Henry A. Wallace and Radical Politics in the New Deal: Farm Programs and a Vision of the New American Political Economy

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INTRODUCTION

The role that the federal government played in the New Deal and its relationship with both organized and unorganized groups have been a subject of controversy among historians and political scientists.

On the one hand, it has been commonplace to characterize the decision-making process of New Deal policies as being made up of both established or influential organized groups and a federal government fundamentally responsive to their claims. Many historians have emphasized the rather conservative nature of New Deal reform policies, stressing that the attitude of the federal government was very responsive to pressures from organized groups.¹ For example, William E. Leuchtenburg, not at all a New Left historian, criticized the New Deal for recognizing only established groups and leaving "many Americans—sharecroppers, slum dwellers, most Negroes—outside of the new equilibrium."² The so-called "broker state" is an expression which felicitously sums up these arguments by historians as well as political scientists as to the role the Franklin D. Roosevelt Administra-
tion played during the New Deal years.³

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It is certain that there is a good case for this kind of pluralistic or group-oriented interpretation of the New Deal policy process. Broker state politics, a salient reality in the initial stage of the New Deal, was especially applicable to the National Recovery Administration. The push-and-pull politics of organized interests was also conspicuous in American politics from the beginning of the New Deal. In fact, such legislation as the Agricultural Adjustment Act (AAA) and the Wagner Act, which protected farmers and workers, and the powerful interest groups themselves, such as the CIO and the American Farm Bureau Federation (AFBF), were the most enduring of all the New Deal legacies.

On the other hand, however, there is no doubt that one of the most self-evident characteristics of the New Deal was that many policies were initiated by the federal government. Such programs as unemployment relief and public works were products not of pressure group politics but of the Administration’s initiative.

Therefore, what should be examined here, in order to make a fruitful historical argument, is the degree of initiative of the Roosevelt Administration on behalf of unorganized groups in the face of pressure from strong and entrenched organized groups, and in connection with that, the degree of class-consciousness and radicalness of Administration policies and visions.

Hereafter in this article, I shall put stress on the initiative and leadership of federal officials in the area of agriculture, especially in farm tenancy legislation. I will also try to demonstrate that some significant and substantial reforms, which were class-conscious and structural in nature, were launched for the unorganized poor, overcoming staunch opposition by the vested-interest groups. Focusing on Henry A. Wallace, Secretary of Agriculture from 1933 to 1940, I will refer to his policy visions, which lay behind the reform programs in agriculture, and stress the radical elements embraced by the New Deal. Moreover, it should be noted that it was not only the reform policies and Wallace himself but the Department of Agriculture (USDA) that became fairly class-conscious in the years from 1936 to 1940.

In addition, I will examine not only the decision-making and legislative process but also the process of implementation because the latter has sometimes significant political implications as well, including unexpected side-effects, thus triggering another cycle of policy process. The question of whether the administrative structure for implementing
agricultural policies is centralized or decentralized, has been in effect a serious political issue in American farm politics.

Adding some remarks in a historiographical context, this article will not directly criticize the view that one of the enduring political legacies of the New Deal was a "new equilibrium" among influential and well-organized interest groups and a "new order" which excluded many Americans. But it will be highly critical of the arguments that have been made commonly among historians and political scientists, which confuse the criticism of the legacy of the New Deal with that of the New Deal itself.

It is certain that many of the programs for the unorganized poor, such as the Farm Security Administration (FSA), the Works Progress Administration (WPA), the National Youth Administration (NYA), and the Food Stamp Plan, were not able to achieve lasting results, and that some of them, including the four programs above, were actually abolished or fatally crippled during the Second World War. This, however, does not necessarily mean that they are unimportant or negligible in evaluating the historical significance of the New Deal. Rather, it might even be possible to argue that those programs that existed only during the New Deal years and disappeared with its demise do tell us something important about the unique nature of the New Deal, New Deal liberalism, and the politics of the New Deal period.

Agriculture may seem for some to be an unimportant and irrelevant subject for understanding the New Deal historically. At that time, however, approximately one-fourth of the population was dependent on agriculture. In fact, many politicians of that time, including Roosevelt, often referred to the farmers as "half of the population." In 1932, agriculture was even more politically important for Roosevelt, because he was a candidate of the West and the South in getting the Democratic nomination, and the Midwestern farm states were a pivotal battlefield between Democrats and Republicans. It was also given much weight in terms of policy, for strengthening farmers purchasing power was regarded by Roosevelt policy advisers as a key to the economic recovery. Furthermore, we should recognize that Americans in the 1930s did not know, as we do in hindsight, especially in initiating the farm tenancy program in the 1930s, that many farmers would desert the farm to work in cities during the enormous prosperity of the Second World War. The assumption held by officials in the USDA was that they had to solve the problem in the depressed economy, which
they expected might last for several more years. This is the perception that we should keep in mind in analyzing New Deal farm policies.

I

POLITICS OF THE AAA: PRELUDE, 1933–1935

The political process of the Agricultural Adjustment Administration (AAA) from enactment to implementation can be described, with some exaggeration and simplification, as a rope-pulling contest among well-organized and influential groups. In a sense, it was the politics of interest groups and social pressure. On the one hand, the AFBF, basically representing the well-to-do farmers, was a firm supporter of the AAA. The Grange also supported it, though with some reluctance. On the other hand, there were middle-men, like processors and distributors, who had easy access to the decision-making process of agricultural policies on the right end of the political spectrum, and the farmers affiliated with the National Farmers Union (NFU) and the Farm Holiday Association (FHA) on the left, both vehemently opposing the AAA during the years 1933 through 1935.

In this situation, the Administration apparently played the role of a broker, considerably dependent upon the leadership and organization of the AFBF, although it never gave up its own leadership completely, and retained a minimum degree of autonomy in initiating the idea of production control. It seemed to the Administration that the organizational support it received from the AFBF was indispensable for the success of the AAA.

For example, Roosevelt and his advisers did not force the farm leaders to accept the acreage reduction plan, although Roosevelt had implicitly suggested that he supported the main ideas of that plan in his first major campaign speech, at Topeka, Kansas, in September 1932. This means that he indicated he was sympathetic toward the production control plan before any of the major farm organizations lent their support to the plan. Roosevelt and his advisers on agriculture succeeded in convincing Edward O’Neal, the president of the AFBF, of the merit of the acreage reduction measure. O’Neal then tried diligently to gain support for the plan from as many farm leaders as possible.

In sum, although pressures from farmers to enact legislation to relieve their plight were formidable, they were not translated into
specific Administration policy in any immediate way. On the contrary, Roosevelt and his advisers embraced their own preferred policy, urging O’Neal and other farm leaders to accept the policy. In a sense, they “imposed” their policy preference upon the AFBF as well as some of the other farm groups. But what is really important is the way in which they did it. They encouraged the farmers to recommend this policy voluntarily, or at least tried to make it appear that way. The Administration chose the policy, but it needed a strong cooperative relationship with the AFBF in order to translate it into legislation.

In the initial stage of staffing the AAA, Secretary Wallace and Assistant Secretary Rexford Tugwell tried their best to coopt the conservative business forces in agriculture that were opposed to the processing tax and production control in the Administration farm program. They brought the representatives of those forces, including George N. Peek and Charles Brand, into the Administration as Administrator and Co-Administrator of the AAA. On the contrary, Wallace and Tugwell were basically very cold to the demand for the cost-of-production plan, which included price-fixing measures demanded by the NFU and the FHA at that time. Both the middle-men and the radical farmers formed influential opposition forces in this political process, the former among the conservative Senators and high-ranking officials in the USDA, the latter among the progressive Senators and rural Governors in the Midwest and Northwest. It was only after a hard fight with the NFU and the Senators supporting their plan that Wallace successfully blocked the cost-of-production amendment to the proposed agricultural bill in May 1933. And it was also after the benefit payments for the farmers cooperating with the AAA acreage-reduction plan was put on track in the late fall of 1933, and the prices of farm commodities began to actually rise in late 1933, that the AAA program came to be firmly supported within the farm community.

All throughout the difficult days from the spring of 1933 to early 1934, the leadership of the AFBF continued to be an extremely reliable supporter of Wallace and his programs. The relationship between Wallace and O’Neal was more than intimate in those days.

Moreover, what had crucially important implications for overall New Deal farm politics was that Wallace and other senior USDA officials decided in the summer of 1933 to make use of the Extension Service in the USDA as a field agency for the AAA, in order to cope with a vast amount of complicated administrative work. It was ex-
pected by Wallace that county agents in the Extension Service would constitute a field force able to conduct an efficient sign-up campaign for production control, whereas it would have been almost impossible to build a nation-wide bureaucracy to match the Extension Service in a few months.\textsuperscript{12} This was the very decision that the AFBF wanted to receive.\textsuperscript{13} The Extension Service had a close relationship with county farm bureaus through county agents, because county agents were paid by county farm bureaus as well as by the county, state, and federal government. For this reason, the AFBF was often called a semi-official organization.

As soon as Wallace asked the Extension Service to help the AAA at the local level, county agents enthusiastically joined the AAA sign-up campaign for acreage-reduction while the farm bureau people were eagerly engaged in their own membership campaign at the same time.\textsuperscript{14} This was a great opportunity for the AFBF to build up and strengthen their organization at the bottom. The membership of the AFBF swelled during the New Deal (from 160,000 in 1933 to 510,000 in 1941),\textsuperscript{15} and Wallace’s farm program contributed to this growth to a great extent. Although Wallace’s decision seemed to be rather unintentional, it was certain that he did not embrace the same precaution about AFBF’s fundamental conservativeness that Tugwell did.\textsuperscript{16}

In the long run, however, the AAA came to have its own field organization, which had a three-tiered farmers’ committee at the state, county, and community level, organized and elected from the bottom up, and made up of the farmers participating in the production-control-program. This was a machinery “to supplement, and in some instances to supplant, the Extension Service in the AAA program.”\textsuperscript{17} But in the South, despite this effort by the USDA, county agents continued to be influential. In general, there is no doubt that this administrative arrangement sometimes delegated government’s public authority to private and vested interests in the Southern local community, and made the AAA implementation structure extremely loose and decentralized. It is certain that the capacity of the federal government to implement production-adjustment policies was seriously decreased by this decision.\textsuperscript{18}

On the whole, one may safely argue that in 1933–34 Wallace was speaking the words that the established farmers wanted him to speak. His foremost priority lay in obtaining equality for agriculture. This was the aim which was shared by almost all of the established farm
leaders, even George N. Peek. According to Wallace, the AAA gave farmers governmental protection, which he thought workers and businessmen had already been given in the form of labor legislation and tariffs. As was typical of many established farm leaders, Wallace supposed that the national economy consisted of three sectors, business, labor, and agriculture, and he wanted to restore the balance between agriculture and business which had been lost since the period 1909–1914.  

It was natural that he would take every opportunity to defend the AAA program. In a sense, his role at that time was that of a defender of the agricultural sector in general. The idea of equality, parity, and balance with other sectors was at the core of his arguments. In the actual political context of the period, this meant a firm alliance with, or even dependence upon, the AFBF.

II

THE PURGE IN THE AAA AND ITS AFTERMATH: TURNING POINT

In 1934, a new issue came up before the AAA. It was a problem concerning men and women at the bottom of the American agricultural ladder: tenant farmers, sharecroppers, and agricultural laborers.

As Ellis Hawley put it, the AAA was a counterorganization against business and labor.  

It was not intended to narrow the wide gap in income and power which existed in the farm community. In fact, the mechanism for distributing government payment to the cooperating farmers was clearly disadvantageous for the smaller farmers.  

Moreover, especially in the South, the AAA was even directly responsible for the distress of tenant farmers and sharecroppers. It was often pointed out at the time that some landlords committed abuses by withholding AAA benefit payments to their tenants or even evicting them. In most cases, tenants were unable to expect that the local AAA farmers committees in the South, which were made up exclusively of landlords, would inquire into their cases. Because appeals by the sharecroppers seldom reached Washington, there was almost no possibility that they would be given relief through the AAA’s formal administrative machinery. AAA’s farmers committees, sometimes hailed as an embodiment of participatory grass-roots democracy, were an institution which only served to suppress the interests of the share-
croppers in the South. Even worse, there were few politicians in Congress or other organizations which directly represented their demands. Many of the sharecroppers, most of whom were blacks and poor whites, were deprived of voting-rights in the Southern states at the time, and were lacking in political resources in general.

In several respects, these poor farmers presented a striking contrast to the NFU and FHA farmers, although they both opposed the AAA from the left wing in the early New Deal. The NFU’s proposal enjoyed popularity in Congress, and they successfully mobilized several Governors, whereas there were almost no Congressmen who would speak for sharecroppers. Some of the Southern Governors just repressed them physically. When those farmers at the bottom of the economic scale in the South tried to organize themselves or conduct a strike, they were simply brutally repressed. In sum, they were almost completely excluded from the normal political channels of interest articulation in democratic politics.

In fact, the NFU’s opposition was temporary in nature, for it changed its attitude toward the AAA dramatically in 1937–38, becoming a firm supporter. On the other hand, the sharecroppers’ opposition was rather fundamental, structural, and probably permanent in nature, not only because they suffered serious damage from the AAA program, being evicted or defrauded by landlords, but also because the economic gap separating them from well-to-do farmers could not be narrowed by the acreage-reduction program.

This is why sharecroppers’ interests and demands had to be articulated not through ordinary and conventional channels of democratic politics such as elected officials, Congress, established farm groups, or the existing AAA local committees, but by the Socialist Party, their own fragile organizations, like the Southern Tenant Farmers Union (STFU) created in 1934, and some of the national journals. By approaching a few sympathetic senior officials in the Roosevelt Administration through a personal route, some of the sharecroppers interests and demands were met to some extent.

The first significant event took place in the AAA in February 1935. There had been a serious ideological as well as personal rivalry in the AAA even after the dismissal in December 1933 of George N. Peek, who was opposed to the production-control program. On the one hand, Jerome Frank, Gardner Jackson, and others in the legal and consumer divisions strongly insisted on the USDA’s right to access to
books and records of distributors, and were reluctant to accept the marketing agreements. On the other hand, Chester C. Davis, new Administrator of the AAA, believed that the friendly cooperation of middle-men was indispensable for the success of the AAA. In addition, in the summer of 1934, Davis came to feel more and more uncomfortable with Paul H. Appleby, because Davis thought that Appleby was intruding too much into policy matters as Assistant to the Secretary of Agriculture and was also too liberal. It was in this context that the issue of sharecroppers was raised before the AAA. Eventually, it intensified the prior cleavage in the AAA.

At this time, Wallace's attitude was somewhat ambiguous. That he trusted Davis as a firm supporter of the production-control program was unquestionable. But he also believed in the necessity of the USDA's access to the books and records of the middle-men. It was the famous "purge" of February 5, 1935, that forced him to choose one of these two camps.

The Cotton Section of the AAA headed by Cully Cobb argued that some extent of eviction was unavoidable in order to achieve success in the cotton program. But liberals like Frank tried to interpret Article 7 of the acreage-reduction contract for 1934-35 between the AAA and the landowners, which stipulated that the landlord "shall, insofar as possible, maintain on this farm the normal number of tenants and other employees," as vigorously as possible, in order to prevent further eviction.

In February 1935, after being informed that a telegram had been sent by Appleby while Davis was out of town, which he himself would never have allowed to be sent, Davis called upon Wallace to permit him to fire Frank and other liberals, not only in the legal division but also in the consumer division, which had no direct relation with the tenant eviction issue. Davis suggested that he would rather resign if his demand was not accepted, and that Wallace himself would not be able to stay in the cabinet if he antagonized Southern landlords and Senators. Taking Davis's argument at face value and believing that Frank's interpretation was "a bad law," Wallace permitted the dismissal of Frank, Jackson, and several other bureaucrats in the AAA. This was the "purge" of February 1935.

What is important in this article is developments after the purge and its impact upon and implications for New Deal agricultural policy. Interestingly enough, Wallace somewhat later found that Frank's opi-
nion and interpretation were basically moderate and as sound as Davis's, and he began to repent of the dismissal.\textsuperscript{30} It is clear that after the incident his relationship with Davis became very cool, while he was on good terms with Frank again in the late 1930s, and also met and talked very often with Jackson, who became the Washington representative of the STFU after being forced out of the AAA.\textsuperscript{31}

III

WALLACE'S CHANGING PERCEPTIONS, 1934–1936

The spring of 1935 saw not only a negative response but also two rather positive ones to the sharecroppers' problem on the part of the Administration. The first was Wallace's support for the Bankhead-Jones Farm Tenant Bill, which was introduced in Congress in February 1935. The second was the creation of the Resettlement Administration (RA) in May 1935, headed by Under Secretary of Agriculture Tugwell.

In December of 1934, a Southern social worker for racial equality named Will Alexander, long concerned with the distress of the black sharecroppers, called on Wallace, carrying in his hand his own plan to promote farm ownership by tenants and sharecroppers.\textsuperscript{32} This plan was so attractive to Wallace that he began to consider its legislative possibility seriously. He actually ordered Tugwell, Appleby, and others in the department to prepare the bill. Alexander and Senator John Bankhead of Alabama joined in the preparation of the bill in the USDA.\textsuperscript{33} But Wallace and other high-ranking officials were so cautious in this matter that they deliberately kept secret the fact that it was not Bankhead but the USDA that was in fact preparing the bill.\textsuperscript{34}

The Bankhead-Jones Farm Tenant Bill aimed at the promotion of the family farm by making it possible for the government to purchase farms from private banks and insurance companies, and to sell them to tenant farmers, giving them cheap and long-term credit.\textsuperscript{35} In a congressional hearing, Wallace frankly recognized the possible damage the AAA cotton program had done to the Southern sharecroppers. Furthermore, he put emphasis upon the importance of the farm tenancy program in terms of creating "a stable rural civilization."\textsuperscript{36} In a sense, Wallace began to feel that something directly related to the quality of American civilization was at stake in this issue. This was the first indication of Wallace's change from an indifferent to a sympathetic at-
titude toward tenant farmers.

The Senate passed the bill by 45–32 on June 1935, but the House did not pass it either in 1935 or in 1936, at least partly because the AFBF had explicitly opposed it.37

The bill was not, however, the only effort by the Administration to aid tenant farmers. In accordance with the Emergency Relief Appropriation Act, Roosevelt established the RA in May 1935 at the urge of Tugwell, in order to launch the land reform policy and hasten the relief of the poor farmers. He had long been critical of the Extension Service and had thought that an independent agency specializing in social reform in agriculture should be created outside the USDA, where he felt the conservative influence by the landlords and the AFBF was dominant.38

What deserves our attention is the staff Tugwell recruited for the RA. He succeeded in getting Will Alexander as Deputy Administrator, and C. B. Baldwin and L. C. Gray as Assistant Administrators. As Paul K. Conkin pointed out, the RA was one of the most class-conscious of all the New Deal agencies.39

In early 1936, there emerged several further indications of the changing attitude of Administration officials with regard to rural poverty. On January 6, Roosevelt finally agreed to participate in the debate, if his intervention was necessary to get the legislation.40 At about the same time, Mordecai Ezekiel, economic adviser to the Secretary of Agriculture, presented to Wallace at his request a memorandum regarding the "representation of tenants and farm laborers" in the AAA program, in which Ezekiel frankly recognized that landlords had gained "the lion's share" in the AAA cotton program. Therefore, Ezekiel argued that in the implementation of the new farm legislation, the Soil Conservation and Domestic Allotment Act of 1936, a substitute for the AAA which had been declared unconstitutional, a committee should be established to represent tenant farmers and farm laborers, so that they, comprising 60 percent of American farmers, could enjoy what Wallace called economic democracy.41 This proposal was not realized in the new act, nor was it possible to know how Wallace reacted to the memorandum, but it was suggestive of the change in perceptions of this problem which was taking place among the top officials of the USDA.

At about the same time, Gardner Jackson, the Washington representative of the STFU, had many conferences with sympathetic and in-
fluential people both inside and outside the Administration, such as Franklin D. Roosevelt, Eleanor Roosevelt, Louis Brandeis, Aubrey Williams, and others. Wallace, also on this list, was reported by Jackson to have become more and more interested in this problem.\textsuperscript{42} Perhaps feeling guilty about the purge, it is probable that he was in a very receptive mood. Jackson took advantage of this psychological situation and persistently argued with Wallace about the urgency and rightness of the STFU’s demands. As a result, Jackson succeeded in getting Wallace to attend the farm laborers’ meeting held in March 1936, where he expressed USDA’s interest in their cause, and explicitly supported their right to organize.\textsuperscript{43}

Moreover, Wallace, on his own initiative, frequently and enthusiastically invited Jackson to talk to him, and came to believe that simply selling land to tenant farmers, as would have been done under the Bankhead-Jones Farm Tenant Bill of 1935, would be inadequate, that it would be necessary for the federal government to retain the title of the land for more than twenty years in order to prevent it from being resold or subjected to speculation, and that it was absolutely necessary that small farmers form cooperatives with financial aid from the federal government in order for them to compete with the larger farmers on an economically equal basis. Those were arguments that the AFBF opposed. Wallace was gradually moving away from the AFBF ideology, and it was mostly through Jackson that Wallace absorbed some of the STFU’s radical arguments.\textsuperscript{44} With Wallace and some of his high-ranking advisers more and more committed to the relief of the rural poor, some significant policy innovations became a possibility at the top level of the Department.

IV

POLITICS OF THE FSA

On September 12, 1936, Wallace, in a handwritten note, asked Roosevelt if he would “care to consider making a statement on Farm Tenancy.”\textsuperscript{45} The President answered, “Yes, please do give me a little statement.”\textsuperscript{46} On that day, Wallace and Roosevelt at last began to push hard on this issue, and this led to the radicalization of New Deal farm policy.

Based on the draft made by Wallace and his advisers, Roosevelt sent
a letter to Bankhead and Jones on September 21, 1936, and publicly supported the farm tenancy legislation for the first time.47 Bankhead and Jones were, of course, very enthusiastic.48 Furthermore, accepting advice from Wallace and others, Roosevelt established the President’s Special Committee on Farm Tenancy on November 17, and asked the committee to submit a report.49 Although USDA’s involvement in the preparation of the farm tenancy bill was kept confidential in the spring of 1935, the anti-rural poverty program was now to be promoted under the President’s auspices as an Administration bill.

The membership of the Committee was suggestive of the nature of the coming report. Although some of the conservative farm leaders such as O’Neal were appointed, there were many of Wallace’s liberal advisers, many social-reformers, and even a representative of the STFU included in the Committee, so that the majority undoubtedly consisted of those sympathetic with the rural poor. The chairperson was Wallace himself.50 In this respect, this Committee was in striking contrast to the National Agricultural Conference of March 1933 which recommended the Agricultural Adjustment Bill, and which was made up almost exclusively of established farm leaders and whose chairman was O’Neal. It is clear that a political process extremely different from that of the AAA was emerging here around the tenant farmers issue.

At the first meeting of the Committee on December 16, 1936, Wallace delivered an opening message. Referring to the fact that tenancy had spread in spite of decades of government land policy selling public land at nominal prices or at virtually no charge since the mid-nineteenth century, Wallace warned that “gifts of land did not seem to check tenancy and promote ownership by the operators,” and that just the sale of land,” even at extremely favorable terms,” might not be an adequate answer to their problem. According to Wallace, “any genuine attempt to lessen the evils of tenancy must attack a whole complex of things . . . our land tenure system, our traditional attitudes toward land ownership and land use, and the instability of farm income as well as the simple problem of providing credit on reasonable terms.” He thought that not only the land but also the civilization dependent on it were in jeopardy. Moreover, he defined this whole problem as a human problem to an unusual degree, pointing out that children of poor farmers “must either become tenants or casual laborers.”51 This was probably the most comprehensive and aggressive speech ever made by Wallace about rural poverty.
At about the same time, Wallace also made public fundamental goals of the second Roosevelt Administration’s farm program. Before the AFBF annual meeting, Wallace said that American farmers’ fight for “equality for agriculture” had been won because nearly 100 percent parity had been achieved by 1936, and that, therefore, a better phrase to sum up the present needs of farmers and the nation would be “agricultural security,” which meant not only “fair and stable farm prices,” and “opportunity for farmers to organize effectively in their own interest,” but also “increased security of tenure,” and “increased opportunity for those farm people whose standard of living is now on a subsistence basis.”

This address was in part a declaration of victory of the farmers’ movement for equality since the 1920s, but it also made public the fact that the goal of the New Deal farm program had changed from “parity” to the more comprehensive “security.” In addition, Wallace’s remark indicated that the policy for low-income farmers which Wallace began to advocate in 1936 was now being integrated into an overall New Deal farm program in a systematic way in USDA’s policy vision, under the name of “agricultural security.” It may not have been a coincidence that the agency, which would be in charge of poor farmers’ relief, was soon named the Farm Security Administration. This fairly fundamental redefinition of the goal of New Deal farm programs was announced here.

In fact, before making these statements, Wallace had a personal, but important, experience that seemed to have an enduring impact upon his perceptions. That was an inspection trip to the central area of Southern poverty, carried out in late 1936 on the advice of Tugwell, Alexander, Baldwin, and Appleby, in order to achieve the integration of the RA into the USDA. The RA had become politically vulnerable by the end of 1936, and the only way for it to survive was to be brought into the USDA. The trip was a shocking experience for Wallace, who had never seen Southern poverty firsthand. And that the RA had contributed a lot to helping the poor farmers was surprising to him. He said years later, “this was one of the most valuable trips I made.”

Immediately after the trip, he wrote in the New York Times Magazine that the agricultural problem was far from solved, and that it was important to think about these [poor] people because they are the greatest reservoir of our future population. According to Wallace, “it is not the fault of these people that their situation is what it is. The en-
tire United States is to blame. (emphasis by author). In addition, he declared that the U.S.’s “real task is to achieve progressive balance within agriculture, within industry, and between agriculture and industry.” Since assuming office in 1933, Wallace’s goal had always been to achieve balance between agriculture and industry. Now, he came to broaden the meaning of balance to include balance within agriculture, thereby trying to make the economic gap between well-to-do farmers and poverty-stricken farmers narrower.

Wallace accepted or even welcomed the integration of the RA into the USDA, which was completed on December 31, 1936. As had been planned before, the Secretary appointed Alexander Administrator and Baldwin Deputy Administrator. He remarked in retrospect that the RA was really one of the best of all the Roosevelt Administration’s programs, in the sense that it helped people help themselves, and that only that could be a truly meaningful help in the long run.

In a series of addresses in early 1937, Wallace stressed the importance of RA’s work. He gave its supervised loans a very high rating because they were accompanied by the guidance and stimulation offered to the borrowing farmers by the RA county supervisors and home supervisors, rather than because of interest rates as low as 5 percent. According to Wallace, these rehabilitation loans by the government were different from loans given by country bankers in that “the government is definitely going to those at the bottom of the heap, and trying by supervision and encouragement to get them started on the road upward.”

Then why should the federal government do anything for these people? Wallace gave a kind of stunning answer.

One of the big reasons why the government should take a big interest in the farmers at the bottom of the heap is that the government is responsible to a considerable extent for these farmers being in such unusual trouble. Year after year the state and federal governments have spent millions of dollars to discover more scientific methods of producing farm products. Other millions of federal and state money have been spent to carry to the top 1/3 of the farmers that which has been learned. As a result the top 1/3 of the farmers, most of whom were raised in good homes, and who were given a head start in the world with a little capital and who have the good fortune to be on the richer land or larger farms, are able to produce about five times as much per man as the bottom 1/3 of the farmers, most of whom were raised under poverty-stricken conditions, or who have bad health or
who live on small farms or farms with poor land. In the days before scientific farming and county agents, there was not nearly so much difference between the top farmers and the bottom farmers. But today, largely as a result of governmental experimentation and education utilized chiefly by the top third of the farmers, the men at the top have a terrific competitive advantage over the men at the bottom.  

Wallace also said of the farm credit system, that poor land and insufficient capital have made it impossible for many to utilize the services of the experiment stations and of the Farm Credit System. In sum, the Secretary of Agriculture came to acknowledge that the benefits of agricultural education and farm credit had been fatally inadequate for many of the poor in the country. He maintained that sharecroppers were never intrinsically inferior to rich farmers in intellect or energy, that with decent help in finance, medical care, and education or instruction by the government, most of them would surely be able to be rehabilitated, and that, therefore, it was indispensable that the federal government offer them the fruits of research and experimentation by direct instruction.

In terms of efficiency of commercial farming, or from the purely economic point of view, the contribution of small farmers to farm production was certainly small. But for Wallace, what should be appreciated was that those tenant farmers and sharecroppers also had children who would never be inferior to anyone's children if given proper education, nutrition, and housing. Those small farmers would not be able to form cooperatives or to join the church or other community activities, either. Wallace remarked, "[S]table rural civilization cannot be built on the foundation of unsettled people." Thus, for Wallace, this was not a narrowly defined economic or agricultural problem, but in a very fundamental sense a human problem, a problem of human welfare, of the quality of the political regime, or the nature of civilization.

Agricultural education and credit had been two major cores of U.S. farm programs from the age of Woodrow Wilson until the beginning of the New Deal, and in particular, the Extension had been the program that the USDA had traditionally put the highest priority upon in the 1910s and 1920s. Therefore, these remarks meant that the incumbent secretary of Agriculture was publicly expressing serious doubts about the effect of these pillars of the farm program. In 1937 Wallace had a perspective almost identical to that of some of the New Left
historians like Laurence Goodwyn in the 1960s. He maintained that farms policies such as agricultural education and farm credit since the Progressive Era had been advantageous to big farmers.63

Wallace did not intend to stop the education and research program of the USDA. While acknowledging the importance of these programs in the age of rapid technological innovation, he still recognized that the traditional programs with county agents at their cores were not enough for the farmers at the bottom.64

As a consequence of this, the New Deal farm program came to have a new class-conscious dimension, and tried to take into consideration the needs of poverty-stricken farmers. The changes in vocabulary, from “parity,” “balance,” and “equality,” to “top third,” “bottom half,” and “at the bottom of the heap,” suggested a dramatic transformation of the USDA top officials’ perspective from a sectoral, to a class-conscious one. Moreover, Wallace declared that the latter perspective would be emphasized increasingly in the immediate future, and that the solution of rural poverty was within the reach of “our ability.”65

In the meantime, the Presidential Committee was preparing a report to the President. According to Wallace’s reminiscences, this committee was “a great battleground” (emphasis by Wallace).66 “There were a number of people who just didn’t believe in farmers owning the land which they worked. . . . I believed that a stable civilization demanded a nation of landowners. . . . There was a real fight in bringing out that report.”67

On February 11, 1937, the Committee submitted the report. In essence, it was an endorsement of the RA, with “farm security” as the underlying objective. First, it proposed that the federal government purchase land and resell it to tenant farmers. But it stipulated that the sale contract between the tenant and the government be concluded only after a five-year trial period, that the purchaser pay for the land over twenty to forty years, and that the title of the land be transferred to the tenant only after all payment was complete. Second, the report recommended that the federal government encourage the formation of producers’ cooperatives by small farmers by helping them financially.68

Those were the arguments that Jackson and the STFU had offered persistently. The first recommendation was aimed at the prevention of land speculation and foreclosure, and the second one, at overcoming the economic disadvantage in small-scale farming. According to the
STFU farmers, arguments for a small, family-owned farm were sheer hypocrisy in view of the overwhelming competitive advantage in farm management held by large plantations. For them, the answer lay only in cooperatives, not the existing ones formed by established farmers for marketing, but new ones formed by small farmers for cooperative production and purchase of farm instruments.69

Wallace began to regard these cooperatives as a springboard toward better democracies like those of the Scandinavian countries, which he thought of as the model for the New Deal. He declared that by adopting this new type of cooperative, Americans could build a stronger bridge between democracy and capitalism.70 Furthermore, he generally acknowledged to the representatives of the farm workers that the U.S.A. had been remiss in not taking up the cause of farm workers and tenants much earlier.71

The AFBF was vehemently opposed to the report. O’Neal insisted that the program be implemented by the Extension Service. He also hated the restriction on the transfer of the land title, arguing that it was against sound American legal practice. The STFU was also very critical of the report, because they thought that the program should be administered by an independent agency, and that the report should stress the importance of cooperatives much more explicitly.72

As to the AAA program, neither Wallace nor the report took a negative attitude as a matter of principle. On the contrary, arguing that the policy to promote farm ownership by tenant farms would mean nothing if farm prices remained low, the report accepted the necessity of some kind of program to raise agriculture to an equal plane with other industries, and to restore and maintain equality for agriculture.73

On Capitol Hill, the Bankhead-Jones Farm Tenant Bill faced powerful opposition. Roosevelt sent the committee’s report to Congress on February 16, 1937. It seems obvious that the President regarded the farm tenancy bill as one of the most important measures at this time. The establishment of the Presidential Committee itself was an indication of his commitment, and in his State of the Union Message he defined the solution of this problem as a prerequisite to the success of American democracy. Roosevelt may have had those poor farmers in mind when he pointed out in his second inaugural address, on January 20, 1937, that one third of the American population were ill-housed, ill-clad, and ill-nourished. In addition, Roosevelt exerted stronger pressure than ever before upon many of the conservative Congressmen
individually.\textsuperscript{74}

But it was not easy for the Bankhead-Jones Farm Tenant Bill to be enacted. Above all, the judicial reform bill that was abruptly introduced by Roosevelt drove many of the Congressmen who had been loyal New Deal supporters into the anti-Roosevelt camp. The tenancy bill faced extraordinary difficulty in the House Agricultural Committee, where many of the members were opposed to the purchase and resale of the land by the federal government and regarded various restrictions to the transfer of the land title as un-American in principle. They argued that it might lead to the socialization of the land and the regimentation of farmers. The provision that would allow the government to promote cooperatives on a large scale was also eliminated, and the appropriation for the program was reduced. Finally, the Bankhead-Jones Farm Tenant Act was passed on July 22, 1937. The legislation provided for cheap, long-term loans (3%, 40 years) for land purchase by tenant farmers, rural rehabilitation loans accompanied by instruction in agricultural skills and supervision of farm management, and the promotion of small farmers’ cooperatives.\textsuperscript{75}

On September 1, 1937, Wallace established the Farm Security Administration in the USDA, as dictated by the act, and recruited many New Dealers. Alexander was appointed Administrator, and C.B. Baldwin and Milo Perkins Deputy Administrators. Such liberal bureaucrats as L.C. Gray and A.G. Black also joined the staff. Some USDA top officials like Paul H. Appleby and M.L.Wilson were strong allies of the FSA.\textsuperscript{76}

It is certain that what was realized here fell far short of the expectations of the investigating committee in both a quantitative and qualitative sense. Still, many people, contemporaries as well as scholars, have pointed out time and again that the FSA should be regarded as something very different from other New Deal measures. Tugwell evaluated it as one of Roosevelt’s only two achievements in 1937. In retrospect, Appleby said that “[t]he Farm Security Administration was far and away the most New Deal thing that the Department of Agriculture did in spirit, in objective, and in function.” Calling the FSA the poor farmers’ Department of Agriculture, political scientist Grant McConnell praised the FSA as “the greatest innovation in agricultural policy since the passage of the Homestead Act,” arguing that the story of the FSA was “the story of the greatest attempt to cope with the problem of rural poverty—perhaps the only significant at-
tempt—in the nation’s history. Lawrence Goodwyn, who maintained that all of the agricultural reforms in the twentieth century basically contributed to the centralization of the land, makes an exception in giving a high score to the FSA’s cheap loans as a bold adventure that came closest to the radical populists’ vision of benefiting the whole class of farmers.77

Those arguments were made with good reason. As the name of the law itself, the Farm Tenant Act, suggested by specifically designating the poorest economic class in the farm sector, this legislation was uniquely class-conscious. The function of the policy was extraordinarily redistributive. Its intended goal was long-term structural reform of the American farm economy, rather than temporary emergency relief. Legislation such as the AAA, the NIRA, and in a sense even the Wagner Act failed to deliver their benefits to the least privileged people in each of the three sectors, agriculture, industry, and labor, but the Farm Tenant Act aimed specifically at the lower-strata class that could not be helped otherwise.78

It is true, as Sidney Baldwin demonstrated, that its final achievement in terms of the number of tenant farmers who climbed up to the level of farm ownership was not remarkable at all, and that, more seriously, the FSA had a tendency to favor making loans to farmers who were judged as being more secure in terms of liquidating the debt, because it was necessary for the FSA to show to the Congress that the government’s money was being duly collected and that its program was not a mere charity. But this does not mean that the FSA helped rich farmers in the main, for in order to be eligible for various FSA loans, the recipients’ income must have been below a certain level, which meant that only the lower-income farmers of the whole farm population were eligible for the aid. It is not appropriate to emphasize FSA’s inclination to accommodate well-to-do farmers too much.79

Sidney Baldwin also held that “in a real sense the FSA represented a conservative or even reactionary attempt to sustain or restore a very unsatisfactory status quo, by trying to keep as many people as possible on the farm.”80 But what should be fully taken into consideration here is that people in the 1930s did not know what we know in historical hindsight. They did not expect that in several years after entering the war, they would be enjoying economic prosperity, that many poor farmers would migrate to Northern cities during and after WWII, and that in three decades the farm population would shrink to a few percent of the
population. To people in the mid-1930s, the Great Depression seemed to last longer, and the alternative to staying on the farm, that is, moving to the cities, seemed at least as dismal in the midst of the high level of unemployment. In evaluating the significance of the FSA, we should keep in mind these perceptions of contemporary people.

It will already be self-evident that the politics which gave birth to the Farm Tenant Act was extremely different from that which produced the AAA. As was seen before, the AAA was enacted through the very cautious leadership of the Roosevelt Administration and push-and-pull politics among organized forces, and it was implemented under the strong influence of the AFBF and established farmers, while there was no visible and strong organizational political pressure for the cause of the sharecroppers except from the STFU itself, and its influence and membership were already declining in 1937. The AFBF was bitterly opposed to the program. The NFU began to support it enthusiastically and made the FSA programs part of its own agenda basically after they witnessed the benefits of the programs firsthand. After 1938, only the AFL and the NFU were supporters of all the major interest groups. 81

As mentioned above, the membership of the Farm Tenancy Committee was very different from that of the National Farm Conference in March 1933. At the congressional level, too, we can find a remarkable difference. On Capitol Hill, interests of some commercial farmers were even overrepresented. They had a number of well-established spokesmen like “Cotton Ed” Smith. It was, however, difficult to find any Congressman who had direct and ongoing contact with sharecroppers and the STFU, representing their interests directly. Even Jones and Bankhead were not really champions of farm tenants’ or sharecroppers’ causes, and their motives seem to have been rather paternalistic. Bankhead especially was squarely against the anti-lynching bill, and remained a spokesman of cotton interests, too. 82

As McConnell pointed out, “the [FSA] program did not originate with the usual farm sources. . . . The success of a relatively few liberal New Deal leaders in starting the program is remarkable. Their achievement was made almost wholly without organized support outside the administration.” Nor was Congress the originator of the act. “Its true mother was not Bankhead or Jones, but Gray, Wallace, Alexander, and the President Farm Tenancy Committee.” 83

The STFU’s various activities, such as farm strikes, and Norman Thomas’s campaign were certainly important factors. But to a con-
siderable extent, their influence was felt by the top officials of the Administra-
tion more tangibly through Gardner Jackson. It is crucial in under-
standing the origin of the Farm Tenant Act to be aware that, besides the fact that the AAA itself was partly responsible for evictions of sharecroppers, there existed officials in the USDA who were recep-
tive to Jackson’s arguments, and whose policy visions and perceptions were not just a reflection of socially dominant interests but actually to some extent rather independent of them. It was in this context that the policy visions and perceptions of Wallace and his advisers are worth analyzing in depth.

It is not surprising that under Wallace many class-conscious reformers were recruited to the FSA, and that its local organization for the implementation of the program was much more centralized than that of the AAA and the Extension Service. FSA officials defied ‘the hallowed principle of ‘grass roots democracy,’ . . . and did not believe in ‘the panacea of local administration through committees of farmers,’ ’ viewing ‘the form of federal-state collaboration employed by the Extension Service as an invitation to political irresponsibility. . . . To wage the battles that surely lay ahead, a military-type organization seemed necessary.’

It is clear that the USDA leaders intentionally adopted a more cen-
tralized form of implementation. For example, Paul H. Appleby ex-
perienced much frustration, regarding the organization of the AAA as virtually a failure because of the decentralized administrative structure. According to Appleby, what was seriously needed first of all was not decentralization but centralization. He deplored the fact that the AAA’s organization in the South had been taken over by the county agents.

As a result, the FSA Administrator was given authority to control not only regional and state directors, but also county supervisors. It was even possible to employ black people.

In 1937, it was understood that the FSA program would be initiated on an experimental basis. In the next year, there was a strong indica-
tion that it would be substantially enlarged financially (from $128.3 to $200 million). As late as 1940, Wallace earnestly advocated the strengthening of the program, saying, ‘Let’s expand that [rehabilita-
tion] program to the limit of its possibilities. Let’s also expand the pro-
gress of tenant purchase loans, and get as many of these families as possible permanently settled on the land.’ For him, it was imperative
“to enlarge the Bankhead-Jones Farm Tenant Loan program as rapidly as the availability of good land at reasonable prices will permit.” According to Wallace, “[The] Farm Security Administration in a broad sense is an agency dedicated to cultivating part of the seedbed of democracy—that part where families have an income of only $400 a year or less. . . . [The] vital fact is that we are doing something constructive to alter the environment of the least-privileged part of our population.” In sum, Wallace defined the FSA as one of the “alternative blueprints for nation-building and hemisphere-building.”

V

NEW DEPARTMENT OF AGRICULTURE AND POOR FARMERS, 1938–1940

By the end of the 1930s, it became clear that the politics of agriculture had gone through quite a dramatic change. For example, there was no legislation in 1932 that protected farm prices, whereas American farmers in the late 1930s were protected fairly well by the 1938 AAA, soil conservation, and crop insurance. At the beginning of the New Deal, the USDA had a very warm relationship with the AFBF, and its relationship with the NFU was very antagonistic. In 1940, the USDA had a frontal confrontation with the AFBF, while the NFU was a firm and enthusiastic supporter of the USDA. But the most important was the change in the leadership of the USDA. It is true that Wallace still remained the Secretary of Agriculture, but his ideas, policy visions, and attitude concerning farm problems had changed rather dramatically, as has already been demonstrated, in part because of his own experiences as well as the deepening of his understanding of the problem. As a result, in the late 1930s Wallace was no longer a kind of special pleader for commercial farmers’ interests, but a class-conscious liberal politician, committed to social reforms and seeking higher office.

Also noteworthy is the fact that many of Wallace’s liberal advisers became increasingly influential in the policy-decision process at the top level of the USDA. Among them were Paul Appleby, Mordecai Ezekiel, C.B. Baldwin, A. G. Black, Will Alexander, Milo Perkins, L.C. Gray, M.L. Wilson, and Howard Tolley. Moreover, Baldwin, Black, Alexander, Perkins, Wilson, and Tolley were promoted or
recruited to key positions in the USDA. Baldwin started his government career in 1933 as Assistant to Secretary Wallace, but in 1935 he was promoted to Assistant Administrator of the RA, then to Deputy Administrator of the FSA in 1937, and finally to Administrator in 1940. Perkins joined the USDA in 1934, also as Assistant to the Secretary, was promoted to Assistant Administrator of the FSA in 1937, and served as Associate Administrator of the AAA and President of the Federal Surplus Commodities Corporation. Black was initially Chief of the Corn-hog Section in the AAA in 1933, but in 1939 was appointed Governor of the Farm Credit Administration [FCA], which had been integrated into the USDA in June 1939. Wilson’s rise was remarkable, too; Chief of the Wheat Section in the AAA in 1933, Assistant Secretary in 1934, Under Secretary in 1937. Tolley succeeded Davis as Administrator of the AAA in 1936, then became the head of the Bureau of Agricultural Economics [BAE]. Although he finally left the USDA, Alexander served as Administrator of the FSA from 1937 to 1940, after working under Tugwell as Deputy Administrator of the RA. In general these officials were strongly oriented toward the liberal position and were also personally loyal to Wallace. The ascendancy in the USDA of those officials was all the more impressive because it took place after such staunch liberals as Frank, Tugwell, and Jackson had left the USDA. It is also significant that the change was not confined to Wallace’s policy visions but was also seen in the personnel at the top level of the USDA.

Certainly the conservative influences were firmly entrenched in the USDA, particularly in the Extension Service and the AAA’s Cotton Section. But at the higher level of the Department, major policy decisions and innovations were made almost exclusively by Wallace and those advisers at the top. In a sense, the rationales for the reform policies enunciated by Wallace after 1937 were the collective views of the top USDA officials reflecting the views of his liberal subordinates. There emerged a USDA in the late 1930s whose leaders were collectively committed to coordinated, class-conscious, and reformist farm policies. It is possible to argue that this reorganized, new USDA was relatively autonomous from the social pressures in American agriculture, for the USDA pursued its policies of the late 1930s, in spite of the sometimes vehement opposition by the most dominant forces in the American farm community, such as the AFBF and the Grange. Logically, this implied that the politics of agriculture would change rather fun-
damentally, as was the case in the FSA.

One of the causes for the antagonism between the AFBF and the USDA was the attempts on the part of the USDA to coordinate the various local farmers' committees by creating the county planning committees of the BAE. Existing AAA committees and soil conservation committees did not welcome this newcomer. The AFBF was particularly fearful of the new field organization, whose members were not elected by participating farmers but appointed by the BAE, for this was not an organization that the AFBF could take over, control, or penetrate. In the early 1940s, the AFBF attacked the BAE fiercely and succeeded in reducing it to a purely research bureau.88

Although the BAE was not able to fulfill the role that Wallace, Appleby and others expected it to play, the USDA's new orientation toward planning and centralization was also seen to some extent in the change in the structure of the AAA county committees. The dependence of the AAA field organization on county agents was decreased by the efforts of the USDA from the mid-1930. The result was more remarkable in the Midwest, where the AAA farmers' committees were fairly well insulated from the influences of county agents and Extension people, who were traditionally oriented toward Republicanism, than in the South, where county agents were still extremely dominant. The AAA's structure in the South was, as Appleby recognized, a total failure from the perspective of the USDA top administrators.89

It was already clear that there existed an incipient rivalry between the AFBF and the USDA with regard to the nature and scope of the Agricultural Adjustment Act of 1938. The politics of the 1938 AAA looked just like that of the 1933 AAA. The bill was written based on the recommendation given by the National Farm Conference, and the USDA gave it firm support. But the apparent friendship between the USDA and the AFBF was already lacking solid foundation. According to Appleby, the bill was "more exclusively one of Farm Bureau origin and advocacy, . . . and yet the bill is so much in line with what we want that we have to uphold it in a general way." The USDA senior officials were very uncomfortable with the domination of the legislative scene by the AFBF, and it was Appleby's opinion that "it would be just as well not to see enactment of the bill in the present session [of 1937]." He thought that the USDA should cooperate with other farm spokesmen besides those of the Farm Bureau. As a result, he was re-
garded by the AFBF as hostile.90

Although this legislation was often regarded as AFBF’s bill, and it is certainly evident that the AFBF pushed it with a great deal of energy, some of the USDA senior officials like Appleby felt uncomfortable about the interpretation that the USDA and the AFBF were forming a united front for the passage of the bill. As to the substance of the act, there was a difference in attitude there, too. Wallace began to put increasingly more emphasis on abundance, soil conservation, and stability of food supply, typically expressed in what he called the “ever-normal granary plan.” At least in terms of rationales, production control was linked to those ideas, and came to be regarded by Wallace as only “a last ditch” measure. Wallace definitely began to talk a lot more about consumers and the general welfare in promoting the bill.91

On the contrary, Southern planters and their spokesmen in Congress took for granted the acreage-control plan, and the AFBF leadership earnestly pursued parity prices. Naturally they began to think of Wallace as too consumer-conscious and too labor-conscious.92 The apparent cooperation between the AFBF and the USDA did not have a solid basis any more because of the changed attitude of the USDA’s high-ranking officials. It is extremely important to note that there appeared discrepancies in attitude between Wallace and the AFBF concerning the 1938 AAA, the very core of the New Deal farm programs.

Other policy innovations in the direction of class-conscious reforms were also sources of resentment within the AFBF. The most representative one was the FSA. Baldwin succeeded Alexander as Administrator in 1940, and under his leadership the FSA’s policies became more aggressive and had more conflicts with conservative politicians and farm organizations. He was probably one of the most class-conscious bureaucrats in the Roosevelt Administration. Wallace said in his reminiscences, “Whatever may be said about Mr. Baldwin’s later activities, the poor farmers of the United States owe to him an everlasting debt of gratitude for what he did during that period.”93

Probably the most serious farm issue in the late 1930s in terms of the confrontation between the USDA and the AFBF was a controversy over the FCA. The integration of the FCA into the USDA in July 1939 itself was very problematic. The USDA clearly wanted the farm credit programs to be well integrated into the AAA’s production-adjustment program, while the Grange-oriented FCA leadership was anxious to maintain its independent status.94
What was really outrageous for the Grange and the AFBF was the appointment of A. G. Black as Governor of the FCA in December 1939. Since the time that he was Chief of the Corn-hog Section in the AAA, Black had tried to minimize the influence of county agents and the AFBF. After his appointment, the AFBF became the most vocal critic of the new FCA leadership.95

The abrupt introduction of the so-called Jones Bill (H.R. 8748) into the Congress in March 1940 made the relationship between the USDA and the AFBF still worse. The bill was intended to strengthen the authority of the Governor of the FCA, decrease the number of foreclosures by loosening up conditions for refinancing, retain the interest rate at 3.5%, and abolish the cooperative feature of the FCA local associations. On the whole, it was evident that the bill was aimed at centralizing the administrative structure of the FCA and coordinating its policy with that of the USDA.96

To the anger of the AFBF, it was introduced into Congress without any consultation with farm leaders. As Jones himself recollected, "'There wasn't any Jones Bill. It was a Black or Wallace Bill sent up by the Secretary and introduced as a courtesy to the Department.'"97

The AFBF was scared by the measure, which probably seemed to them an integral part of the overall long-term effort on the side of the USDA to centralize the administrative structure of the USDA as a whole, and coordinate the various Department programs, clearly at the cost of the Extension Service and the AFBF. In fact, Wallace was sometimes explicit in expressing his aim, saying, "'It is impossible to have a genuinely successful program where the Farm Credit Administration has one approach toward the farm problem and the Department of Agriculture an entirely different one.'" Not surprisingly, AFBF's slogan was "'farmers' control, or government control.'" Their counter-proposal was to separate the FCA again from the USDA, whose policy they thought was influenced by political considerations, and to have the FCA run by an independent, non-partisan board. As McConnell pointed out, "'It is not to be wondered that the Farm Bureau repudiated Henry Wallace and moved toward an open break with the reorganized department.'"98

For O'Neal, the Jones Bill, the FSA, and the county planning committee under the BAE were especially serious problems. He told Wallace over the telephone that they were bothering "'a good many of the Southern states... . . . I find considerable resentment among a lot of
the landlords who say you are leaning so far to the left that you are
forgetting the other fellows. . . ."³⁹⁹

Wallace replied to O’Neal, "You are serving the top ten percent of
the farmers in the United States. . . . There are 2 million farmers at the
bottom of the heap that are in terrible shape, 3 million in bad shape,
and another million at the top in fair shape. . . . Ed, I don’t think you
realize the state in which civilization is finding itself. . . . We are going
to have two types of human beings in this country. These people at the
bottom are just as good by heredity as anybody. They had a chance
when we had a frontier but we don’t have a frontier anymore. . . . All
they can do is to join relief organizations or go to California. . . . The
boys at the bottom will overturn our civilization."³¹⁰⁰

We should note that at issue here were not only the administrative
structure and class-conscious programs of the USDA but also the state
of American civilization again.

At the same time, it is important that the NFU had changed its at-
titude toward the USDA dramatically by 1937. It came to support not
only the USDA’s major programs, such as the AAA, crop insurance,
the Rural Electrification Administration, the Food Stamp Plan, and
especially the FSA, but also Roosevelt Administration’s reform pro-
grams in general, such as labor legislation and social insurance. The
NFU became an unswerving supporter of the reformist New Deal. And
it was a strong supporter of the Jones Bill, too. In 1940, new NFU presi-
dent James Patton and its legislative representative William Thatcher,
visited Wallace’s office frequently to prod him to push the bill fur-
ther.³¹⁰¹

Wallace’s address of April 27, 1940, in St. Paul, Minnesota, which
was entitled “The Place of Farm Credit in the National Farm Pro-
gram,” was a climax in this context. It was delivered before a mass
meeting of farmers called by the NFU and the National Federation of
Grain Cooperatives, NFU’s major financial source. O’Neal and other
AFBF leaders had warned Wallace that the mobilization of local AAA
committee members in neighboring states to attend the meeting would
make much more serious than before the mutual distrust between
the AFBF and the AAA committee members, who had become fairly
Democratic in the Midwest by that time.³¹⁰²

In this address, Wallace strongly defended the 3.5% interest rate.
“Fundamentally, the one thing for which we are all battling is the right
to live in our homes year after year, with enough money to feed and
clothe our children properly and give them a decent education.’’ But he also revealed his strong commitment to agricultural reform for rural poverty. Wallace stated that if the AAA and the FCA were primarily programs to help average farmers, the FSA and the Food Stamp Plan were programs to help the underclass in the cities and the country, specifically. His view was that an effective farm policy would become possible only when these two kinds of programs were combined systematically.\textsuperscript{103}

Wallace concluded the address in a militant spirit, saying ‘‘. . . in closing I urge you to organize to fight for your homes. Fight for a better credit system. Fight to guard your farm program against every kind of attack. I trust this meeting is not just another meeting. It should and must lead to action.’’\textsuperscript{104}

It was only natural that this address would bitterly anger the AFBF leaders. They considered it a betrayal by Wallace and regarded his action as an attempt to establish ‘‘one-man rule.’’ As an official AFBF historian related in 1948, ‘‘[T]he break between Mr. Wallace and his former close associates among farm organization heads was never repaired . . . From that day to the present, farm organization leaders, except Farmers Union men, have ignored Wallace so far as agricultural matters are concerned.’’\textsuperscript{105}

Facing formidable opposition, the shrewd parliamentarian Marvin Jones backed off, and the bill was simply shelved.\textsuperscript{106} 1940 was an election year, and most of the energies of the Administration began to be spent on foreign affairs. Reform had begun to be given less priority, and conservative forces in Congress had regained their strength remarkably. Incidentally, the FCA was restored to independent status in 1953.

What deserves our attention is the fact that there was a fundamental change in the political process of agriculture after the emergence of the new USDA under Wallace. The initial close relationship between the USDA and the AFBF was broken and replaced by confrontation and rivalry. Although it is certain that the USDA was firmly allied with the NFU after 1937, the influence of the NFU, whose membership was even smaller than that of the Grange, should not be overemphasized. Nor were social reform policies of the USDA such as the FSA produced as a result of NFU’s pressure. As a whole, many of the policy innovations in agriculture in the late 1930s were initiated by senior USDA officials in the face of opposition from conservative forces
like the AFBF. Although conservative influences were still firmly entrenched in the Extension Service and the AAA Cotton Section in the USDA, Wallace’s newly reorganized USDA in the late 1930s was to a remarkable extent autonomous from social influences in the farm sector, enjoying instead support from various liberal elements inside and outside the farm community, as well as from the Roosevelt Administration, which itself became keenly reform-minded after 1935. This does not mean that all intended policy innovations were put into legislation. As was seen above, the USDA lost “the FCA fight” completely and won only a half-way victory in the case of the FSA. Still, the proposed policy innovations by the liberal-oriented USDA leadership were sufficient to bring about a realignment of farm politics, although it was only short-lived. If the USDA top officials had been seriously divided, the department could not have initiated these types of reform measures.

VI

VISIONS FOR REFORM AND POLITICAL ECONOMY

It seems that Wallace and his advisers had some political considerations in mind in making the crucial policy choices discussed above. It was evident that he wanted to make the Democratic Party as liberal and progressive as possible. He and his advisers hated conservative Southern Democrats like Harry Byrd and paid special attention to what they recognized as the growing political awareness of Southern lower-class people, especially poor whites. In this respect, the NFU was a natural ally for him, and FSA’s programs for the rural poor were desirable in the political sense, too. He could also expect that his reform programs would be supported, if not by the AFBF leadership, by some of its rank-and-file farmers, as well as by unorganized poor farmers. The AAA and Wallace were immensely popular among American farmers in general, and it was not without difficulty that the AFBF broke with the USDA.107

Wallace’s political ambition did matter, too. Although he did not launch an open campaign for the presidency, he was an interested and receptive candidate. But while he sought the support from farmers, he wanted to be a liberal candidate, who could be supported also by workers and urban liberals, rather than just a farmers’ candidate, par-
Wallace also came to have a clearly defined vision of the future of the American state and political economy by 1937. According to Wallace, in the American political system of the 1930s, where strong and organized social groups such as "big business, big labor and big agriculture" came to be really predominant, it became more necessary for the federal government to act vigorously in order to promote the general welfare. In order to regulate the pressure game being played by these organized groups, the federal government should function sometimes as a policeman, and sometimes as an integrator, coordinating the production and wage policy of each group in the direction of "increased balanced production." In fact, Wallace proposed the creation of the new NRA or a kind of "central clearing house" to regulate the economic activities of the big three organized groups. Wallace also felt that not only corporations but also organized labor and even organized agriculture tended to disregard the general welfare by insisting on high wages or high farm prices. After agriculture and labor received bargaining power equivalent to that enjoyed by corporations through the AAA or labor act, Wallace said that it was even more important for all of the three to act in the direction of coordination. The federal government was expected to discipline them with spending and taxing power and other means.

In Wallace's view, it was necessary for the federal government in a highly specialized society not merely to coordinate the economic activities of the three organized groups but to take seriously the fact that it also has a positive obligation to the unorganized groups. When the organized groups become overwhelming, the government, representing the public welfare, ought to be equipped with the power to intervene vigorously in the interests of the unorganized groups.

Besides the pressure politics of the powerful organized groups, the impact of modern technological innovation had serious political implications for Wallace, too. He said that "[One] of the most difficult things about the unequal application of the benefits of modern culture and education is the effect it has of exaggerating the difference between man and man." For instance, agricultural technology sharpened the problem of "the children of the farmers at the bottom of the pile," who were usually poorly educated and poorly fed. "Organized labor tends to benefit more than unorganized labor, and the well-to-do farmers benefit more than the poor farmers. Corporations, and
especially large corporations, tend on the whole to benefit more than
the small corporations and individual businessmen... [O]n the whole
technology exalts the dominance of those already on top and makes
more hopeless the position of those at the bottom of the pile.”

Wallace maintained, however, that “[T]here is nothing inevitable
about this situation.” By changing “many of the governmental rules of
the game as they apply to agriculture, to labor, to industry, to our
natural resources, and to the distribution of our national income, it
would be possible for the U.S. government to preserve human, and
natural resources in the U.S., which tend to be abused by corporations
and technology.” According to Wallace, the federal government has to
provide vigorous leadership in long-neglected areas such as social in-
surance, farm tenancy, unemployment, and preservation of natural
resources, by using its spending and taxation power.

It is extremely interesting that Wallace had a concrete model in mind
when he referred to the future direction of the New Deal. It was that of
the Scandinavian countries, especially the experience of Finland and
Sweden. And it was above all the cooperatives and government-owned
businesses in those countries that Wallace paid special attention to. Ac-
cording to him, “what we need to do is somehow to build a stronger
bridge between democracy and capitalism.” People in Finland and
Sweden have gradually improved their ways of doing business, keeping
both large and small corporations where they appeared to be most
efficient and suitable, but turning in certain cases to cooperative
organization and even to government ownership, where neither the cor-
porate nor the cooperative form of organization proved adequate. It is
in these Scandinavian countries where Wallace thought that the perfect
economic democracy was achieved, and that “such an excellent ac-
commodation has been worked out among enterprises which are
government-owned, corporate-owned, and cooperatively owned.” For
Wallace, cooperatives of the farmers and of people in the cities were
even “a truly American way” to the solution of their problems.

Those views of Wallace, shared by his advisers in the USDA and for-
mulated with their help, constituted the rationale for such USDA pro-
grams as the FSA, the Food Stamp Plan, the AAA, and soil conserva-
tion. Wallace envisioned a state which was sharply different from what
was often understood and described as a broker state. It was a vision of
an alternative state, but it was partially a reality in the sense that some
of the reform policies were instituted by the USDA and were accom-
panied by a distinct pattern of politics.

Unfortunately for the reformers in the Administration, the late 1930s was not an appropriate time for advancing social reforms. Roosevelt's efforts at judicial reform, at a purge of conservative Democrats, and at administrative reorganization ended in virtually a total failure. In 1937, the U.S. economy plummeted again. At this time, Southern Democrats and Republicans formed an anti-New Deal coalition on Capitol Hill. The Republican Party increased their seats in both houses of Congress in the 1938 election. Some people wanted no more reforms after they had become beneficiaries of the early New Deal programs.\textsuperscript{114} Conservative farmers may be a typical case. Becoming vested interests of the AAA program, they turned out to be an enemy of the reformist phase of the New Deal in the late 1930s. Most of all, the international developments in Asia and Europe which led to the Second World War made it impossible for the Administration to concentrate its energy on domestic reform. Obviously, the general climate in the late 1930s was unfavorable for the pursuit of social reform.

This does not necessarily mean, however, that the strong impulses for social reform waned within the Administration. In sharp contrast to the situation in Congress, the influence of conservative politicians such as James Farley and John N. Garner clearly declined in the Administration, and liberal politicians and advisers became increasingly dominant. These included Harry Hopkins, Harold Ickes, Frances Perkins, Audrey Williams, and others, in addition to those in the USDA. Hopkins was promoted to Secretary of Commerce in 1939, and Wallace was picked as the Democratic candidate for Vice President by Roosevelt. In the ideological spectrum of the late 1930s, Wallace was not located at the extreme left position in the Administration. Hopkins and Ickes were more aggressive over such issues as relief for the unemployed or racial equality. While these officials varied in ideology and personalities and were sometimes even antagonistic to each other, they collectively tried to promote not only such core New Deal programs as labor legislation, large-scale relief for the unemployed, and social security, but also those class-conscious programs, including the FSA, WPA, NYA, Food Stamp Plan, and U.S. Housing-Authority, which sought to take care of lower-class Americans in particular.

In sum, it will be generally agreed that in the New Deal, there existed rather radical elements oriented toward social democratic political economy, which were fairly interventionistic and class-conscious. That
ideal was not only envisioned by some of the New Dealers but realized at least to some extent by the USDA and some other agencies of the New Deal in the late 1930s.

VII

CONCLUSION

In the world of American agricultural politics, well-organized landlords, well-to-do farmers, agribusiness and middle-men are overwhelmingly predominant in the ordinary channels of interest articulation in democratic politics: election, pressure-group activity, and lobbying. It was very difficult for the programs designed to help underprivileged farmers to be enacted into legislation through the usual channel of farm politics, even when those underclass farmers constituted the majority.

This bias of the political process, which in most cases works against the interests of people with few political resources, is only one aspect of a deep-rooted dilemma inherent in American democratic politics, with an extremely weak state and strong organized social interests, at least in a comparative perspective. Added to this was the principle of private self-government of agriculture; the doctrine that farm policies should be made by farmers themselves, which only reinforces tendencies unfavorable to poor farmers.\textsuperscript{115}

Given this structure of agricultural politics, it will be only on limited occasions, such as when there emerges an exceptionally strong small farmers’ movement, or when an unusually class-conscious Administration that can resist the dominant social pressures in the farm sector is given birth to, that some kind of programs for rural poverty are established.

Theda Skocpol and Kenneth Finegold examined the origin and early developments of the AAA as a case in which autonomous state contributions to domestic policy-making occurred in specific policy areas at given historical moments within a "weak state."\textsuperscript{116} But it seems that the autonomous state action by the USDA in the latter half of the 1930s was undoubtedly much more remarkable in initiating social reforms such as the FSA. Above all, it was most surprising that the USDA, which was in many cases deeply penetrated by conservative social forces in agriculture, came to have considerably liberal and
autonomous leadership in the late 1930s. This phenomenon is very rare in the U.S. bureaucracy, where powerful social interests are easily over-represented in terms of both policy and personnel, as we saw in the Extension Service and the AAA at the beginning of the New Deal.

Interestingly enough, a contemporary American historian referred to Wallace’s speeches on small farmers cooperatives with a sense of surprise, saying, “[N]ot the least interesting thing about these remarks is the question whether a cabinet officer could express such sentiments today and remain in office.” It seems appropriate to argue that this was an age which embraced more radical politics and visions than we imagine today. Especially when taking into consideration some of the visions held by Wallace and other New Dealers of the future American political economy and civilization, the New Deal was a half-way revolution. Wallace said in 1943, “[W]e are children of the transition. We have left Egypt but we have not yet arrived at the Promised Land.” It seems worth remembering that the New Deal addressed not only the problem of farm tenancy and rural poverty, but the state of American civilization itself. This is a unique characteristic that should be remembered a half century later.

This article is adapted from Fumiaki Kubo, Nyu Diru to Amerika Minshusei: Nogyoseisaku o Meguru Seijikatei [The New Deal and the American Democratic Politics: Political Process of Agricultural Policies] (University of Tokyo Press, Tokyo: 1988). The author thanks Prof. Makoto Saito (International Christian University), Prof. Takeshi Igarashi (University of Tokyo), Theodore J. Lowi (Cornell University), and Richard Polenberg (Cornell University), among others, for their advice and thoughtful comments on earlier versions of this article.


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