

Re: Handout on crop-lien system

Source: L. Goodwyn, Democratic Promise, pp. 27/28

At the heart of the credit system operated by the local merchant or "furnishing merchant" (or, in black parlance, "The Man") was a simple two-price system for all items: one price for cash customers and a second and higher price for credit customers. Twenty-five to 50% mark ups would be charged on this inflated base. (Although books of some furnishing merchants reveal that credit charges frequently were well in excess of 100 to 200% annually. This was not an unusual practice). An item carrying a "cash price" of 10 ¢ would be sold on credit for 14¢ and at the end of the year would bring the merchant, after the addition of say, 33% interest, a total of 19¢--almost double the standard of the price set for cash-paying customers. The farmer was ever rarely aware of this disparity between cash price and credit price, for he usually had no basis for comparison; many merchants did business almost exclusively with credit customers because they set no cash prices.

In South Carolina low farm prices forced middle class white farmer S.R. Simonton to open a credit account with the furnishing house of T. G. Patrick. While Simonton's first year's expenditures were \$916.63, declining prices for cotton helped reduce his after-sale credit to \$307.31, leaving an unpaid balance of over \$600.00, which he settled by note. The subsequent annual credit extended to him by the furnishing merchant did not exceed \$400.00 per year, showing that he suffered a drop of well over 100% in his standard of living. Still, he was never able to "pay out." For seven years between 1887 and 1895 Simonton spent a total of \$2,681.02, but he produced credit enough to pay only \$687.31. The debt was eventually settled by transfer of his land to the furnishing merchant. Simonton became a landless tenant before his death.

Thomas D. Clark, "The Furnishing Merchant and the Supply System in Southern Agriculture Since 1865," Journal of Southern History, XII(1946).

Detailed accounts of the record of a Mississippi black farmer over a 17 year period reveal even a grimmer form of personal degradation. Matt Brown purchased his supplies from the Jones Store in Black Hawk, Mississippi, from 1884 to 1901. Brown was not free of debt at any time in those 17 years. He began the year 1892 with an indebtedness of \$226.84 held over from the previous years. At the final settlement his obligation had increased to \$452.41. His credits during the year came from selling cotton, cutting wood, clearing land, and hauling for the Jones Store. They amounted to \$171.12. His expenditures for that year were \$33.15 for food; \$29.45 for clothing; and \$173.64 for household and farm supplies such as bagging and ties, mules and land rent, ginning, plow tools, and seeds. He also spent 55¢ for drugs, &4.00 in a cash advance, and \$112.81 for miscellaneous supplies. By 1895 his credit standing had diminished to the point that his twelve-month expenditures for food totalled \$8.42. In that year he spent \$27.25 for clothing, \$38.30 on farm and household supplies, 95¢ on drugs, \$2.35 for a cash advance, and \$12.08 on miscellaneous supplies. Brown's account was ultimately settled by a mortgage. In 1905 an entry appears for a coffin and burial supplies. The record was permanently closed by "marking it off."

--Form Ike Jones Ledge in Clark, "Furnishing Merchant and Supply System," Ibid.

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