

FLORIDA ATLANTIC UNIVERSITY

THE POLITICS OF ADJUSTMENT:  
AMERICA AND THE AGRICULTURAL DEPRESSION

A RESEARCH PAPER SUBMITTED TO

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DEPARTMENT OF HISTORY

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DAVIE, FL

19 APRIL 2004

## The Politics of Adjustment: America and the Agricultural Depression

In 1932, American farmers were drowning from an economic depression that had plagued the agricultural sector of America since the summer of 1920. The net income received by farmers in 1932 had dropped to one-third of the deflated amount they had received three years earlier in 1929. This overwhelming drop in income left many farmers unable to pay for the mortgages on their farms and so banks foreclosed on them.<sup>1</sup> Historian William Lasser believes that when Franklin Roosevelt was sworn in as president a year later, in 1933, that it was at the “lowest point of the Depression.”<sup>2</sup> Lasser’s observation exemplifies the fear that Roosevelt felt when he ordered Congress into an emergency session, known as the *Hundred Days Congress*, to legislate laws that would hopefully remedy economic problems that would save democracy and capitalism in America.<sup>3</sup>

One of the laws that came to fruition thanks to the *Hundred Days Congress* was the Agricultural Adjustment Act of 1933. This act provided for the establishment of the Agricultural Adjustment Administration, whose goal was to help the farm depression by artificially manipulating the prices of farm goods with the intent of saving agriculture from folding. But the nature of this act was controversial because it interfered with the long-standing practice in American government of *laissez-faire* economics. This belief in *laissez-faire* economics influenced a Republican-controlled Supreme Court, along partisan lines, to strike down the highly successful Agricultural Adjustment Act in 1936

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<sup>1</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84: Background for 1985 Farm Legislation*. Agricultural Information Bulletin 485. (Washington D.C.: Economic Research Service, December 1984), 1.

<sup>2</sup> William M. Lasser, *Benjamin V. Cohen: Architect of the New Deal*, A Century Foundation Book. (New Haven: Yale University Press, 2002), 70.

and declare it unconstitutional.<sup>4</sup> This type of political manipulation, at a crucial juncture in American society, when changes were desperately needed, put Franklin Roosevelt into an emotional and humanistic outrage, causing him to ask Congress to pass legislation that would “pack the Supreme Court” with more justices who would look more favorably towards government intervention in the economy.<sup>5</sup>

During World War I, America began shifting away from *laissez-faire* economics. As it relates to agriculture, the United States government was forced to encourage American farmers to increase their exportation of agricultural products to its European allies since Europeans were not able to produce the farm goods they needed to sustain their population during the war. For their part in aiding America’s wartime allies, the United States government gave American farmers price supports as an incentive to increase their exportation of goods, into a European market that already commanded high prices since demand was greater than supply.<sup>6</sup> As a result, American farmers were earning more than ever. However, with the war over by the summer of 1920, Europeans were once again able to return to farming. This resulted in the decision of the Wilson administration to cut the price supports to farmers.<sup>7</sup> The loss of these price supports, however, came at a bad time as the economies of most of the European countries that participated in World War I were in shambles from the cost of the lengthy, total war. As such, most European nations that traditionally bought American products could no longer

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<sup>3</sup> Franklin D. Roosevelt, “First Inaugural Address,” 1933, ed. Richard D. Heffner, *A Documentary History of the United States* (New York: A Mentor Book), 326.

<sup>4</sup> William M. Lasser, *Benjamin V. Cohen*, 154.

<sup>5</sup> Unlike other works, which argue whether the idea of “packing the court” was a dangerous or a necessary precedent to create, this work attempts to concentrate on the motives and emotion that caused Franklin Roosevelt to want to “pack the court.”

<sup>6</sup> David F. Burg, *The Great Depression: An Eyewitness History* (New York: Facts on File, Inc., 1996), 5.

<sup>7</sup> *Ibid.*

afford to buy them due to deflation.<sup>8</sup> This deflation that paralyzed Europe resulted in farmers receiving very little money in exchange for the massive amount of crops they exported. This was a great problem for farmers as the cost they incurred to produce the crops they exported had exceeded the amount they received for them.<sup>9</sup>

As a result of this sharp drop in income earned by American farmers, because of European deflation, many American farmers were faced with “bankruptcies, foreclosures, [and] dispossessions” since they had used much of their increased wartime revenue to purchase new land which they could no longer afford.<sup>10</sup> In an effort to cope with their new problems, many of these farmers who experienced hardships in the early 1920s, independently and voluntarily tried to decrease the number of crops they produced, with the desire to decrease their production costs and hopefully to increase prices, since fewer of their products would be in the marketplace. However, these attempts proved unsuccessful.<sup>11</sup> After these individual efforts failed, farmers turned collectively to farm organizations that were established with the hope of remedying their financial mess. These organizations spread the same message that individual farmers had tried to instill in other farmers, but their efforts were just as unsuccessful since there were too many farmers who “cheated the system.” These unethical farmers who “cheated the system” believed that *other* farmers would lower their production of crops, which would raise

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<sup>8</sup> Ellis W. Hawley, *The Great War and the Search for a Modern Order*, 2d ed. (Prospect Heights: Waveland Press, 1997), 49.

<sup>9</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 1.

<sup>10</sup> David F. Burg, *The Great Depression*, 5.

<sup>11</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 1.

prices and they would still receive the same benefit of increased prices in addition to receiving extra money from having more crops than other farmers.<sup>12</sup>

With farmers unable to find a suitable manner to repair the structure of their industry and make it viable once again, they were forced to lobby the government for assistance, becoming the first group to shift away from the belief in *laissez-faire* since it no longer benefited them.<sup>13</sup> The year 1924 saw the first major attempt by the government to help farmers when Senator Charles L. McNary of Oregon and Representative Gilbert N. Haugen of Iowa introduced the McNary-Haugen bill to Congress. McNary and Haugen wanted to give farmers the cost of production for the farm commodities they produced, specifically wheat, corn, cotton, wool, cattle, sheep, swine, and rice<sup>14</sup> that were sold within the United States, plus a fair profit and to dump all surplus goods overseas at the going rate, which would be at a loss to farmers so that the U.S. market would not be flooded with surplus.<sup>15</sup> Their plan developed after talking with the managers of a bankrupted Plow Company, who told the Congressmen, “You can’t sell a plow to a busted customer.”<sup>16</sup> This plan that McNary and Haugen introduced had the dual effect of being able to strengthen industrial companies which sold to farmers, as well as to help out the agricultural industry, which sold products to millions of consumers, both domestically and abroad.

McNary and Haugen believed that their plan would allow farmers to stay afloat and allow the economic prosperity that farmers had before World War I, known as parity,

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<sup>12</sup> Ibid.

<sup>13</sup> Ibid., 1.

<sup>14</sup> Ibid., 2.

<sup>15</sup> Ellis W. Hawley, *The Great War and the Search for a Modern Order*, 55-56.

<sup>16</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 1-2.

to return once again after the European economies recovered.<sup>17</sup> With an increased purchasing power that this bill was expected to bring to farmers, they would have been able to purchase new industrial goods they needed and thus strengthen the industrial sector of the country in the process. Being duty bound, Secretary of Agriculture Henry A. Wallace endorsed the cause of the plan, hoping that it would rescue agriculture, but it was to no avail as its controversial nature, shying away from *laissez-faire* economics would not allow it to gain enough votes to pass through Congress.<sup>18</sup> With slight modifications, the McNary-Haugen bill was continually reintroduced into Congress, starting a movement known as McNary-Haugenism that lasted until 1928.<sup>19</sup> At that time, the conservative and *laissez-faire* president Calvin Coolidge vetoed the bill after it finally managed to pass through Congress, effectively ending the movement.

Despite the failed efforts of McNary and Haugen to help farmers, crop prices slowly began to rise anyway in 1924. Although, in comparison to the prosperity of the industrial sector, these gains received by farmers were trivial.<sup>20</sup> In any event, these small gains, in any event, were short lived, as prices on crops once again began to drop in 1926. Prices that had not significantly rebounded since the loss of subsidies after the war, took a further tumble between 1925 and 1929, losing their value by thirty percent more.<sup>21</sup> This drop in prices was due in part to the Soviet Union, America's future Cold War adversary, entering the world market and exporting wheat.<sup>22</sup> This influx of commodities in into the world market was largely responsible for triggering a worldwide agricultural

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<sup>17</sup> Ibid., 2.

<sup>18</sup> Ellis W. Hawley, *The Great War and the Search for a Modern Order*, 56.

<sup>19</sup> Ibid., 87.

<sup>20</sup> William E. Leuchtenburg, *The Perils of Prosperity: 1914-32*, 2d ed. (Chicago: University of Chicago Press, 1993), 101.

<sup>21</sup> Ronald Edsforth, *The New Deal: America's Response to the Great Depression*, Problems in American History (Vero Beach: Blackwell Publishers, Inc., 2000), 19.

depression.<sup>23</sup> In terms of America, the agricultural depression had a devastating impact as the forty percent of Americans who resided in the countryside felt the effects of depression years before the rest of the country felt the effects of the 1929 Stock Market Crash.<sup>24</sup>

With the onset of the worldwide agricultural depression, farm foreclosures, which were rising for American farmers since the end of World War I, kicked into high gear, increasingly becoming a common occurrence. This had the effect of turning many farmers who had previously owned their own land into farm tenants who relied on the hospitality of landowners, who were able to make their payments, to give them a job.<sup>25</sup> In retaliation to the foreclosures, many farmers united to buy the property of fellow farmers for cheap prices at public auctions, not outbidding each other, in order to give much of the property seized back to the original owner.<sup>26</sup> For those farmers who were not as lucky to recover their farms, foreclosure was not the end of the line as many banks on the brink of bankruptcy themselves, claimed that they had not been adequately compensated for their loans. As a result, banks went after the previous owner, who had become a tenant or otherwise, unemployed, and proceeded to sue them to try and recover lost value on the property that was seized. This act prevented many of these new tenants, or jobless victims from ever being able to recover from the forces of circumstance that had initiated beyond their control.<sup>27</sup>

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<sup>22</sup> Ibid.

<sup>23</sup> Ibid., 20

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Studs Terkel, *Hard Times: An Oral History of the Great Depression* (New York: The New Press, 1986), 214

<sup>27</sup> Ibid., 217.

These overbearing debts that plagued the agricultural sector of America were too much to handle for many struggling farmers and farm tenants. As a result, many of these disparaged farmers fled from the rural farm life in search of a new, promising life in the cities. In the cities, many of these displaced farmers began working in low-paying factories, where working conditions may not have been desirable, but at least the jobs enabled them to have a more sustainable and bearable life.<sup>28</sup> These ex-farmers had better luck in the industrial sector because the New Era prosperity of the 1920s had not extended to the countryside; it was only felt by city-dwellers.<sup>29</sup> Since the prosperity that spread throughout the industrial sector did not reach the countryside, a growing disparity developed between agricultural and industrial prices.<sup>30</sup>

By 1928, farmers netted two billion dollars more than they had in 1922, from six billion to eight billion, but when compared with the average income of a factory worker in the city, the farmer made much less.<sup>31</sup> Since factory workers had more money, the prices of goods in their environment were also going to be higher. These high prices for industrial goods had a dramatic effect on the lives of farmers in the countryside. Since the price of agricultural commodities commanded relatively little because of the rising surpluses, farmers could not afford to purchase many of the items they needed for farming from the factories.<sup>32</sup> Their lack of income prevented many farmers from buying new technology that was seen as essential in a rapidly expanding technological society.<sup>33</sup> With farmers unable to buy, factories that relied on their purchases were left with a

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<sup>28</sup> Ellis W. Hawley, *The Great War and the Search for a Modern Order*, 73-74.

<sup>29</sup> Ronald Edsforth, *The New Deal: America's Response to the Great Depression*, 23.

<sup>30</sup> Harold T. Pinkett, "The Archival Product of a Century of Federal Assistance to Agriculture," *The American Historical Review* 69, no 3 (April 1964) : 704.

<sup>31</sup> Ellis W. Hawley, *The Great War and the Search for a Modern Order*, 73.

<sup>32</sup> Harold T. Pinkett, "The Archival Product of a Century of Federal Assistance to Agriculture," 704.

massive amount of unsold inventory. As a result, expansion in these factories came to a halt,<sup>34</sup> and businesses that were too far in debt from a lack of sales went out of business, leaving millions of city-dwellers, including Middle Class Americans unemployed.<sup>35</sup> Before the Great Depression, which spread unemployment faster than any communicable disease possibly could, Americans believed that poverty was the result of a character flaw and so it was believed to be the fault of the individual if he was poor. Historians Russell Buhite and David Levy point out that Americans would never have believed that “healthy, and industrious Americans” could fall prey to poverty.<sup>36</sup>

With the Great Depression that hit in 1929, the disparity between agricultural and industrial prices skyrocketed.<sup>37</sup> To see the effects of this in terms of how it affected people’s lives, the factory worker in the city earned an average of eight hundred and seventy dollars per year, compared to two hundred and twenty-three dollars earned by the farmer in the countryside.<sup>38</sup> There was an overwhelming and paralyzing difference. In an effort to alleviate the plight of America’s farmers, the conservative and Republican president Herbert Hoover signed into law the Agricultural Marketing Act of 1929. Its passage was the beginning of a movement for agriculture, away from *laissez-faire* individualism.<sup>39</sup>

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<sup>33</sup> William E. Leuchtenburg, *The Perils of Prosperity: 1914-32*, 2.

<sup>34</sup> Franklin Delano Roosevelt, “Progress Made During The New Deal’s First Two Months,” May 7, 1933, ed. Russell D. Buhite and David W. Levy, *FDR’s Fireside Chats* (Norman: University of Oklahoma Press, 1992), 23.

<sup>35</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 1.

<sup>36</sup> Russell D. Buhite and David W. Levy, ed., *FDR’s Fireside Chats* (Norman: University of Oklahoma Press, 1992), 7.

<sup>37</sup> Harold T. Pinkett, “The Archival Product of a Century of Federal Assistance to Agriculture,” 704.

<sup>38</sup> Ellis W. Hawley, *The Great War and the Search for a Modern Order*, 73.

<sup>39</sup> Harold T. Pinkett, “The Archival Product of a Century of Federal Assistance to Agriculture,” 701.

The Agricultural Marketing Act of 1929 established the Federal Farm Board to distribute federal credits in an attempt to stabilize farm prices.<sup>40</sup> With five hundred million dollars at their disposal, the Federal Farm Board gave loans to subsidize cooperatives and stabilization corporations that agreed to purchase and store surplus farm goods so that the excess would not enter the marketplace.<sup>41</sup> President Hoover and the Farm Board believed that storing surplus commodities was a foolproof way to increase prices,<sup>42</sup> but despite their incorruptible premise, farmers did not rejoice as they continued to suffer<sup>43</sup> as many stabilization corporations were forced into bankruptcy due to consistently dropping prices.<sup>44</sup>

Historian Gertrude Slichter explains that the Federal Farm Board was doomed to fail because farmers were still producing too great a surplus, especially after demand had dropped off after the Great Depression began in 1929.<sup>45</sup> This failure is blamed on the inability of the Farm Board to force production controls on farmers.<sup>46</sup> As prices slid lower, farmers increasingly panicked and farmed with a rapidly increasing intensity. It was obvious that their the farming crisis could not be resolved without federal intervention. Even the Federal Farm Board realized the need for federal intervention as they testified before Congress, stating that Congress had to “provide an effective system

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<sup>40</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 2.

<sup>41</sup> U.S. Department of Agriculture, *Cotton: Background for 1985 Farm Legislation*, Agricultural Information Bulletin 486. (Washington D.C.: Economic Research Service, September 1984), 16.

<sup>42</sup> David F. Burg, *The Great Depression*, 51.

<sup>43</sup> Gertrude Almy Slichter, “Franklin D. Roosevelt and the Farm Problem,” *The Mississippi Valley Historical Review* 43, no 2 (September 1956) : 238.

<sup>44</sup> Ronald Edsforth, *The New Deal: America’s Response to the Great Depression*, 44.

<sup>45</sup> Ibid.

<sup>46</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 3.

for regulating acreage or quantities sold, or both.”<sup>47</sup> This, however, was not a recommendation that the conservative and Republican president Herbert Hoover was inclined to adhere to as it went counter to his fundamental beliefs.

The Hoover administration viewed the idea of production controls as too radical, too invasive, and completely against *laissez-faire* government.<sup>48</sup> As such, Hoover paid little attention to the efforts of Congressmen from western and other farm states when they pushed for subsidies to be given directly to farmers, instead of giving money to stabilization corporations, in exchange for their agreement to limit their production.<sup>49</sup> Hoover maintained that interference in business practices would “break down the initiative and enterprise of the American people...it is the negation of the ideals which our civilization has been based.”<sup>50</sup> So, even though the agricultural sector was slowly and literally being driven into the ground, Hoover refused to intervene in any practicable manner. As a result of Hoover’s *laissez faire* beliefs, by the early 1930s prices for crops, such as wheat, dwindled to thirty cents a bushel, when they had sold a decade earlier for three dollars a bushel.<sup>51</sup> This economic catastrophe led one desperate farming union, the National Farmers Holiday Association, to threaten the United States government with a farm strike if the government did not intervene to help farmers cover their production costs, but Hoover still refused to budge.<sup>52</sup>

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<sup>47</sup> Ibid.

<sup>48</sup> Gertrude Almy Slichter, “Franklin D. Roosevelt and the Farm Problem,” 238-39.

<sup>49</sup> David F. Burg, *The Great Depression*, 51.

<sup>50</sup> Ibid., 95.

<sup>51</sup> Ibid., 63.

<sup>52</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 2.

Luckily, by 1932, there was a man running for president who realized that an America “of the people, by the people, [and] for the people”<sup>53</sup> cannot disregard the needs of the people it governs over. His name was Franklin Delano Roosevelt, the New York governor and Democratic presidential nominee. Roosevelt vigorously expressed strong convictions upon his nomination on the 1932 Democratic ticket,

Our Republican leaders tell us economic laws -- sacred, inviolable, unchangeable -- cause panics which no one could prevent. But while they prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings.<sup>54</sup>

Roosevelt seemed to understand the struggle and suffering that farmers and the rest of America were facing, even making a pact with Americans of what would happen if he were to be elected to the presidency.

I pledge you, I pledge myself, to a new deal for the American people. Let us all here assembled [at the Democratic National Convention] constitute ourselves prophets of a new order of competence and of courage. This is more than a political campaign; it is a call to arms. Give me your help, not to win votes alone, but to win in this crusade to restore America to its own people.”<sup>55</sup>

Historian Ronald Edsforth believes that the New Deal, which Roosevelt envisioned, was “how a democratic America responded to the Great Depression and the great fears of 1932-33.”<sup>56</sup> Roosevelt was very worried about those fears too. He believed that if the government did not intervene to stop the suffering that people were enduring, that there was going to be a revolution in the country.<sup>57</sup> Senator Huey P. Long of Louisiana believed that the Depression facing America, which by 1933 left one of

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<sup>53</sup> Abraham Lincoln, “Gettysburg Address,” 1863, ed. Richard D. Heffner, *A Documentary History of the United States* (New York: A Mentor Book, 1999), 186.

<sup>54</sup> Franklin Delano Roosevelt, “Speech Before the 1932 Democratic National Convention,” 1932, ed. Edited by John Gabriel Hunt. *The Essential Franklin Delano Roosevelt*. (Avenel: Portland House, 1995), 27.

<sup>55</sup> *Ibid*, 29.

<sup>56</sup> Ronald Edsforth, *The New Deal: America’s Response to the Great Depression*, 9.

every four Americans unemployed, as well as America's farmers gasping for air,<sup>58</sup> was caused by a maldistribution of wealth. He believed that *laissez-faire* government was responsible for giving people who were able to "manipulate finance" the ability to "steal" money from all the American people who created the goods and services.<sup>59</sup>

However, there were other people even more disenfranchised than Senator Long, such as Theodore Dreiser, the editor and author of *Tragic America*. He believed that it was "much too late for any really workable capitalistic or bank aid corporation reform...the rich are too rich; the poor are too poor." Dreiser felt that the "hour has come when some form of equitable sharing in the means of living -- shall not only have to be considered but wisely and truly enforced."<sup>60</sup> President Roosevelt shared this sentiment, as he explained, "if all of [the American people] have work and fair wages and fair profits, they can buy the products of their neighbors and business is good. But if you take away the wages and profits of half of them, business is only half as good."<sup>61</sup> Roosevelt argued,

Healthy employment conditions stand equally with healthy agricultural conditions as a buttress of national prosperity. Dependable employment at fair wages is just as important to the people in the towns and cities as good farm income is to agriculture. [The American] people must have the ability to buy the goods they manufacture and the crops they produce. Thus city wages and farm buying power are the two strong legs that carry the nation forward.<sup>62</sup>

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<sup>57</sup> Richard D. Polenberg, *The Era of Franklin D. Roosevelt, 1933-1945: A Brief History with Documents*. Bedford Series in History and Culture (Boston: Bedford/St. Martin's, 2000), 8.

<sup>58</sup> Russell D. Buhite and David W. Levy, ed., *FDR's Fireside*, 5.

<sup>59</sup> Huey P. Long, "Share Our Wealth," 1935, ed. Richard D. Polenberg, *The Era of Franklin D. Roosevelt, 1933-1945: A Brief History with Documents*. Bedford Series in History and Culture (Boston: Bedford/St. Martin's, 2000), 8.

<sup>60</sup> David F. Burg, *The Great Depression*, 97.

<sup>61</sup> Franklin Delano Roosevelt, "Praising the First Hundred Days and Boosting the NRA," July 24, 1933, eds. Russell D. Buhite and David W. Levy, *FDR's Fireside Chats* (Norman: University of Oklahoma Press, 1992), 32.

<sup>62</sup> Franklin Delano Roosevelt, "A Pre-Election Appeal to Farmers and Laborers," September 6, 1936, ed. Russell D. Buhite and David W. Levy, *FDR's Fireside Chats* (Norman: University of Oklahoma Press, 1992), 32.

On March 16, 1933, thirteen days after taking office, Roosevelt asked Congress to support and to enact part of his New Deal program that would give farmers more spending power so that they could buy industrial goods.<sup>63</sup> He tried to rush Congress into taking action since the spring season was rapidly approaching, which meant that farmers would be planting crops once again, without being forced to control their production.<sup>64</sup> But he could not persuade them to pass legislation fast enough before the spring planting had been planted. It took two months of lobbying for legislation to be passed; on May 12, 1933, Congress passed the Agricultural Adjustment Act of 1933.<sup>65</sup>

This piece of legislation established the Agricultural Adjustment Administration to give subsidies to farmers of wheat, cotton, field corn, hogs, rice, tobacco, and milk products who voluntarily agreed to limit their production amounts<sup>66</sup> by not planting anything on a portion of their land.<sup>67</sup> It was hoped that these subsidies, given directly to farmers, would help to reduce surpluses. The following year, rye, flax, barley, grain sorghum, peanuts, and cattle were amended to the A.A.A. of 1933 by the Jones-Connally Act of 1934, followed shortly thereafter by the Jones-Costigan Act of 1934 that added sugarcane and sugar beets as basic agricultural commodities under the jurisdiction of the Agricultural Adjustment Act of 1933.<sup>68</sup> To cover the subsidies given to farmers by the AAA, “small process taxes” were added to the farm products purchased by city-dwellers.

In addition to the Agricultural Adjustment Act, the Emergency Farm Mortgage Act and the Farm Credit Act passed also passed by the *Hundred Days Congress* set up

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<sup>63</sup> Russell D. Buhite and David W. Levy, ed., *FDR's Fireside Chats*, 19.

<sup>64</sup> Franklin Delano Roosevelt, “New Means To Rescue Agriculture.” *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. 2, 1933: (New York: Random House, 1938), 74.

<sup>65</sup> Russell D. Buhite and David W. Levy, ed., *FDR's Fireside Chats*, 19.

<sup>66</sup> U.S. Department of Agriculture, *History of Agricultural Price-Support and Adjustment Programs, 1933-84*, 4.

<sup>67</sup> U.S. Department of Agriculture, *Cotton*, 16.

the Farm Credit Administration, which gave farmers a new credit source so they could get low-interest loans<sup>69</sup> for new technology they desperately needed and to help them pay for mortgages on their farms so that they would not be foreclosed on.<sup>70</sup> Roosevelt hoped that between the loans and subsidies that farmers were given that they would stop overproducing so that prices could rise. He also believed that if farmers had increased purchasing power that the industrial sector would return to normal as well.<sup>71</sup> It turns out that he was right; within a short time, this was proven to be a winning combination.

However, since crops had already been planted by the time the Agricultural Adjustment Act was passed, Roosevelt and the Secretary of Agriculture Henry Wallace determined that it was necessary to plow-down certain crops into the ground. This would ensure that surpluses were destroyed so that prices would increase. In the case of cotton, about ten million acres, one-fourth of the spring crop was plowed-down.<sup>72</sup> While many farmers adhered to this request to plow-down their cotton, many of them still did not understand why it was plowed down “cause it was good cotton.”<sup>73</sup> For surplus cotton that remained, the government gave farmers ten cents for every pound of cotton they grew, in exchange for sending surplus cotton to the Commodity Credit Corporation for storage.

This decision to plow cotton into the ground did not go without criticism, along with a subsequent decision to slaughter millions of hogs and cattle to reduce surpluses.

<sup>68</sup> Ibid.

<sup>69</sup> Franklin Delano Roosevelt, “Extemporaneous Address on A.A.A. to Farm Groups.” *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. 4, 1935: (New York: Random House, 1938), 175.

<sup>70</sup> Franklin Delano Roosevelt, “Assessing the New Deal and Manipulating the Currency,” October 22, 1933, ed. Russell D. Buhite and David W. Levy, *FDR’s Fireside Chats* (Norman: University of Oklahoma Press, 1992), 39.

<sup>71</sup> Franklin Delano Roosevelt, “Praising the First Hundred Days and Boosting the NRA,” 32.

<sup>72</sup> U.S. Department of Agriculture, *Cotton*, 16.

<sup>73</sup> Studs Terkel, *Hard Times*, 234.

These actions enraged Louisiana Senator Huey Long who complained that “already there was less produced than the people needed if they ate what the Government said they needed to sustain life.” On these grounds, Senator Long also objected to reducing the acreage that farmers could farm on, in exchange for subsidies as called for in the Agricultural Adjustment Act.<sup>74</sup> Long expressed, “when the people of America have had [the] money to buy things they needed, [they] have never had a surplus of any commodity.”<sup>75</sup>

Long makes a good point, but fails to see the overall picture. Forcing farmers to farm less was intended to give them more money since prices would increase from reduced surpluses. Thereby, farmers would be empowered with increased purchasing power to buy industrial goods they needed to run their farms. With this renewed purchasing power, the strength of the economy would be restored so that there would not be any surpluses in the long run, just as Long mentions had previously been the case. As for the slaughtering of animals, upon reconsideration, government officials also questioned the humanity of it.<sup>76</sup> It was clear in any event that action was necessary to help farmers, even though mistakes were made along the way. When asked by an advisor about his intervention and of breaking away from traditional *laissez-faire* economics, Roosevelt responded, “If that philosophy hadn’t proved to be bankrupt, Herbert Hoover would be sitting [in office] right now.”

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<sup>74</sup> Huey P. Long, “Share Our Wealth,” 128.

<sup>75</sup> *Ibid.*, 131.

<sup>76</sup> David F. Burg, *The Great Depression*, 112.

Another point to mention is that cotton was not plowed-down again after 1933.<sup>77</sup> This was not because of opposition to the program, but simply because it was not necessary. The decision to plow-down cotton was only made in the first place because Congress had acted too late in passing legislation to regulate agriculture. In succeeding years, acreage amounts cultivated were reduced in order to reduce the amount of surpluses. It seems apparent in hindsight that while the decision to plow-down cotton may have seemed drastic at the time, especially to farmers and critics who did not understand or care to understand its intentions, not only did the act help to raise cotton prices, but it also led to an improvement of the soil on farms because farmers added sod to the “plowed-down strips,” which helped to renew soil that had become eroded from years of extensive overuse.<sup>78</sup>

By 1934, Cotton farmers who wished to get federal subsidies in exchange for their excess cotton, had to agree to a quota that they could not sell more than. This was intended to reduce the amount of surpluses that entered the marketplace. If farmers sold more than the quota, which was designated to them, they would be assessed a penalty tax. This penalty tax was enacted so that farmers would not cheat the system, as they had when individual cooperatives in the previous decade had tried to reduce surpluses.<sup>79</sup> Farmer Harry Terrell credits Secretary of Agriculture Henry Wallace, as “the man who saved the farmer” because he agreed to buy agricultural goods at an inflated price and store them so that they would be kept off the market.<sup>80</sup>

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<sup>77</sup> Franklin Delano Roosevelt, “Extemporaneous Address on A.A.A. to Farm Groups.” *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. 4, 1935 (New York: Random House, 1938), 175.

<sup>78</sup> Henry Wallace, “The War at Our Feet.” *Survey Graphic: Magazine of Social Interpretation*, 1 February 1940, 109.

<sup>79</sup> U.S. Department of Agriculture, *Cotton*, 17.

<sup>80</sup> Studs Terkel, *Hard Times*, 216.

As a result of the Agricultural Adjustment Administration, by 1935, farmers' incomes had increased on average by thirty-three percent; the long, downward slope of agricultural prices had been halted and prices started to inch upward.<sup>81</sup> Wheat at this time, was selling for fifty cents a bushel, an increase of eighteen cents from 1932. Likewise corn prices also increased, selling at fifty cents, as opposed to twelve cents as in 1932, while cotton inched from four and a half cents to twelve cents between 1932 and 1935.<sup>82</sup> By the end of 1935, farmers as a whole were making three billion dollars more than they had in 1932, a vast improvement in a short amount of time.<sup>83</sup> President Roosevelt explained that the three billion dollar increase to farmers allowed them to have more purchasing power for new technology. He also explained that "the rebirth of city business, the reopening of closed factories, the doubling of automobile production, the improvement of transportation and the giving of new employment to millions of Americans" was following in-line with the improved state of farmers, just as he intended for and believed would happen.<sup>84</sup>

Roosevelt contended that conservatives, namely Republicans who continued to oppose his intervention to help farmers, did not realize or try to understand that "empty pocketbooks on the farm do not turn factory wheels in the city."<sup>85</sup> As it turned out, not only did Roosevelt's intervention help farmers and factories, it also helped to save banks since farmers had to deposit money in banks in order to buy products from the factories.<sup>86</sup> Socialist party leader Norman Thomas believed that Roosevelt's intervention in fiscal

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<sup>81</sup> Franklin Delano Roosevelt, "Assessing the New Deal and Manipulating the Currency," 40.

<sup>82</sup> Franklin Delano Roosevelt, "Address at Atlanta, Georgia." *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. 4, 1935: (New York: Random House, 1938), 470.

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

<sup>85</sup> Franklin Delano Roosevelt, "Extemporaneous Address on A.A.A. to Farm Groups," 175.

<sup>86</sup> Franklin Delano Roosevelt, "Answering the Critics," 48.

matters saved the country from great suffering that would have ultimately erupted into a revolution.<sup>87</sup> But, just as things were getting better for farmers, with talk of revolution subsiding, the “four horseman” of the Supreme Court, a group of extreme Republican conservatives, James McReynolds, George Sutherland, Willis Van Devanter, and Pierce Butler recklessly endangered that peace, striking loud, with a sizzling lightning bolt.

The four horsemen, on January 6, 1936 swayed the two moderates on the court, Chief Justice Charles Evans Hughes and Owen Roberts into their camp. This coalition enabled them to overrule the liberal voices on the court, Louis Brandeis, Benjamin Cardozo, and Harlan Fiske Stone in the case of *U.S. v. Butler* and to invalidate the savior of American farmers and of the country, the Agricultural Adjustment Act.<sup>88</sup> It was not just a conservative blow to the New Deal; it was a conservative barricade that refused to accept non-*laissez-faire* policies in the face of conditions that required intervention. The Supreme Court ruled in *U.S. v. Butler* that Congress could not legislate measures that would limit the production capability of a farmer in exchange for monetary compensation, even if it were for their own good.<sup>89</sup>

Doing the bidding of the horsemen, Justice Owen Roberts explained in his opinion for the court that Congress could not spend federal money, even though it was raised by processing taxes on consumers, to help farmers since the constitution did not explicitly give them that right.<sup>90</sup> Roberts shrugged off the “general welfare” clause in article one, section eight in the Constitution, which allows Congress to delegate money to

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<sup>87</sup> David F. Burg, *The Great Depression*, 118.

<sup>88</sup> Ronald L. Feinman, *Twilight of Progressivism: The Western Republican Senators and the New Deal*. John Hopkins University Studies in Historical and Political Science (Baltimore: John Hopkins University Press, 1981), 117-118.

<sup>89</sup> U.S. Department of Agriculture, *Cotton*, 17.

<sup>90</sup> “The Supreme Court Swings the Ax.” *The Nation*, 15 January 1936, 61.

matters of national concern, by claiming that just because “local conditions” within a state may be similar to those in other states, it does constitute it as a matter of national concern that would justify intervention on the part of the federal government, regardless of their intent. Roberts insisted that federal intervention infringed on the rights of the states as guaranteed to them in the tenth amendment to the constitution. Roberts refused to see the electricity in the air. He would not shy away from his beliefs in *laissez-faire*, using a “tortured construction of the Constitution” as Justice Harlan Fiske Stone put it in his dissenting opinion in the case, that would have completely bankrupted the farming sector and left a great chance for revolution had Congress not acted with subsequent measures to maneuver around the unconscionable obstacles thrown by the conservative Supreme Court to stop the suffering that farmers and the nation were enduring.<sup>91</sup>

Roosevelt was outraged, personally and professionally at the Supreme Court’s striking down of the Agricultural Adjustment Act of 1933. As he cried out on the night of its defeat, January 6, 1936, in his State of the Union Address, “Means must be found to adapt our legal forms and our judicial interpretation to the actual present needs of the largest progressive democracy in the modern world.”<sup>92</sup> Roosevelt believed that the “private, social philosophy of a majority of nine appointed members of the Supreme Court” was undermining the wants and needs of the people who had voted for Roosevelt and against the continuation of *laissez-faire* economics.<sup>93</sup> Roosevelt further explained that the decision of the Supreme Court to declare the AAA unconstitutional, “virtually prohibits the President and Congress from the right, under modern conditions, to

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<sup>91</sup> Owen Roberts and Harlan Fiske Stone. “United States v. Butler,” January 6, 1936. Edited by Richard D. Polenberg. *The Era of Franklin D. Roosevelt, 1933-1945: A Brief History with Documents*. Bedford Series in History and Culture. (Boston: Bedford/St. Martin’s, 2000), 168.

<sup>92</sup> William M. Lasser, *Benjamin V. Cohen*, 160.

intervene reasonably in the regulation of nation-wide commerce and nation-wide agriculture” to help farmers recover from the Great Depression<sup>94</sup>

Roosevelt believed that the problem with the Supreme Court was that its members had become too old to think logically, with all of them being between the ages of sixty-one and seventy-nine years old.<sup>95</sup> After the Supreme Court struck down a number of other pieces of New Deal legislation, restricting his ability to deal with and to improve national conditions, Roosevelt decided that he wanted to compensate for their incompetence and irresponsibility, or to ease their workload, as Roosevelt put it, by adding a new Supreme Court justice for each who was active on the bench upon reaching their seventieth birthday.<sup>96</sup> Roosevelt believed that it was his patriotic duty to “pack the court” with new members who would hopefully be subservient to him, in order to save American democracy from the conservatives on the Supreme Court who threatened the peace by refusing to allow intervention in the midst of a national emergency. Roosevelt wanted to restore the will and confidence of the American people in their form of government, democracy, so that their government would truly be a government “of the people, by the people, [and] for the people,” as Abraham Lincoln, the first great savior of America, had reminded Americans of the beliefs which their nation was founded upon.<sup>97</sup>

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<sup>93</sup> Richard D. Polenberg, *The Era of Franklin D. Roosevelt, 1933-1945*, 12.

<sup>94</sup> *Ibid.*

<sup>95</sup> G. Edward White, *The Constitution and the New Deal* (Cambridge: Harvard University Press, 2000), 292.

<sup>96</sup> Russell D. Buhite and David W. Levy, ed., *FDR's Fireside Chats*, 83.

<sup>97</sup> Abraham Lincoln, “Gettysburg Address,” 186.

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Great Depression, worldwide economic downturn that began in 1929 and lasted until about 1939. It was the longest and most severe depression ever experienced by the industrialized Western world, sparking fundamental changes in economic institutions, macroeconomic policy, and economic theory. How did the Great Depression affect the American economy? In the United States, where the Depression was generally worst, industrial production between 1929 and 1933 fell by nearly 47 percent, gross domestic product (GDP) declined by 30 percent, and unemployment reached more than 20 percent. Because of banking panics, 20 percent of banks in existence in 1930 had failed by 1933. Despite describing the Great Depression with grim words, this economic catastrophe and its impact defied description. The United States had never felt such a severe blow to its economy. President Roosevelt's New Deal reshaped the economy and structure of the United States, however, in order to end the poverty during the crisis. The Great Depression began by the complete collapse of the stock market on October 24th, 1929 when about 13 million shares of stock were sold. The damage was extended on Tuesday, October 29 when more than 16 million shares were sold making the day forever known as Black Tuesday. The value of most shares fell sharply, leaving financial ruin and panic in its wake.