of USDA discrimination.

Furthermore, lack of congressional appropriations, lack of sustaining policy relief from Congress, and lack of USDA outreach are all examples of how effective and responsive leadership failed to address issues. Currently, political leaders are not taking the necessary steps to redress prevalent issues plaguing Black farmers. More than a decade after the USDA settlement, full restitution has not been paid to all claimants. The Obama administration has fought to provide economic relief by getting Congress to pass federal legislation in the amount of $1.15 billion specifically to address decades of discrimination by USDA employees. Unfortunately, this amount of money has not been appropriated for a variety of reasons and challenges.

Future Research Agenda

In an attempt to develop a holistic research focus that accounts for historical injustices in the current landscape, we briefly provide an array of broad recommendations for future research that can be adopted and restructured, if necessary to fit disciplinary and inter-disciplinary research designs. These questions are meant to be baseline probes for multi-disciplinary research utilizing a variety of research methods, approaches, and analytical frameworks.

1) From the Black farmer perspective, how accessible are USDA loans now as the agency claims to be in a new era of civil rights?
2) As a result of contentious past experiences with USDA farm loan programs, how do Black farmers make decisions about acquiring farm loans from various creditors (government, private, and non-profit)?

3) In light of federal legislation designed to provide relief for Black farmers, what additional legislative initiatives and polices are needed in the short-term and long-term to provide relief for Black farmers?

4) What are the attitudes of USDA federal, state, and local employees relative to implementing USDA farm loan programs to Black farmers?

5) Prior to, during, and after the settlement of the Pigford v. Glickman suit, how has this landmark case affected the quality of life of Black farmers, their families and communities?

6) What local and state governance structure models can best allocate farm loan funds to Black farmer populations?

7) What are tangible strategies that could assist Black farmers in not only surviving, but also thriving in the farm credit market?

Conclusion

Evidence from available literature and other sources point to institutional discrimination against Black farmers, but with some recent attempts to fix it. This brief research agenda may better assist rural development studies to embrace topics related to the Black farmer population in the U.S. These recommendations may also be applied to other underserved farmers, defined as “socially disadvantaged farmers” by the USDA. Women, Hispanic, Native American, Asian, and Native Hawaiian farmers deserve attention, as well. In fact, women, Hispanic, and Native American farmers also have pending class action lawsuits against the USDA for discrimination in farm loan programs. With a holistic lens accounting for historical relevancy, research efforts may better assist the rightful recovery and development of Black farmers to once again reclaim their seminal impact on American agriculture, but this time through Black farm ownership and operation. Thus, a plighted history becomes a promising presence.

References


