The New Deal

Dennis Roth

The rural programs of the New Deal have been a favorite subject of agricultural historians because agricultural policymaking was enlivened by a dramatic clash of ideologies and personalities, and New Deal farm and rural programs profoundly influenced all succeeding programs. Thus, they continue to be of interest to historically minded policymakers as well.

Since the heyday of the Country Life movement, rural American had been fading in public awareness as the Nation became increasingly urbanized. Even so, in 1930, 44 percent of the U.S. population still lived in rural areas and more than half of that number was farmers. But, by throwing millions of people out of work and into poverty, the Great Depression exposed the fragilities of the industrial economy and inspired in many a yearning for a rural past of small farms and towns. In the early 1930s, a second back-to-the-land movement began to gain converts among urban intellectuals and industrial workers alike. On the other hand, the collapse of farm prices, farm strikes, and near revolution in some rural areas showed how dependent farmers were on the rest of the economy. Stark images of Dust Bowl refugees trekking to California and starving sharecroppers eking out livings on minuscule plots in the South were impressed on the public's consciousness.

Franklin Roosevelt was an urban aristocrat but, like his cousin Theodore, he valued rural areas and natural resources. While recuperating from polio in Georgia in the 1920s, he had learned much about the cotton culture of the South and had developed a sympathy for the region's poor sharecroppers and tenant farmers. Growing up on his Hyde Park estate in New York, he had acquired a love for the land, which in adulthood developed into a general concern for the conservation of natural resources.

As Governor of New York from 1928 to 1932, he appointed Morris L. Cooke, later known as the "father of rural electricity," to head the New York Power Authority, which began a vigorous effort to extend electric power throughout the state. During the Presidential campaign of 1932, Cooke drafted Roosevelt's "Portland Power Speech," which promised to do for the rest of the Nation what had already been largely accomplished in New York.

The deepening of the Depression persuaded Roosevelt that there were too many people in the cities. Rexford Tugwell, one of Governor Roosevelt's advisors and a future presidential "Brain-Truster," later said of Roosevelt that he "always did and always would think people better off in the country and would regard the cities as rather hopeless." Roosevelt believed in marrying agriculture and industry to form what he called “rural industrial groups” -- a broad program for decentralizing industry and giving families an opportunity to combine factory employment with rural living. Therefore, in 1932, while still Governor, he sponsored a program to establish 244 "stranded" industrial families on subsistence farms in various parts of New York State.[1] Agriculture had been depressed for much of the 1920s despite boom times in the rest of the economy. The favored solution to America’s agricultural difficulties was the McNary-Haugen bill. Under it, tariffs would be imposed on imports and a government corporation would purchase sufficient stocks of U.S. production to raise the prices of staple commodities, and would then resell them in world markets. Any losses incurred would be paid for by an “equalization” fee assessed against farmers on each unit of the commodity they marketed. As a result, it was believed domestic prices could be raised to the level of the tariff. Unfortunately for its advocates, President Calvin Coolidge twice vetoed the bill.

With the onset of the worldwide economic depression and the resulting decline of exports another idea began to attract adherents. Dubbed the "domestic allotment", it called for limitations on crop production in order to raise prices.[2] During the 1932 Presidential campaign, Roosevelt met M.L. Wilson, a noted agricultural economist and philosopher, who convinced him of the need for the domestic allotment as opposed to approaches, such as McNary-Haugen, that did not limit production.

During his inaugural and the Governor's Conference held 2 days later, Roosevelt referred to problems of rural-industrial "imbalance" and the cultivation of "submarginal" lands. Once in office, the new administration's first task was to do something about low agricultural prices, but as Roosevelt and his advisors saw it, this could not be done without a broad economic recovery program that covered all parts of the economy. Therefore as the farm bill was being drafted, legislation for public works, the National Industrial Recovery Act, the development of the Tennessee Valley, and currency manipulation was also being prepared.[22] Since the recovery of the rural economy was central to the general economic recovery, USDA became one of the principal architects of the New Deal, attracting able and enthusiastic people to the Department's expanding headquarters in Washington, D.C. The New Deal would do far more than offer economic assistance. It would transform the face of rural America.

Agricultural Adjustment Administration

After 2 months of debate, the farm bill was passed in 1933 by large margins in both houses of Congress. According to historian Roger Biles:

"The Agricultural Adjustment Act contained something to please -- and frustrate -- everyone. Domestic allotment remained the heart of the bill, but it also contained elements of McNary-Haugenism such as marketing agreements and export-inducing government subsidies. To appease conservative critics and ensure that the administrative agency would be self-financing, the allotment payments to farmers would be provided by taxing the processors of farm products. Reliance on such a regressive tax, which would no doubt be passed along to consumers in the form of higher prices, reflected Roosevelt's fiscal conservatism. Finally, the bill included an emergency farm mortgage act . . ."[23]

The act, which represented the first Federal Government attempt at "planned scarcity," covered seven "basic commodities" -- wheat, cotton, field corn, hogs, rice, tobacco, and dairy products. Other commodities were added later.[24] To administer the act, the Agricultural Adjustment Administration (AAA) was created within the Department of Agriculture, the only early New Deal program which was placed within an already existing department.

The AAA was led and staffed by professional agronomists and economists whose principal goal was to give farmers better prices. They did not see themselves as reformers of agrarian social structures. The idea of plowing up crops and killing baby pigs was anathema to many of its production-minded agronomists, including Secretary of Agriculture Henry A. Wallace, but there seemed no other alternative at the time. Distributing some of the surplus commodities as relief aid to the poor ameliorated the contradiction of creating scarcity in a time of need, but it certainly did not eliminate it.

In addition, the agricultural depression highlighted other paradoxes in American agriculture, including the almost medieval living conditions endured by many southern tenants and sharecroppers in the most agriculturally advanced nation in the world. With one-third of all farmers involved in cotton cultivation, the policies of the AAA were bound to affect that region disproportionately.

In many cases cotton growers in the South reacted to crop reductions by expelling tenants and sharecroppers, thus shifting the burden of agricultural adjustment almost entirely onto those least able to support it. Tenants countered by forming the Southern Tenant Farmers' Union (STFU) and other organizations, which organized strikes, suffered landlord violence, and attempted to make their voices heard in Washington. For the most part, AAA officials sympathized with the plight of the tenants but were reluctant to assist them. Participation among southern landowners was high in the voluntary cotton subsidy program and any effort to intervene on behalf of tenants, it was felt, would encourage landowners to drop out.

There were, however, dissident voices in the AAA, especially in its legal division headed by Jerome Frank, a young New York lawyer, who was a favorite of Secretary Wallace. From 1933 to 1935, Frank and his colleagues attempted to institute a policy requiring landowners to keep their tenants once they had voluntarily signed onto the program. The AAA leadership resisted this effort, thinking it the impractical scheme of urban lawyers, but finally agreed to issue a directive requiring landowners to keep the same number of tenants that they had before entering the program. Under this system, however, landlords could punish recalcitrant tenants by hiring substitutes and so Frank wanted landlords to be required to keep the same tenants. When Administrator Chester Davis was on a trip, Frank took it upon himself to issue an interpretation of the directive, which called on landlords to do precisely that. Frank's precipitous action brought to a head a long-simmering conflict within AAA between urban social progressives and agricultural conservatives. Davis, with the reluctant support of USDA Secretary Wallace, fired Frank and rescinded his interpretation of the directive. With Frank's departure in 1935, AAA became even more firmly established as an agency that managed the mechanics of production and price control. Looking back on these events, historian Theodore Saloutos concluded that:

"The sharecroppers and tenants were the closest the United States came to having a peasant class; and in a reformist-oriented period it comes as no surprise that they were the focus of perhaps the most dramatic and explosive phase of AAA history. They fared badly in part because the AAA programs were built around commodities instead of people. Poor farmers who struggled to make a living on the land were not the AAA's prime concern. Many in the agricultural establishment believed there were too many people on the land; and one way of eliminating distress on the farm was by getting people off the land and into the cities. Furthermore, the USDA had never pursued a policy of helping marginal farmers, especially in the South where many of the rural folk were black and where the large producers supported the AAA more solidly than producers in other parts of the country."[25]

Assistant Secretary for Agriculture Rexford Tugwell had supported Frank, but, like Secretary Wallace, he believed that in the long run U.S. agriculture would have to lose many farmers to the city if it was to become a modern, efficient sector of the economy. A Columbia University economist with no direct farm experience, Tugwell was not an agricultural fundamentalist and viewed the back-to-the-land movement as an escapist fantasy. The only question for him was how agricultural change was to be rationalized and who would bear the burden of change. In the South, that burden fell almost entirely on tenants and croppers, despite the best intentions of liberals like Frank and Tugwell, and out of that decade-and-a-half of uprooting and suffering came a regional agricultural economy more transformed than any other in the country.

By rewarding large landowners with bigger price support payments and by extending low-interest loans, the AAA and other USDA agencies quickened the pace of land consolidation and mechanization in the South, ushering in what one historian has called a "modern enclosure movement." During the 1930s, 30 percent of the sharecroppers and 12 percent of the tenants left farming in the 13 cotton States. The number of tractors nearly quadrupled from 1933 to 1945 when 417,000 tractors, or 17 percent of the national total, plowed southern fields.[26]

The New Deal was above all a time of experimentation. President Roosevelt thought of himself as a quarterback who tried new plays if the old ones did not work. Perhaps more appropriately he should be compared to a coach who let his departmental and agency "quarterbacks" compete for playing time. The AAA was an experiment in stabilizing agricultural prices that worked almost immediately. Therefore, it underwent few major changes in the following years. Many other problems were more intractable and required different experiments, none of which were as successful as was the AAA in accomplishing its large but limited objective.

Subsistence Homesteads

Underlying almost all of the rural New Deal experiments in community development was a belief in planning. Three related but separate movements influenced government planners. One concerned the development of a policy of planned settlement centered around organized rural communities containing many urban advantages. A second was an element of the city planning movement that emphasized the need for developing wholly new towns or communities in a spacious, rural environment. Finally, and perhaps most significant, was the movement, at first primarily among university-based economists, for a broad program of national economic planning that encompassed land-use and agricultural planning.[27]

The National Industrial Recovery Act of 1933 appropriated $25 million to the Public Works Program of the Department of the Interior for the development of subsistence homesteads aimed "at a redistribution of population in the interest of providing greater economic stability and a higher standard of living for working men's families."[28] The idea was to build communities that provided their citizens both with small subsistence farms and off-farm employment opportunities. Emphasis was placed on the term "subsistence," lest it appear that the government was encouraging commercial agricultural production on newly established homesteads while at the same time attempting to drastically curtail it on already-existing farms.

The first Director of the Division of Subsistence Homesteads in the Department of the Interior was M.L. Wilson, one of the fathers of "domestic allotment" and the Agricultural Adjustment Act of 1933. Secretary Wallace had selected him to be an assistant secretary in USDA, but Wilson asked instead to head the Wheat Section of the Agricultural Adjustment Administration because of his long experience with that crop as a professor of agricultural economics at Montana State University. A few months later he accepted Interior Secretary Harold Ickes' offer to assume leadership of the Division of Subsistence Homesteads.

The philosophical roots of subsistence homesteads go back to the utopian, communitarian experiments of 19th-century Americans such as the Shakers, Rappites, New Harmony, Oneida, and others. But Wilson claimed that at least part of his interest in them came from his graduate work at the University of Wisconsin where he heard anthropology lectures in which Freudian concepts were used to explain behavior and social change, and his residency at the faculty club where he met younger faculty members with whom he carried on wide-ranging and stimulating conversations.[29] The work of the American Friends Service Committee in helping unemployed West Virginia miners establish subsistence homesteads during the early days of the Depression was a more direct influence on Interior's program, as was the subsistence homestead program then-Governor Roosevelt had begun in New York.

Wilson's division was beset almost immediately by difficulties, not the least of which was Secretary Ickes' lack of support. Wilson wanted to establish semi-autonomous local corporations to run the communities and handle their finances. Having worked as a journalist in Chicago during the most corrupt period in the city's history, Ickes balked at that idea. He was supported by the U.S. Attorney General who ruled that all local government-funded entities had to be strictly audited by the General Accounting Office. Wilson resigned from the Division in June 1934, believing this decision and Ickes' growing hostility had hamstrung the program.

During Wilson's brief tenure, 32 communities were planned but funds were advanced to only 27. By 1934, 50 families were living in the communities and more than 100 additional homes were under construction.[30] The Division of Subsistence Homesteads continued for a year after Wilson's departure, and concentrated during that time on the construction of the communities already underway. Nearly 700 houses were completed in the next several months and more than 1,300 others were being built. This social experiment, however, was continually plagued by legal and administrative delays and less than one-third of the original $25 million was actually spent.

Despite the program's meager accomplishments, Wilson did not lose faith in the idea of subsistence programs. Even after he left the Division to become Undersecretary of Agriculture, he continued to promote the decentralization of industry and the development of a "rurban [a now forgotten neologism] pattern of life in America - a life based upon a combination of industrial employment and agricultural activities."[31]

In Mississippi, the Division of Subsistence Homesteads began five projects that were similar to those in other States. A subsistence homestead, according to the official report, was "a house and outbuildings located upon a plot of land on which can be grown a large portion of the foodstuffs required by the homestead family." The report stressed that a homestead "carries with it the corollary that cash income must be drawn from some outside source. The central motive of the subsistence homestead program, therefore, is to demonstrate the economic value of a livelihood which combines part-time wage work and part-time gardening or farming."[32]

The five Mississippi homestead communities all followed similar development paths and were also virtually identical when completed. First, the Federal Subsistence Homesteads Corporation incorporated the five projects, assigned them general managers, and released funds to cover development and management costs. Division personnel cooperated with chambers of commerce and other local sponsors in selecting the actual project sites. Next, the general manager began clearing and surveying the land for division into individual plots and concurrently opened bidding on the homesteads, outbuildings, and roads. As originally planned, each homestead was to cost between $2,500 and $2,800, including land and improvements. Community facilities were not planned since all of the Mississippi projects were close to towns. The general manager supervised the selection of future homesteaders.[33]

Most projects began with high hopes but poor planning, shoddy construction, the failure to explain costs adequately to prospective homesteaders, and other problems doomed them to a limbo of ineptitude. None were close to completion when the Division was abolished in April 1935 and its projects absorbed by the newly created Resettlement Administration. According to historian Donald Holley, the Division, with a minimum of prior experience, had launched a rather ambitious program in Mississippi, but like many of its projects elsewhere, "they possessed an amateurish quality; and in the long run, they were among the most unsuccessful of all New Deal community projects. . . For the perceptive observer, they gave a hint of the difficulties similar efforts might later encounter."[34]

"Submarginal" Land Purchase Program

From 1933 to 1935, an even more ambitious effort was underway in the Federal Emergency Relief Administration (FERA) headed by Harry L. Hopkins, another of the Roosevelt "Brain-Trusters" and the head of relief work in New York when FDR was governor. FERA was a new, independent agency established specifically to combat poverty and unemployment brought on by the deepening economic depression. In the early months of its operations, no distinctions were made among the types of needy people to be helped, but its leaders soon realized that it would be necessary to tailor some programs specifically for unemployed farmers and rural people.

At the end of February 1934, President Roosevelt, at Hopkins' urging, issued a press release announcing that the relief program would be specialized to assist three categories of people: (1) distressed families in rural areas; (2) stranded populations, such as those families left helpless in single-industry towns after employers had permanently departed; and (3) unemployed urban workers.

For the urban unemployed, general economic revival and large-scale public works were thought to be the answer, but farmers living in dispersed communities could not easily be given public works employment. They needed rehabilitation assistance so they could support themselves on the land.

In June 1934, Administrator Hopkins issued a policy statement that set the course for all future rehabilitation activities. In his statement Hopkins proclaimed the goal of all programs to be the promotion of self-support among destitute farm families, "on a plane consistent with American standards, and preferably on the family's own farm."[35] For families already working productive farm land, rehabilitation would be offered "in place." For those, however, who had been displaced by crop failure, erosion, foreclosure, or government purchase and retirement of their so-called "submarginal" lands, FERA would provide rehabilitation "on the wing". Several specialized programs were to be used, including financial credit, technical assistance and supervision, relocation, subsistence gardens, community farmsteads for urban families who wanted to return to the land, and community work centers for farmers to supplement agriculture with part-time industrial employment.[36]

These programs were administered by State agencies, but it was soon found more efficient to handle the financial operations of the programs through State rural rehabilitation corporations. Congress provided funding for the programs through regular appropriations and the monies were then disbursed to the State corporations following procedures established by the Washington office of FERA. By June 1935, the FERA had disbursed approximately $50 million, most of it going as loans to about half a million farmers.

During its nearly 2 years of existence, FERA developed three main types of programs for farmers. First was the standard rural rehabilitation program offering "supervised credit" for farmers on productive land. The loan agreement required the enrolled farmers to operate in accordance with an approved farm and home budget, which was subject to regular inspection. In the first year nearly $50 million were advanced to farm families, most in the South.

Secondly, FERA supported the development of new communities for "stranded" rural populations that were to combine part-time industrial employment with subsistence agriculture. This program was similar to that being carried out by the Subsistence Homestead Division in the Department of the Interior but was more successful. By June 1935, FERA had planned or begun 10 communities in the South, 11 in Nebraska, Minnesota, and the Dakotas, 1 in New Mexico, and 1 in Arizona, designed to house nearly 2,500 families at a cost of $21 million.

The third FERA program was carried out in cooperation with other agencies, and was part of a general land reform movement during the Depression. It involved the purchase of millions of acres of "submarginal" land and in some cases the "resettlement" of those farmers whose lands had been bought by the government. This idea was championed especially by Rexford Tugwell, until 1935 an assistant and then undersecretary of USDA, who believed that American agriculture needed to be restructured by transferring small, inefficient farmers working poor land to more productive employment.

For 10 years USDA and, especially its Bureau of Agricultural Economics (BAE), had been accumulating data on land use in the United States. Mordecai Ezekiel, Secretary Wallace's chief economist, was aware of this work and feared that if planning for submarginal purchases was turned over to other agencies, this might “produce further danger of conflicting objectives between different Government agencies such as existed in the past between Interior and Agriculture, . . .” If, on the other hand, USDA oversaw planning, there would exist “complete consistency between the operations in controlling agricultural production and in controlling land use.”[37]

Secretary Wallace agreed with Ezekiel and mobilized his bureau chiefs to give the Land Policy Section of the AAA prompt and complete cooperation in its effort to centralize land use planning. As a result of Wallace's strong advocacy, the FERA reached an agreement with USDA under which the latter would plan and select the areas while FERA would administer the program. Lewis Gray, chief of the AAA's Land Policy Section, headed the planning effort. Gray realized that the $25 million appropriated by the Public Works Administration for submarginal land purchases would "enable him to make only a very small beginning in dealing with a very large problem, but he assumed that the acquisition of any amount of poor land would represent progress. . ."[38]

Wallace, Tugwell, and Gray, however, had a more ambitious objective and urged Congress to authorize a long-range program. They discussed this idea with President Roosevelt, but before it could be sent to Congress it was blocked by the Bureau of the Budget on grounds that such a bill would commit the government to “a long-time land policy, the scope and annual cost of which is wholly indeterminate” and “directly in conflict with the Administration's financial program.”[39]

Roosevelt did not override his budget chief but, consistent with the experimental style of his administration, he searched for other ways to act. The drought in the Great Plains produced an additional appropriation to purchase lands in those States and resettle their occupants. In June 1934, he sent a message to Congress expressing his desire to present to the next Congress a national plan covering the development and use of natural resources. A few days later Roosevelt created the National Resources Board to replace the National Planning Board and authorized the new agency to prepare a report for him by December 1.

M.L. Wilson had recently returned to the USDA as assistant secretary and chaired the board's Land Planning Committee, thus giving him an opportunity to shape a program that he had been thinking about since his arrival in Washington in 1933. His ideas were similar to those of Tugwell, who made room for him in USDA by moving up to the position of undersecretary. According to Richard Kirkendall:

"[Wilson] did not look upon this land policy as a substitute for Triple-A's efforts at production control but as a supplement, designed to deal with a different problem. As the submarginal lands contributed little to production, withdrawing them would not solve the surplus problem. But if the two million farm families who occupied such land tried to remain farmers, they could hurt the other four million. The poor land could not provide a decent income for a farm family unless the government forced farm prices to an unreasonably high level. This would cause consumers to rebel and would lead to drastic reductions in production that would harm the farmers employing good lands, good systems of farm management and capable of earning a good income with fair instead of exorbitant prices."[40]

Despite the lack of a national resource inventory, the Land Planning Committee completed its work in less than five months. Gray's Land Policy Section and Land Economics Division took the lead, but other agencies, including the agricultural colleges and experiment stations, were also involved. While USDA economists and social scientists planned the program, FERA administered it from June 1934 to April 1935. Operating in all but three States, it recommended the purchase of more than 18 million acres and granted final approval to 82 land improvement projects encompassing more than 5 million acres. Three million more acres were later purchased after the program was transferred to the Resettlement Administration in 1935 and then to USDA's Bureau of Agricultural Economics in 1937. The Southern Appalachians was one of the regions targeted by Gray and his staff. Historians have found it difficult to trace the operation of the program in specific areas, but in eastern Kentucky its development can be followed in at least one group of counties.

In the spring of 1934, a University of Kentucky professor of agriculture recommended four counties where most of the farmland was submarginal and where nearly nine out of 10 families were on relief. He pointed out that citizens of Knox, Clay, Leslie, and Bell counties previously had off-farm sources of income but these had disappeared. There was no way they could make a decent income from their farms, even in good economic times.

Local leaders in Knox County favored the purchase of some submarginal land in their county and plans for land acquisition were begun in 1934. The Stinking Creek watershed in Knox County was designated as part of a proposed Kentucky Ridge Forest Project which also included purchase areas in Bell and Harlan Counties. There were plans to create State forests in 1934, so it was hoped that the land eventually would be transferred to the Cumberland National Forest. From the viewpoint of local politicians, the only problem with this idea was the possible loss of county tax revenue if the land remained in Federal ownership.

In August 1934, land acquisition agents began to visit the people of Stinking Creek. Some of these agents were familiar to the people from their earlier incarnations as federal "revenuers," and were treated with suspicion until the local people were satisfied that they were not simply disguising themselves in order to catch illegal moonshiners.

The families of Stinking Creek were understandably cautious about the new program, wondering if they would get a fair price for their lands. They were emotionally attached to their homes and anxious to remain close to family and friends. They realized that resettlement plans were vague and the compensation they might receive would not buy a better farm unless they were to receive Government help in obtaining new land. Also, those who owned the best land near the creek, and whose actions were most closely watched by their neighbors, soon realized that if the Government bought most of the land, the tracts remaining in private ownership would become more valuable. Therefore, nobody wanted to be the first to sell.

The situation was further complicated by the Kentucky custom of separating ownership of the land from the minerals underneath it. Land acquisition agents were not sure whether they could purchase only the surface rights, while leaving the minerals (usually coal) in the hands of the others. In February 1935, it was finally decided that the Federal Government could take options for surface rights while allowing others to own the coal and timber needed for facilities to remove the coal.

The cautious people of Knox County missed their chance to sell their land to the Federal Government. Some of their neighbors in Bell County had been quicker to sign options to purchase agreements, and when funds for submarginal land purchase became available in 1936 the money went to those who had previously agreed to sell.

The land actually acquired was not contiguous to the Cumberland National Forest, as it was finally established, but the Federal Government kept the 14,000 acres of Bell County land as a demonstration area or Land Utilization Project. It was eventually transferred to the State of Kentucky and is now known as the Kentucky Ridge State Forest. According to the historians who have investigated this purchase area:

"The fate of the families who lived in the Bell County area actually purchased for the Kentucky Ridge Forest indicates that the mountain people on Stinking Creek may have been wise when they decided to hold onto their land. In September 1936, a resettlement report showed 115 families on the land purchased by the Federal Government. All but one of the families were tenants. Only 30 families qualified for rural resettlement. The report noted that the project area contained no farm land and that it was difficult to find good farm land in the area at a price the Government would pay. The people were right when they wondered where they would be able to find farms to replace those they were asked to sell."[41]

In 1938, the local project manager was required to move the remaining people off the Land Utilization Project lands. A year later he reported that 116 families had moved themselves without any Government assistance. The final result of the submarginal land purchase and relocation programs in eastern Kentucky was the purchase of some farms, the eviction of the former owners and tenants, and the establishment of one resettlement project, Sublimity, that functioned as a de facto way-station for people who eventually moved on.

Measured against the 100 million submarginal acres that planners had originally identified nationwide, the amount actually purchased in the Appalachians and elsewhere was relatively small. But, according to Sidney Baldwin, it was nevertheless "one of the truly reformative efforts of the New Deal."[42] Not satisfied with simply doling out relief, reformers such as Tugwell, Wilson, and Gray were attempting to attack what they saw as a fundamental cause of chronic rural poverty -- imbalances in man-land relationships.

It is difficult to say what impact the submarginal program had on overall rural poverty during the Depression -- its effects on the people of Appalachia was certainly somewhat mixed -- but its legacy today is tangibly embodied in millions of acres of submarginal land that are now parts of National Parks and Forests in the East and Midwest, and that led to the creation of the National Grasslands in the Great Plains.

Rural Electrification

The effort to provide electricity to rural America was one of the unalloyed successes of the New Deal. Like the agricultural adjustment program, it initially encountered some resistance, but by the end of the 1930s it was almost universally acclaimed as one the decade's signal achievements.

The absence of electricity contributed greatly to two of the great drawbacks of rural living -- isolation and drudgery. In 1930 only 1 in 10 farmers nationwide were wired for electricity, while in Mississippi the ratio was fewer than 1 in a 100. The high cost of extending power lines to low-density farm communities (usually two to five dwellings per mile in the country) discouraged most power companies from investing outside profitable urban markets.

By the 1930s, urban residents enjoyed the benefits of street lighting, trolleys and subways, elevators, electric fans, radios, and motion pictures. On the other hand, the absence of electricity in the countryside meant that many rural inhabitants had to do without such modern amenities as refrigerators, washing machines, freezers, sewing machines (except for foot-powered ones), and electric lighting for the home, and such labor-saving devices as chicken brooders (some farmers had oil-fired brooders), feed grinders (unless pulley-operated by a tractor), and milking machines. Instead:

"Kerosene lamps provided light, women did laundry and bathed their children outdoors, and men relied on mules and human energy for power. Without electricity and with the cost of windmills prohibitive for most farmers, water had to be carried by hand from the nearest streams or wells. With the average farm family of five using an estimated two hundred gallons of water daily for various purposes, hauling buckets back and forth consumed hours every day. The majority of American farmers continued to function in the ‘dark’ ages."[43]

FDR got his first lesson in the realities of rural electrification in 1924 when he discovered that he was paying four times as much for electricity in Warm Springs, GA than he was in Hyde Park, NY. Pressure for nationwide rural electrification came from the Farm Bureau Federation and the National Grange as well as southern politicians. In 1928, New York, followed by North Carolina in 1931, began campaigns to electrify their rural areas.

At first, private power companies did not welcome the prospect of Federal intervention. They argued, contrary to what seemed obvious to most everybody else, that farmers who wanted and needed electricity had already gotten it and that there was no economic justification for Federal subsidies. To them the prospect of Federal intervention was just another "socialistic" scheme like the Tennessee Valley Authority.

The Rural Electrification Administration (REA), an independent agency until its transfer to USDA in 1939, was originally established by executive order in May 1935 as a relief agency, but its first administrator, Morris L. Cooke, quickly concluded that this status was insufficient to carry out its purpose. Rather, it was necessary to have an agency that could lend money on an orderly, interest-bearing, and self-liquidating basis. A major step forward was taken on August 7, 1935 with the issuance of an executive order freeing the REA from many of the requirements that applied to relief expenditures.

REA's initial attempts to work with electric power companies to construct power lines were rebuffed. As a result, REA and Congress decided that a new approach was needed. Consequently, on May 20, 1936 the Rural Electrification Act was passed, authorizing REA to make loans for rural electrification and to furnish electric energy "to persons, corporations, States, Territories and subdivisions and agencies thereof, municipalities, people's utility districts and cooperative nonprofit, or limited-dividend associations organized under the laws of any State or Territory of the United States. . . ."

The act authorizing loans to nonprofit or limited dividend associations organized under State laws ushered in the era of rural electric cooperatives, but first some legal and technical problems had to be overcome. John M. Carmody, an industrial engineer who followed Cooke as REA Administrator, asked his legal staff to draw up a model law for States called the Electric Cooperative Corporation Act.

The act gave States the necessary legal authorization to foster cooperatives, but prospective borrowers also needed technical guidance in the organization and design of projects. Carmody hired personnel to provide this assistance and established relations with individual cooperatives rather than work through State or regional associations. He also promoted the application of scientific management techniques in the processing of loan applications.

Contrary to popular opinion, the REA only considered applications that gave clear evidence of economic feasibility. Furthermore, the prospective cooperative had to guarantee "area coverage" to all farmers under its jurisdiction, including the poor. Area coverage was an important principle with REA because private utilities had ignored it in their attempt to "high-grade" only the most profitable lines. The agency exercised close control over the cooperative once it was in operation, scrutinizing engineering and management details, annually auditing accounting data, maintaining veto power over the selection of managers.

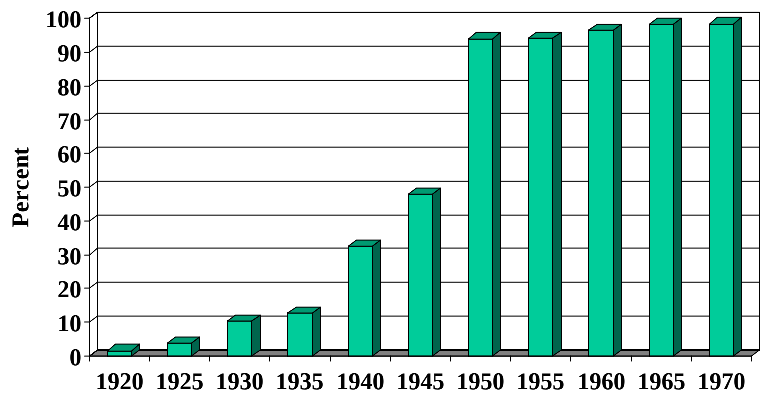
Another governing principle of REA was to apportion loans to States based on how much electrification they needed. Thus a state such as Georgia, where only 3 percent of the farms were electrified, got more loans than did California, which had 54 percent of its farms already electrified.

When the private power companies realized that REA constituted a potential threat, some moved quickly into some rural areas and strung so-called "spite lines" that served the more lucrative customers in the hopes of preempting REA. The Rural Electrification Act prohibited REA from entering areas already served by private utilities. Most of the spite lines were built between 1937 and 1940, harassing some of the cooperatives but not seriously threatening REA's program. Disputes were usually settled in court or through State public service commissions, and in some cases cooperatives bought the lines of private companies in particular areas.[44]

By the time the REA had been incorporated into USDA in 1939, it was generally recognized as being one of the most efficiently and economically administered agencies of the Federal Government. For instance, REA engineers devised new designs and equipment, which reduced the prevailing cost of rural lines from nearly $2,000 per mile to around $800 per mile. By the beginning of the 1940s, relations with private power companies had improved considerably and agreements had been reached by which REA and the companies agreed not to trespass on each other's territories.[45]

Construction of rural lines continued rapidly after the REA became a part of USDA. The advantages of electrification to housewives and the benefits it offered in making farm operations more efficient were frequently mentioned by farmers to representatives of other USDA agencies. By June 30, 1940, more than 30 percent of U.S. farms were receiving central station electric service, and on September 12 of that year a loan was approved to serve the millionth rural consumer (fig. 4). Extension of rural electrification to virtually all farm families in America had become the objective of USDA. Twenty years later that had largely been accomplished.[46]

Figure 4--Percentage of Farms with Electricity, 1920-1970



Source: Bureau of the Census, U.S. Dept of Commerce, *Historical Statistics of the United States*, 1975, and *Statistical Abstracts*, 1956-1971.

The activities of REA improved living conditions for those people still remaining on farms. On the other hand, like the AAA, its work contributed to the modern American "enclosure movement." By helping to bring more electric-powered machinery to farms, it improved the prospects of those who operated efficiently and on a large scale. After electrification, small, inefficient farmers were under greater economic pressure to change occupations. But this, of course, had been one of the goals of New Deal land planners, such as Rexford Tugwell.

Tennessee Valley Authority

Another very ambitious agency involved with electric power was the Tennessee Valley Authority (TVA). Although it was also very successful and became a national showcase for the New Deal, it aroused even more opposition than REA. A largely self-financing agency insulated from continuous congressional pressure, TVA aspired to be the sole producer of electricity in portions of seven States in the Mid-South. According to its critics, this was as close to “socialism,” if by socialism is meant state control of major industries, that the United States had ever come.

During World War I, the federal government had constructed a hydroelectric dam and nitrate explosive factory that used the power of the Tennessee River as it made a rapid descent at Muscle Shoals in northern Alabama. After the war, the Republican administration of President

Warren Harding attempted to privatize the facilities, proposing that they be turned over to automobile magnate, Henry Ford. Nebraska's Democratic Senator George Norris, the self-styled "Prairie Populist," would have none of that, declaring that a transfer to Ford would be "the greatest gift ever bestowed upon mortal man since salvation made free the human race."[47] Norris was an enthusiastic proponent of public power and wanted Muscle Shoals to be used for that purpose alone. His first Muscle Shoals bill was pocket-vetoed by President Warren Harding in 1928. Two years later President Herbert Hoover vetoed it outright.

At the turn of the century, U.S. Forest Service founder Gifford Pinchot and President Theodore Roosevelt had suggested that natural resources could be managed in a coordinated way by following the natural geographical boundaries created by river basins. When Franklin Roosevelt was elected, this concept was resurrected.[48] On May 18, 1933 the President signed into law the Tennessee Valley Authority Act, one of the first New Deal acts and the only one enacted during the first 100 days of his administration that did not specifically address the economic depression. It adopted Senator Norris' original idea and greatly expanded upon it by proposing to take "the Tennessee River as a whole and developing it systematically, as one great enterprise, to bring about the maximum of navigation, of flood control, and of the development of electricity."[49] The area to be served, the poorest and least developed in the country, encompassed the 650-mile long Tennessee River, eighth-longest in the United States, and a basin approximately equal in size to that of Scotland and England. At the time it was home to about two million mostly rural and small town people, who had always opposed governmental intervention in their lives. The Great Depression, however, had softened their resistance and they were now more than willing to give TVA a chance. Mindful of the region's history, its directors were always very solicitous of local sensitivities and made every attempt to accommodate them by involving interest groups, universities, and political institutions in all decisions and projects. The ownership and distribution of electrical power was seen by some as socialistic, but in all other respects, TVA was a relatively conservative organization, which rarely antagonized elite opinionmakers in the region.

Within months of TVA's enactment, thousands of engineers and workers were constructing dams and new towns to house the workforce throughout the length of the river. Farm land was purchased, and in some cases condemned, to make room for reservoirs. This occasionally created hardships, especially for several hundred small farmers in eastern Tennessee, but TVA did its best to relocate them or assist in their transition to other occupations.

TVA's dams and reservoirs had an unintended consequence, which ultimately became one of its greatest contributions to regional development. By raising and lowering water levels, TVA made the Tennessee River inhospitable to the malarial mosquito, previously a serious health problem and a barrier to migration into the valley.

In the process of building dams, TVA created libraries, functioning local governments, and other institutions in rural areas that had never known them. These towns with all their amenities were eventually turned over to the States. By the early 1940s, TVA had created much goodwill in the region.[50] Citizens of the valley referred to it affectionately as "our TVA." Until the 1960s, its only strong opposition came from politicians in Washington, DC.

The early history of TVA centered around its battle with private utility companies and an internal struggle for power among its directors. The first was largely settled in 1938 when the courts ruled that TVA could sell electricity within its region. Within a year, private companies, knowing they could not compete, sold out to the Authority.

President Roosevelt appointed Arthur E. (A.E.) Morgan, an engineer who had built dams in Ohio, as chairman of TVA. David Lilienthal, a crusading public-interest lawyer working for the Wisconsin Utilities Commission, and Harcourt Morgan (no relation to Arthur), an agronomist and president of the University of Tennessee, were named as directors. The three men operated as co-equals, each taking responsibility for a major function. A.E. Morgan built the dams, Lilienthal managed power production, and Harcourt Morgan was in charge of TVA's agricultural program.[51]

Despite this arrangement, friction soon developed, with Lilienthal and Harcourt Morgan aligned against A.E. Morgan over the issues of electric power distribution and agricultural extension work. A.E. Morgan favored a gradualist approach to the private power companies, proposing to use demonstration projects to show private companies and the public how cheap and efficient electric power production could be. Lilienthal, politically more astute and experienced, knew that the battle could not be settled short of outright victory. He wanted to distribute electricity in as wide an area as possible and vigorously prosecute TVA's legal right to do so.

A.E. Morgan's disagreement with Harcourt Morgan was more subdued but fundamental enough to alienate the two men. A.E. Morgan had a vague dream of developing the region into an Arcadia of small prosperous farms and small industry. His ideas were seemingly more attuned to those of the nostalgically conservative "Southern Agrarians," but he never spelled out how they would be realized. Harcourt Morgan had worked with the Extension Service combating the boll weevil in Alabama and wanted to gradually replace the region's numerous small "peasant" farms cultivating soil and nitrogen depleting row crops such as cotton and tobacco with larger soil conserving ones growing grasses, feed crops, and livestock. Unlike A.E. Morgan, he did not want to develop an autonomous TVA agricultural program, preferring instead to work with the Extension Service and regional universities, whose political and technical support he considered essential for TVA's survival.[52]

In 1938, these disagreements came to head when President Roosevelt summoned the three men to Washington. When A.E. Morgan refused to answer some questions regarding his dispute with Lilienthal, FDR fired him for "contumacy." Harcourt Morgan replaced him as chairman but Lilienthal was the real power behind the throne. Three years later he officially became the chairman. By then the electric power program was in full swing and the Authority had begun to attract industry to the region. Following America's entry into World War II, it became a favored location for war production. The biggest and most important facility was the uranium plant at Oak Ridge, TN.[53]

Harcourt Morgan's agricultural program rested on three pillars: (1) the fertilizer factory at Muscle Shoals, which had been converted from nitrogen to phosphorous production to serve the needs of farmers growing cover crops; (2) the universities' agricultural research on phosphorous fertilizer; and (3) the USDA Extension Service, which brought the first two to the attention of farmers. During the early days of the New Deal, the Extension Service was concerned that some new agencies would encroach on its turf. Had it been shut out, it could have caused the Authority considerable political grief. Instead it threw its resources energetically into Harcourt Morgan's phosphorous program, while at the same time successfully working to keep new agencies such as the Soil Conservation Service and the Resettlement Administration out of the region. (TVA, however, did sell electricity to cooperatives financed by the Rural Electric Administration, but REA did not compete with the Extension Service.)

Demonstration farms, which had always been a favorite technique of the Extension Service, helped spread the word about phosphorous, cover crops, pasturage, and contour farming, and participating farmers were supplied phosphorous and advice in exchange for following Extension Service recommendations. By 1938, there were 6,500 demonstration farms in the seven states covering 1.1 million acres.[54] The farmers tended to be relatively prosperous because the poorer ones could not afford to take land out of production for fertilizer application. Farm tenants, many of whom were black, were poorly represented. Black county extension agents and the black colleges were excluded. In all of its programs and hiring, TVA, a favorite of northern liberals, followed the “southern custom” of the time and discriminated against African Americans. That said, TVA can still claim to have played an important part in transforming the agriculture of the Mid-South from one based on small, poor, cotton- and tobacco-producing farms to one that was much more prosperous and diversified.[55]

Speaking about one of TVA’s benefits to a church meeting in the 1940s, a Tennessee farmer said: “Brothers and sisters, I want to tell you this. The greatest thing on earth is to have the love of God in your heart, and the next greatest thing is to have electricity in your home.”[56]

Soil Conservation and Drought Relief

The New Deal also instituted several programs that promoted development by protecting natural resources and enhancing the quality of rural life. Some of these, such as drought relief, were episodic, while others, such as erosion control, operated on a permanent basis.

On January 6, 1936 the Supreme Court invalidated the Agricultural Adjustment Act. On that same day, Secretary Wallace decided to invite farm leaders to Washington, DC to discuss ways of getting around the court decision. In the meantime, USDA officials had begun to devise a plan to pay farmers for voluntarily shifting acreage from soil-depleting surplus crops into soil-conserving legumes and grasses. This program was consistent with an earlier recommendation by the Program Planning Division of the AAA that soil conservation become a major objective of the adjustment program.

After studies and meetings with farmers, plans were made for a gradual change from a relatively inflexible acreage control program based on acreage of specific crops to one adjusted to land use needs and good farm management. The plan, however, did not call for a complete abandonment of production adjustment. On February 29, 1936 Congress adopted this approach when it passed the Soil Conservation and Domestic Allotment Act, the purpose of which was to "promote the conservation and profitable use of agricultural land resources by temporary Federal aid to farmers. . ."[57] Under the new act (actually an amendment to 1935 legislation on soil erosion control) farmers were to be paid for shifting acreage from soil-depleting to soil-conserving crops. According to the authors of the official USDA history *Century of Service*, the programs of 1936 and 1937 were:

"…considered a success by the Department and by farm organization leaders. The soil conservation program of 1936 cushioned the effect of the severe drought of 1936 by encouraging increased supplies of grasses and legumes. It not only provided feed for livestock, but decreased the severity and extent of dust storms. The payments contributed greatly needed income to farm families in the drought area, serving as a kind of disaster insurance."[58]

Although helpful, these measures did not eliminate the need for special emergency drought-relief programs in the 25 States and 1,194 counties which had been designated as drought areas by the end of 1936. On July 22, 1936 the President appointed an interdepartmental Great Plains Drought Committee, with the Secretary of Agriculture as chairman, to coordinate and accelerate the Government's drought-relief activities. This committee was succeeded on September 17 by the Great Plains Committee. Measures undertaken included granting reduced freight rates; making livestock, feed, and transportation loans; and instituting cattle and sheep purchase programs. In addition, the soil conservation program was modified to encourage an increased production of needed food and feed crops in the drought area.[59]

Another important element in the effort to conserve rural farmland was the 1935 transfer of the fledgling Soil Conservation Service (SCS) to USDA from the Department of the Interior, where it had begun 2 years earlier as the Soil Erosion Service. Interior Secretary Ickes had not supported the service because he questioned the propriety of giving direct Government assistance to private landowners. However, Hugh Bennett, the founder of the service, and many members of Congress did not share this concern.[60] Therefore, Ickes eventually agreed to permit the transfer to USDA.

During its brief 2-year period within Interior, the service had established 40 erosion-control projects, 37 of which were demonstrational in character and involved private lands. Three projects were located on Federal land and covered a total of 35 million acres. The demonstration projects on private land encompassed 4 million acres in 31 different States. Much of the manpower for this work was supplied by the 50 Civilian Conservation Corps camps that had been assigned to the service. After its transfer to USDA, the service began to promote the establishment of soil conservation districts throughout the country. Organized as voluntary farmer cooperatives, the districts were authorized to engage in cooperative action "to combat soil erosion and to prevent local misuse of land by prescribing land use regulations."[61] Like the AAA and REA, the SCS enjoyed widespread support throughout the United States. According to the authors of the USDA history, this was so because the:

"Soil Conservation Service's call to action to save the soil as a national heritage was the most easily understood and widely accepted objective of the agricultural programs inaugurated during the 1930s. Since it stopped with man's relationship to the land and did not become involved with the disturbing problems of prices, landownership, and rural poverty, it could be universally accepted without controversy as a patriotic objective. While 'bankrupt land' contributed to the problems of 'bankrupt people,' soil conservation alone could not solve their problems."[62]

Another outcome of the effort to lessen the effects of the Great Plains drought and erosion was crop insurance, which also developed out of another presidential committee established in 1936. The USDA Federal Crop Insurance Corporation, with an authorized capital stock of $1 million, was created by Title V of the Agricultural Adjustment Act of 1938. Because the crop insurance and agricultural adjustment programs were closely related, the AAA with its already established field organization was given the responsibility for field administration of the crop insurance program.

Crop insurance was also tied into the agricultural conservation program by a provision permitting conservation payments to be used for the payment of insurance premiums. The ease of payment was one important factor for the increased participation by 1940. The number of agreements more than doubled over 1939, and the insured acreage increased by about 80 percent.[63]

Farm Credit

By 1933, many farmers' savings had completely vanished due to the near collapse of the banking system. Banks were unable to sell their bonds, other sources of farm credit had dried up, and lenders were foreclosing mortgages threatening hundreds of thousands of farmers with the loss of their farms. The passage of general banking reforms in 1933 and 1935 creating the Federal Deposit Insurance Corporation, tightening bank inspection, and increasing Federal Reserve authority helped improve the general financial climate, but agricultural credit institutions needed some immediate targeted assistance.

Beginning in 1918, the Secretary of Agriculture was authorized to make emergency seed, crop, and feed loans. Five years later, Congress authorized the organization of 12 Federal intermediate credit banks to work alongside the Federal land banks. These banks, by discounting farmers' short-term notes, were to provide funds for operating expenses. Congress hoped commercial banks would use their services and that farmers would also organize local associations to act as retailers of credit. Federal intermediate credit banks had only limited use up to 1933 because of lack of retail outlets. Congress had authorized the Secretary of Agriculture to lend farmers the money to organize local agricultural credit corporations to use the facilities of the Federal intermediate credit banks, but only a few had been organized.

On March 27, 1933 President Roosevelt signed an executive order centralizing all of the activities engaged in administering loans to farmers and in supervising farm credit agencies making such loans in the newly-created and independent Farm Credit Administration (transferred to USDA in 1939).

On May 12, 1933 Congress passed the Emergency Farm Mortgage Act providing a $200 million fund to the Land Bank Commissioner to make both first and second mortgage loans to refinance farmers' debts. It also provided for a temporary reduction in interest on Federal land bank loans. The Farm Credit Act was enacted on June 16, 1933, providing for the creation of local production credit associations to bring the services of Federal intermediate credit banks to farmers.

From May 1933 until the end of 1935, the land bank system, on its own behalf and for the Federal Farm Mortgage Corporation, held 48 percent of the total farm mortgage debt. The refinancing program cut farmers' interest bills by about $38 million a year. In addition, many creditors agreed to scale down farmers' debts to improve their chances for mortgage loans and thus enable creditors to get cash.

All of these actions helped stem the tide of foreclosures, save the farms of hundreds of thousands of families, and liberate the assets of country banks and insurance companies.[64]

Resettlement Administration

After the convening of the new Congress of 1935, it became apparent that many legislators were critical of the experimental, improvisatory nature of several of the New Deal rural agencies. President Roosevelt was "no worshiper of consistency," but he also began to believe that the time had come to centralize programs which had been dispersed throughout the government. FDR was also aware that some legislators, with the support of social scientists, southern agrarians, and lobbyists, had been drafting proposals to help impoverished tenants and sharecroppers and that bills would soon be introduced in Congress.[65]

FDR and Tugwell believed that the creation of a new agency that centralized several New Deal programs would dramatize the administration's commitment to combating rural poverty. Tugwell was the natural choice to head it. There was also a consensus that it should be located outside the USDA where it would be free of an old-line executive department, "where ossified administrative procedures, preoccupation with the commercial farmer and his problems of price and production, and entrenched conservatism would probably stifle the energy and imagination needed for launching bold new programs."[66] Tugwell, however, deliberately held onto his position as Undersecretary of USDA so that the channels of communication would remain open between the Department of Agriculture and the proposed new agency.

In March, Congress enacted the Emergency Relief Appropriation Act of 1935 that allowed funds to be spent at "the discretion of the President" for loans "to finance, in whole or in part, the purchase of farm lands and necessary equipment by farmers, farm tenants, croppers, or farm laborers." There was no explicit mention of the need for a new agency but Tugwell and his assistants thought it was sufficient authorization to create one anyway. Roosevelt issued an executive order in April establishing the Resettlement Administration (RA) and specifying its three basic functions: (1) a land-use program; (2) resettlement of destitute low-income families from rural and urban areas and the construction of model communities in suburban areas; and (3) a program of rural rehabilitation loans and grants to help small farmers purchase land, equipment, and livestock. Roosevelt authorized an initial funding of $25 million and transferred to RA the rural rehabilitation and land-use programs of FERA, the Subsistence Homestead projects, AAA's land-use planning program, and the farm debt adjustment program that had been financed by FERA and managed by the Farm Credit Administration.

Believing that RA would be a permanent agency, Tugwell and his associates structured it much more elaborately than its predecessors with 15 divisions and a unified administration structure linking Washington to rural communities. Divided into 12 regional offices, each having delegated authority, RA was to be a truly national organization, unlike FERA or the Subsistence Homestead Division.

The leaders of the RA worked quickly and within a year had assembled a nationwide staff of nearly 15,000, making it one of the largest civilian agencies in the Federal Government. Also, it had perhaps the most varied professional staff of any agency in the history of the Federal government, ranging from anthropologists, agronomists, accountants, economists, sociologists, to thespians, taxidermists, weavers, and zoologists. Its personnel were now responsible for four distinct programs: (1) land reform, embracing nearly 300 land acquisition projects providing for the eventual purchase of approximately 20 million acres [less than one-half was ultimately purchased] from small, submarginal farmers and the resettlement of more than 20,000 dislocated farm families; (2) rural resettlement, involving a variety of model rural communities, individual farms, small garden home projects for farm laborers, and migratory labor camps; (3) suburban resettlement, consisting of model suburban communities for families with “modest” incomes -- $1,200 to $2,000 per year -- called Greenbelt, outside Washington, DC; Greenhills near Cincinnati, OH; Greendale, near Milwaukee,WI; and Greenbrook, near Bound Brook, NJ

(Greenbrook was blocked by court order and was never completed); and (4) rural rehabilitation encompassing five different but closely related types of activity -- a standard loan program, based on combining credit and farm and home planning; an emergency grant program for subsistence needs; a feed and seed loan program; a farm debt adjustment program designed to help farmers and creditors reach equitable settlements; and a cooperative loan program to assist client families in organizing or participating in various kinds of cooperative endeavors.[67]

Within a few months of the creation of the RA, Tugwell reluctantly scaled back purchases of submarginal land because it was becoming more difficult to convince the people for whom the program was intended that it would actually benefit them. Field personnel were discovering that;

"Farm people on submarginal lands may have been imprisoned and victimized by their barren acres, but their subjective attachments to home and community and their terror at the prospect of being uprooted made them reluctant to participate in resettlement. Some of the lands that had been classified as substandard proved capable of supporting productive agriculture, if adequate adjustments were made in farming methods, while many small-scale farm operators were proven to be technically and emotionally unprepared to readily operate larger farms or to adopt different farming methods."[68]

In addition, the program was subjected to charges of government coercion, collectivization, and regimentation. As the election of 1936 approached, allegations that the RA was engaged in a plot to socialize American land were heard with greater frequency. Rather than allow the RA to become a lightning rod for all the anger directed at the New Deal, Tugwell and his assistants decided to place more emphasis on the less controversial rural rehabilitation program. By June 1936, the RA had more than a half million active client families on its rolls, a figure that represented nearly 8 percent of the American farm population at the time. The agency had spent almost $100 million on the program, or about 60 percent of its total budget.[69] A large number of grants were made to families in drought-affected areas, many of whom received special feed and seed loans. Special loans and grants also enabled low-income farmers to cooperatively purchase purebred sires, tractors, combines, and other equipment they could not afford individually.[70] This trend had become so pronounced by January 1937 that Secretary Wallace felt impelled to declare that "it would have been better if [the Resettlement Administration] had been given a name more accurately describing it - Farm Security Administration, or the Tenant Security Administration, or something like that."[71]

One of RA's more far-sighted projects was an effort to improve rural health care. Aware that disease and physical disability contributed to economic difficulties, the RA began assisting needy farmers to organize group medical care services. To support this work, the RA established a Public Health Section headed by a physician detailed from the United States Public Health Service. During the first year of experimental development, RA helped borrowers in eight counties organize medical care associations, which allowed them to obtain affordable medical care by prepaying annual fees into a pooled fund. Participation was voluntary and the members could choose their own physicians.[72] In later years, this work expanded to include several hundred counties throughout the United States.

The RA and its successor the Farm Security Administration (FSA) also became involved in a minor way in the operation of migrant labor camps, which were transferred to them from the California Emergency Relief Administration. They were operated in an efficient and fair manner and were thus superior to many privately owned camps. Although these camps were only a very small part of the RA's operation, they incurred the ire of private owners who resented the comparison that could be drawn between their camps and those of the RA.[73]

Called by historian Paul Conkin "one of the most open breaks with individualistic tradition in American history," the resettlement communities managed by RA and FSA were also convenient targets for criticism.[74] They encompassed an infinitesimal percentage of rural Americans but, like the submarginal purchases and government-run migratory labor camps, they became symbols to conservatives of New Deal "collectivism".

In general, RA and FSA were more efficient managers of these communities than FERA or the Subsistence Homestead Division had been but many of their operations were also plagued with problems. There were a few "cooperative" communities in which families owned and worked the land together. These were the type favored by Administrator Tugwell, a critic of competition and individualism in American economic life and of the agrarian "myth" of the virtuous small family farm. Tugwell believed that poor farmers needed security more than ownership because as owners they would be saddled with mortgages and faced the possibility of foreclosure. Despite his views, the great majority of the resettlement communities consisted of low-income families who, through cooperative associations, were assisted in individually purchasing their homes and land with long-term, low-interest loans.[75] One of the problems, however, was attracting enough people who would or could make an extended commitment and who looked at the community as more than just a form of temporary employment.

With the passage of time and the cooling of ideological emotions, historians have come to see the resettlement communities as "interesting experiments" that laid the groundwork "for building constructive cooperatives for farm and urban dwellers."[76] While recognizing this aspect of the communities, Arthur Schlesinger, Jr. also saw in them:

"…a tendency in American life which in another decade and a half would be compelling - the flow of population from the cities to the suburbs. The Greenbelt idea of the thirties found a kind of distorted realization in the suburban developments of the fifties. Ironically, for the Resettlement planners, when success at last took place, even in their own projects, it only completed the defeat of the original conception of an autonomous community. Many of the Resettlement projects were bailed out by the war; in time, the government got back good returns on the original investment. But such communities, instead of laying the basis for a new type of civilization, only saw the reabsorption of their inhabitants into the main pattern of American life."[77]

Winding Down

By the time of the 1936 presidential election, Tugwell ("Rex the Red" to his enemies) was tiring of the constant attacks against him. He had been kept out of the campaign and now began to feel that his continued presence might damage the Resettlement Administration's relationship with Congress. Consequently, following the big election victory and just after accompanying Roosevelt on a well-publicized trip to a Greenbelt town, Tugwell resigned.[78]

Just as Tugwell was preparing to leave government service, the Resettlement Administration began to test a special tenant purchase program under which the agency bought farms for resale to tenants over a 40-year period at 3-percent interest. For 2 years, the Southern

Tenant Farmers' Union and other organizations had pressured Congress to enact legislation that would help tenants and sharecroppers obtain land. Bills had passed the Senate but had stalled in the House. In early 1937, following an executive order transferring the RA to USDA, Secretary Wallace convened a Special Committee on Farm Tenancy to nudge the process forward. The committee endorsed virtually all of the activities of the RA and then recommended that the agency administer a tenant purchase program with the Federal Government buying land to be sold under long-term contracts at low interest to disadvantaged farm families.

A few months later, the Bankhead-Jones Farm Tenant Act gave legal authority to carry out some of the committee's recommendations. Title 1 of the act authorized an amount not to exceed $10 million for an experimental beginning of the tenant purchase program during the first fiscal year. In the second year the appropriation was to be raised to $25 million, and thereafter was not to exceed $50 million per year. Title IV of the act authorized continuation of the resettlement program only to the extent necessary for the completion and liquidation of the projects already underway.[79]

On September 1, 1937 Secretary Wallace announced that the Farm Security Administration (FSA) would replace the RA and would carry out the provisions of the Bankhead-Jones Farm Tenant Act. The Administrator was to be responsible for the tenant purchase program, while authority for submarginal land purchases and land utilization projects was transferred to the Bureau of Agricultural Economics. Except for submarginal purchases, the FSA continued the programs of the Resettlement Administration.

The new tenant purchase program soon became the most popular one assigned to the FSA. However, it could reach only a very small percentage of the farm tenants, sharecroppers, and laborers who wanted to apply for farm ownership loans. For instance, during the first year of operation only 2,000 out of 38,000 applications were accepted. Usually only the best prospects were selected and preference was given to farmers who could make a down payment and had the equipment and wherewithal to manage a farm. The Farm Security supervisor then assisted borrowers in working out farm and home management plans. The result was a conservative program with few delinquencies.[80] It had little effect on the poorest tenants and sharecroppers, whose problems were resolved only when they left agriculture altogether. Nevertheless, for several years after the passage of the Bankhead-Jones Farm Tenant Act in 1937, the FSA played an important role in American life. Its rehabilitation programs gathered new supporters and increasingly larger appropriations, resulting in it having a "significant impact upon rural life."[81]

FSA Replaced by FmHA

Although it no longer purchased submarginal land nor began new resettlement projects, FSA, like its predecessor, acquired many enemies. Southern landowners and large farm corporations depended on labor from people who were the agency's clients, and as FSA befriended tenants, sharecroppers, and migrant farm laborers, large farm interests began to worry about the availability of cheap labor. Bankers, merchants, and processors also began to resent FSA's loans to farm cooperatives, which they saw as competition. Even during World War II large interests "were contemptuous of the productive capacities of small farmers." Most importantly, the Farm Bureau, which mainly represented large commercial farmers, and its ally, the Agricultural Extension Service, "feared any independent power structure with thousands of clients not under their control."[82]

The FSA had difficulty combating this hostility because, unlike other USDA agencies, it had not dared organize its clients into a cohesive special interest capable of exerting political pressure on its behalf. When its existence was placed in jeopardy, the agency found itself politically bereft.

"In terms of sheer numbers the agency's clientele was impressive, but they came from a class with little experience in political action. Most of the farm corporations and processors had powerful backers in Congress. . . True, the FSA had its friends, a schizophrenic collection of groups ranging from the National Farmers Union and Southern Tenant Farmers' Union to the National Association for the Advancement of Colored People and several church-related organizations. But the agency never sought the kind of relationship that existed between the Agricultural Extension Service and the Farm Bureau."[83]

From 1937 on, the New Deal was subjected to increasing attack from a coalition of Republicans and conservative Democrats, and the FSA became a target for all of its wrath. In the budget debates of 1940, the tenant purchase program was almost eliminated and was only restored in the final Appropriation Act for Fiscal Year 1941. Politicians such as Senator Harry F. Byrd of Virginia held hearings which sought to expose the supposed inept and "socialistic" activities of the FSA. The Farm Bureau led the charge against the FSA, alleging, among other things, that the agency was meddling in the political affairs of its clients. With the country preoccupied by war, it became increasingly difficult to generate support for the FSA. For the time being at least, wartime demands for labor obscured the problems of rural poverty.

In 1943, the FSA's appropriation was drastically cut and during the next 2 years its staff went from nearly 20,000 to less than 9,000. Bills to abolish FSA were introduced in 1944 and 1945. Finally, Congress abolished the FSA in 1946 and replaced it with the Farmers Home Administration (FmHA). The tenant purchase program became the core of the new agency and although some of the more acceptable techniques of rural rehabilitation, such as supervised credit, were continued, "anything that suggested ‘sociological experimentation’ [such as planned communities or organizing the unorganized] was vigorously avoided."[84]

Conclusion

By the second Franklin Roosevelt administration most of the creative energy had gone out of the New Deal. For 5 years the economy had gradually been recovering from its 1932 nadir of 25-percent unemployment, but in 1938 many of these gains were reversed in a recession that left 18 percent out of work. Even to some of its ardent supporters, the New Deal appeared to be an inadequate response to structural economic problems. Two years later war mobilization began to return the United States to a condition approaching full employment, something that the social and economic experimentation of the New Deal had failed to accomplish.

Just before the war, USDA experienced one final creative flourish under the Bureau of Agricultural Economics (BAE), which until that time had been strictly a research organization. The BAE and its newly created field staff began to organize county planning committees throughout the country. They were modeled on the AAA committees but considered a wider range of topics -- conserving soil, improving medical facilities, revising tax systems, developing farm-to-market roads, and establishing cooperatives, among other matters. This new planning work of the BAE, which initially received the blessing of the land-grant universities, had begun to show promise but ran into trouble when its sociologists attempted to enlarge committee membership beyond the traditional rural elites that had controlled the AAA committees. BAE moved cautiously and slowly in broadening membership procedures, but not slowly enough. The leadership of the Farm Bureau, which had grown from 150,000 members in 1933 to 450,000 in 1940, reacted to what it perceived as a threat to its dominant role in rural communities. In 1942 Congress, responding to Farm Bureau pressure, stripped the BAE of its planning function.[85]

Certainly one of the lessons learned from the experiences of the FSA and the BAE planning committees was that agencies of the Federal Government would encounter almost insuperable difficulties if they tried to intervene directly in rural social structures. In the 1950s and 1960s, even the most activist planners remembered this history and, consequently, preferred to use indirect approaches to rural development.

---

1. Donald Holley, *Uncle Sam's Farmers: The New Deal Communities in the Lower Mississippi Valley* (Urbana, IL: University of Illinois Press, 1975), p. 20.

2. Broadus Mitchell, *The Depression Decade: From New Era Through New Deal, 1929-1941* (New York, NY: M.E. Sharpe, Inc., 1975), p. 183

22.Van L. Perkins, *Crisis in Agriculture: The Agriculture Adjustment Administration and the New Deal, 1933* (Berkeley, CA: University of California Press, 1969), p. 43.

23. Roger Biles, *A New Deal for the American People* (Dekalb, IL: Northern Illinois University Press, 1991), p. 37.

24. Mitchell, *The Depression Decade*, p. 188.

25. Theodore Saloutos, *The American Farmer and the New Deal* (Ames,IA: Iowa State University Press, 1982), p. 98.

26. Hurt, *American Agriculture*, p. 297.

27. Paul K. Conkin, *Tomorrow a New World: The New Deal Community Program* (Ithaca, NY: Cornell University Press, 1959), p. 37.

28. Richard S. Kirkendall, *Social Scientists and Farm Politics in the Age of Roosevelt* (Ames, IA: Iowa State University Press, 1982), p. 71.

29. Saloutos, *The American Farmer*, p. 153.

30. Kirkendall, *Social Scientists*, p. 73.

31. Ibid.

32. Holley, *Uncle Sam's Farmers*, p. 53.

33. Ibid., p. 55.

34. Ibid., p. 61.

35. Sidney Baldwin, *Poverty and Politics*, (Chapel Hill, NC: University of North Carolina Press, 1968), 62.

36. Ibid., p. 62.

37. Ibid., p. 81.

38. Kirkendall, *Social Scientists*, p. 82.

39. Ibid., p. 83.

40. Ibid., p. 94.

41. Shelley Mastran Smith, *Mountaineers and Rangers* (Washington, DC: U.S. Forest Service, 1983), p. 50

42. Baldwin, *Poverty and Politics*, p. 66.

43. Biles, *A New Deal*, p. 73.
44. Saloutos, *The American Farmer*, pp. 218-219.
45. Biles, *A New Deal*, p. 74.
46. *Century of Service*, pp. 219-221.
47. The Edmund Muskie School of Public Service, University of Southern Maine, "Regional Development Policy in the United States," http://www.muskie.usm.maine.edu.csc/650web/Federal%Development.htm
48. Paul K. Conkin, "Intellectual and Political Roots," pp. 3-34 in *TVA: Fifty Years of Grassroots Bureaucracy*, ed., Erwin C. Hargrove and Paul K. Conkin (Urbana, IL: University of Illinois Press, 1983), p. 35.
49. Richard Lowitt, "The TVA, 1933-45," pp. 35-65 in *TVA: Fifty Years of Grassroots Bureaucracy*, p. 35.
50. Ibid., pp. 49-54.
51. Ibid., pp. 39-44.
52. Edwin C. Hargrove, "The Task of Leadership: The Board Chairman," pp. 89-121, in *TVA: Fifty Years of Grassroots Bureaucracy*, pp. 89-96.
53. Bruce J. Schulman, *From Cotton Belt to Sunbelt: Federal Policy, Economic Development and the Transformation of the South, 1938-1980* (Durham, NC: Duke University Press, 1994), p. 91.
54. Erwin C. Hargrove, *Prisoners of Myth: The Leadership of the Tennessee Valley Authority, 1933-1990* (Princeton, NJ: Princeton University Press, 1994), p.99.
55. Ibid., p. 102.
56. Robert J. Samuelson, The Washington Post, 1/19/00.
57. *Century of Service*, p. 167.
58. Ibid., p. 170.
59. Ibid.
60. Ibid., p. 193.
61. Ibid., p. 197.
62. Ibid., p. 199.
63. Ibid., p. 180.
64. Ibid., p. 213-217.
65. Baldwin, *Poverty and Politics*, p. 90.
66. Ibid., p. 91.
67. Ibid., p. 106.
68. Ibid
69. Ibid., p. 108.
70. *Century of Service*, p.206.
71. Baldwin, *Poverty and Politics*, p. 108.
72. *Century of Service*, p. 206.
73. *Century of Service*, p. 207.
74. Conkin, *Tomorrow a New World*, p. 6.
75. Holley, *Uncle Sam's Farmers*, pp. 105-106, 135-131.
76. *Century of Service*, p. 210.

77. Quoted in *Century of Service*, p. 210.
78. Kirkendall, *Social Scientists*, p. 122.
79. *Century of Service*, p. 212.
80. Ibid., p. 213.
81. Kirkendall, *Social Scientists*, p. 130.
82. Holley, *Uncle Sam's Farmers*, p. 243.
83. Ibid.
84. Baldwin, *Poverty and Politics*, p. 402.
85. Kirkendall, *Social Scientists*, pp. 192-212.