HUGH MacRAE & CO.
(INCORPORATED)

REAL ESTATE
RESIDENTIAL PROPERTIES
AGRICULTURAL LANDS
COLONIZATION
TIMBER RESOURCES
COAL PROPERTIES
RESORT PROPERTIES
TOURIST HOTELS

WILMINGTON, N. C.,
October 5, 1935

Miss Ida M. Tarbell
120 East 19th Street
New York City

Dear Miss Tarbell:

As a result of my visit to New York and conference with Mr. Frank Fritts and Dr. Alvin Johnson, whom I had the pleasure of introducing to you, and a later stay of two weeks in Washington I think we have probably opened the door to a development which will prove of very great importance to rural life of the South, and such a movement would probably have a widely beneficial effect.

In this program I would particularly like to start something which would be permanently helpful to the Negroes and I feel that such a movement would be greatly strengthened by being promoted and backed by southern people. I am enclosing three basic documents which were prepared by Mr. Frank Fritts, Dr. Alvin Johnson, and myself which carry the proposal in a condensed form. Also I am enclosing a copy of a letter written to Mr. David R. Coker which outlines the present status and the plan of procedure. If you would write to Mr. Charles West, Under-Secretary, Department of Interior, giving him the benefit of your thought on this proposal I am sure it would have great weight and prove very helpful in bringing about a favorable outcome.

I hope you can visit Mrs. MacRae and myself this fall or winter and make a further study of the possibilities and promise of rural life development.

Yours sincerely,

Hugh MacRae

HMcR:AC

P.S.: Since writing the above I have received copy of a fine letter which has been written by Mr. David R. Coker to Mr. West which letter is very gratifying, and I am taking the liberty of sending you a copy.

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COPY

THE NEW SCHOOL
FOR SOCIAL RESEARCH

66 W. Twelfth St
New York,

September 10, 1935

Mr. Hugh MacRae,
Hotel Washington,
Washington, D. C.

Dear Mr. MacRae:

Here is my version of the points favoring the corporate farm:

1. A community cannot be created according to a single pattern, applicable throughout a group of states or even a single state, but must be adjusted to terrain, soil, rainfall, markets and transportation. A corporation locally managed can alone make these adjustments satisfactorily.

2. A community cannot be launched and then left to itself. A continuous sympathetic administration is necessary at least for five years, better for ten, in order to assist the settlers in solving the many complicated problems of intensive agriculture and community living. A corporation can be granted a sufficient term of life to assure this continuity.

3. If a community is to succeed, the settlers must not only be well selected, but must go through a probationary period, so that those who fail to make good may be replaced. The delicate judgments as to whether a settler fails through bad luck or through laziness or stupidity can only be made on the spot by an administration closely bound up with the community.

4. If we contemplate the development of hundreds of such communities throughout the country, it becomes obvious that we have in the corporate form a valuable instrument for building up vital local institutions, which all agree are urgently needed in American life.

5. A central agency supplying the finances for community development should through reports and audits be placed in a position to judge the general business-like character of the several community enterprises. It should not, however, attempt to control the administration in detail.

Sincerely,

(Signed - Alvin Johnson)

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file Home Journal

COPY

Washington, D. C.
September 14, 1935.

Merits of program of

"Family Farmsteads, Incorporated".

1. Identifies and coordinates private capital and interests with Administration Program.

2. Underwrites success.

3. Will help -

   (a) to stablilze Southern Agriculture;
   (b) to rebuild Rural Civilization
   (c) to aid Emergency Relief

5. Will undertake, with backing of Southern people, to do something of far-reaching and permanent benefit for Negroes.

6. Will be one step in the elimination of the tenant system.

7. Will prove that Rural Communities can be made economically sound, socially satisfying, and self-liquidating.

8. By following proven methods, and throwing into the scales 35 years of research and demonstration work, can save more than the cost of the project; and time, which is even more valuable.

(Signed) HUGH MacRAE

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MEMORANDUM -- FAMILY FARMSTEADS, INC.

1. "Castle Haynes" and "St. Helena" are two farm colonies near Wilmington, North Carolina, developed over the past 25 years by a corporate organization managed and financed by Hugh MacRae.

2. The farms are 10 and 20 acres each. Castle Haynes has about 40 such farms and St. Helena about 50.

3. For the purpose of this enterprise, the organization acquired virgin soil (except Castle Haynes), selected for its productive quality, drainage, availability to transportation and other desired features.

4. The land was cleared, cut up into 10-acre plots, farm homes and roads built, utilities brought in, etc.

5. The farm homes were sold to settlers on easy terms. The purchasers, many of them European, for few Americans were buying farms during the period of this development, had with few exceptions from $500 to $1000 in cash with which to make down payments on their places and acquire elementary tools for getting started.

6. These settlers now own their little farms free and clear of debt and most of them have been able not only to improve their lands, their houses, and their barns, allow their children full school time (some of the children going to college), but also to build up modest financial reserves.

7. The scheme of the organization was to domesticate the land and provide a simple house and barn before the settler arrived with his family. The first objective upon arrival was to show the family how to take care of its own food requirements from the place. The settlers would then learn from each other and from their past experience and their ingenuity some way in which to produce a product that would yield cash.

8. The organization would listen to plans of a settler for going into the production of some cash crop and frequently would advance small sums to help him get his start. These services all have been repaid.

9. This development has not been without its difficulties. Grape growers from northern Italy were the first purchasers of homes in the St. Helena colony. These settlers had been making good progress for several years when the State went dry. They moved out and the farms were resold, but new settlers have found other ways to make good.

10. In a general sense, these colonies were developed from virgin soil to groups of prosperous homes without loss to the promoters of the enterprise during a 25-year period in which the best young American families everywhere were showing a marked preference for industrial employment as against farm life. During this period also the industrial enterprises of our country were expanding sufficiently to absorb at good wages all who came to them.

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11. Castle Haynes and St. Helena represent "pilot" enterprises which have demonstrated that selected acreages of virgin lands in Eastern North Carolina (and elsewhere in the Southeast) can, without capital loss, be developed into communities of family farmsteads affording a satisfactory way of life even during a protracted period in which the dominant social trend is rural-urban.

12. It is argued that, during this period in which we have the appearance of a surplus industrial population and a surplus farm population, a period in which great numbers of fine young American families are seeking earnestly for a satisfactory way of life, a larger enterprise (1200 to 1500 families) patterned on Castle Haynes and St. Helena would offer promise of high success.

13. Such an enterprise would require the use of $5,000,000 for a period of 15 to 20 years. Suitable guaranties cannot be furnished for acquiring the capital from a private source.

14. It is argued that a larger enterprise patterned on Castle Haynes and St. Helena cannot be created and developed except by the more intimate and less abstract type of management characteristic of private corporate enterprise.

15. It is recommended that the idea be pioneered by one such enterprise, organized under the name Family Farmsteads, Inc., to be a non-dividend corporation, to which the capital requirement of $5,000,000 is lent by the United States Government, to be repaid over 20 years; that the scope of the operation, the region to be developed and the general outline of polity be fixed in the charter and the loan agreement; that the management of the enterprise be definitely vested in the Board of Directors of the corporation not subject to review except in a court of competent jurisdiction for fraud or misconduct.

The stock of the corporation might be issued for the land and could be deposited with a self-perpetuating Board of Voting Trustees, 3 or 5 in number, of private persons of undoubted integrity. This Board should function under a simple Voting Trust Agreement for a period of 25 years, the agreement defining its duties and providing for the disposition of any assets of the corporation after all debts andobligations shall have been paid. The chief current duty of the Board of Voting Trustees would be to elect directors.

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