

States of the Union

SELLING THE LAND

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“THE LAND was ours before we were the land’s,” intoned Robert Frost at JFK’s damp Inaugural. “Not quite,” the corporations might have answered, “but we’ve been working on it.” During the Kennedy-Johnson decade over 7,000 corporations entered agricultural production, with the result that today more than half the nation’s farm acreage

is controlled by just 5 per cent of all farm owners. The land was theirs before the rest of us knew what hit us.

Now the banks and brokerage houses have begun to dream of rural portfolios. Last December, the Continental Illinois National Bank and Trust Company in Chicago announced it had teamed up with Merrill, Lynch, Pierce, Fenner and Smith to form a \$50-million pooled agricultural land investment fund. Ag-Land Fund I, as it is called, will try to attract investments from employe pension and profit-sharing plans. The lure will be earnings from crop sales, farm rentals and land speculations.

At going farmland prices in the Midwest and South, the regions on which the plan will concentrate, \$50 million buys about 30,000 acres today. That is not a significant portion of the nation’s 390 million acres of cropland, but the fund is the first of its kind, a precedent-maker, and it could hurt small-farm proprietors, already an endangered species. Other investment houses are watching the fund’s progress and wishing it luck. If Ag-Land I is here, can Ag-

Land II, III and IV be all that far behind?

Continental Illinois’ announcement stirred up a small storm among Midwestern farmers and their representatives in Congress. Secretary of Agriculture Bob Bergland warned a Congressional subcommittee that Ag-Land I would be “a disaster,” driving up land and food prices and forcing farm families to either abandon their land or else stay on as renters, in peonage to banks, corporations and mutual real estate funds. It is a Hobson’s choice with which rural Americans have long been familiar: migration or tenancy, the twin curses of agriculture since Roman times.

Other subcommittee witnesses issued similar Cassandra-like prophecies. But there was little the Congress could do, since there is no Federal law prohibiting the investment of urban capital in rural soil. Indeed, thus far it has been smooth sailing for Ag-Land I. The fund has gotten the go-ahead from both the Comptroller of the Currency and the Securities Exchange Commission. The only impediment now is the Internal Revenue Service: Continental Illinois and Merrill Lynch have asked that the fund be granted tax-exempt status on the grounds that Ag-Land I’s non-profit investors qualify for exemptions under Section 401 (a) of the Internal Revenue code.

The claim is disingenuous, since the fund will both lease and manage farms, and derive its profits solely by the private enterprise system—from rentals, crop sales and real estate investments. To argue that Ag-Land I need not pay income taxes because its customers are tax-exempt is to say that General Motors need not pay taxes on profits made from the sale of buses to schools across the country. Continental Bank officials themselves seem slightly embarrassed by this peculiar logic. As one of them commented in an interview with *American Banker*, “There’s sort of a fine line we’d

walk so as not to be considered doing business."

Meanwhile, the IRS is treading its own fine line. It has already held hearings on the question and, according to spokesmen for the fund, has given "tentative approval" to the bid for tax exemption. That, however, was in December; since then a lot of farmbelt Congressmen have written a lot of nasty memos. Ultimately the IRS, a political animal draped in judges' robes, may behave like Mr. Dooley's Supreme Court: "No matter whether th' constitution follows th' flag or not, th' supreme court follows th' illiction returns."

Even if the fund is shot down at the eleventh hour, the fundamental problem of land tenure—who should own what—is certain to remain with us. The banks and the minions of agrusiness are hardly the first in our history to forage for a fast dollar in rural America. In the last century the railroads grabbed several hundred-million acres of land in the shoddiest government giveaway on record, and they still own 23 million. The timber interests hold 35 million acres—enough to make seven New Jerseys—while the energy corporations own another 90 million (with about a fifth of that belonging to Standard Oil of Indiana alone).

FROM THE beginning of the American experiment the small, independent farmer was seen as a happy alternative to the Old World's system of serfdom and enclosure—the little farms of the Puritans vs. the 6-million-acre Virginia holdings of Lord Fairfax. Oliver Goldsmith wrote a long poem, "The Deserted Village," about an entire rural English town abandoned in the face of enclosure; the inhabitants, deprived of grazing ground for their sheep, packed up and fled to America. Goldsmith's best-remembered lines in that work remain ever-green: "Ill fares the land, to hastening ills a prey,/Where wealth accumulates and men decay."

The United States was settled by persons in search of a little grazing room, both agricultural and spiritual: space for sheep and conscience. The two notions were fused and reshaped in the writings of Thomas Jefferson and Ralph Waldo Emerson. To Jefferson the independent farmer meant political liberty; to Emerson, he represented transcendentalism—a way of living in nature without feeling the need to conquer it.

We have carried around both these ideas for the greater part of two centuries; at times we have even tried to flesh them out. The Homestead Act of 1862, which made cheap farmland available to pioneers, wanderers and people down on their luck, was pure Jefferson; the early ecology movement, with its cult of the "natural" was pure Emerson.

Neither of these attitudes—dreams, really—was strong enough to resist the tide of technology and big money that arose in the city and spilled into the countryside. Perhaps the last great political attempt to beat back this urban wave was made by the Farmers Alliance, a radical association of ruralists who believed in the coming of the Cooperative Commonwealth; they flourished briefly in what is now Merrill Lynch's target territory, the South and the Midwest.

Although the Farmers Alliance was bullish about America, it went down with Bryan in the 1896 election, when Big Business got a grip on the country that to this day has not been broken. McKinley's victory, as historian Lawrence Goodwyn points out in his *Democratic Promise*, was "the conclusive triumph of the corporate ethos." In effect, "The collapse of Populism meant . . . that the cultural values of the corporate state were politically unassailable in 20th century America."

When I think of that 1896 election I also think of William Allen White, the legendary publisher of the

Emporia Gazette. White, then a young man, had been walking to his office when a "shabbily dressed gang" of Populists accosted him, "hooting, jeering, nagging me about some editorial utterances I had made." He broke loose and stalked off to the *Gazette*, where he wrote one of the finest, angriest and most wrong-headed editorials in the annals of American journalism—"What's the Matter with Kansas?"—supporting McKinley and execrating rural Populism.

"What's the matter with Kansas?" he wanted to know. "Go east and you hear them laugh at Kansas; go west and they sneer at her; go south and they 'cuss' her; go north and they have forgotten her." The problem, White went on, was that Kansas kept attacking Wall Street. "That's the stuff!" he mocked. "Give the prosperous man the dickens! Legislate the thriftless man into ease, whack the stuffing out of the creditors. . . ."

And with heavy sarcasm: "What we need is not more money, but less capital, fewer white shirts and brains, fewer men with business judgment. . . . We don't need population, we don't need wealth, we don't need well-dressed men on the streets, we don't need cities on the fertile prairies. . . ."

While White's vision may not have been Jeffersonian, it was nonetheless as American as apple pie, and as petit bourgeois as Main Street: "Cities on the fertile prairies . . . well-dressed men on the streets." Perhaps it was an early strain of Babbitry, an American craving for respectability, that finally defeated Bryan in 1896.

All of us continue to be victims of that critical election, of the subsequent capture of rural America by "the corporate ethos." Ag-Land I is merely the latest in a long procession of disastrous business schemes for bilking farmers, with most of the schemers serene in the conviction that what's good for them is good for rural Americans.