THE AGRICULTURAL ADJUSTMENT ADMINISTRATION AND THE DECLINE OF OKLAHOMA COTTON TENANCY

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PREFACE

The Great Depression had a tremendous impact upon the structure of farm tenancy in Oklahoma as well as other agricultural areas of the country. When Franklin Delano Roosevelt and his advisers created the Agricultural Adjustment Administration to aid farmers, its policies resulted in displacement of tenants throughout the Cotton Belt. These early displacements, often popularly attributed to drought conditions, were more directly caused by the provisions of the Cotton Section of the AAA. Both the tenant provisions and the rental payment program greatly reduced the already tenuous position of cotton tenants in Oklahoma and all areas where the share crop and crop lein systems prevailed.

In the first year of the AAA its leaders were faced with the fact that crops were already planted and growing. Thus they had to pay farmers to plow under a percentage of the crop in order to reduce overproduction. Tenant farmers were actually aided in 1933, as they participated directly in the program, and shared fully in the benefit payments. However, the following years were not as beneficial. The two-year plan presented to farmers by the Cotton Section of the AAA in 1934 did not allow share tenants and sharecroppers to participate in the program. These tenants, who comprised the majority of cotton tenant farmers, could participate only through their landlord. When landlords were forced to make a choice between sharing benefit payments with these tenants or renting the land to the government, they chose the latter option in most cases and used hired farm labor to farm their holdings. Although AAA officials made some attempts to protect the rights of tenants, their primary concern was to aid the large farmers with whom the success of the plan rested. Thus, the displacements began throughout the Cotton Belt due mainly to the policies of the Agricultural Adjustment Administration.

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CHAPTER I

INTRODUCTION

The early history of Oklahoma was influenced by agricultural developments. Residents witnessed the evolution of an agriculture that included the characteristics of both the Old South and the Great Plains, and thus this evolution included the rise and fall of Southern tenancy during the late nineteenth and early twentieth centuries. The distinctive role as a border community was characteristic of many phases of Oklahoma development. Geographers at various times have called Oklahoma the most northern of Southern states, the most southern of Northern states, a Southwestern state, and a border state.[1]

The problem of geographic categorization stems from the fact that parts of Oklahoma are as far north as southern Missouri, other parts are as far south as northern Texas, and still other portions are as far west as eastern Colorado. Located as the state is between the Arkansas and Red rivers, two of the great western tributaries to the Mississippi River, the topography of Oklahoma bears great contrast. The line which divides the "treeless region" of the Great Plains from the Mississippi River region runs north and south through eastern Oklahoma from the Kansas border near Coffeyville to the Texas border near Sherman. This line separates the humid region of the river plain from the sub-humid region which comprises most of the Great Plains.[2] The major rivers and the numerous feeder streams which cross the state flow primarily from northwest to southeast forming a rich alluvial region through most of the state.

The richness of this alluvial area makes the extensive valleys and plains of Oklahoma well-suited to the cultivation of many different crops. Today the primary cash crops are wheat and soybeans, yet from the early days of territorial Oklahoma through the New Deal era, the predominant cash crop was cotton. Cotton was grown as early as the 1820s in eastern Oklahoma and spread throughout much of the area during the next century.

Production of cotton began in the Cross Timbers region of eastern Oklahoma. This is an area of approximately six million acres which contains sandstone, red-dish, and red clay beds mixed with dark bottom soils of the Arkansas and Red rivers. The area proved to be well-suited to cotton production because of its soil, an annual rainfall average of thirty-five to forty inches, and a long growing season of 200 to 230 days.[3] The soil groups of the southern and western production areas of Oklahoma include the Rolling Red Plains, Reddish Prairies, and the Granitic Mountains. In this region a long growing season of 230 to 260 days, along with the appropriate soil, compensate for the sometimes deficient rainfall of 20 to 35 inches and combine to produce high cotton yields.[4]

Prevailing southerly winds and warm, sunny days dominate Oklahoma springs, summers, and falls, and provide the long growing season. Much of Oklahoma is in the area known as the Prairie Plains, which is an area of the treeless plain but is well-watered enough (more than twenty-five inches) to be excluded from sub-humid classification. This region has been called "the most profitable agricultural region in the

United States."[5] The winters are short but often extreme with sudden, heavy snowfalls and sub-zero temperatures usually followed by a surge in temperature which promotes a rapid thaw. Contrasted with mild springs is the heat of the summer months, and the average annual temperature range is near one hundred degrees. The extreme temperatures of winter and summer help provide the proper erosion and weathering to make the soil fertile.

The first reported inhabitants of Oklahoma were a number of tribes collectively known as the plains Indians. Though many of these tribes probably passed through the area over the centuries, when Coronado explored Oklahoma during the sixteenth century, he reported contacts with only the Caddoan and Athapasacan divisions, which included many smaller tribes such as the Wichita and Apache.[6] These were basically non-agricultural people who left no imprint on the volumes of agricultural history. No new inhabitants came to Oklahoma until the nineteenth century, when the federal government under President Andrew Jackson forced removal of several tribes of eastern Indians from the more settled areas of the southeastern United States to the west. Between 1820 and 1880 governmental policy compelled over sixty American tribes to migrate from their natural environs to present-day Oklahoma.[7] The greatest influx of Indians into Oklahoma was during the 1830s. These Indian tribes, the Cherokee, Choctaw, Creek, Chickasaw, and Seminole, known as the Five Civilized Tribes, came to eastern Oklahoma over the infamous Trail of Tears.[8]

Though they suffered tremendous hardships on that forced migration, many of the Indians survived the trek and began settling into their new territory by 1833. In Indian Territory the tribes began to apply the farming skills they had used in the southeastern United States for centuries. Early in the nineteenth century the Choctaw learned to grow cotton in their Mississippi homeland.[9] They brought this skill into the Choctaw Nation of southeastern Indian Territory, and the first cotton crop was planted in the territory in 1825.[10] Cotton farming was well-established in Indian Territory along the Red and Arkansas rivers by the 1840s. The richer Cherokees and Choctaws had plantations much like the ones in the Old South, which produced considerable amounts of cotton during the ante-bellum years. One Cherokee plantation owner farmed over 500 acres and had nearly three hundred slaves.[11] The farmers used the steamboats which traveled up the Arkansas and Red rivers to market their cotton.[12]

The Civil War brought about great changes in Indian Territory as well as the rest of the nation. Just as the system of Black slavery and the plantation system were destroyed in the southeastern states, those systems were also destroyed in Indian Territory with the Confederate defeat. The Five Civilized Tribes were split on the question of loyalty to the Union or Confederacy, but those who owned slaves sided with the South. At the end of the war those tribes which had supported the Confederacy were forced to recognize the abolition of slavery. Emancipation resulted in an acute shortage of labor on plantations in the years following the war. As a result, cotton production was curtailed severely in those years.[13]

During the decades following the Civil War, a combination of factors led to a great influx of settlers into Indian Territory. First, the Indian Territory participated in the post-war railroad construction boom. The population of states surrounding the Indian Territory grew dramatically during the late nineteenth century as did the desire for communication and transportation among these states. Thus, Indian Territory became a crossroads for the construction of interstate railroad lines. The first of these major interstate lines was the Missouri, Kansas, Texas line which followed the Old Texas Road through the Cherokee, Creek, and Choctaw nations from Kansas to Texas. This line completed in 1872 was followed by another north-south truck line and an east-west line. The Atchison-Topeka and Santa Fe Company projected a connecting line from Wichita, Kansas, to Fort Worth, Texas, and secured the right to build this road through central Indian Territory in 1884. The original line was followed in 1887 by a third major truck line bisecting Indian Territory from east to west. This line, originally the Choctaw and Gulf Railroad, was later absorbed by the Rock Island Railroad. These and other short lines brought settlers to Indian Territory in the form of construction workers, repairmen, operators, and telegraphers. Further, the railroads brought northern and eastern culture to the isolated territory.[14]

A second factor contributing to the influx of people into Indian Territory was the long-haul cattle drives of the 1870s. These famous drives in which cowboys drove herds of longhorn cattle from their breeding grounds in southern Texas to the railheads in Missouri and Kansas. From there the cattle were shipped by rail to the slaughter hourses of Chicago. The cattle drivers also used Indian Territory as a crossroads, driving the cattle in herds of two to three thousand up first the Shawnee Trail, and later up the Chisholm and Western trails. The long drives gave way to open range ranching in western and central Kansas by the mid-1870s, yet served to bring more non-Indian traffic into the land.[15]

The post-war years also brought the first tenant farmers to Indian Territory. While tribal laws prohibited members of the Five Civilized Tribes from leasing their lands to outsiders, economic factors compelled many of the landowners to "employ" non-Indians to work their lands. This circumvention of the law allowed thousands of land-hungry people to migrate into eastern Indian Territory. By 1882, there were approximately 12,000 cotton tenants "employed" in Indian Territory.[16]

Due to the influx of settlers into Indian Territory, an acute interest developed in the surrounding states in opening some of the western and central areas during the 1870s and 1880s. In 1881, the "Boomer" movement began in southern Kansas. Organized by Captain David L. Payne, the members of the movement pushed for the settlement of unoccupied sections of Indian Territory. With the well-organized actions of the Boomer movement, the cause gained sympathy in Congress in the mid-1880s. Pressure from supportive Congressmen such as Charles H. Mansur of Missouri and James Baird Weaver of Iowa resulted in the opening of the Unassigned Lands in 1889. The Unassigned Lands were areas which the government had planned to use for future Indian resettlement, but in 1889 Congress passed the Springer Amendment to the Indian Appropriations Bill thereby opening nearly two million acres of Unassigned Lands on 22 April 1889.[17]

The decade following the Land Run of 1889 brought a great number of people into the newly formed Oklahoma Territory, as 431,000, mostly homesteaders from Kansas, Kansas, and Missouri, rushed into the new territory. Most of these homesteaders settled on 160 acre tracts and farmed about twenty acres. They built sod or fragile frame houses, and plowed through the hard-packed earth of the prairie in hopes of planting and harvesting a bountiful corn or wheat crop.[18] Under the provisions of the Homestead Act, these settlers became owners of their homesteads after five years of maintaining the farm. Thus northwestern and north central Oklahoma were not areas of exceptionally high tenancy around the turn of the century, while in the eastern half, which still remained Indian Territory, tenancy continued to increase.

There were two primary reasons for the rapid increase in tenancy in Indian Territory. As mentioned earlier, the destruction of the plantation system removed the slave labor supply for work in the cotton fields, leaving Indian landlords with little choice but to circumvent tribal laws and to employ white and black workers to farm their lands. In reality, most of these employees were tenant farmers and sharecroppers. A second important factor in the increase in cotton tenancy was the westward movement of the Cotton Belt. Over the years, erosion, soil depletion, and depredations by the boll weevil had taken a toll on the production areas of the Old South. As this area began to yield less and less per acre, the mobile cotton farmers of the post-bellum South migrated to the Southwest in search of more productive land. This quest brought many southern farmers to Indian and Oklahoma Territory where too often the role of tenant farmer was the only one they could fill.

From the 1880s through the mid-twentieth century, cotton production increased in the southwestern part of the United States, with Texas and Oklahoma producing roughly fifty percent of the national total by 1914. The Red River valley became one of the major producing areas in the country, where farmers grew nearly two million bales of cotton by 1899. Cotton farmers who migrated to this area were pleased to discover the soil would successfully grow both long and short staple cotton.[19]

In 1887, the government enacted the Dawes Act, which had important effects on tenancy in Oklahoma Territory. The act disposed of reservation lands other than the Five Civilized Tribes by dividing the land into individual holdings parcelled out to individual Indians. However, the act stipulated these lands could not be sold by the Indian to whom they were alloted for a period of twenty-five years. Indian allotees could nevertheless lease their holdings to tenant farmers, and this was the course many of the Indians followed. During the 1890s the Dawes Commission similarly broke the lands of the Five Civilized Tribes into individual holdings. Tenancy had grown in eastern Oklahoma during the days when tribal laws prohibited it, and now that the government had legalized the leasing of allotments, tenants poured into the territory during the last decade of the nineteenth century. By 1899, there were 25,322 farms producing cotton in Indian Territory with white tenants working over 20,000 of them.[20]

The first decade of the twentieth century brought Indian and Oklahoma territories together as the state of Oklahoma. During the administration of Theodore Roosevelt, Congress approved the admission of Oklahoma into the Union, and on 7 November 1907, it became the forty-sixth state.[21]

The first years of the state saw Oklahoma's population grow to 1.65 million. Many of the migrants were agricultural workers who increased both the farm population and the tenancy rate. Of the 190,192 farms in Oklahoma listed in the 1910 census, tenants operated 104,137, or 54.7 percent, of these farms.[22] Oklahoma cotton production increased accordingly, with the state's farmers producing over 550,000 bales by 1909, ranking tenth in the nation. By 1914, cotton production had shifted from the dominance of the Old and New South to the Southwest, with Texas producing 4.5 million bales and Oklahoma moving to fifth in production with 1.26 million bales. High prices and strong demand encouraged farmers to produce at their maximum during the early 1900s, as both foreign and domestic demand pushed cotton lint prices to 13.4 cents per pound by 1910, more than double the prices which had prevailed during the depressed period of the 1890s.[23]

The tenancy rate grew significantly during the first decade of statehood due to the availability of rental lands. With the encouragement of improving cotton prices, tenants continued to come to Oklahoma from the eastern cotton states where erosion and the boll weevil had reduced productivity sharply. This influx of tenant farmers resulted in a rise in the number of farmers operating under the share crop and crop lein systems. These systems under which the farmer either shared one-half of his crop with the landlord or established a line of credit with a nearby business, the security being his growing crop, began in the Southwest with the destruction of the plantation system after the Civil War. Spreading throughout Oklahoma and Texas in the 1890s, the share crop and crop lein systems included nearly seventy-five percent of the cotton workers by the 1900s.[24] By nature, the share crop and crop lein systems often had a debilitating effect on those under it, and some landowners and country store owners derived great income at the tenants' expense from the leasing system. Traditionally of a lower class and a poorly educated person, the tenant farmer was often unaware that his landlord or the store owner sometimes cheated him in one way or another. Cotton tenants, with their high mobility and low educational level, suffered most profoundly of all tenants under dishonest landlords and creditors, and this fact prevented their ever moving up the mythical agricultural ladder to ownership.[25]

The beginning of the First World War brought mixed blessings to cotton farmers. Initially, the war had the impact of deflating cotton prices due to European countries enacting trade barriers against American goods. As a result of the dislocations of foreign trade, cotton prices dropped from 11.77 cents per pound in 1914 to 6.85 cents in 1915. As the war raged on and German attacks on American shipping brought an end to neutrality, the United States government stepped up shipments of American agricultural and industrial goods to the Allies. After American entry into the war, cotton demand increased even more, and by 1919 prices soared to nearly thirty-five cents per pound. In the same year, Oklahoma production which had dropped during the early war years again rose to 1.016 million bales.[26] Yet expansion in cotton was not as great as wheat expansion during the war. It was the post-war years which were to see the great expansion of cotton culture in Oklahoma.

The 1920s was a decade of prosperity and tremendous economic growth in urban America. The First World War was a catalyst which brought modernization to American industry, with a great increase in productive capabilities. This increase was met by an equally great increase in domestic demand for manufactured goods. Industrial wage earners found themselves in a better position financially than ever before as their buying power rose and allowed them to acquire many mass produced goods which were available during the decade. Unfortunately, much of this increased buying power was made possible at the expense of the American farmers, who did not share at all in the prosperity of the 1920s.

While manufacturers in America enjoyed a decade of high prices and increasing demand, American farmers experienced a decade of slumping agricultural prices, and in many cases, declining demand. The Wilson administration encouraged production increases in most areas of agriculture to supply Allied needs. When European fields were returned to production by the early 1920s, much of the foreign demand which had driven prices to their peak levels in 1919 ended, but the stimulus of the war compelled farmers to continue expanding their production in spite of many warnings.

The problem of possible overproduction had been recognized as early as the first decade of the century. Leaders of the cotton growing industry, such as R. V. Johnson, president of the Southern Cotton Growers' Association of Atlanta, realized one of the most serious areas of overproduction in cotton was territorial Oklahoma. At a meeting of the Territorial Cotton Association at Guthrie in 1905, Johnson urged territorial cotton growers to reduce their acreage by twenty-five percent to avoid a potential oversupply.[27] Cotton growers paid little attention to the pleas of men like Johnson and continued to expand both acreage and yields.

The post-war era brought substantial price drops during two periods, 1920-1921, and after a brief revival, another era of decline from 1926 to 1932. United States cotton production reached eighteen million bales in 1926, and with this glut of marketable cotton, prices slumped to twelve cents per pound. Oklahoma cotton growers continued their steady expansion during the 1920s, with their output reaching

1.7 million bales by 1926, which placed Oklahoma third among cotton production states.[26] Oklahoma cotton growers watched as this increased production resulted in lower prices throughout the 1920s in both lint and cotton seed. From a peak level in 1919 of 35.6 cents per pound for lint and 59.74 cents per pound for seed, prices plumetted to 19.3 and 29.17 cents per pound, respectively, by 1925, and by 1930 those prices had fallen to 8.7 and 23.27 cents per pound. Average price indices for Oklahoma cotton revealed the economic position of farmers was far more serious than the price levels indicated. Using the average price levels of 1910 through 1914 as a base of 100, price indices for lint cotton dropped from 248 in 1920 to 105 by 1930. Clearly, there was a crisis developing in Oklahoma cotton producing, as well as in most areas of American agriculture during the Twenties.[29]

The nature of the agricultural crisis became the focus of much of the national political controversy during the 1920s. Farm leaders no longer satisfied with the Populist goals of cheap money and monopoly control, began to strive for a system of supports for agricultural prices. In 1921, George N. Peek, an administrator of the John Deere Corporation, concerned over dismal plow sales declared "healthy plow sales depend on healthy farmers." Peek and his colleague, Hugh Johnson, began working on a plan seeking equality for agriculture. Peek and Johnson believed that due to its weakened position in an industrial society, American agriculture was vulnerable to foreign competition and government favoritism toward manufacturers, and that price supports were necessary to bring farmers to an equal position with urban Americans.[30]

This concept of parity prices for agricultural products was the basis of the McNary-Haugen bills which produced such controversy in Congress during the 1920s. The first McNary-Haugen Bill was defeated in Congress in June of 1924. It called for subsidized marketing of surplus farm goods on foreign markets to raise the domestic price, and a general price support for domestic products relative to the base price period of 1909-1914.[31] The bill had little chance of success during the early part of the prosperity decade when conservative Republican power was at its height. To the believers of laissez-faire, a plan which called for price supports was contrary to basic American levels and went far beyond the constitutional powers of the federal government. Thus, the dominance of conservatives in Washington ensured defeat.

In November of 1926, farm leaders representing many of the organized groups and associations of the country met in St. Louis, Missouri, to organize support for the plan. When all groups emerged from the meeting in support of the plan, the leaders returned to their organizations to urge members to write congressmen in support of the plan. McNary-Haugenites placed enough pressure upon elected officials that the second McNary-Haugen Bill was introduced into Congress in 1927. This bill passed both the House and the Senate during February, but was vetoed by President Coolidge who declared the bill was unconstitutional.[32]

A third McNary-Haugen Bill was presented to the 1928 session of the Congress, and again the bill passed both houses. After congressional passage, letters and telegrams flooded the executive office from around the country urging the president to sign the bill. Coolidge, however, ignoring these pleas, stood firm with another veto.[33] Although the

McNary-Haugen battle proved to be a failure, eventually it did force the following administration to enact some government marketing controls and price supports for agriculture. The passage of the Agricultural Marketing Act of 1929 was evidence of this.

Enacted in June of 1929, the Agricultural Marketing Act was President Hoover's answer to the agricultural crisis. It established the Federal Farm Board which had the power to set marketing quotas on certain crops, to enact cooperative techniques among farmers, and to fix prices if necessary. To perform these tasks the government allocated 500 million dollars.[34] Unfortunately, the Farm Board failed to act in its full capacity during Hoover's administration. Still believing in non-interference in the private sector, the leaders of the Farm Board sat idly while farmers suffered. Congress was also reluctant to support the Board. Various farm groups criticized the Farm Board for its lack of initiative in setting quotas and for its reluctance to fix prices, when the Great Depression brought American farming to its worst position in history.[35]

The Great Depression devastated nearly all areas of the American economy, yet no part suffered more than agriculture. While agricultural implement and motor vehicle prices fell only six and sixteen percent, respectively, between 1929 and 1932, average farm commodity prices fell by 63 percent.[36] A decade of overproduction, international trade barriers, and administrative neglect in Washington had combined to make the agricultural depression worse than the industrial depression in the United States. The inability of farmers to move crops in an orderly way in the market resulted in huge carryovers in most agricultural goods. These carryovers depressed prices throughout the entire Hoover administration, resulting in widespread discontent in rural America.

Discontent was voiced strongly by John T. Simpson of Oklahoma City, the National President of the Farmer's Union. Throughout the early depression years Simpson presented speeches in person and on radio advocating government action to aid agriculture. He was most avid in his quest for cooperative measures in the production and processing of agricultural goods. During 1932, he criticized publicly the inactivity and apathy of the Hoover administration.[37]

This discontent was also voiced by the cotton farmers of the country whose product prices were among the lowest. In Oklahoma, lint cotton dropped from its 1930 price of 8.7 cents per pound to 5.1 cents in 1931.[38] The situation was critical in cotton culture. In 1930, Oklahoma farmers harvested 1.13 million bales of cotton. Acreage in cotton totaled 14.5 million acres, and overproduction continued through the rest of the Hoover administration. Of all the farms in the state, 51.9 percent were cotton farms by 1930, and tenant farmers operated 73.7 percent of those farms.[39] As the election of 1932 neared, the crisis of extremely low cotton prices weighed heavily in the farmers' decision at the polls.

FOOTNOTES

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CHAPTER II

FIRST YEAR OF THE AAA

The nation displayed its discontent with Republican fiscal policy and its desire for a change in administration on the 1932 election. In that election, Roosevelt and the Democrats one of the most sweeping political victories in American history, as the newly elected president carried all but six northeastern states. Moreover, Democratic victories in congressional and senatorial races gave that party a plurality of 183 House seats and 25 Senate seats over the Republicans in the Seventy-third Congress.[1]

In the 1932 campaign, Roosevelt had captured the support of most Americans hurt by the depression, including farmers. Much of the farm support was gained when he revealed the outlines of his plan for agriculture while giving a speech in Topeka, Kansas, on September 14. In the address, Roosevelt criticized the Hoover administration for its lack of understanding of farm problems and unveiled the goals of what would become the Agricultural Adjustment Administration.[2] The impact of the Topeka speech and further evidence of the inadequacy of the Farm Board enhanced greatly Roosevelt's popularity in the final days of the campaign, and on election day rural America responded to the ambitious promises of the Democratic party by giving the new president an overwhelming majority of its votes.

Roosevelt knew the hopes of unemployed and impoverished Americans were in his hands as a result of the election, and he was ready to meet the challenge. Before the election, Roosevelt had been conferring with associates who possessed expertise in various fields of economics. With the aid of these experts he worked out potential plans to deal with the crises in both agriculture and industry. After his inauguration on March 4, he set out to solve these problems.

The first days of the New Deal were among the most hectic in the history of the nation's capital. More domestic legislation passed through Congress in the first three months of the Roosevelt administration than ever before or after during a three month period. The most immediate crisis was in American banking; Roosevelt dealt with this problem in the first month. Then the administration turned its emphasis to agriculture. The plan for agriculture, drawn up largely by Roosevelt friend and adviser, Rexford G. Tugwell, encouraged farmers to work together and to improve agriculture for the good of all farmers rather than for the individual. Tugwell included in the plan two of the main goals of farmers' movements of the 1920s, domestic allotment and farm parity.[3]

Drawing from the work of agricultural economists, M. L. Wilson, J. D. Black, and W. J. Spillman, in developing a program of domestic allotment of basic crops such as wheat, cotton, tobacco, and hogs, Tugwell added the idea of benefit payments. The original domestic allotment plan differed from the Tugwell plan in that it called for benefit payments on production of the past ten years, retroactively without acreage reduction agreements. Tugwell's plan, rather, awarded benefit payments to farmers only if they agreed to adjust their production downward.[4] The other major provision of the bill included the McNary-

Haugen plan for parity prices on farm products taken from the base period of 1909-1914.

During the interregnum period between the election of 1932 and the inauguration, Tugwell presented his general plan for agriculture to Henry A. Wallace, Secretary of Agriculture, and his associates, Mordechai Ezekiel, Frederic P. Lee, and Jerome Frank, and they began working on a final draft of the bill to be presented before Congress. In its final form the bill contained, in addition to McNary-Haugenism and domestic allotment by marketing agreements, quotas, and export subsidies, crop reduction power with benefit payments, price supports through government loans, and the power to license processors.[5] They titled their plan the Agricultural Adjustment Act.

Early in May the Agricultural Adjustment Act came before Congress. Meeting little opposition, the bill passed through the House of Representatives with few revisions. However, by the time the bill passed through the Senate by a vote of 64 to 20 on May 12, it had three parts. Title I was the Agricultural Adjustment Act containing the above provisions. Title II was the Emergency Farm Mortgage Act, creating the Farm Credit Administration, which provided short-term, low interest loans to farmers. Finally, the Senate added the Thomas Amendment to the bill. Authored by Senator Elmer Thomas of Oklahoma, the amendment was designed to create inflation in the country. The Secretary of the Treasury could issue up to three billion dollars in government bonds, thus increasing the amount of money in circulation. The secretary could also issue up to three billion dollars in greenbacks. To further expand the money supply, the amendment authorized collection in silver of foreign debt payments up to fifty cents on the dollar; the same amount collected could be issued in silver certificates. Finally, it allowed the President to devalue gold up to fifty percent.[6]

In its entirety the agricultural bill was a grant scheme for recovery in rural America. Based on the idea that an emergency situation existed, the AAA granted extraordinary powers to both the President and the Secretary of Agriculture. The provisions of the Thomas Amendment gave the President unprecedented power over the money supply of the nation and also the power to refinance farm mortgages through the Farm Credit Administration. Henry A. Wallace held more power than his father, Henry C. Wallace, ever considered possible during his time as Secretary. The AAA made available to the new secretary the best points of the strongest farm measures discussed during the 1920s. With the power to raise prices by curtailing production and to tax processors in order to raise revenue for rental payments, Wallace was, indeed, the Czar of Agriculture.[7]

Raised in a family of agrarian intellectuals from Iowa, Wallace followed in his father's footsteps, moving from editor of Wallace's Farmer magazine to Washington, D.C. to become Secretary of Agriculture. When in Washington, Wallace made an able spokesman. He was a vigorous supporter of most of the progressive farm bills of the 1920s, and advocated that the government not limit itself to one program but adopt several, and allow the secretary to choose the administration of them. Justifying government intervention in the private sector, Wallace cited the unique position of agriculture in an industrial society. He said agriculture had had two major setbacks since World War I, the disappearance of foreign markets and the depression. During the 1920s, Wallace said industrial prices remained constant at the expense of agricultural prices and while prices set the supply of industrial goods, supply set the prices of agricultural goods. Thus, there existed a delicate balance between agriculture and industry which was destroyed by the depression, creating the need for government intervention.[9]

Upon passage of the farm bill, Wallace began choosing his staff. As chief administrator of the AAA, he selected George N. Peek, the pioneer in the battle for farm parity. Peek's co-administrator was Charles J. Brand, another advocate of the McNary-Haugen plan. To head the productions divisions of the AAA, Wallace appointed Chester Davis, and chose M. L. Wilson to head the wheat division, and Cully Cobb, a Georgia cotton farmer and co-editor of the Georgia-Alabama division of The Progressive Farmer, to head the cotton division. In addition to the administrators and division chiefs, the AAA provided for a general counsel or legal division. Wallace chose Jerome Frank as chief of the general counsel, and Frank appointed a staff of lawyers, who included Abe Fortas, Adlai Stevenson, Alger Hiss, and Gardner Jackson.[10]

Problems developed shortly after the appointment of the AAA leaders. Peek, a traditional agrarian, supported the AAA plan for parity, but did not support the idea of crop reduction, calling it a destructive measure. Rather than that program, he favored a plan in which the government would buy up farm surpluses and sell them at low prices on foreign markets. Peek also loathed the idea of taxing food processors, feeling it was an illegal interference in private business. Thus, he was opposed to the parts of the plan which Tugwell, Wallace, and Frank felt were most important. Peek distrusted the appointees of Jerome Frank intensely. He said of them,

> . . . a plague of young lawyers settled on Washington. They all claimed to be friends of somebody or other and mostly Felix Frankfurter and Jerome Frank. They floated airily into offices, took desks, asked for papers, and found no end of things to be busy about. I never found out why they came, what they did, or why they left.[11]

The many liberals working in the AAA, conversely, distrusted Peek and the traditionalists. They believed profit motives were dying in agriculture, and the government must take a greater role in creating a planned economy. These liberals, such as Tugwell, Frank, Stevenson, and Hiss, saw the traditionalists as representatives of vested interests in agriculture. They opposed the Peek plan of dumping surplus agricultural goods on foreign markets, arguing it would be disastrous to foreign relations. The ensuing controversy between Peek and the liberals intensified as the summer of 1933 passed, with both sides standing firm.[12]

In November, amid the controversy over dumping American wheat surpluses in China, George N. Peek resigned. His insistence on disposing of surpluses in this manner, and his reluctance to carry out the reduction programs prompted Roosevelt to reassign him to another position in foreign trade. As his successor, Henry Wallace chose Chester Davis, a friend of Peek's in the McNary-Haugen battles of the 1920s, but a man more favorable to the New Deal measures. Davis became the real force in the administration of the AAA through the rest of its existence.[13]

Even under Peek's direction, the AAA had a tremendous impact upon agriculture. Each crop division had extensive and specific plans for recovery; each crop division employed hundreds of workers to carry out those plans. To relieve the chronic overproduction situation in the Cotton Belt, the AAA developed a cash-and-option plan where farmers were allowed to be paid not only in cash reduction payments, but also in option cotton. This was cotton carried over from the most recent harvests and purchased by the Farm Credit Administration at a very low price. Farmers could purchase option cotton at six cents per pound up to the amount which they agreed to reduce their 1933 crop. By the time the AAA programs went into effect, however, cotton farmers had already planted their fields, and the prospects were excellent for a bumper crop.[14]

To avoid a tremendous addition to the already huge surplus in cotton, AAA leaders placed the major emphasis of its plan upon reducing acreage. With the prospects of four cent cotton further depressing farmers, the Cotton Section believed it was necessary to destroy a sizable portion of the 1933 crop ripening in the summer sun. Thus, the Cotton Section officials offered, in 1933, voluntary contracts in which the farmer agreed to reduce his acreage by plowing over a part of his cotton in return for cash rental payments and option cotton. In order to finance the running of the Cotton Section and the contract payments to farmers, the AAA levied a tax on the first domestic processing of cotton, and also a tax on manufacturers of cotton substitutes such as rayon. With the anticipated returns from these taxes, the AAA hoped to be able not only to finance the program and the rental payments but also to provide loans to cotton farmers while their benefit payments were being processed. To dispense these loans the President organized the Commodity Credit Corporation in the fall of 1933, and gave it 250 million dollars with which to operate.[15] This, in essence, was the cotton plan for 1933.

Dispensing the authority of the AAA on the state and local level was the next step in carrying out the Roosevelt plan for agriculture. The ambitious plan required that able administrators be chosen in all agrarian sections of the nation to conduct and monitor the various programs. The Secretary of Agriculture chose the M. L. Wilson plan to place state control of the AAA in the hands of the state Agricultural Extension directors. On the local level AAA power was given to each agricultural extension station and the county extension agents became the spokesmen for the AAA, explaining the program and promoting cooperation. These county agencies built up over the years and devoted to agricultural education were the logical organizations to dispense the policies of the AAA on the local level, as they were already existent in seventy-seven percent of the cotton growing counties of the nation. Also, sixty-five percent of these counties had vocational-agricultural schools where, in 1933, extension agents and vocational-agricultural teachers explained the complexities of the cotton program to some 50,000 farmers attending their classes.[16]

As the AAA program was voluntary in nature, adequate explanation and promotion were essential for its success; promotion came from all parts of the AAA. "The cotton crop looks great for 1933, and there is already a thirteen million bale carryover," wrote President Roosevelt in a Department of Agriculture circular during the late spring of 1933. He further appealed to cotton farmers around the country to cooperate, "because the plan's success depended upon it."[17] Meanwhile, Henry Wallace, writing in the April, 1933, <u>Oklahoma Farmer-Stockman</u>, outlined the cotton plan and explained its goals of reduction, taxation, and parity. The AAA program received initial support from most farm periodicals around the nation, including the <u>Farmer-Stockman</u> and <u>The</u>

Progressive Farmer. The editors of these magazine, Clarence Roberts and Eugene Butler, wrote numerous articles on the value and need for the New Deal programs. Other articles detailed the workings of the various programs and urged farmers to cooperate for the good of the country. They further warned that if farmers did not participate in the reduction program, the desperate situation in the Cotton Belt would only become worse.[18]

The economic problems of the Cotton Belt were indeed critical when the AAA went into effect. While cotton farmers were spared some of the hardships of the 1920s with relatively high prices in relation to other farm goods, the collapse of foreign markets and the introduction of alternative man-made fabrics caused cotton prices to plummet between 1929 and 1932. During this time gross farm income in cotton production fell 62 percent, and cotton prices per pound fell to 6.52 cents with a parity price index of 59 on the 1910-1914 base of 100. As a percentage of national income, cotton income had declined also from 1.66 in 1910 to 0.17 in 1932. At the depth of the Great Depression the standard of living in the Cotton Belt was the lowest of any part of the nation.[19]

As cotton was a large portion of the state income before the depression, the overproduction crisis had a tremendous impact on Oklahoma. In 1932, ninety percent of the cotton growers in the state operated at a loss, and the prospects were good for an even higher percentage in 1933. As no other crops brought better returns, cotton farmers continued their operations and in 1933 planted over four million acres of cotton in the state. When the policies of the 1933 cotton program were announced and explained Oklahoma cotton farmers responded by rushing to the county agents in their areas to sign up for the program. In the

1933 program the county agents served only to assess the rental value of the land which the farmers wished to remove from production, and, with approval from the agent, the contracts were sent directly to the AAA in Washington.

In that year, Oklahoma cotton farmers signed up over 1.2 million acres, or approximately twenty-five percent of the crop, in the plow-up campaign. By the end of the year the benefit payment checks were sent to Oklahoma from the nation's capital amounting to $11,730,000. These checks were the salvation of many cotton farmers and allowed them to farm for another year. For the thousands of cotton sharecroppers and share tenants in the state, the program was fortunately of great help.[20]

The AAA programs, however, brought to the forefront problems in the nature and position of farm tenancy which had been brewing for many years. Nineteenth century policies for disposal of the remaining public lands were designed to promote ownership in the unclaimed areas by providing homestead rights and cheap land. Yet in the slaveholding areas of the South and Southwest, the outcome of the Civil War resulted in a multitude of landless farmers forced into tenancy. The cotton plantations continued after the war under the share crop and crop lein systems; and these systems continued to grow through the first one-third of the twentieth century. The governmental attitude toward tenancy during the early twentieth century was developed by W. J. Spillman's Agricultural Ladder Theory. Formulated in the 1920s the Spillman theory stated the tenancy problem would correct itself over the years as farmers moved from the bottom rung of the ladder as a farm laborer to sharecropper. From sharecropping, farmers moved to tenancy, and finally to ownership. The theory held true in many areas of the nation, but with seventy-three percent of the country's cotton farms tenant operated by 1930, the agricultural ladder had become, in the words of Roosevelt, "a treadmill in the South."[21]

With its crop reduction programs and benefit payments the AAA caused great changes in the tenant structure of the nation, especially in the Cotton Belt during the 1930s. In 1933, however, the landlord-tenant problems, due to the AAA, were just beginning. The eventual decline of the tenants' position was delayed for a year by the provisions of the 1933 AAA cotton plan, which provided that the benefit payments for plowing over seeded cotton be divided among landlords and tenants according to their interest in the crop. This situation actually favored the tenant, as he could demand payment for each acre he farmed and plowed under. The AAA stipulated that all cotton tenants, from sharecroppers to cash tenants, could participate fully in the reduction program if they agreed to reduce their 1933 acreage by not less than twenty-five percent and not more than fifty percent.[22]

The tenancy situation in Oklahoma was of particular concern to the state AAA administrators. Operating in Stillwater, the state director, D. P. Trent, and his associates, Carl P. Blackwell, J. T. Sanders, Roy A Ballinger, and Joseph C. Scott, found the tenancy rates in certain areas of Oklahoma to be exceptionally high. Surveys conducted revealed the tenancy rates in southwestern and south central Oklahoma ran from sixty to seventy percent in 1930, while in areas of the central and northeastern part of the state, rates ran from seventy to eighty percent. The survey also revealed the areas of highest tenancy rates were areas of the highest cotton production. Tenant farmers operated sixty-two out of one hundred farms in 1930, while non-operating owners held sixty-nine percent of all land and buildings.[23] Thus, for a state which had more than one-half of its territory opened to free homestead, the tenancy figures were shockingly high by 1930.

The percentage of tenancy in Oklahoma was 69.5 as compared to the national rate of 58.[24] Of that 69.5 percent, tenants who operated on a cash-rental basis constituted only fifteen percent of the total, while share tenants who provided partial means of production at varying levels, and sharecroppers who provided only the labor, made up over fifty-three percent.[25] The remaining percentage consisted of non-managing tenants and managing share tenants. The tenants who rented Oklahoma lands had little stability, as the average length of their leases was just slightly over one year through the 1930s.[26] As a result of these short leases, which were most prevalent in eastern Oklahoma, tenants had neither security nor regard for the land which they farmed. They farmed on a year-to-year basis on farms averaging seventy-two acres.[27] At the mercy of land owners and the later policies of the AAA, the majority of Oklahoma tenant farmers were forced migrants and transients with little hope of ever gaining ownership. Farsighted members of the AAA recognized the potential problems of landlord-tenant relations beginning in 1933, yet they knew that these problems could not be allowed to stand in the way of the general plan for agricultural recovery.

As 1933 came to a close the impact of the AAA was evidenced in the Cotton Belt. The plow-up program resulted in nearly eleven million acres of cotton land removed from production; total acreage harvested for the year was thirty million.[28] The cotton carryover still increased by approximately ten million bales.[29] Much of the cotton, however, was held by the Commodity Credit Corporation as option cotton. Farmers, extension agents, and AAA employees congratulated themselves and each other on reducing the crop from a proposed thirteen million bales to 9.5 million. Prices increased to nearly nine cents per pound by the end of the year.[30] Thus, the initial year of the AAA was considered a success by most people, including tenant farmers. Enabling them to act as owners in the plow-up campaign the AAA was the salvation of many cotton tenants who could not have survived another year of five cent cotton and absence of government aid.

FOOTNOTES

[1]David A. Conrad, _The Forgotten Farmers: The Story of Sharecroppers in the New Deal_ (Urbana, IL: University of Illinois Press, 1965), p. 25.

[2]Theodore Saloutos and John D. Hicks, _Agricultural Discontent in the Great Plains, 1909-1939_ (Berkeley: University of California Press, 19), p. 455.

[3]Arthur M. Schlesinger, _The Coming of the New Deal_ (Boston: Houghton-Mifflin Co., 1959), pp. 72-73; Rexford G. Tugwell, _The Democratic Roosevelt_ (Baltimore: Penguin Books, Inc., 1957), p. 232.

[4]Russell Lord, _The Wallaces of Iowa_ (Boston: Houghton-Mifflin Co., 1947), pp. 303-307. Tax penalties for domestic production were not included. Henry I. Richards, _Cotton and the AAA_ (Washington, DC: The Brookings Institution, 1936), p. 8.

[5]Schlesinger, _The Coming of the New Deal_, p. 39.

[6]Ibid., pp. 41-46; Saloutos, _Agricultural Discontent in the Great Plains_, p. 470.

[7]Henry C. Wallace was Secretary of Agriculture under Harding and Coolidge. See Conrad, _The Forgotten Farmers: The Story of Sharecroppers in the New Deal_, p. 36; Paul L. Murphy, "The New Deal Agricultural Program and the Constitution," _Agricultural History_, XXIX (1950), p. 160.

[8]Schlesinger, _The Coming of the New Deal_, pp. 38-39.

[9]Ibid., pp. 35-36.

[10]Ibid., pp. 46-49.

[11]George N. Peek, _Why Quit Our Own?_ (New York: D. Van Hostrand Company, 1936), pp. 20-26.

[12]Conrad, _The Forgotten Farmers_, pp. 106-107.

[13]Ibid., pp. 117-118; Schlesinger, _The Coming of the New Deal_, pp. 55-59.

[14]Richards, _Cotton and the AAA_, pp. 43-45.

[15]Ibid., pp. 30-31, 214.

[16]Saloutos, Agricultural Discontent, pp. 472-473; Schlesinger, The Coming of the New Deal, p. 59; Richards, Cotton and the AAA, pp. 70-71.

[17]United States Department of Agriculture, The Agricultural Adjustment Act Applied to Cotton (Washington, DC: U.S. Government Printing Office, 1933), pp. 1-3; Henry A. Wallace, "Farm Aid Bill Follows New Path," The Oklahoma Farmer-Stockman, XLVI (April, 1933), pp. 115, 131.

[18]Clarence L. Roberts, "Down With the Surplus," The Oklahoma Farmer-Stockman, XLVI (July 1, 1933), p. 218; Tait Butler, "New Farm Legislation," The Progressive Farmer and Southern Ruralist, XLVIII (May, 1933), p. 7; Clarence L. Roberts, "New Farm Relief Bill," The Oklahoma Farmer-Stockman, XLVI (April 1, 1933), p. 120; Eugene Butler, "No Prosperity Without Control," Progressive Farmer and Southern Ruralist, XLVIII (June, 1933), p. 3.

[19]United States Department of Agriculture, Yearbook of Agriculture, 1933 (Washington, DC: Government Printing Office, 1933), pp. 105-107; United States Department of Agriculture, Central Files of the Agricultural Adjustment Administration (National Archives, RG 145); United States Department of Agriculture, Program Planning Division, Cotton (Washington, DC: Government Printing Office, 1935), pp. 10, 15.

[20]C. L. Roberts, "Will Farmers Grow Cotton at a Loss?," The Oklahoma Farmer-Stockman, XLVI (February 1, 1933), p. 35; Nall, "King Cotton in Oklahoma, 1825-1939," pp. 52-53.

[21]Rupert P. Vance, Farmers Without Land (New York: Public Affairs Commission, 1937), pp. 8, 12-13.

[22]Richards, Cotton and the AAA, pp. 138-139.

[23]United States Department of Agriculture, Central Files of the Agricultural Adjustment Administration, National Archives, RG 145; J. T. Sanders, "Amount and Function of Farm Tenancy in Oklahoma," Oklahoma Agricultural Experiment Station, Biennial Reports, 1930-1932 (Stillwater, 1932), pp. 190-193.

[24]W. A. Turner, "A Graphic Summary of Farm Tenure," United States Department of Agriculture Miscellaneous Publication #261 (Washington, DC: Government Printing Office, 1963), pp. 2, 4-12.

[25]Conrad, The Forgotten Farmers, p. 6.

[26]Joseph Ackerman and Marshall Harris (eds.), Family Farm Policy (Chicago: University of Chicago Press, 1947), p. 120.

[27]National Resources Commission, United States Special Committee on Farm Tenancy (Washington, DC: Government Printing Office, 1937), pp. 35, 49.

[28]C. L. Roberts, "Expecting Too Much," The Oklahoma Farmer-Stockman, XLVI (November 15, 1933), p. 380.

[29]Tait Butler, "The Cotton Situation," The Progressive Farmer, XLVIII (November, 1933), p. 3.

[30]Tait Butler, "A New Day in Controlled Production," The Progressive Farmer, XLVIII (August, 1933), p. 3.

CHAPTER III

A NEW PLAN TAKES EFFECT

The cotton plan for 1934 and 1935 contained provisions which had profound impact upon the constitutional power of the AAA, and many cotton farmers. After the success of the emergency legislation of 1933 the leaders of the AAA began to develop plans for permanent reduction of acreage in the Cotton Belt. They were convinced that in order to maintain reasonable price levels in cotton lint and seed production, ceilings must be enforced by limiting acreage permanently. This meant that even though the plan was voluntary, the AAA exercised its maximum influence by rewarding compliance and penalizing non-compliance.

Announced late in 1933, the new cotton plan was a two-year contract proposal. To participate in the plan, contracting farmers had to agree to reduce their acreage by not less than twenty-five and not more than forty-five percent for 1934; they then had to agree to reduce their 1935 crop by not more than thirty-five percent. In return the farmers received both rental and parity payments. The rental payments amounted to 4.5 cents per pound on the average annual yield per acre for the base period of 1928 through 1932. The maximum rental payment was, however, limited to eighteen dollars per acres. In parity payments, the farmers were to receive not less than one cent per pound on forty percent of their annual 1928-1932 average yield. The rental payments were to be sent in two installments--the first coming between

March 1 and April 30, and the second between August 1 and September 30. Parity payments were scheduled for December.[1]

In effect, the government was renting a sizable proportion of the potential cotton acreage for 1934 and 1935. The Cotton Section urged the farmers to plant feed crops or soil-replenishing crops on the rented acres. The AAA also allowed farmers to grow food crops on the rented acres for use by the members of the farm. The rented acres included only land which had been in production for at least three of the base years. The AAA prohibited farmers from placing eroded, washed, or gullied land in the rental program, and reserved the right to inspect the records of any contracting farmer.[2]

The AAA made compliance more attractive by offering to extend loans on unsold 1933 cotton to cooperating farmers. The Commodity Credit Corporation was instructed to lend to farmers who signed 1934-1935 contracts ten cents per pound for seven-eighths inch or better middling cotton, and eight cents per pound on shorter fibered cotton.[3] The loans carried an interest rate of four percent per annum, and the cotton on which the loan was made was stored in compresses throughout the South.[4]

By far the most controversial features of the 1934-1935 plan were the domestic allotment and the tenant provisions. In January of 1934, Senator John Bankhead of Alabama introduced the Bankhead Cotton Control Act to Congress. The bill proposed a nine million bale limit on cotton ginned in the United States for 1934. Further, the bill proposed that the Secretary of Agriculture be empowered to license all cotton gins and regulate their activities. Finally, the proposal set state quotas proportional to their average production for the last ten years.[5]

In April the Bankhead Act passed Congress and was submitted for a referendum vote by farmers. Forty-one thousand voting farmers approved of the measure by the needed two-thirds majority, and the act went into effect during the summer of 1934. Congress decided to allow ten million bales of tax-free cotton to be ginned for the year; any excess cotton ginned would have a fifty percent tax placed upon it.[6] Senator Bankhead designed the act to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into channels of interstate and foreign commerce. He also sought to protect contracting farmers from non-signers who would have had an unfair advantage without the penalty features of the act. The Bankhead Act gave the cotton program a true production control clause; by limiting the number of tax-free pounds ginned, the act forced farmers to reduce their plantings.[7] The extraordinary powers granted to the Secretary of Agriculture by this act were both controversial and possibly unconstitutional, and would become a critical area of policy for the AAA in later days.

The tenant provisions for the 1934-1935 cotton contract proved to be disastrous for many cotton tenants. The plan stated that the Secretary would sign contracts only with land-owners, cash tenants, managing cash tenants, and managing share tenants. While the first three classifications of tenants were defined clearly, the managing share tenant required explanation. The managing share tenant was defined as a tenant who furnished work stock, equipment, and labor, and managed the operation of his farm.[8] While the cash tenants were to share fully in both the rental and parity payments and managing share tenants were to receive one-half of the rental and all of the parity payments, the non-managing share tenants and sharecroppers were to receive none of the rental payments and only their share of the parity. Furthermore, the parity payments were entrusted to the landlord to dispense among the croppers and non-managing tenants.[9]

Final provisions of the plan made a token effort to protect tenant rights which might have been jeopardized by the previous provisions. These clauses prohibited owners from reducing the number of tenants on their holdings unless they proved to be a nuisance. The owner was also responsible for enrolling the tenant acreage in the reduction plan if the owner so desired. Though sharecroppers and non-managing share tenants could not participate in the program officially, through the landlords they could reduce acreage and receive benefit payments.[10] Yet in this area the share tenant and cropper were completely at the mercy of the benevolence or malevolence of the landlord.

The potential for tenant displacement due to the cotton program caused the schism between agrarians and liberals in the AAA to become much wider. When the plan was announced Alger Hiss, one of the young lawyers of the Legal Division protested it did not protect tenants' rights adequately. This was also the opinion of Jerome Frank and most of the Legal Division. Lashing out against the liberals was Cully Cobb, Chief of the Cotton Section, and the main spokesman for the agrarians. Cobb said the AAA was doing all it could for tenant farmers and furthermore there was a strong communist movement among tenants throughout the Cotton Belt. Cobb would not allow the displacement of a small number of tenant farmers to stand in the way of the success of the plan.[11]

Early in 1934, amid the tenant controversy, Chester Davis called D. P. Trent to Washington from his post as State Director of Agricultural Extension in Oklahoma. Trent, as extension director, had done extensive research on tenancy in Oklahoma and was made Assistant Director of the Commodities Division. In this position Trent was Cobb's immediate supervisor. Trent had great sympathy for sharecroppers and was determined to protect their rights. This brought him onto an immediate collision course with Cobb and the agrarians. Yet Trent was not a liberal, and he did not get along with them either. He was a man caught in the middle of a great conflict of which tenant problems wee only a small part. Trend spent only one frustrating year in Washington, coming back to Oklahoma in 1935. During his time in Washington Trent proposed the creation of a Landlord-Tenant Committee to ensure tenant rights. The proposed committee included all tenants in the cotton contracts and provided a minimum wage for farm laborers. It also provided for the foundation of farming colonies for displaced farmers and financial aid for tenants wanting to buy land.[12] However, the proposal was rejected by Cobb and the agrarians.

The underlying problem which exacerbated the conflict between agrarians and liberals was the ambiguity of paragraph 7 of the 1934-1935 cotton plan which required signers to:

> Endeavor in good faith to bring about the reduction of acreage contemplated in this contract in such manner as to cause the least possible amount of labor, economic and social disturbance, and to this end, insofar as possible, he shall effect the acreage reduction as nearly ratably as practicable among tenants on this farm; shall, insofar as possible, maintain on this farm the normal number of tenants

> and other employees; shall permit all tenants to continue in the occupancy of their houses on this farm, rent free, for the years 1934 and 1935, respectively (unless any such tenant shall so conduct himself as to become a nuisance or a menace to the welfare of the producer); during such years shall afford such tenants or employees, without cost, access for fuel to such wood lands belonging to this farm as he may designate; shall permit such tenants the use of an adequate portion of the rented acres to grow food and feed crops for home consumption and for pasturage for domestically used livestock; and for such use of the rented acres shall permit the reasonable use of work animals and equipment in exchange for labor.[13]

The obvious weakness of the provision was that the owner was only to "endeavor" to aid the tenants, and he was under no real obligation to keep the same number of tenants.[14] The members of the Legal Division realized this, and sought to strengthen the policy by adopting a strict interpretation. They maintained the landlords were required to keep the same number of tenants from year to year or they would be in violation of the law. The Cotton Section had already said landlords were not under any legal obligation to maintain the same number of tenants, and Cobb and the agrarians were adamant in their opposition to the reinterpretation of Jerome Frank and the Legal Division.[15]

The internal strife in the AAA over the interpretation of paragraph 7 raged on through the first month of 1934. Frank and the liberals sent petitions to Henry Wallace urging him to accept their interpretation or strengthen the terminology of the paragraph. Yet Wallace was also pressured from the agrarians, who appealed to his interest in the success of the plan. The agrarians, most of whom had worked their way up through the Farm Bureau, the land-grant colleges, or the agricultural extension service, saw the liberals as naive and idealistic, with no real understanding of agriculture. They sympathized with the landlords and large farmers for they knew the success of the AAA program depended upon their cooperation and good faith; not with the small farmers and sharecroppers.[16]

Henry Wallace was caught in the middle between two extreme groups. While he understood the problems the tenant provisions created for sharecroppers and share tenants, he felt it was his duty to place the national interest above well-organized minority groups. Thus, he felt little legal sympathy for tenant problems.[17] Ultimately, Wallace ruled in favor of the agrarians, when on February 5 he dismissed Jerome Frank, Francis Shea, Lee Pressman, and Gardner Jackson of the Legal Division.[18] The dismissals were actually the work of Chester Davis who wanted desperately to rid the AAA of all dissenters. Those who Wallace and Davis dismissed were the authors of the reinterpretation of the paragraph, and they were removed for threatening the progress of the entire cotton program. Davis was also afraid they were involved secretly with the Southern Tenant Farmers' Union.[19]

Conservatives had branded the STFU a socialist organization from its beginnings in northeastern Arkansas during 1933. It was organized to place tenant farmers on a stronger basis with landlords, and to gain a better standard of living for cotton tenants throughout the Cotton Belt. However, socialists such as Norman Thomas and Charles McCoy were instrumental in founding the organization, giving it socialistic overtones. The main quest of the organization, after the 1934-1935 cotton program was announced, was to put pressure on the AAA to protect tenants from unscrupulous landlords. The reinterpretation of paragraph 7 drawn up by the liberals in the Legal Division was in response to the demands of the STFU. While the STFU gained support in all areas where cotton tenants were being displaced, including Texas and Oklahoma, the purge of the liberals from the AAA in February displayed the limited influence of the STFU in Washington, and the utter contempt which the agrarians had for such an organization. The events of early 1934 gave clear indication of how the AAA would respond in judgments of landlord-tenant disputes. In the opinion of Chester Davis, there was little the AAA could do to prevent landlords from removing tenants from their land. The problem in the Cotton Belt was an overabundance of workers and the inevitable result would be displacement.[20]

The primary reason for D. P. Trent's call to Washington was, under his auspices, the Oklahoma Agricultural Experiment Station had conducted extensive studies on the nature of farm tenancy in the state. Tenancy in Oklahoma had generally been on the increase since 1890. By the mid-1930s, farm tenancy had increased to the point where Oklahoma ranked sixth in the nation. As early as 1910 the tenant rate was high, with thirty-four of the state's seventy-seven counties having percentages over sixty. Over the next decade the tenant rate dropped slightly in most counties as the 1920 census revealed only eighteen Oklahoma counties had percentages over sixty. This decline was due to many tenant farmers purchasing farms by virtue of the relatively high agricultural prices of the decade, or the accessability of Indian allotments from which restrictions were removed and which could now be sold. During the 1920s the tenancy rate increased once again as thousands of tenants poured into the state from the southeast and upper midwest, and by 1930 there were forty Oklahoma counties with rates of tenancy in excess of sixty percent.[21]

In that same year there were 125,329 farm tenants in Oklahoma, and of those, 21,055 or 16.7 percent, were croppers.[22] The majority of those croppers were concentrated in the cotton areas of the Five Civilized Tribes where tenant rates ran as high as eighty percent in some counties. In these areas the crop share rental agreement was the most common form of landlord-tenant arrangement during the 1920s and 1930s, and the contracts were mostly verbal. The usual landlord-share tenant agreement in cotton saw the landlord supplying the land, buildings, and one-fourth of the fertilizer. In return the share tenant gave the landlord one-fourth of his crop. In cropping, the sharecropper and his family provided only the labor, one-half of the fertilizer, and one-half of the ginning costs while the owner provided everything else. The cropper shared his crop equally with the landlord.[23]

Such landlord-tenant agreements afforded the Oklahoma cotton croppers and tenants little security. The legal binding of a verbal agreement was at best uncertain for the tenant, with interpretation left up to the discretion of the landlord. From local respect to legal claim, the landlord had the advantage over the tenant in a dispute whether it concerned tenure or crop share.

The inadequate and outdated Oklahoma state statutes concerning tenancy neither clarified tenant rights nor encouraged tenant stability. Most Oklahoma statutes were vague, complex, and inapplicable regarding tenancy. The statutes did not distinguish between tenancy and sharecropping agreements, and with verbal agreements it was impossible to distinguish between a lease and a share crop agreement. The state statutes actually encouraged one-year oral agreements by requiring landlords to obtain any lease over one year in writing. While the statute was intended to strengthen tenant leases by written documentation, it only prompted landlords to use the verbal agreement exclusively.[24] In eastern Oklahoma, the one-year verbal agreements assured the landlord of maintaining his control over tenants and croppers. Such agreements also helped to perpetuate the share crop and crop lein systems where slavery once existed, and forced tenant farm families to be highly mobile throughout the 1930s.

The tenuous position of sharecropping and share tenant families in Oklahoma was further aggravated by their great potential to be financially victimized. A survey taken in Jackson, Garvin, and Pittsburg counties in which 449 cotton farmers were interviewed showed eighty-six percent of these farmers used seasonal credit to survive the lean years of the early 1930s. Most of the credit extended to tenants was merchant credit with annual rates of interest running on the average 38.5 percent. With these excessive rates, the tenant could not hope to recover from debt.[25] The tenant farmers' susceptibility to dishonest practices was a direct result of his limited education. A 1933 survey of sharecroppers in Oklahoma revealed 43.7 percent of the farmers had five years or less of formal education, while 44.7 percent had only six to eight years of schooling. Only 11.6 percent of the farmers surveyed had more than nine years of public schooling.[26] Most sharecropping families had not remained in one location long enough for their children to attend school during the post-bellum years in the southeast, and it was the sons and grandsons of these earlier sharecroppers who manned the tenant farms of the Cotton Belt during the 1930s. Poverty stricken, poorly educated, and with no sense of stability, cotton croppers and tenants moved yearly from farm to farm under conditions determined by the landlord. When the 1934-1935 cotton program went into effect, however, landlords throughout the Cotton Belt realized croppers and share tenants were no longer profitable, if benefit payments had to be shared with them.

The tenant controversies did not, however, stop the 1934 cotton plan from taking effect. Once again state directors of agricultural extension became the state AAA directors with county extension agents acting as representatives of the Secretary of Agriculture.[27] The state directors instructed the county agents to create a production control association to apply the cotton program on the local level. All signers of the 1934-1935 cotton contract became association members. These members were to elect three officers from their group, and along with the extension agent divide the county up into four sections. Each section was to contain approximately three hundred producers who the elected officials and the extension agent monitored for compliance.[28] The Secretary of Agriculture authorized these officials to assess the land farmers wishes to place in rental acres for its past average yield per acre and submit the contracts to the state director. To review these contracts the state director appointed a three-man board. The board computed the allotment and issued tax exemptions after the Bankhead Cotton Control Act passed Congress. After reviewing and evaluating the applications the board notified the cotton farmer of the amount of his payment and sent the certificate to the local cotton production control associations for distribution.[29]

In Oklahoma the 1934 reduction campaign was a great success. With D. P. Trent assigned to Washington for the year, his associate of Oklahoma A & M College, E. E. Scholl became acting state director.[30] Trent was scheduled to return at the end of the year when his work on tenant problems was completed.[31] Promotional campaigns and instruction prompted cotton farmers from all areas of the state to enroll land in the reduction program. Eager farmers who met the eligibility requirements of the 1934-1935 program called upon their county extension agents and the monitors of the cotton production control associations to assess their rental acres and to send them to the state director for evaluation. By April, Oklahoma cotton farmers had signed contracts totaling 88,594 acres which had been assessed on the average at 160 pounds per acre.[32] Meanwhile, cotton farmers from around the nation signed contracts placing 15.1 million acres in the acreage reduction program.[33]

The reduction campaign was so successful in Oklahoma that E. E. Scholl reported to Cully Cobb in early May that approximately eighty-five percent of all eligible Oklahoma cotton farmers had signed contracts representing approximately eighty-five percent of the total cotton acreage.[34] With this amount of cotton acreage taken out of production, prices for Oklahoma cotton rose dramatically. Average prices for June, 1934, increased by 3.7 cents over those of the previous June to 11.3 cents for cotton lint, while seed prices more than doubled, rising from 10.88 cents in June, 1933, to 24.21 cents in June, 1934.[35] For the first time since the early 1920s cotton lint and seed prices brought parity price levels to cotton farmers as the average price index for 1934 was 102.[36] Thus the AAA made great strides in recovery for most cotton farmers during 1934, yet these strides were made at the expense of the cotton share tenant and sharecropper.

Clarence Roberts of The Oklahoma Farmer-Stockman who had been an avid supporter of the New Deal programs for agriculture in 1933 changed his opinion drastically when the 1934-1935 plans were revealed. He became suspicious of the administration's intentions to remove large tracts of farm land from production permanently. He feared the ultimate goal of Franklin Roosevelt and his advisers was to retire all poor lands from production until the remaining land met only the nation's needs. Roberts accused the New Dealers of intending to eliminate the marginal farmer because he was poor and because he contributed to the surplus in cash crops. He further stated the real culprit in overproduction was mechanization, and by his campaign to wipe out the marginal farmer, Roosevelt was destroying the family farm, free enterprise, and self-pride.[37]

From late 1933 until the end of the AAA, Roberts was an open critic of the Roosevelt agricultural plans. His most poignant criticism stressed the AAA's injustice to tenant farmers. He contended that all types of tenant farmers should be allowed to participate in the programs, and the idea of croppers receiving only one-half of the parity payments was absurd.[38] He used his magazine as a pulpit to preach against the violations of tenants' rights and the AAA's lack of fortitude in protecting those rights. He urged renters who believed they were being treated unfairly by their landlords to report such actions to the state AAA or to him directly.[39] Roberts also corresponded frequently with Chester Davis belaboring him about the displacement of sharecroppers and tenants in Texas and Oklahoma. A perfect example of such displacements occurred in Palmer, Texas, and Roberts sent Davis a letter in regard to the case. He submitted a copy of the letter sent by a Palmer, Texas, sharecropper who complied fully with the 1933 cotton reduction program, only to be ordered off the farm in 1934 as the owner had decided to farm the land with hired labor. Roberts told

Davis this was a common occurrence in Oklahoma and Texas cotton fields due to the AAA's policies. The owner felt he could make more money operating the farm with hired labor than using renters or sharecroppers with whom he must divide the parity and rental payments.[40]

Yet Clarence Roberts was not alone in his harsh criticism of the AAA's tenant provisions. During 1934 tenant complaints poured in from all over the country.[41] D. P. Trent investigated over 1400 complaints during 1934. In over one thousand of those cases he ruled the complaints to be unjustified and no legal action was taken. During the year only twenty-one AAA contracts were revoked.[42] With the attitudes of the men in power in the AAA toward tenancy, Trent could do little else. Reports by the AAA showed 40.6 tenant families made a move of some kind in 1934.[43]

Further opposition to the AAA programs centered around the Bankhead Act and the processing tax. Opposing the Bankhead Act was the Oklahoma Anti-Bankhead Tax League organized by Louis Fey. The tax league believed the Bankhead Act was unfair because most the cotton crop was already in the ground by the time the bill passed. Furthermore, they argued there was no real emergency in cotton production and that to retard production was self-defeating.[44] This opposition eased somewhat when Oklahoma failed to meet its allowable marketing quota by thirty-five percent. August estimates showed Oklahoma would gin only 509,000 bales in 1934, falling far short of its allotment of 782,631 bales. The reason for this was the severe drought which hit the southwestern cotton growing areas of the state.[45]

As 1934 came to a close people criticized the AAA for a variety of reasons. Some were appalled by the displacement of farm tenants caused indirectly by the AAA, while others were opposed to the AAA's growing control over agriculture. Many believed the AAA was destroying free enterprise in agriculture. Yet the successes during the first full year of the AAA could not be denied. The act had proven to be beneficial to most farmers, and there were still many supporters.[46] The price index for all Oklahoma farm goods rose from forty-five in 1933 to eighty-five in 1934.[47] The Agricultural Adjustment Act was working, but it was in danger.

FOOTNOTES

[1]The national average price was 4.5 cents, while in Oklahoma it was 3.5 cents. Richards, Cotton and the AAA, p. 46; Oklahoma Agricultural Experiment Station, Current Farm Economics, VI (December, 1933), p. 126.

[2]Conrad, The Forgotten Farmers, pp. 52-56.

[3]Lengths pertained to the size of the brushed cotton fiber.

[4]Clarence Roberts, "The Cotton Loan Plan is Now Complete," The Oklahoma Farmer-Stockman, XLVI (November 1, 1933), p. 356.

[5]Tait Butler, "Gin Control up to Congress," The Progressive Farmer, XLIX (February, 1934), p. 10.

[6]Conrad, The Forgotten Farmers, pp. 61-62; Eugene Butler, "What's New in Agriculture?," The Progressive Farmer, XLIX (July, 1934), p. 9; Murray Reed Benedict, Farm Policies of the United States, 1790-1950 (New York: Octagon Press, 1953), p. 304.

[7]Oklahoma Agricultural Experiment Station, Current Farm Economics, VII (June, 1934), p. 44; Richards, Cotton and the AAA, pp. 8-9; Eugene Butler, "Bankhead Bill Not Unnecessary," The Progressive Farmer, LXIX (April, 1934), p. 6.

[8]Oklahoma Agricultural Experiment Station, Current Farm Economics, VI (December, 1933), p. 126.

[9]Richards, Cotton and the AAA, pp. 52-53.

[10]Oklahoma Agricultural Experiment Station, Current Farm Economics, VI (December, 1933), p. 126.

[11]Conrad, The Forgotten Farmers, pp. 114-115.

[12]Ibid., pp. 118-119, 57, 133.

[13]Richards, Cotton and the AAA, pp. 140-141.

[14]William Amberson, "The New Deal for Sharecroppers," Nation, CXL (February 13, 1935), p. 185.

[15]Conrad, The Forgotten Farmers, pp. 146-148.

[16]Ibid., pp. 105-106.

[17]Ibid., pp. 116-117.

[18]Ibid., p. 148.

[19]Schlesinger, The Coming of the New Deal, p. 80.

[20]Gardner Jackson worked for the STFU after his dismissal. Donald R. Grubbs, Cry From the Cotton (Chapel Hill: University of North Carolina Press, 1971), pp. 36-37; Conrad, The Forgotten Farmers, pp. 86-87; Schlesinger, The Coming of the New Deal, pp. 78-79.

[21]John H. Southern, "Farm Tenancy in Oklahoma," Oklahoma Agricultural Experiment Station Bulletin No. 239 (1939), pp. 1-5, 8-11.

[22]Bureau of the Census, Sixteenth Census: 1940, Agriculture (Washington, DC: U.S. Government Printing Office, 1941), p.

[23]Southern, "Farm Tenancy in Oklahoma," pp. 4, 15.

[24]William J. Coleman and H. Alfred Hockley, "Legal Aspects of Landlord-Tenant Relationships," Oklahoma Agricultural Experiment Station Bulletin No. 241 (1930), pp. 31-33.

[25]J. T. Sanders and Arthur N. Moore, "Credit Problems of Oklahoma Cotton Farmers," Oklahoma Agricultural Experiment Station Bulletin No. 241 (1930), pp. 31-33.

[26]J. T. Sanders and O. D. Duncan, "A Study of Certain Factors Leading to Social Life Among Oklahoma Cotton Farmers," Oklahoma Agricultural Experiment Station Bulletin No. 211 (1931), p. 22.

[27]Current Farm Economics, VI (December, 1933), p. 126.

[28]Richards, Cotton and the AAA, pp. 74-76.

[29]Ibid., pp. 80-81.

[30]The Daily Oklahoman, XLI (January 1, 1934), p. 16.

[31]The Oklahoma Agricultural Extension News, XV (January, 1934), p. 1.

[32]E. E. Scholl to C. A. Cobb, April 10, 1934, NA, RG 145.

[33]The Oklahoma Farmer-Stockman, XLVII (April 1, 1934), p. 175.

[34]E. E. Scholl to C. A. Cobb, May 5, 1934, NA, RG 145.

[35]Oklahoma Farm Price Statistics, 1910-1938," Oklahoma Agricultural Experiment Station Bulletin No. 238 (1939), pp. 19, 25.

[36]Ibid., p. 51.

[37]Clarence Roberts, "The Crime of the Marginal Farmer," The Oklahoma Farmer-Stockman, XLVI (December 1, 1933), p. 395.

[38]Clarence Roberts, "Tenant Deserves Share in Cotton Rent," The Oklahoma Farmer-Stockman, XLVII (January 1, 1934), p. 3.

[39]Clarence Roberts, "Who Can Sign Cotton Contract?," The Oklahoma-Farmer Stockman, XLVII (January 15, 1934), p. 19.

[40]Clarence Roberts to Chester Davis, October 4, 1934, NA, RG 145.

[41]Conrad, The Forgotten Farmers, p. 71.

[42]Grubbs, Cry From the Cotton, pp. 38-39.

[43]Conrad, The Forgotten Farmers, p. 14.

[44]Louis Fey to Roosevelt, May 2, 1934, NA, RG 145.

[45]Eugene Butler, "What's New in Agriculture?," The Progressive Farmer, XLIX (September, 1934), p. 12.

[46]Tait Butler, "Will We Save the Farm Adjustment Act?," The Progressive Farmer, XLIX (September, 1934), p. 3.

[47]Current Farm Economics, VII (August, 1934), pp. 55-57.

CHAPTER IV

LAST YEAR OF THE AAA

Although pressured and criticized, AAA officials continued their recovery work through 1935 undaunted. The leaders of the Cotton Section embarked upon the second phase of their two-year plan with few revisions. For 1935 the Cotton Section offered farmers who did not participate in the 1934-1935 program, a one-year contract with a 4.5 cent per pound rental payment if those farmers reduced their acreage by not less than twenty-five percent from the base period average of 1928-1932. Parity payments were increased to 1.25 cents per pound.[1] Most other areas of policy, such as the processing tax, the Bankhead Act, and the tenant provisions remained in effect.

There were, however, some significant changes in the administration of the AAA in 1935. After the purge of the liberals in the Legal Division, Henry Wallace and Chester Davis set out to reorganize the AAA. In February, 1935, they succeeded, and the AAA was transformed into a simpler, more efficient organization. This streamlining included removal of the Legal Division from its status as a division of AAA and merging it with the Office of the Solicitor of the Department of Agriculture.[2] In addition, the thirteen various commodity sections of the organization were reduced to six divisions, and the directors of these divisions, along with the directors of the Finance, Planning, and Information Divisions, the Chief of the Extension Service, the

Chief of the Bureau of Agricultural Economics, and the Secretary and Undersecretary of Agriculture, made up the new operating council.[3] Wallace and Davis hoped this new alignment would be more efficient and eliminate much of the internal friction of the past years.

Though the 1935 realignment helped to make the AAA more efficient, it did not reduce the criticism of its programs. In cotton, opposition to the penalty clauses of the Bankhead Act, growing in 1934, intensified during 1935. The Bankhead Act licensed all cotton gins in the nation and authorized the ginners to levy a fifty percent tax on all cotton; the amount of tax being determined by a spot check of ten American cotton market prices. For 1935 the tax was five cents per pound.[4] County agents along with the elected officials of the cotton committees issued tax exemption certificates to cooperating producers up to the allotment and marketing quota which had been set for them. If a producer failed to meet his allotment he could give or sell his unused tax exemption certificates to a producer who needed them. The Cotton Division set the national allotment for 1935 at 10.5 million bales.[5]

Complaints about the Bankhead ranged from its alleged unfairness to tenants and croppers to its role in the United States losing its dominance as the world's leading cotton producer. To the chagrin of advocates of the bill, many small farmers entitled to tax exemptions paid the tax at the gin and had gone bankrupt before their exemption money arrived. Critics maintained the Bankhead bill could not act quickly enough to give real aid to small farmers, and thus the result for these farmers was negative.[6]

The Bankhead Act was also supposed to be beneficial to tenants and sharecroppers. Yet by late 1934 tenant complaints were pouring into

Washington concerning the injustice of the plan. Most of the complaints centered around landlords forcing tenants to sign trust agreements to handle the tenants' share of the tax and then keeping the certificates for themselves. Another problem was that many tenants and sharecroppers who were not eligible to participate in the acreage production program did not think they had to apply for the tax certificates, and failed to do so.[7] Thus very few tenants and sharecroppers even took advantage of the tax exemption, and therefore, they had to pay the high tax on all cotton they ginned.

The idea of controlled production brought complaints from many large producers for another reason. They argued that ceilings on American cotton production only allowed foreign producers to make up for the reduced yield. For many years the United States had produced roughly one-half of the world's cotton. With controlled production many large farmers were convinced that increased production in South America, China, and India would more than compensate for the United States' reductions and maintain the world carryover in cotton. Thus, the act restricted large American producers from selling surpluses on the foreign markets even at the low world price.[8]

The criticism and controversy surrounding the Bankhead Act prompted AAA leaders to try to determine whether or not farmers desired to continue under its provisions. On December 14, 1934, they conducted a referendum giving all eligible cotton farmers the opportunity to vote. Of the estimated number of eligible voters, fifty-seven percent participated, and of those ninety percent, or 1,361,536, surprisingly voted in favor of continuing the Bankhead proposals.[9] In spite of all the criticism, the overwhelming majority of cotton farmers in the nation favored continuing the production controls of the Bankhead Act.

Far more damaging to the AAA was the growing opposition to the processing tax. Controversial from the start, the processing tax was integral part of the Agricultural Adjustment Act. By levying a tax on the first domestic processor of the commodity the AAA derived funds to finance the workings of the organization. In cotton, AAA leaders levied the tax on textile mills, and it was these processors who launched the main assult on the AAA's revenue plan. They argued that the tax made foreign cotton goods cheaper by forcing the millers to charge higher prices for their finished products. This they argued would eventually drive American sales down and bring further economic woes to the Cotton Belt.[10] Another major complaint questioned the constitutionality of such a tax. Many believed the power of taxation which Congress had granted the Secretary of Agriculture was in violation of the constitution, and now that an emergency no longer existed in cotton farming, that privilege should be removed. Finally, they maintained that federal crop control within a state was a violation of states' rights and not included in constitutional privilege.[11]

Henry Wallace offered a vigorous defense against these arguments. He contended the processing tax could not make foreign cotton materials cheaper when sold in the United States because the tenets of the tax provided that the import duties placed upon foreign cotton were required to equal the amount of the processing tax. Thus the cost of transportation and the high import duties necessarily made foreign cotton goods, even using cotton produced at a lower price than domestic cotton, more expensive. He further argued that on any American cotton products sold abroad, the processing tax was refunded.[12]

Wallace's arguments favoring the processing tax did little to stop the protests of the processors who loathed the idea of paying a tax on raw produce in order to finance a program to raise domestic prices. During 1935 processors, not only in cotton but in all areas where the tax was being levied, revolted against the tax. By August there were over four hundred lawsuits in state and federal district courts challenging the AAA's authority to levy such a tax, and in several of these cases judges ruled in favor of the processors, thus negating the power of the AAA. In response to these challenges to AAA authority, President Roosevelt spoke out in defense of the program. He said that agriculture, unlike industry which could set its own prices, needed price protection. The pending lawsuits and those which have ruled in favor of processors, he stated, had no effect on the AAA, and it would continue to function in spite of these rulings. He finally reassured farmers who had signed reduction contracts by promising them that the AAA would pay the 1.1 billion dollars in outstanding contracts even if the processing tax was outlawed.[13]

Opposition to the tax nonetheless resulted in amendments to the processing tax. Ironically these amendments strengthened the taxing provisions and placed them on a much sounder constitutional basis. The amendments permitted the Secretary to tax competing fiber producers, to buy up all excess cotton in the nation, and to make payments for adjustments in cotton production rather than just for reductions. In addition the amendments gave Congress the power to set the specific tax rate if the rates set by the Secretary were declared unconstitutional.[14] With these amendments the processing tax, which had been the most assailed of the AAA programs, took a secondary position to criticism of tenant problems late in 1935.

More complaints came to the AAA offices throughout the year. After Mary Conner Myers and other AAA officials made on-the-scene investigations of some of the more troubled spots in the Cotton Belt where the STFU was most influential, they reported dismal tales of the conditions under which many cotton tenants lived and gave numerous examples of persecutions by the landlords. By the spring the findings of some of these reports surfaced and began appearing in newspapers and magazines across the country.[15] These articles brought to national attention most of the tenant controversies which had been temporarily hushed by the purge of the liberals in 1934. Now the AAA was in the national focus, not as the protector of the small farmer but as the destroyer of tenant farmers. With growing opposition to the entire program and STFU violence erupting in northern Arkansas during the spring of 1935, officials of the Cotton Division decided it would be wise to enact some measures to protect tenant rights in the Cotton Belt.[16]

In March, the leaders of the Cotton Division recommended that a landlord-tenant relations unit be established with a staff in Washington to deal with problems and a unit in each cotton state to investigate complaints locally. They named W. J. Green as the head of the Landlord-Tenant Relations Unit. They authorized him to conduct a survey of the experience of families on the relief rolls of the Federal Emergency Relief Administration in areas where cotton tenant complaints were numerous. Green selected a supervisor from each state who surveyed tenant farmers in three to six selected cotton counties. The supervisor asked the tenants, who had to have been on farms which were covered by the 1933 or 1934 cotton contract, various questions ranging from whether or not their former landlord had allowed them to use the rented acres for food crops to the reasons for their evictions. After the surveys were completed, Green compiled them into a summary known as the Green Report.[17]

In the report, Green concluded there was little connection between the number of people on relief rolls and the number of displaced tenants due to the fact that a very low percentage of the families on relief in these areas were tenant families. Green was shortsighted in his conclusion in that he failed or refused to recognize that the most displaced tenant families did not go on the relief rolls, but moved on to another farm in the following year. The report contained statistics which demonstrated this theory. In Arkansas, 37.1 percent of all tenants moved in 1933, while in 1934 and 1935, 45.5 and 43.4 percent moved from the surveyed counties. The Oklahoma survey revealed nearly 66.6 percent of the tenant families surveyed moved from those eastern counties during 1935.[18] Nonetheless, Green chose to ignore these findings and to deny that the report showed any proof that the reduction program had substantial effect upon tenant displacement.

The Green Report, even with Green's conclusions, still proved to be damaging to the Cotton Division; enough so that the head of the AAA Press Section recommended that Clarence Davis prevent it from being published. The Cotton Division experienced more trouble when investigations revealed over 1200 disputed 1934-1935 cotton contracts had been paid without investigations of the disputed claims. The inquiry ordered by the Chief Administrator lasted eight months, and many AAA workers were questioned. Most of them admitted they had been instructed by their supervisors to shelve any unfavorable correspondence which would retard the progress of the program.[19] Thus, many of the potential tenant disputes never reached the AAA officials who were employed to deal with them.

The tenant turmoil of late 1935 resulted in an expansion of the powers of the Landlord-Tenant Relations Unit beginning at the end of the year, yet the future plans of the LTRU, along with the Cotton Division and the entire AAA were abruptly halted by the United States Supreme Court decision of January 6, 1936. The case involved the Hoosac Cotton Mills, a bankrupt company which the government was suing for non-payment of processing taxes.[20] The Supreme Court in the <u>United States v. William Butler et al., Receivers of Hoosac Mills Corporation</u> declared the Agricultural Adjustment Act of 1935 to be invalid and unconstitutional. Chief Justice Roberts declared that production control was reserved to states rights and the processing taxes were not a legitimate exercise of the federal taxing power.[21]

Thus, the Agricultural Adjustment Administration came to an end. The bold scheme for agriculture proved to be too progressive for the time; and members of the Supreme Court, believing the emergency situation in agriculture no longer existed and the special taxing power of the Secretary was not longer needed, chose to restrict that power with the Hoosac Mills decision. The Supreme Court, however, did not end the AAA policies as in the following months most of the reduction and benefit programs were continued in the Soil Conservation and Domestic Allotment Acts.[22] Yet the decision ended the vitality and energy which the agricultural reformers brought from across the country to Washington.

Despite the volume of criticism of its policies, the AAA had great success in meeting the primary goal of raising agricultural prices. Cotton prices rose from slightly over five cents per pound in 1932 to over twelve cents per pound in 1935. Cooperating farmers reduced cotton acreage by 10.5 million acres in 1933, by 14.6 million acres in 1934, and by 14 million acres in 1935. The 1935 carryover in cotton was diminished by the reduction program to nine million bales. The AAA provided another shot in the arm to American cotton farmers by awarding benefit payments totaling 353.4 million dollars for the three years.[23] By 1935, cotton farmers had gained parity prices and then some for their produce as the national average price index for cotton rose to 115.[24]

Most Oklahoma cotton farmers shared in the success of the cotton program. By the end of 1935 Oklahoma farmers had sold Bankhead tax exemptions for 107 million pounds of cotton worth 4.25 million dollars. The cotton benefit payments for the three years totaled 8.21 million dollars, and from 1933 to 1935, Oklahoma farmers sold 24.4 million dollars of cotton lint and seed.[25] The role of Oklahoma cotton farmers in reducing the number of acres in cotton was evidenced by the substantial reduction from 4,148,228 acres in 1930 to 2,626,688 acres planted in cotton in 1935.[26] With higher prices, benefit payments, and tax exemptions, the cotton program of the AAA was a blessing which saved the majority of Oklahoma cotton farmers from the poverty of the Great Depression.

The cotton program proved, however, to be disastrous to the farming futures of the cotton share tenant and sharecroppers in Oklahoma, as well as the rest of the Cotton Belt. The position of the cotton share tenant and sharecropper, tenuous in the best of times, was nonetheless weakened greatly by the policies of the AAA.[27] When the AAA policies made it possible for landlords to gain more profit by renting acreage to the government than by renting the land to tenants, they eagerly placed as much of their acreage into the program as possible. AAA officials attempted to aid the tenants with provisions in the contracts designed to protect their rights, yet enforcement of these provisions proved to be an impossible task.

In Oklahoma, particularly the eastern half of the state where cotton tenancy was highest, cropper displacements were so numerous that by 1935 the number of cropper and share tenant farms dropped 35.2 percent, or from 21,055 farms in 1930 to 13,640 in 1935.[28] Furthermore, while the number of cropper farms was declining the total number of tenant farms actually increased 4.25 percent during the same time.[29] At the same time Oklahoma farm population declined only slightly from 1,024,070 in 1930 to 1,015,562 in 1935.[30] In 1930, croppers represented 16.7 percent of Oklahoma tenants, and in 1935, they represented only 10.4 percent.[31] Although these statistics could be deceiving due to variables in the classification of tenancy in census taking, the facts remain that while farm population dropped insignficantly and the number of tenant farms increased, the number of cropper farms which included share tenant farms, primarily cotton farms, decreased substantially.

The decline of cotton tenancy due to AAA programs is further evidenced by a survey of Oklahoma counties having the highest tenancy rates in 1930. Of the twenty counties with the highest rates, eighteen of them were located in eastern Oklahoma (see Appendix). These counties--Atoka, Bryan, Choctaw, Coal, Creek, Haskell, Hughes, Jefferson, McCurtain, McIntosh, Marshall, Muskogee, Okfuskee, Okmulgee, Osage, Seminole, Sequoyah, and Wagoner--had an average tenancy rate of 73.7 percent in 1930.[32] Cotton farmers dominated the agriculture of these counties during this time with 950,080 acres planted in cotton in 1929, for an average of 52,782 acres.[33] The total number of cropper farm operators by 1930 in these counties was 7,330, or on the average, 407 per county.[34] By 1935 both cotton acreage and the number of croppers in these counties declined significantly. Cropper numbers dropped by 28.15 percent, totaling only 5,266 or 292 per county average.[35] Total county cotton acreage declined concurrently, as farmers in these counties planted only 676,964 acres in 1934, representing a 28.7 percent decrease.[36] Cotton dominance and cotton tenancy diminished greatly in these areas during the days of the AAA.

Tenant displacements continued throughout the rest of the decade on Oklahoma cotton lands, due to declining demand for cotton, and to drought conditions in the southwestern cotton counties of Oklahoma. Yet the displacements of share tenants and sharecroppers during the first years of the New Deal had little to do with the drought. The high instability and great mobility of these tenant families made the possibility of permanent residency on one farm unlikely. When Roosevelt and his administrators installed their agricultural plan with its emphasis on raising prices by decreasing production, the share tenant and sharecropper became economically expendable. As landlords learned they could make more money by renting acres to the AAA, they readily did so, and thus began the decline of the cotton sharecropper and share tenant.

The administrators of the AAA were aware their plan might have disastrous effects on tenancy but they knew their program had to favor large farmers and landlords to succeed. AAA leaders nonetheless attempted to protect tenants throughout the organization's existence, although in general they failed to do so. In a final effort to provide long-term aid to displaced tenant farmers, Roosevelt created the Resettlement Administration in May, 1935.[37] Naming Rexford Tugwell head, Roosevelt and his advisers designed the RA to purchase sub-marginal land and subsistence homesteads to remove them from production.[38] Roosevelt also instructed Tugwell to resettle destitute families on small, government controlled cooperative farms.[39]

Due to lack of popular support and the overal difficulty of the task, Tugwell's efforts with the RA also failed.[40] By their nature to AAA policies displaced tenant farmers, and little could be done about it. Many people maintained the displacements would have happened regardless of the type of agricultural legislation, and some even said the AAA policies allowed tenants to remain on their farms longer than would have been possible without them.[41] Share tenant and sharecropper numbers nonetheless declined significantly throughout the Cotton Belt between 1930 and 1935, and AAA programs were apparently most responsible.

FOOTNOTES

[1]Richards, Cotton and the AAA, pp. 46-52; News Digest of the Agricultural Adjustment Administration, II (January 19, 1935), p. 2.

[2]For details of the reorganization of the AAA, see Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration (Washington, DC: The Brookings Institute, 1937), p. 58.

[3]Conrad, The Forgotten Farmers, pp. 185-186; Nourse et al., Three Years of the Agricultural Adjustment Administration, pp. 56-59.

[4]News Digest of the AAA, II (June 22, 1935), p. 2.

[5]For Oklahoma, the allotment was 823,387 bales. The Progressive Farmer, L (April, 1935), p. 16; News Digest of the AAA, II (March 2, 1935), p. 1.

[6]Clarence Roberts to Henry Wallace, July 3, 1934, NA, RG 145.

[7]Conrad, The Forgotten Farmers, pp. 63-69.

[8]Oklahoma Agricultural Experiment Station Reports, 1934-1936, pp. 125-128; Richards, Cotton and the AAA, pp. 27-29.

[9]Richards, Cotton and the AAA, pp. 183-187.

[10]The Progressive Farmer, L (July, 1935), p. 17.

[11]The Oklahoma Farmer-Stockman, XLVIII (August 1, 1935), p. 3.

[12]The Progressive Farmer, L (July, 1935), p. 17.

[13]The Oklahoma Farmer-Stockman, XLVIII (August 1, 1935), p. 3.

[14]Richards, Cotton and the AAA, pp. 252-253.

[15]C. W. Mullen, "Farmers Are Too Numerous; Not Enough For All," The Oklahoma Farmer-Stockman, XLVIII (January 1, 1935), p. 7.

[16]Conrad, The Forgotten Farmers, pp. 185-187.

[17]Ibid., pp. 190-191.

[18]Ibid., pp. 190-193.

[19]Ibid., pp. 197-198.

[20]Murphy, "The New Deal Agricultural Program and the Constitution," p. 161.

[21]Nourse et al., Three Years of the Agricultural Adjustment Administration, p. 278; Conrad, The Forgotten Farmers, p. 203.

[22]Conrad, The Forgotten Farmers, pp. 203-204.

[23]Reports of the United States Secretary of Agriculture (Washington: Government Printing Office, 1935), pp. 64-67.

[24]United States Department of Agriculture Program Planning Division, Cotton (Washington: Government Printing Office, 1935), p. 10.

[25]Oklahoma Agricultural Extension News, XVI (October, 1935), p. 1.

[26]The Oklahoma Farmer-Stockman, XLVIII (October 15, 1935), p. 27.

[27]Harold Hofsommer, "The AAA and the Sharecropper," Social Forces, XIII (May, 1935), p. 497.

[28]Bureau of the Census, Census of Agriculture, 1935, III (Washington: Government Printing Office, 1936), p. 122.

[29]Bureau of the Census, Sixteenth Census, Agriculture (Washington: Government Printing Office, 1941), p.

[30]Bureau of the Census, Census of Agriculture, 1945 (Washington: Government Printing Office, 1946), p. 292.

[31]Southern, "Farm Tenancy in Oklahoma," p. 15.

[32]Bureau of the Census, Census of Agriculture, Oklahoma, 1940 (Washington: Government Printing Office, 1941), pp. 17-23.

[33]Bureau of the Census, Census of Agriculture, Oklahoma, 1930 (Washington: Government Printing Office, 1931), pp. 1316-1321.

[34]Census of Agriculture, Oklahoma, 1930, pp. 1290-1295.

[35]Census of Agriculture, Oklahoma, 1940, pp. 238-244.

[36]Ibid., pp. 270-275.

[37]Benedict, Farm Policies of the United States, 1790-1950, p. 324.

[38]The Oklahoma Farmer-Stockman, XLVIII (August 1, 1935), p. 3.

[39]Rexford G. Tugwell, "Some Aspects of New Deal Farm Policy: The Resettlement Idea," Agricultural History, XXXIII (1959), pp. 160-161.

[40]Ibid., p. 162.

[41]Eugene Butler, "Landlords Not to Blame," The Progressive Farmer, L (August, 1935), p. 3.

CHAPTER V

CONCLUSION

The years following the 1930s marked a great decline of cotton culture in Oklahoma, as well as most of the rest of the Cotton Belt, due to the disappearance of foreign demand and the appearance of alternative fabrics. Oklahoma cotton production reached its peak during the late 1920s and early 1930s as did rates of cotton tenancy; yet tenancy was not new in the Sooner State. In the plantation areas of Indian Territory by the 1880s, workers employed by wealthy Indians to farm their lands were actually tenant farmers and sharecroppers. Through the early twentieth century cotton acreage and tenancy increased greatly as farmers discovered the large yield potential of much of the state's land. During the 1920s cotton prices were high relative to other agricultural goods, and farmers of the western Cotton Belt continued to increase acreage and production. When the Great Depression struck the nation, carryovers from the 1920s resulted in declining demand and prices in cotton, and by 1932, average prices for Oklahoma cotton had dropped 73.5 percent from the 1925 levels.[1]

This was the situation when Franklin D. Roosevelt took office in March of 1933. Most sectors of the American economy were either imperiled or inoperative, but no sector was more depressed than agriculture. Roosevelt and his advisers created a large organization to promote recovery in rural America--the Agricultural Adjustment

Administration. The leaders of the AAA hoped to reverse the previous governmental hands-off policy toward agriculture and convince farmers they must control production to maintain favorable prices.[2] In three short years the AAA succeeded in bringing recovery to most areas of agriculture. Designed to help all farmers in the nation, the AAA nonetheless, proved disastrous to the marginal farmers. The emergency situation of Roosevelt's first administration forced policymakers to adopt legislation which they probably realized might have inimical effect on the tenant farmer.[3]

The most marginal of tenant farmers in the United States were cotton tenants. The share crop and crop lein systems under which most cotton tenants farmed were outgrowths of the destruction of slavery following the Civil War. These debilitating systems kept cotton share tenants and sharecroppers indebted and poor, and gave them little chance of economic advancement. Poorly educated and unable to work elsewhere, these tenants continued to lease small plots of cotton land usually on a one-year oral basis, even when cotton prices fell to the lowest levels of the century by the early 1930s.

The policies of the AAA altered the position of these tenants indirectly, by altering the position of landlords. By offering landlords cash rental payments for acreage reduction, AAA administrators made it more profitable to participate in the reduction program than to lease lands to sharecroppers and tenants; thus the evictions began. The tenuous position of cotton tenants and sharecroppers made them most vulnerable to displacement.

Roosevelt and his advisers realized the reduction program might have such an effect upon tenancy. They instructed the Legal Division, headed by Jerome Frank, to employ a staff of lawyers to research tenant problems. When the 1934-1935 cotton contract was presented, it outraged members of the Legal Division for many tenants were not allowed to participate in the program, and according to the liberals, it did not adequately afford protection of tenant rights. The program leaders of the AAA, such as Cully Cobb and Chester Davis, had little concern for tenants, and when the lawyers of the Legal Division wrote revisions to the contract, Davis and the agrarians fired them.[4] Further attempts were made to protect tenants from displacement, but these also failed.

In the cotton growing areas of eastern Oklahoma where tenancy rates were highest, many displacements occurred from 1933 through 1935. How many of these displacements were directly related to AAA policies is impossible to determine, but statistics revealed that in the counties of old Indian Territory the number of sharecroppers and share tenant farms declined substantially between 1930 and 1935, while state farm population declined only slightly. Further, cotton acreage in these counties declined from 1930 to 1935 at a rate near that of cropper and share tenant farms. Finally, AAA reports showed that in 1934 alone approximately 66.6 percent of tenants surveyed made some kind of move in Oklahoma.[5]

The Dust Bowl theory that most tenants and sharecroppers moving west from Oklahoma during the 1930s were victims of the drought seems unlikely when one considers there was little or no drought in eastern Oklahoma, the area of highest tenancy. Rainfall statistics revealed the emergency drought areas were confined to the panhandle and western tier of Oklahoma counties during the Dust Bowl days. Though rainfall may have been below normal in some years, the counties of eastern

Oklahoma were never classified as disaster areas due to drought, and cotton tenants were leaving eastern Oklahoma before the dry years of the 1930s.

Some historians have criticized Roosevelt and his agricultural plan, along with other New Deal measures, for being socialistic and destroying free enterprise. Conservative congressmen in Roosevelt's time also lamented the New Deal policies, as one Congressman declared the AAA was "more Bolshevistic than anything existing in Soviet Russia."[6] Yet when Roosevelt became president the situation dictated that he make government more active in all areas of the economy. Considering the crisis state of the nation at that time, Roosevelt could have adopted much more collective policies than he did. Instead, he chose to aid the existing institutions and place them on the road to recovery. In agriculture, as in other areas, Roosevelt's policies were designed to aid, not all farmers as election promises stated, but landlords, owners, and large managers and tenants. The aid came from acreage reduction payments and resulting higher prices for that reduction. Yet small tenant farmers and sharecroppers, especially in cotton, were adversely affected when the reduction program began. The plan to resettle these farmers under government supervision failed when the AAA was declared unconstitutional. Truly, the share tenants and sharecroppers were the forgotten men in agriculture.

FOOTNOTES

[1]"Prices Received by Oklahoma Farmers, 1910-1957," p. 23.

[2]Murray Reed Benedict, Farm People and the Land After the War (Washington: Government Printing Office, 1943), pp. 14-15.

[3]Conrad, The Forgotten Farmers, p. 205.

[4]Schlesinger, The Coming of the New Deal, pp. 78-80.

[5]Conrad, The Forgotten Farmers, p. 191.

[6]Schlesinger, The Coming of the New Deal, p. 40.

[7]C. W. Mullen, "What of Landless Man?." The Oklahoma Farmer-Stockman, XLVIII (March 15, 1935), pp. 3, 23.

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APPENDIXES

APPENDIX A

COTTON ACREAGE IN EASTERN OKLAHOMA, 1929–1934

County	County Cotton Acreage 1929 Acreage	1934 Acreage
Atoka	13,518	18,635
Bryan	65,773	55,824
Choctaw	53,456	33,260
Coal	15,023	18,054
Creek	64,366	43,087
Haskell	39,599	27,561
Hughes	44,844	33,476
Jefferson	89,489	53,162
McCurtain	77,943	43,847
McIntosh	80,236	52,181
Marshall	21,886	20,671
Muskogee	96,557	70,004
Okfuskee	80,687	48,022
Okmulgee	58,094	40,664
Osage	13,123	15,066
Seminole	38,538	33,027
Sequoyah	30,626	27,816
Wagoner	66,331	42,607
TOTAL	950,080	676,964

Source: U.S. Bureau of the Census. Census of Agriculture, 1940, Oklahoma. Washington, DC: Government Printing Office, 1941.

APPENDIX B

CROPPER FARMS IN EASTERN OKLAHOMA, 1930, 1935

County	Number of Cropper Farms 1930	1935
Atoka	153	141
Bryan	440	317
Choctaw	534	418
Coal	109	57
Creek	674	452
Haskell	160	137
Hughes	278	143
Jefferson	158	16
McCurtain	796	815
McIntosh	548	320
Marshall	130	91
Muskogee	643	365
Okfuskee	564	439
Okmulgee	541	349
Osage	300	190
Seminole	289	254
Sequoyah	444	346
Wagoner	623	416
TOTAL	7,330	5,266

Source: U.S. Bureau of the Census. Census of Agriculture, 1940, Oklahoma. Washington, DC: Government Printing Office, 1941.

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