

Do I Stay or Do I Go: Evidence from Depression-Era Buyouts of Submarginal Farmland

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In the midst of the Great Depression, the Farm Security Administration (FSA) dedicated itself to supporting poor landowners and tenant farmers caught up in economic and ecological crises. The FSA was particularly concerned with the economic stagnation faced by farmers living on land unsuited for crop production. They organized a project intended to induce poor farm-owning families to move off low-quality land. To do this, the FSA identified pockets of “submarginal” land and offered to buy out landowners in the area before resettling them elsewhere. In addition to purchasing land to induce migration, the FSA offered financial support to remaining landowners for the rehabilitation and development of land for more ecologically and economically appropriate use (i.e., ranching and forestry in place of farming).

In this paper, I use newly-digitized Minor Civil Division-level 1930 agricultural census data to examine the effectiveness of the land acquisition program in improving the economic outcomes of families and children initially residing within project boundaries. I measure the program’s impact on income, educational attainment, and economic and geographic mobility. I first utilize the geographic boundaries of land acquisition projects to estimate an intent-to-treat effect of the program before using title transfer and loan/grant recipient records to explore the mechanisms involved in differential outcomes. In addition, I study the spillover effects of the program on labor market outcomes in surrounding communities.

This paper examines whether combined land acquisition and support for land rehabilitation can improve the socioeconomic conditions of individuals residing within geographic poverty traps, as well as the role of policy in land market liquidity and sectoral labor allocation. My paper contributes to the literature on geographic-environmental poverty traps, migration frictions, and labor misallocation by studying a historical land purchase and rehabilitation policy intended to resolve an inefficient allocation of labor across remote, marginally productive lands in a high-income country (Adamopoulos & Restuccia, 2014; Barbier, 2010; Bird et al., 2010; Bryan et al., 2014; Chari et al., 2021; Munshi & Rosenzweig, 2016).

While the US government estimated that there were over 650,000 families living on

submarginal lands nationwide, the FSA only ever had the budget to buy out 15,000 of these families (Resettlement Administration, 1936). Therefore, most individuals residing on submarginal land never had the chance to participate in the acquisition program and can serve as a robust control group. With granular data on farm value and land use, soil and terrain characteristics, socio-economic characteristics, and measures of market access, I use econometrically-robust logistic regressions to model the likelihood that land was included in a land acquisition project. This allows me to construct a control group of individuals living on land similar to that included in the projects.

I construct my dataset as follows: I first use maps of 1930 US Census Enumeration Districts (EDs, i.e., “neighborhoods”) to identify whether individuals lived within the bounds of a land acquisition project, as well as to measure the distance of households from the nearest towns and cities. Additionally, I overlay contemporary terrain and soil-type maps to collect further information on the characteristics of land included versus excluded from land acquisition projects. I then take advantage of the fact that the geographic units in 1930 agricultural census tables on farm value and land use at the Minor Civil Division-level align almost one-to-one with 1930 Census Enumeration districts in rural areas (non-towns). I create a novel dataset on 1930 farm and land characteristics at the ED level.

I then use two different empirical strategies to estimate an intent-to-treat effect for individuals living within the boundaries of land acquisition projects compared to those living on land with similar characteristics. First, I use propensity score matching at the ED level to directly compare the outcomes of individuals residing in treatment and control areas. Second, I use Augmented Inverse Propensity Weighting to reweight treated versus untreated tracts of land to achieve more balance on pre-treatment agricultural and socioeconomic characteristics. Narrowing my analysis towards individuals who actually sold their land or received grants/loans for land adjustment projects within land acquisition areas, along with comparable individuals living on similar land, allows me to examine the relative importance of land purchases versus financial support for land rehabilitation.

My matching and weighting processes account for individual and family socioeconomic status as well as the agricultural and economic characteristics of the ED in which each person resided. My socioeconomic controls and outcomes are calculated from linked full-count census data

(Ruggles et al., 2024). Notably, I consider many of the same factors used by the FSA in the acquisition site selection process to build my comparison group for each strategy (Resettlement Administration, 1936).

Preliminary results indicate that individuals living on farms within the boundaries of a land acquisition project were more likely to have moved out of their 1930 home by 1940 than individuals residing on similar tracts of submarginal land. In addition, 1930 landowners within project boundaries were less likely to own land by 1940, and the children of these landowners were more likely to make intra-state moves in adulthood. This project also examines the long-term labor market outcomes of those within and just outside project boundaries.

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