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New Deal Agricutural Policies after Fifty Years

Wayne D. Rasmussen

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Nearly all of the New Deal agricultural legislation still remains in effect, yet the farming structure to which it applies has changed from the rural agrarianism advocated by the New Dealers to an agriculture that is enmeshed in an urban industrial economy.[1] Between 1930 and 1980, the average number of people each farmer supplied with agricultural products increased from ten to seventy-six.[2] During the same period, the number of farms decreased from 6.3 million to 2.4 million,[3] while their average size increased from 157 acres to 429 acres.[4] Also, farm population fell from 31 million to 6 million[5] and farmers as a percentage of the labor force declined from 21% to 2.8%.[6] Most of this transformation has occurred since 1945 and many analysts ascribe it to the impact of World War II.[7] Others conclude that the change would have been slower or even impossible without the New Deal legislation.[8] Still others claim that this was a long-term trend which was slowed by the Great

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1. *See generally* Breimeyer, *Agricultural Philosophies and Policies in the New Deal,* 68 MINN. L. REV. 333 (1983) (effect of New Deal programs on agriculture).

2. U.S. DEP'T OF AGRIC., ECONOMIC INDICATORS OF THE FARM SECTOR: PRODUCTION AND EFFICIENCY STATISTICS, 1981, at 59 (1983).

3. U.S. DEP'T OF AGRIC., AGRICULTURAL STATISTICS, 1982, at 385, 387 (1982).

4. *Id.* at 385; 2 U.S. BUREAU OF THE CENSUS, HISTORICAL STATISTICS OF THE UNITED STATES, COLONIAL TIMES TO 1970, H.R. DOC. NO. 78, pt. 1, 93d Cong., 1st Sess. 457 (1975).

5. U.S. DEP'T OF AGRIC., AGRICULTURAL STATISTICS, 1982, at 397 (1982); U.S. DEP'T OF AGRIC., AGRICULTURAL STATISTICS, 1972, at 521 (1972).

6. U.S. DEP'T OF AGRIC., CHRONOLOGICAL LANDMARKS IN AMERICAN AGRICULTURE 54 (1980); U.S. BUREAU OF THE CENSUS, STATISTICAL ABSTRACT OF THE UNITED STATES, 1981, at 401 (1981).

7. D. PAARLBERG, AMERICAN FARM POLICY 26-32 (1964); L. SCHERTZ AND OTHERS, ANOTHER REVOLUTION IN U.S. FARMING? 42-75 (U.S. Dep't of Agric., Agricultural Economic Report No. 441, 1979); Rasmussen, *The Impact of Technological Change on American Agriculture, 1862-1964,* 22 J. ECON. HIST. 578, 588-91 (1962).

8. Heady, *Economic Policies and Variables: Potentials and Problems for the Future,* in FARMS IN TRANSITION 23, 28-29 (D. Brewster, W. Rasmussen & G.

Depression and accelerated by World War II.[9]

President Franklin D. Roosevelt and Secretary of Agriculture Henry A. Wallace were primarily concerned with preserving the traditional structure of agriculture and restoring it to its previous position of strength in the economy.[10] In general, their policies achieved these goals. In recent years a number of scholars have challenged the value of New Deal agricultural programs, not because they failed to accomplish their underlying goals, but because those goals were poorly chosen.[11] According to these critics, the New Deal offered an opportunity to overturn the traditional structure of American farming and establish a new and better order on the ruins of the old. The critics conclude that the policies finally chosen instead encouraged the flight of people from the farms, reduced the number of farms, and increased farm mechanization, thus continuing the erosion of traditional small family farms. The policies have also been assailed as encouraging farmer dependency on the federal government for supports costly to taxpayers,[12] interposing government bureaucrats in the farm management process,[13] and encouraging inefficiencies in farming.[14] Whatever the validity of the criticisms, the New Deal agricultural policies have had at least the passive, if not the active, support of a majority of the American people for five decades.

The major legislation enacted between 1933 and 1940 included: price support and production adjustment[15] with related

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Youngberg eds. 1983); J. SHOVER, FIRST MAJORITY-LAST MINORITY: THE TRANSFORMATION OF RURAL LIFE IN AMERICA 229-59 (1976).

9. *See, e.g.*, Rasmussen, *The Mechanization of Agriculture*, SCI. AM., Sept. 1982, at 77.

10. *See infra* text following note 147.

11. G. FITE, AMERICAN FARMERS: THE NEW MINORITY 59-62 (1981). For a review of the literature of the New Left interpretations, see Kirkendall, *The New Deal for Agriculture: Recent Writings, 1971-76*, in FARMERS, BUREAUCRATS, AND MIDDLEMEN 296-308 (T. Peterson ed. 1980).

12. C. SCHULTZE, THE DISTRIBUTION OF FARM SUBSIDIES: WHO GETS THE BENEFITS? 29-30 (1971).

13. Fite, *Farmer Opinion and the Agricultural Adjustment Act, 1933*, 48 MISS. VALLEY HIST. REV. 656, 666 (1962); Schapsmeier & Schapsmeier, *Farm Policy from FDR to Eisenhower: Southern Democrats and the Politics of Agriculture*, 53 AGRIC. HIST. 352, 358-59 (1979).

14. Report of the Comm. on Parity Concepts, *Outline of a Price Policy for American Agriculture for the Postwar Period*, 28 J. FARM ECON. 391-93 (1946).

15. *See* Agricultural Adjustment Act of 1933, ch. 20, 48 Stat. 31; Tobacco Control Act, ch. 866, 48 Stat. 1275 (1934); Potato Control Act of 1935, ch. 641, §§ 61-62, 49 Stat. 750, 782; Agricultural Marketing Agreement Act of 1937, ch. 296, 50 Stat. 246; Sugar Act of 1937, ch. 898, 50 Stat. 903; Agricultural Adjustment Act of 1938, ch. 30, 52 Stat. 31.

crop insurance[16] and disaster relief;[17] resettlement programs for impoverished farmers[18] and a tenant purchase program;[19] soil conservation;[20] farm credit;[21] rural electrification;[22] and food distribution.[23] Some of these programs were developed without any particular relationship to the others, yet together they touched upon nearly every part of farm life and extended to many consumers.

I. PRICE SUPPORT AND ADJUSTMENT

In 1933 President Roosevelt and Secretary of Agriculture Wallace faced an unprecedented crisis in American agriculture. There had been sporadic outbreaks of violence on American farms and on January 25, 1933, the president of the American Farm Bureau Federation, traditionally the most conservative of the farm organizations, warned that "unless something is done for the American farmer we will have revolution in the countryside within less than 12 months."[24]

Wallace responded to these pressures by urging Roosevelt to ask Congress to address farm problems at the special session which had been called for March 9, 1933, to act on the banking emergency. The President agreed and asked Wallace to call a farm leaders' conference to reach a consensus on legislation.[25] The fifty leaders proposed to the President that legislation conferring broad emergency powers on the executive

16. *See* Federal Crop Insurance Act, ch. 30, tit. V, 52 Stat. 31, 72 (1938).

17. Act of April 13, 1934, ch. 121, 48 Stat. 589 (authorizing loans by Reconstruction Finance Corporation); Act of April 17, 1936, ch. 234, 49 Stat. 1232 (authorizing additional rehabilitation loans and credit insurance); Act of Feb. 11, 1937, ch. 10, 50 Stat. 19 (creating the Disaster Loan Corporation).

18. *See infra* notes 86-102 and accompanying text.

19. *See* Bankhead-Jones Farm Tenant Act, ch. 517, 50 Stat. 522 (1937).

20. *See* Soil Conservation and Domestic Allotment Act, ch. 104, 49 Stat. 1148 (1936); Bankhead-Jones Farm Tenant Act, ch. 517, 50 Stat. 522 (1937); Act of August 28, 1937, ch. 870, 50 Stat. 869 (authorizing assistance in providing water storage and utilization facilities in arid and semi-arid areas); Agricultural Adjustment Act of 1938, ch. 30, tit. I, 52 Stat. 31; Act of October 14, 1940, ch. 861, 54 Stat. 1119 (authorizing construction of water conservation and utilization projects).

21. *See* Emergency Farm Mortgage Act of 1933, ch. 25, tit. II, 48 Stat. 31, 41; Farm Credit Act of 1933, ch. 98, 48 Stat. 257; Federal Farm Mortgage Corporation Act, ch. 7, 48 Stat. 344 (1934); Farm Credit Act of 1935, ch. 164, 49 Stat. 313; Farm Credit Act of 1937, ch. 704, 50 Stat. 703.

22. *See* Rural Electrification Act of 1936, ch. 432, 49 Stat. 1363.

23. *See infra* notes 136-40 and accompanying text.

24. *Agricultural Adjustment Relief Plan: Hearings on H.R. 13991 Before the Senate Comm. on Agriculture and Forestry,* 72d Cong., 2d Sess. 15 (1933).

25. H. WALLACE, NEW FRONTIERS 162-64 (1934).

branch be recommended to Congress.[26] Wallace gave responsibility for drafting the legislation to Mordecai Ezekiel, a senior Agriculture Department economist, and Frederic P. Lee, a Washington lawyer employed by the American Farm Bureau Federation, who were advised by Rexford G. Tugwell, the new Assistant Secretary of Agriculture and a former professor of economics at Columbia University.[27]

Roosevelt sent the draft to Congress on March 16, stating: "I tell you frankly that it is a new and untrod path, but . . . an unprecedented condition calls for the trial of new means to rescue agriculture."[28] He later remarked that "[i]t was the most drastic and far-reaching piece of farm legislation ever proposed in time of peace."[29] Congress made a number of changes in the proposed legislation, partly because Marvin Jones of Texas, chairperson of the House Committee on Agriculture, insisted on emphasizing the voluntary and self-determining concepts of the legislation.[30] Congress passed the legislation and it was signed on May 12, 1933, as the Agricultural Adjustment Act.[31]

The first head of the Agricultural Adjustment Administration was George N. Peek, who had been advocating governmental intervention since 1920. Peek believed that the surplus problem should be solved through encouraging exports, by subsidies if necessary.[32] Others in the Department of Agriculture, including Wallace, Tugwell, and M.L. Wilson, were committed to controlling production through restricting planted acreage.[33] Peek was unsuccessful in promoting exports as the solution to the surplus problem and was succeeded as administrator by Chester C. Davis within one year.

During his short tenure, Peek had been persuaded by Wallace to accept Jerome Frank as General Counsel of the Agricultural Adjustment Administration (AAA). Frank, a brilliant

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26. American Farm Bureau Federation, Official News Letter, Mar. 21, 1933, at 1, col. 3 (available in the files of the Agricultural History Branch, Economic Research Service, U.S. Dep't of Agric.).

27. *See* T. SALOUTOS, THE AMERICAN FARMER AND THE NEW DEAL 44-46 (1982).

28. 77 CONG. REC. 529 (1933).

29. F.D. ROOSEVELT, *New Means to Rescue Agriculture—The Agricultural Adjustment Act,* in 2 THE PUBLIC PAPERS AND ADDRESSES OF FRANKLIN D. ROOSEVELT 74, 79 (1938) [hereinafter cited as THE ROOSEVELT PAPERS].

30. I. MAY JR., MARVIN JONES, THE PUBLIC LIFE OF AN AGRARIAN ADVOCATE 101-04 (1980).

31. Agricultural Adjustment Act of 1933, ch. 25, 48 Stat. 31.

32. G. PEEK & S. CROWTHER, WHY QUIT OUR OWN? 75 (1936).

33. M. BENEDICT, FARM POLICIES OF THE UNITED STATES, 1790-1950: A STUDY OF THEIR ORIGINS AND DEVELOPMENT 283-84 (1953).

lawyer with a deep concern for consumers and social issues, was often at odds first with Peek and later with Davis. Frank felt that, since the law vested authority in the Secretary, he was responsible to Wallace as well as to the administrator; he thus cooperated to some extent with a group of so-called liberals in the Secretary's office.

A major flare-up of tensions occurred early in 1935 over the fate of cotton sharecroppers. The 1934-35 contract between cotton producers and the Department for acreage reduction provided that, insofar as possible, landlords would maintain the normal number of tenants and other employees and that they should permit all tenants of good conduct to continue occupying houses rent-free for the years 1934 and 1935.[34] Spokespersons for tenants and sharecroppers, particularly the newly organized Southern Tenant Farmer's Union, contended, with the support of Frank and several others in the AAA, that landlords had to keep the same tenants.[35] On the other hand, Cully Cobb, Chief of the Cotton Production Section of the AAA, maintained that landlords were not necessarily to keep the same tenants, but merely the normal number of tenants.[36] For several months the Department appeared to be a hotbed of intrigue and counterintrigue over the issue. Frank was unable to prevail, however, as Wallace was finally persuaded that Davis should fire Frank and his adherents in the AAA. As historian David E. Conrad wrote in 1965, the AAA's policy in this area contributed to forcing tenants from the land to find a new life:

> Combining the facts about the decline of cotton tenancy with a knowledge of the workings of AAA's cotton program leads naturally to the conclusion that AAA failed to benefit great numbers of Southern tenants and even harmed many of them. In a way, AAA accomplished an unintended reform in helping to drive tenants from the land, because those evicted were forced to seek new occupations and most of them eventually found a better life. However, it was usually years before they could make the adjustment, and in the meantime they suffered terribly. A great, humanitarian nation as rich as the United States can find better ways to achieve such reforms.[37]

Wallace thus had been forced, for a time at least, to narrow the

34. D. GRUBBS, CRY FROM THE COTTON: THE SOUTHERN TENANT FARMERS' UNION AND THE NEW DEAL 30-61 (1971).

35. R. KIRKENDALL, SOCIAL SCIENTISTS AND FARM POLITICS IN THE AGE OF ROOSEVELT 98-103 (1966).

36. Nelson, *The Art of the Possible: Another Look at the 'Purge' of the AAA Liberals in 1935,* 57 AGRIC. HIST. 416 (1983).

37. D. CONRAD, THE FORGOTTEN FARMERS: THE STORY OF SHARECROPPERS IN THE NEW DEAL 209 (1965). More recently, another historian, Pete Daniel, concurred with Conrad when he wrote: "When the New Deal acreage reduction forced them off the land, sharecroppers did not ask for reform. They wanted to

scope of the Department's interests as conservatives had urged.[38]

In January of 1936, the Supreme Court declared the Agricultural Adjustment Act unconstitutional as an encroachment upon the reserved rights of the states.[39] Nevertheless, those who had fought for federal production controls did not fall with the legislation, but vowed to continue the struggle. The president of the American Farm Bureau Federation announced: "There will be neither surrender nor compromise, as we move forward . . . . The principle of farm adjustment, in terms of supply and demand, is not dead."[40] Similarly, a group of Iowa farmers wrote in a letter to Secretary Wallace that:

> The vehicle by which the accomplishments were made possible has been discarded, but the spirit which drove that vehicle is still here, more determined than at any time the AAA was in operation. . . . We would remind you that not only the future of our industry but the future of our country is in the balance.[41]

The Agricultural Adjustment Act was replaced almost immediately by the Soil Conservation and Domestic Allotment Act,[42] a law which lacked real production controls. President Roosevelt linked soil conservation with "the reestablishment and maintenance of farm income at fair levels so that the great gains made by agriculture in the past three years can be preserved and national recovery can continue."[43] After the new act had been in effect about a year, Wallace wrote: "[I]t will be necessary after supplies under the loan program have reached a certain point to keep the granary from running over by some practical program of production adjustment."[44] The themes of maintaining farm income and adjusting production to demand

continue sharecropping; they wanted to stay on the land." Daniel, *The Transformation of the Rural South, 1930 to the Present,* 55 AGRIC. HIST. 231, 234 (1981).

38. *See* Baker, *And to Act for the Secretary: Paul H. Appleby and the Department of Agriculture, 1933-1940,* 45 AGRIC. HIST. 235, 247-52 (1971); G. FITE, GEORGE N. PEEK AND THE FIGHT FOR FARM PARITY 253-66 (1954); R. SCOTT & J. SHOALMIRE, THE PUBLIC CAREER OF CULLY A. COBB: A STUDY IN AGRICULTURAL LEADERSHIP (1973).

39. United States v. Butler, 297 U.S. 1, 68 (1936).

40. G. BAKER, W. RASMUSSEN, V. WISER & J. PORTER, CENTURY OF SERVICE: THE FIRST 100 YEARS OF THE UNITED STATES DEPARTMENT OF AGRICULTURE 165 (1963) (citations omitted) [hereinafter cited as CENTURY OF SERVICE].

41. *Id.*

42. Soil Conservation and Domestic Allotment Act, ch. 104, 49 Stat. 1148 (1936).

43. F.D. ROOSEVELT, *A Presidential Statement on Signing the Soil Conservation and Domestic Allotment Act,* in 5 THE ROOSEVELT PAPERS, *supra* note 29, at 95.

44. Wallace, *Definition of the Ever Normal Granary,* 14 AGRIC. SITUATION 9, 9 (1937).

were emphasized in the Agricultural Adjustment Act of 1938,[45] which embodied the Soil Conservation and Domestic Allotment Act and added provisions for production control through compulsory marketing quotas under certain conditions.[46]

The 1938 Act also established the Federal Crop Insurance Corporation,[47] which is still in operation today.[48] Federal crop insurance is designed to insure farmers against loss from such unavoidable causes as weather, insects, and disease; it does not insure profit for the farmer or cover avoidable causes, such as neglect or poor farming practices.[49] The program has been repeatedly modified, but has never achieved the importance hoped for by its early supporters.

Crop insurance was often considered an alternative to disaster loans or grants. Low interest loans to disaster victims began in 1918 and reached high points in the late 1920s and the 1930s, particularly in the drought-stricken Great Plains. Congress eventually assigned responsibility for administering the loans to the Farmers Home Administration.[50]

The 1938 Agricultural Adjustment Act, although modified and remodified, is still in effect; the details and terminology have changed, but the goals are still the same.[51] During World War II, Congress amended the support and adjustment machinery of the 1938 Act to encourage farmers to produce more.[52] The amendments guaranteed, for two years after the declaration of the end of hostilities, high price supports for an enlarged list of commodities. With the end of the war, price supports were scheduled to drop back to 1938 levels on December 31, 1948, but neither the Department of Agriculture nor Congress favored the drop. Instead, high supports were extended for one year and the Department undertook a study of alternative methods of price support. The proposal that evolved became known as the Brannan Plan, after Secretary of Agriculture Charles F. Brannan.

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45. Agricultural Adjustment Act of 1938, ch. 30, 52 Stat. 31.
46. *Id.* at 45-66.
47. *Id.* at 72.
48. *See* 7 U.S.C. §§ 1501-1520 (1983).
49. Agricultural Adjustment Act of 1938, ch. 30, 52 Stat. 31, 74.
50. CENTURY OF SERVICE, *supra* note 40, at 140-41, 178-81, 298-99, 333, 369, 397.
51. W. RASMUSSEN & G. BAKER, THE DEPARTMENT OF AGRICULTURE 100-01 (1972).
52. *See* Act of May 26, 1941, ch. 133, 55 Stat. 203 (corn and wheat marketing quotas); Act of July 1, 1941, ch. 270, 55 Stat. 498 (increase of resources for Commodity Credit Corporation).

The Brannan Plan, which would have marked a major break with the 1938 Act, included:

> (1) The use of an income standard, based on a ten-year moving average . . . as a method of computing price-support levels for farm products; (2) support for major products, called Group I commodities, at full income standard levels; (3) support of the incomes of growers of perishable commodities by direct payments by the Government of the difference between the price received in the market and the support price established; (4) restriction of supports to large-scale farmers to what an efficient family farm unit could produce; and (5) requirement of compliance with approved conservation practices and production or marketing controls in order to receive benefits.[53]

Though widely debated, the plan was not adopted by Congress; instead, the Agricultural Act of 1949 was approved on October 31, 1949.[54]

The 1949 Act followed in the tradition of the 1938 Act, but provided price supports at substantially higher levels. Surpluses began to accumulate despite increased demands resulting from the Korean War. The debate over levels of support continued for nearly a decade. While an act of 1954 lowered support levels slightly,[55] Secretary of Agriculture Benson could not persuade Congress to adopt more drastic reductions. Congress did respond, however, to Benson's call for help in increasing farm exports by passing the Agricultural Trade Development and Assistance Act of 1954, better known as Public Law 480.[56] Public Law 480, which has served as the basic authority for selling surplus agricultural commodities for foreign currency, for emergency relief shipping, and for bartering farm products for strategic material, proved to be of major importance in trading farm products abroad. This law has been modified a number of times and extended into the mid-1980s,[57] but it is not a complete answer to the surplus problem.

Congress again addressed the surplus problem when it passed the Soil Bank Act in 1956, which supplemented the acreage allotments and marketing quotas authorized under the 1938 Act.[58] The Soil Bank was a large-scale effort, similar to some of the New Deal land withdrawal programs, to bring about adjustments between supply and demand for agricultural products by taking farmland out of production. The Act was divided into

53. CENTURY OF SERVICE, *supra* note 40, at 355 (citation omitted).
54. Agricultural Act of 1949, ch. 792, 63 Stat. 1051.
55. Agricultural Act of 1954, ch. 104, 68 Stat. 897.
56. Agricultural Trade Development and Assistance Act of 1954, ch. 469, 68 Stat. 454.
57. Agriculture and Food Act of 1981, Pub. L. No. 97-98, 95 Stat. 1282.
58. Agricultural Act of 1956, ch. 327, 70 Stat. 188.

two parts: an acreage reserve program and a conservation reserve program. The specific objective of the acreage reserve program was to reduce the amount of land planted to allotment crops: wheat, cotton, corn, tobacco, peanuts, and rice. Under its terms, farmers received payments for diverting land intended for those crops to conserving uses. In 1957, 21.4 million acres were in the acreage reserve,[59] but the program was terminated in 1958.[60]

All farmers were eligible to participate in the conservation reserve program by designating certain cropland for the reserve and putting it to conservation use. A major objection to this plan in some areas was that communities were disrupted when many farmers placed their entire farms in the conservation reserve. On July 15, 1960, 28.7 million acres were under contracts for a maximum of ten years.[61]

During the early 1960s, Secretary of Agriculture Orville L. Freeman, with the advice of Director of Economics Willard W. Cochrane, proposed much stronger supply controls than had been in effect.[62] Congress did not adopt those strong measures, but in the 1960s and early 1970s, Democratic and Republican administrations alike approved various modest changes in the 1938 Act in an attempt to bring surpluses under control.[63] A series of droughts in India in the late 1960s and crop failures in Russia in the early 1970s, however, did more than the legislation. By 1973, worldwide crop shortages and inflation had forced demand for American farm products to a high level. World demand, combined with export subsidies and devaluation of the dollar, had liquidated surpluses built up under previous price support programs.

Even though new terms were used, the legislation in 1970, 1973, 1977, and 1981 was in most respects a continuation of programs and goals which had been in effect for forty-five years, including adjusting production to demand and providing farmers with limited price supports for their major products. The

59. U.S. DEP'T OF AGRIC., AGRICULTURAL STATISTICS, 1958, at 523 (1959).

60. *Hearings on the Agric. Dep't Appropriations Bill for 1960 Before the Subcomm. of the House Comm. on Appropriations,* 86th Cong., 1st Sess. 2234 (1959).

61. U.S. DEP'T OF AGRIC., AGRICULTURAL STATISTICS, 1960, at 530 (1961).

62. W. COCHRANE & M. RYAN, AMERICAN FARM POLICY, 1948-1973, at 92-96 (1976).

63. Agricultural Act of 1961, Pub. L. No. 87-128, 75 Stat. 294; Food and Agriculture Act of 1962, Pub. L. No. 87-703, 76 Stat. 605; Agricultural Act of 1964, Pub. L. No. 88-297, 78 Stat. 173; Food and Agriculture Act of 1965, Pub. L. No. 89-321, 79 Stat. 1187; Agricultural Act of 1970, Pub. L. No. 91-524, 84 Stat. 1358.

new legislation, however, did provide farmers greater freedom in deciding what crops to grow and did relate price supports more closely to recent prices and costs of production, rather than to the parity concept.[64]

The principal innovations of the Agricultural Act of 1970[65] included the initiation of the set-aside approach and provisions allowing farmers greater freedom in planning their own production. Under the set-aside program, producers of wheat, feed grains, and cotton, in order to receive loans and payments, were required to take a specified percentage of their cropland out of production in addition to maintaining their normal acreages in conserving uses. The remainder of a farmer's acreage could be devoted to any crop, with certain exceptions, of the farmer's choosing.[66]

In marked contrast to earlier programs designed to curtail production of wheat, corn, upland cotton, and tobacco, the Agriculture and Consumer Protection Act of 1973[67] emphasized providing "a constructive framework for encouraging the expansion of farm production."[68] Secretary Earl L. Butz proclaimed that the legislation represented "a basic turn-around from the farm programs that have been in vogue since the Triple-A days of the 1930's."[69]

The 1973 Act introduced the concept of target prices, to be used only when market prices or loan levels fall below the target prices.[70] Payment rates, however, cannot exceed the difference between target prices and price support loans.[71] The

64. W. RASMUSSEN & G. BAKER, PRICE-SUPPORT AND ADJUSTMENT PROGRAMS FROM 1933 THROUGH 1978: A SHORT HISTORY 32 (U.S. Dep't of Agric. Information Bull. No. 424, 1979); W. COCHRANE, THE DEVELOPMENT OF AMERICAN AGRICULTURE: A HISTORICAL ANALYSIS 162-64 (1979).

65. Agricultural Act of 1970, Pub. L. No. 91-524, 84 Stat. 1358.

66. S. REP. No. 1154, 91st Cong., 2d Sess. 7, *reprinted in* 1970 U.S. CODE CONG. & AD. NEWS 4788, 4794-95; H.R. REP. No. 337, 93d Cong., 1st Sess. 8, *reprinted in* 1973 U.S. CODE CONG. & AD. NEWS 1750, 1757.

67. Agriculture and Consumer Protection Act of 1973, Pub. L. No. 93-86, 87 Stat. 221; *see generally* West, Rasmussen & Baker, *Economists and the Agriculture and Consumer Protection Act of 1973,* 50 N.D.L. REV. 313 (1974).

68. Agriculture and Consumer Protection Act of 1973, Statement by the President Upon Signing the Bill Into Law, 9 WEEKLY COMP. OF PRES. DOC. 976 (August 10, 1973).

69. E. Butz, *Out of the Wilderness into the Promised Land,* U.S. Dep't of Agric. Press Release No. 2940-73 (September 24, 1973) (available in the files of the Agricultural History Branch, Economic Research Service, U.S. Dep't of Agric.).

70. H.R. REP. No. 337, 93d Cong., 1st Sess. 7, *reprinted in* 1973 U.S. CODE CONG. & AD. NEWS 1750, 1758.

71. *See, e.g.,* 7 U.S.C. § 1445b-1(b)(1)(B) (1982) (establishing payment rate for wheat).

parity formula was not used as it had been in previous programs to establish target prices; rather, the target prices were set in relation to market prices and adjusted by a formula which reflects both changes in the cost of farm production and changes in yield due to increased productivity.[72] Producer loan levels are set below market prices in order to put greater reliance on the marketplace in establishing payment levels.[73] The 1973 Act was also designed to give farmers even more freedom in planning their production than they had under the 1970 Act.[74]

Price support payments cost the taxpayers very little in the mid-1970s as market prices were quite high. Many farmers began to call for higher support levels, however, as the economic situation they faced changed markedly between the enactment of the 1973 legislation and the Food and Agricultural Act of 1977.[75] Three straight bumper crops in the United States and strong crops elsewhere in the world caused surpluses to build and farm prices to decline drastically.[76] At the same time, inflation, particularly the rising price of petroleum products, pushed farm production costs sharply higher.[77] The 1977 Act represented a compromise between the administration, which recommended lower target prices and loans to keep government expenditures down, and the Senate Committee, which preferred to provide more price and income protection.[78] There was no disagreement, however, on the continued use of target prices, the use of loans at lower levels than target prices to allow crops to move freely in international trade, and on the desirability of allowing farmers freedom to produce. The Act also directed the Secretary to administer a farmer-owned storage program for wheat and, at his discretion, for feed grains, through extended price support loans of three to five years

72. H.R. REP. No. 337, 93d Cong., 1st Sess. 7, *reprinted in* 1973 U.S. CODE CONG. & AD. NEWS 1750, 1758.

73. W. RASMUSSEN & G. BAKER, *supra* note 64, at 26.

74. H.R. REP. No. 337, 93d Cong., 1st Sess. 10, *reprinted in* 1973 U.S. CODE CONG. & AD. NEWS 1750, 1759.

75. Food and Agriculture Act of 1977, Pub. L. No. 95-113, 91 Stat. 913.

76. H.R. REP. No. 348, 95th Cong., 1st Sess. 11, *reprinted in* 1977 U.S. CODE CONG. & AD. NEWS 1704, 1712; 1 J. DAVIDSON, AGRICULTURAL LAWS § 1.10 (1981).

77. H.R. REP. No. 348, 95th Cong., 1st Sess. 12, *reprinted in* 1977 U.S. CODE CONG. & AD. NEWS 1704, 1713; 1 J. DAVIDSON, *supra* note 76, at § 1.10.

78. Porter, *Congress and Agricultural Policy, 1977,* in THE NEW POLITICS OF FOOD 20-21 (D. Hadwiger & W. Browne eds. 1978); Johnson, *Alternatives and Congressional Action in Developing the Food and Agriculture Act of 1977,* 3 AGRIC.-FOOD POLICY REV. 47-52, 62-71 (1980).

duration.[79]

The Agriculture and Food Act of 1981[80] continued the basic programs and language of the laws of 1973 and 1977. It added, however, a number of provisions designed to increase exports of American agricultural commodities and products.[81] These provisions included the establishment of the Agricultural Export Credit Revolving Fund,[82] a special standby export subsidy program,[83] protection from embargoes imposed by the federal government,[84] and a program to expand international markets for United States agricultural commodities and products.[85]

II. RESETTLEMENT AND RURAL DEVELOPMENT

While price support programs were helping middle-class farmers, something more was needed for the poor. A first step in this direction was the establishment of the Resettlement Administration on April 30, 1935,[86] as an independent agency headed by Rexford G. Tugwell. The immediate objective of the program was the short-term relief of impoverished farm people, but the ultimate goal was to rebuild the land and the lives of the people who lived on it.[87] Roosevelt gave the program strong support, calling it "extraordinarily effective."[88] Critics, on the other hand, called it extravagant and impractical, particularly opposing the key programs of assisting families in the

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79. Food and Agriculture Act of 1977, Pub. L. No. 95-113, § 1101, 91 Stat. 913, 951-953.

80. Agriculture and Food Act of 1981, Pub. L. No. 97-98, 95 Stat. 1213.

81. *See id.* §§ 1201-1209.

82. *Id.* § 1201.

83. *Id.* § 1203.

84. *Id.* §§ 1204-1205.

85. *Id.* § 1207.

86. The Resettlement Administration was created by Executive order No. 7027, dated April 30, 1935, under authority of the Emergency Relief Appropriation Act of 1935, ch. 48, 49 Stat. 115.

87. The Resettlement Administration's responsibilities were described by the Executive order as follows:

> (a) To administer approved projects involving resettlement of destitute or low income families from rural and urban areas, including the establishment, maintenance and operation, in such connection of communities in rural and suburban areas.
> (b) To initiate and administer a program of approved projects with respect to soil erosion, stream pollution, seacoast erosion, reforestation, forestation, and flood control.
> (c) To make loans as authorized under the said Emergency Relief Appropriation Act of 1935 to finance, in whole or in part, the purchase of farm lands and necessary equipment by farmers, farm tenants, croppers, or farm laborers.

88. F.D. ROOSEVELT, *United States Housing Bill—Resettlement Administration*, in 5 THE ROOSEVELT PAPERS, *supra* note 29, at 186-87.

worst situations to find new and more economic farms, or to locate elsewhere in other occupations with a prospect of work and income.[89]

A subsistence homestead program, first established under the National Industrial Recovery Act,[90] became part of the Resettlement Administration by Executive order on May 15, 1935.[91] The head of the Subsistence Homesteads Division, M.L. Wilson, saw the program as a means of shifting poverty-stricken rural families from submarginal land to part-time farming communities where they could grow their own food and perhaps find jobs in new industries. Several suburban resettlement projects, called greenbelt communities, were also planned and completed.[92] The Resettlement Administration also organized "community" or "cooperative" resettlement projects,[93] under some of which settlers worked the community farmland as a unit, leading to charges of socialism and communism.[94]

The Resettlement Administration also established a number of farm labor camps, first in California, to provide minimum sanitary facilities for one of the most disadvantaged groups in America, the migratory farm laborers. By December 1941, seventy-four camps, which could serve more than 13,000 families at once, were in operation.[95] During World War II, the Office of Labor, a wartime agency of the Department of Agriculture, operated the camps to house interstate and foreign seasonal farm workers.[96]

In 1936 Roosevelt asked Congress for legislation that would encourage farm ownership, calling ownership the foundation for an enduring agricultural civilization. At the suggestion of Tugwell, Roosevelt appointed the Special Committee on Farm Tenancy with Wallace as chairperson. This committee recommended restructuring the Resettlement Administration, which had become a part of the Agriculture Department on January 1,

89. Tugwell, *The Resettlement Idea*, 33 AGRIC. HIST. 159, 159-67 (1959); F.D. ROOSEVELT, *The Resettlement Administration is Established* in 4 THE ROOSEVELT PAPERS, *supra* note 29, at 143.

90. National Industrial Recovery Act, ch. 90, § 208, 48 Stat. 195, 205 (1933).

91. Exec. Order No. 7041 (May 15, 1935), *reprinted in* PRESIDENTIAL EXECUTIVE ORDERS, HISTORICAL RECORDS SURVEY at 598 (1944).

92. S. BALDWIN, POVERTY AND POLITICS: THE RISE AND DECLINE OF THE FARM SECURITY ADMINISTRATION 105-06 (1968).

93. *See* 2 J. DAVIDSON, *supra* note 76, at § 11.04.

94. T. SALOUTOS, *supra* note 27, at 150-63.

95. W. RASMUSSEN, A HISTORY OF THE EMERGENCY FARM LABOR SUPPLY PROGRAM, 1943-47, at 11 (U.S. Dep't of Agric. Monograph No. 13, 1951).

96. *Id.* at 10-11, 176-85.

1937,[97] as the Farm Security Administration.[98] The new administration would be responsible for a tenant purchase program, with the government buying land to be sold under long-term contracts at low interest rates to disadvantaged farm families;[99] a rehabilitation loan program providing technical guidance;[100] continuation of camps for migratory farm workers;[101] and continuation of a program to retire submarginal land.[102]

The Bankhead-Jones Farm Tenant Act of July 22, 1937,[103] provided the legal authority to carry out a substantial part of the recommended program. The Resettlement Administration became the Farm Security Administration on September 1, 1937.[104] The tenant purchase program proved to be the most popular of those programs assigned to the new agency. It reached, however, only a small percentage of the farm tenants, sharecroppers, and laborers who wanted to qualify for farm ownership loans. During the first year, fewer than 2,000 of 38,000 applicants received loans;[105] but within those limits, the program was successful.

While the tenant purchase program continued to be accepted by Congress, other programs fell increasingly into disfavor. By 1943, the agency was under heavy attack. Roosevelt and Wallace, who was now Vice-President, were concentrating on World War II, and Secretary of Agriculture Claude R. Wickard and War Food Administrator Chester C. Davis had never been strong supporters of the Farm Security Administration. The conservative farm organizations, notably the American Farm Bureau Federation, led the attack, backed by a number of southern Congressmen.[106]

This attack forced the veteran administrator of the Farm Security Administration, C.B. Baldwin, to resign in 1943. Two years later his successor, Frank Hancock, reported to Congress that 60 of the 152 resettlement projects had been liquidated and

97. For a description of the transfer of the Resettlement Administration to the Department of Agriculture, see S. BALDWIN, *supra* note 92, at 121-22.

98. U.S. SPECIAL COMM. ON FARM TENANCY, FARM TENANCY, REPORT OF THE PRESIDENT'S COMMITTEE 11-12 (1937).

99. *Id.* at 12-14.

100. *Id.* at 14-15.

101. *Id.* at 15-16.

102. *Id.* at 16-17.

103. Bankhead-Jones Farm Tenant Act, ch. 517, 50 Stat. 522 (1937).

104. *See* S. BALDWIN, *supra* note 92, at 231-32.

105. P. MARIS, THE LAND IS MINE: FROM TENANCY TO FAMILY FARM OWNERSHIP 98, 126 (U.S. Dep't of Agric. Monograph No. 8, 1950).

106. S. BALDWIN, *supra* note 92, at 383-400; T. SALOUTOS, *supra* note 27, at 164-78.

that the remainder would soon be gone.[107] Fourteen of fifteen cooperative farming associations had been discontinued and no loans were being made to cooperative associations.[108] Most of the government-owned land controlled by the Farm Security Administration had been sold and all long-term leases had been cancelled.[109] Strict limits had been placed on the amount of money that could be loaned to individuals in the rural rehabilitation program.[110]

The Farmers Home Administration succeeded the Farm Security Administration under an act of August 14, 1946.[111] This law authorized the Secretary of Agriculture to make production and subsistence loans, in lieu of the emergency and rural rehabilitation loans previously made, to farmers who could not secure credit elsewhere.[112] The law also continued the tenant purchase program and authorized the Secretary to insure farm mortgages.[113] Liquidation and disposal of resettlement projects, rural rehabilitation projects, and farm labor camps, however, was to continue to completion.[114] In the mid-1950s the Farmers Home Administration was primarily responsible for rural development loans, rural housing loans, and low-cost loans to farmers who could not secure credit elsewhere.

The transformation of the Resettlement Administration into the Farm Security Administration and then into the Farmers Home Administration clearly indicated that the American people, as represented by Congress, were unwilling, as the farm crisis ended, to continue agricultural reform programs aimed at overturning or redirecting the traditional structure of the nation's agriculture. One historian has concluded, however, that at least Wallace viewed rural reform rather traditionally, as promoting self-sustaining, family-owned farms, rather than as an experiment with collectivist forms of organization.[115] The author of a recent study which criticized the programs as wholly inadequate concluded that the Farm Security Administration

107. *Hearings on the Agric. Dep't Appropriations Bill for 1946 Before the Subcomm. of the House Comm. on Appropriations,* 79th Cong., 1st Sess. 517 (1946) (statement of Administrator Hancock).

108. *Id.* at 511.

109. *Id.* at 517.

110. *Id.* at 508-09.

111. Farmers Home Administration Act of 1946, ch. 964, 60 Stat. 1062.

112. *Id.* § 3.

113. *Id.* § 5.

114. *Id.* § 3.

115. E. SCHAPSMEIER & F. SCHAPSMEIER, HENRY A. WALLACE OF IOWA: THE AGRARIAN YEARS, 1910-1940, at 206 (1968).

did stabilize the best risks left on the land.[116] Although literally millions of farmers and farm workers have left the country for the city, and many families who benefitted from rural rehabilitation and tenant purchase loans have firmly established themselves in farming, rural poverty remains a serious problem.

III. SOIL CONSERVATION

Both the agricultural adjustment programs and the rural resettlement programs focused in part on the problem of soil erosion. The situation was particularly alarming in the 1930s because a series of droughts, centered in the Great Plains but reaching far to the east in 1936, had stripped irreplaceable top soil from millions of acres and driven tens of thousands of families from the plains.

Soil erosion was not a new problem; it had plagued parts of the nation since colonial times. As long as there was cheap, unsettled land to the west, however, farmers gained economically by moving rather than maintaining soil fertility and controlling erosion. In 1928 a Department of Agriculture soil scientist named Hugh Hammond Bennett, as well as many other reformers, warned that the problem was one facing the entire nation, not just individual farmers.[117] The next year, Congress appropriated funds to study the causes of soil erosion and methods for its control.[118]

The new research program began at about the same time as the New Deal and the first of several years of severe drought. Some of the earliest New Deal legislation and agencies initiated conservation programs using relief labor. For example, the National Industrial Recovery Act established the Civilian Conservation Corps and the Public Works Administration. In 1933, Public Works Administration funds financed the Soil Erosion Service, which was based in the Department of Interior under the direction of Bennett. After some political maneuvering the agency was transferred to the Department of Agriculture in 1935. On April 27, 1935, Congress passed the Soil Conservation Act,[119] which declared soil erosion to be a national menace,[120] permanently established the soil conservation

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116. Daniel, *supra* note 37, at 237.
117. H. BENNETT & W. CHAPLINE, SOIL EROSION, A NATIONAL MENACE 20-23 (U.S. Dep't of Agric. Circular No. 33, 1928).
118. Act of February 16, 1929, ch. 227, 45 Stat. 1189, 1206-08.
119. Act of April 27, 1935, ch. 85, 49 Stat. 163.
120. *Id.* § 1.

program,[121] and changed the name of the agency to the Soil Conservation Service.[122] Under Secretary Wallace the program shifted from research and demonstration to working directly with farmers.

Persuading farmers to adopt soil conservation practices has progressed slowly. In 1940, conservation plans had been developed for only 50 million acres, while some 280 million acres of cropland subject to severe or moderate erosion were in use.[123] By 1981, only 48 million of 1 billion farm acres were protected from soil erosion by conservation practices.[124] It must be noted, however, that some farm land does not need protection from erosion.

The Agricultural Conservation Program, another type of soil conservation program operated by the Agricultural Adjustment Administration and its successor agencies, has existed alongside the Soil Conservation Service's program. This program undertook cost-sharing conservation practices in direct cooperation with farmers, usually on a short-term basis. In spite of the continuing efforts made under these programs for fifty years, soil erosion is still a major threat to the nation's soil.[125]

IV. RURAL ELECTRIFICATION

Perhaps the most widely accepted of the New Deal farm programs was rural electrification. The campaign to electrify the farms surfaced because of the demonstrated unwillingness of private utilities to furnish electricity in rural areas. The question whether the federal government could undertake an effective program was answered when the Tennessee Valley Authority reached an agreement with a group of farmers and businesspersons to supply electricity to a local cooperative organized to work with rural people.

Shortly thereafter, on May 11, 1935, Roosevelt created by Executive order the Rural Electrification Administration (REA), which was financed by a public works appropriation. The agency initially tried to construct power lines with labor

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121. *Id.*
122. *Id.* § 5.
123. U.S. DEP'T OF AGRIC., REPORT OF THE CHIEF OF THE SOIL CONSERVATION SERVICE, 1940, at 3, 12 (1940).
124. U.S. DEP'T OF AGRIC., AGRICULTURAL STATISTICS, 1982, at 387, 496 (1982).
125. Rasmussen, *History of Soil Conservation, Institutions, and Incentives*, in SOIL CONSERVATION POLICIES, INSTITUTIONS, AND INCENTIVES 5-8 (H. Halcrow, E. Heady & M. Cotner eds. 1982); CENTURY OF SERVICE, *supra* note 40, at 190-200.

from relief rolls, but that effort failed because of the complicated nature of the work. Eventually, the responsibility for this program was turned over to cooperatives as the REA took the lead in assisting farmers across the country to organize rural electric cooperatives.

Some private power companies expanded their rural activities as a result of the competition from, and the success of, rural electric cooperatives. The private power companies' activities sometimes took the form of a "spite" line, serving the more lucrative rural customers in hopes of heading off the REA. In 1933, approximately one farm in ten had electric service, by 1941, however, 35% of all farms had service and by 1979, 99% were covered.[126]

The rural electrification program has made one of the most significant contributions of the New Deal to farmers and the nation, and has helped to create a fuller and more rewarding life on the farm. However, contrary to President Roosevelt's view that one objective of the program was to make farms and farming more attractive to present and future generations,[127] it has never succeeded in stemming the flow of people from the farms to the cities.

V. FARM CREDIT

The success of the rural electrification program depended on loans from the federal government to local cooperatives at very low interest rates. In fact, the revision of the entire structure of federally-sponsored farm credit programs was one of the first of the New Deal actions to aid farmers.

Congress had established a system of Land Banks in 1916, partly as a result of the report of the Country Life Commission made in 1908, and in 1923 Congress established the Federal Intermediate Credit Banks. These programs had helped many farmers in the 1920s, but were inadequate to meet the problems created by the Great Depression. During the early 1930s, farm foreclosures were so widespread that the whole system of traditional land ownership seemed threatened. President Roosevelt created the Farm Credit Administration by Execu-

126. *See generally* D. BROWN, ELECTRICITY FOR RURAL AMERICA (1980); Person, *The Rural Electrification Administration in Perspective,* 24 AGRIC. HIST. 70-89 (1950).

127. *See* F.D. ROOSEVELT, *The Establishment of the Rural Electrification Administration,* in 4 THE ROOSEVELT PAPERS, *supra* note 29, at 172, 172-75; T. SALOUTOS, *supra* note 27, at 220-21.

tive order on March 27, 1933.[128] This order consolidated all federal agencies dealing primarily with agricultural credit into the new agency, both to maintain a sound program of cooperative agricultural credit and to achieve economy in administering the programs.[129] A week after issuing the Executive order, Roosevelt asked Congress for legislation to provide for the refinancing of farm mortgages.[130] By this time foreclosures were up to a rate of about 39 for each 1000 farms, as compared with 17 for each 1000 for the years 1926 through 1930. Congress complied on May 12 by passing the Emergency Farm Mortgage Act of 1933,[131] along with the Agricultural Adjustment Act.

When Roosevelt signed the bill, he urged creditors to delay foreclosures until applications for refinancing under the new law could be acted upon. The administration then directed the Reconstruction Finance Corporation to make $200 million immediately available for refinancing. In general, creditors responded to Roosevelt's appeal, in part because some banks and insurance companies already had more farm land on hand than they wished to operate. From May 1, 1933, to September 30, 1937, federal land bank loans helped to finance about 540,000 farms—a loan to one in every thirteen farms in the United States.[132]

Roosevelt never declared a moratorium on farm foreclosures, but during the year ending March 15, 1936, foreclosures were down to 20 per 1000 farms from a high of 39 per 1000 in the spring of 1933. This decline may have been due in part to the Frazier-Lemke Farm Mortgage Act of 1934,[133] which halted foreclosures for a short period until it was declared unconstitutional.[134] A new Frazier-Lemke Act, which delayed but did not stop foreclosures, was approved on August 28, 1935.[135]

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128. Exec. Order No. 6084 (1933), CODE OF LAWS OF THE UNITED STATES OF AMERICA OF A GENERAL AND PERMANENT CHARACTER IN FORCE JANUARY 3, 1935, at 418 (1935), *reprinted in* 12 U.S.C. § 1227 app. at 1319-20 (1982).

129. F.D. ROOSEVELT, *The Message and Executive Order Consolidating Federal Farm Credit Agencies,* in 2 THE ROOSEVELT PAPERS, *supra* note 29, at 84, 84-90.

130. *Id.* at 100-02.

131. Emergency Farm Mortgage Act of 1933, ch. 25, §§ 21-42, 48 Stat. 41.

132. F.D. ROOSEVELT, *The President Signs Farm Relief Bill, Including Agricultural Adjustment; and Urges Delay in Foreclosures,* in 2 THE ROOSEVELT PAPERS, *supra* note 29, at 175, 182; *see generally* W. HOAG, THE FARM CREDIT SYSTEM: A HISTORY OF FINANCIAL SELF-HELP, 1-2 (1976) (discussing the importance of the Farm Credit System during the Depression).

133. Federal Farm Bankruptcy (Frazier-Lemke) Act, ch. 869, 48 Stat. 1289 (1934).

134. Louisville Joint Stock Land Bank v. Radford, 295 U.S. 555 (1934).

135. Farm Moratorium (Frazier-Lemke) Act, ch. 792, § 6, 49 Stat. 942, 943

According to Roosevelt, the farm debt refinancing program of the Farm Credit Administration provided assistance to the whole recovery program by, first, enabling farmers to rearrange their debts so they could meet their obligations, and, second, by paying off existing creditors so that a vast amount of money was released into circulation as increased purchasing power.

VI. FOOD DISTRIBUTION PROGRAMS

Increasing the purchasing power of Americans was a key to reducing surpluses during the 1930s, but until this happened, other steps were necessary. In the 1930s the nation faced the problem of hungry people and surplus food. Some people felt that the problem was underconsumption, rather than overproduction. Secretary Wallace spoke of "The cruel paradox of want in the midst of plenty."[136]

The Department of Agriculture's purchase of surplus hogs for slaughter in 1933 raised public questions about the possible destruction of food when people were hungry. Wallace quickly made arrangements to ship the hogs to slaughter houses, where the usable meat was canned or smoked and turned over the Relief Administration for distribution. Roosevelt announced an expansion of the food distribution program on September 21, 1933, and on October 4, 1933, the Federal Surplus Relief Corporation, later the Federal Surplus Commodities Corporation, was organized to handle the work. By the end of 1935, the Corporation had distributed about 281,000 carloads of commodities.

On August 24, 1935, President Roosevelt approved a series of amendments to the Agricultural Adjustment Act,[137] including, as section 32, a provision appropriating an amount equal to 30% of customs receipts in order to encourage the domestic consumption and export of agricultural commodities.[138] Through almost fifty years this has remained a financial base for programs to purchase and distribute surplus commodities. In recent years, however, purchases with these funds have generally been limited to perishable commodities.

In the mid-1930s, surplus commodities began to be distrib-

(1935); *see* F.D. ROOSEVELT, *Statement by the President Approving Amendments to Bankruptcy Law,* in 3 THE ROOSEVELT PAPERS, *supra* note 29, at 331-33; *see generally* Feder, *Farm Debt Adjustments During the Depression—The Other Side of the Coin,* 35 AGRIC. HIST. 78-81 (1961).

136. U.S. DEP'T OF AGRIC., 1934 YEARBOOK OF AGRICULTURE 20 (1934).

137. Act of August 24, 1935, ch. 641, 49 Stat. 750.

138. *Id.* § 32.

uted to school lunch programs, some of which the Works Progress Administration operated as work relief projects. Then, in 1939, the Federal Surplus Commodities Corporation undertook a marked expansion of the school lunch program, making it a major outlet for surplus foods. Section 32 funds were also used to implement a school milk program in 1940.[139]

Helpful as they were, these programs failed to fully solve the farm income and city underconsumption problems. Early in 1938, Frederick V. Waugh, an agricultural economist in the Department, wrote a memorandum to Secretary Wallace proposing a graduated price program to increase the consumption of surplus foods. The idea appealed to Wallace on both humanitarian and practical grounds. Wallace initiated discussion on the idea, calling it a two-price system whereby low-income families would be able to buy more of the food they needed through the regular channels of trade by paying less than regular prices. The term "two-price" seemed to have little appeal, and "food stamp" was soon substituted even though it was less descriptive.

After careful planning by Wallace and the Department, and consultation with the organized food trade and congressional leaders, the food stamp program was announced. Under the plan, families receiving public assistance would be able to obtain food stamps that would provide them food for substantially less than the usual price. The plan began on an experimental basis on May 16, 1939, and soon proved to be very successful. World War II, however, brought the program to an end.[140]

By the 1950s, many farm products again were in surplus, while many Americans were living below the poverty level, unable to buy needed food. The Department of Agriculture began donating surplus foods to states and countries that were willing to distribute them.

During the 1960s, the question of ending hunger in America once again came to the fore. Many studies showed that needs were not being met. The public's concern over the problem

139. CENTURY OF SERVICE, *supra* note 40, at 181-83; *see generally* F.D. ROOSEVELT, *White House Statement Announcing Program to Feed Unemployed with Surplus Food-stuffs,* in 2 THE ROOSEVELT PAPERS, *supra* note 29, at 361; F.D. ROOSEVELT, *White House Statement on the Formation of the Federal Surplus Relief Corporation,* in 2 THE ROOSEVELT PAPERS, *supra* note 29, at 370, 370-71 (plans to distribute necessities of life to needy unemployed).

140. Letter from Frederick V. Waugh to Agriculture Secretary Wallace (Jan. 21, 1938) (available in the files of the Agricultural History Branch, Economic Research Service, U.S. Dep't of Agric.); CENTURY OF SERVICE, *supra* note 40, at 183-84.

culminated in a hunger march on Washington, centered on the Department of Agriculture. After considerable controversy, the Department substantially enlarged the direct distribution program and began a pilot food stamp program.[141]

New food stamp legislation was approved in January, 1971, and remains in effect today. Direct distributions of food, however, have been discontinued, except for such special programs as the cheese distribution of 1982. Food stamps became the principal vehicle for attempting to assure an adequate diet for every American. Thus, a program dating from the early New Deal, designed to provide food to the needy while reducing agricultural surpluses, has become a cornerstone of America's programs for assisting the poor, the disadvantaged, and the unemployed. Not long after the food distribution programs began, Secretary Wallace wrote: "Not many people realized how radical it was—this idea of having the Government buy from those who had too much, in order to give to those who had too little."[142]

VII. THE NEW DEAL IN RETROSPECT

In 1961, Wallace, making his first return to public life since 1948, gave a notable address at the Department of Agriculture in Washington. Wallace gave an assessment of several of the New Deal farm programs, noting that the situation was so desperate in 1933 that more than one approach was required to meet his goal of restoring the farm economy. The Agricultural Adjustment and Soil Conservation programs were valuable, but, as Wallace put it: "Saving of physical resources is not an end in itself and cannot be accomplished without saving the people on the land." Marked progress in conserving human as well as natural resources had been made through the rural rehabilitation and tenant purchase programs. The Rural Electrification Administration also was essential to raising the standard of living on farms. Only half of the farm program, though, could be found on the farms. The other half consisted of programs designed to lessen the plight of city consumers. Wallace saw the food stamp plan and the school lunch program as the most promising devices used to enable disadvantaged consum-

141. *See* Hadwiger, *The Freeman Administration and the Poor,* 45 AGRIC. HIST. 21-32 (1971).

142. H. WALLACE, *supra* note 25, at 183-84; *see generally* W. RASMUSSEN & G. BAKER, THE DEPARTMENT OF AGRICULTURE 135-59 (1972) (discussing the New Deal food programs).

ers to obtain adequate food.[143]

The agricultural New Deal resulted from and began during the deepest economic depression ever experienced by American farmers. Though every major national farm organization disagreed over the form that relief legislation should eventually take, they all demanded federal action. The largest of these organizations, the American Farm Bureau Federation, united southern and midwestern farmers in demands for higher farm prices and supported several other New Deal farm programs. However, many members of the Federation, particularly in the South, came to see the rural rehabilitation and other reform programs as threatening the traditional structure of agriculture. Meanwhile, midwesterners began to question the wisdom of pressing for parity, at least through government programs. By 1940, the Federation had become more critical of the New Deal, and after World War II, began calling for less government intervention.[144] The smaller National Farmers Union continued to support virtually all of the New Deal programs. The National Grange stood somewhere between the other two groups.

During the 1930s, programs shifted from the strong production controls of the Agricultural Adjustment Act of 1933, to adjustment through soil conservation in the Soil Conservation and Domestic Allotment Act of 1936, and, finally, to the voluntary "ever normal granary," which provided support through loans on stored commodities.[145] Nevertheless, the basic idea of adjusting supply to demand through federal legislation has remained at the core of agricultural programs for fifty years.

As early as the 1920s, expanded exports were also suggested as the answer to the surplus problem. In the 1950s, during the Eisenhower administration, Secretary of Agriculture Ezra Taft Benson attempted to reduce farmers' dependence on supports by encouraging exports. In addition to the traditional forms of export, Benson, as noted previously,[146] encouraged nontraditional exports through Public Law 480. Valuable in some ways as these efforts were, they "left American agriculture more concentrated, agricultural incomes more maldistributed, agribusiness receipts more dependent upon government action, and commodity production more skewed

143. Wallace, *The Department As I Have Known It,* in GROWTH THROUGH AGRICULTURAL PROGRESS 25-31 (W. Rasmussen ed. 1961).

144. For a brief history of New Deal farm organizations, see C. CAMPBELL, THE FARM BUREAU AND THE NEW DEAL 188-95 (1962).

145. *See supra* note 44 and accompanying text.

146. *See supra* text accompanying notes 56-57.

than ever before."[147] It was not until the early 1970s that exports brought a decade-long period of freedom from surpluses.

In reviewing the stated views of President Roosevelt during the New Deal and of Secretary Henry A. Wallace during the same period and later, one can conclude that both were primarily interested in restoring the farm economy. Although they supported efforts to improve the lot of the most depressed, including sharecroppers and other tenants, migrant laborers, and drought victims, they did not plan to change the basic structure of American agriculture. When some of their proposals ran into strong opposition, particularly in Congress, neither Roosevelt nor Wallace risked their overall programs by holding fast to the more controversial reform measures.

The price support programs established in the 1930s, though somewhat modified, are being called upon in the 1980s to help farmers withstand a new surge of surpluses. Also, virtually all of the other New Deal farm programs, except for the rural rehabilitation and resettlement efforts, remain in place today.

The Roosevelt administration attempted to resolve the almost insurmountable problems of the farm with greater vigor and optimism than any other administration in our history. Decisions made during those years set the pattern for policymaking that has been followed over the last fifty years by Republicans and Democrats alike. The basic pattern of New Deal agricultural policy, however, arose in an almost fortuitous manner.

The New Deal farm programs originated from a number of different groups and people. They were in no sense the result of a single plan. For example, the price support programs resulted from years of interaction among farm leaders, but the soil conservation and food stamp programs were due largely to the efforts of individual civil servants in the Department of Agriculture. Yet by 1940, the programs taken together affected the entire chain of the nation's food supply from the farm to the consumer, and offered something to nearly every American. In recent years, the continuation of the price support programs, as well as some of the other farmer-oriented activities of the Department, has depended upon support from urban-oriented Congressmen interested in the continuation of the food stamp programs. Without this political tradeoff, farm programs would

147. T. PETERSON, AGRICULTURAL EXPORTS, FARM INCOME, AND THE EISENHOWER ADMINISTRATION 151 (1979).

have been in serious difficulty a number of years ago. Some farmers and farm organizations have called for transferring the food stamp program out of the Department of Agriculture. Some Secretaries of Agriculture have also adopted this position upon entering office, but have changed their view as they began working with the political realities.

Today the farmer and the consumer are bound to each other by what is called the food chain, a chain of numerous links, many of them forged by the New Deal. While some of these links may represent problems both for farmers and consumers, such as the decline in the number of farms, the food chain has continued to bring the American consumer a constant supply of wholesome food at moderate cost.