

Agriculture and the AAA

The typical Iowa farmer had cause for rejoicing on New Year's Day of 1935. Only two years before, his corn had been selling at ten cents a bushel, his oats at twelve cents, and his hogs for less than two and a half cents a pound. Moreover, in January, 1933, the Iowa farm products price index stood at 40 per cent of the 1910-1914 average, the lowest in twenty-five years. Depression census figures revealed a sharp decline in the number of automobiles, tractors, and radios on farms. Many a farmer had to store his radio because he could not afford to buy a new battery or tubes. Meanwhile, he had seen unemployment reach Gargantuan proportions in industry.

Political scientists and economists, Democrats and Republicans, philosophers and fools — all presented their own theories as to why the Iowa farmer was more optimistic in 1935. Some said it was because of Franklin D. Roosevelt, the New Deal, and particularly the Agricultural Adjustment Act. Others hotly denied such an explanation — and none more vigorously than Senator L. J. Dickinson and Milo Reno. Most people, however, were willing to admit times were better.

By means of government aid, Iowa farmers had been able to hold their crops and get the benefit of higher prices. Corn was worth five times as much in 1934 as in 1933, and by January, 1935, the index of Iowa farm products prices had soared to 111 per cent of pre-war prices. In the short space of one year the value of sheep had risen 35 per cent, cattle 77, eggs 55, butter 68, and oats 89 per cent. Bitter arguments arose as to the cause of this increase but it was generally agreed that the drought of 1934 and the AAA reduction program, together with the rising tide of business prosperity, had combined to accomplish it. It is significant that the price of corn had risen 135 per cent and hogs 153 per cent during 1934. Parity for farm products, the goal of the AAA, was reached in September, 1935, when the price indexes of farm products and things bought by farmers both stood at 128 per cent of the 1910-1914 level.

Cash income is supposed to be the best measure of the economic well-being of the farmer. During the first quarter of 1935 the cash income of Iowa farmers showed a 43 per cent gain. The total figure was \$117,000,000, compared with \$82,000,000 for the first quarter of 1934, or \$53,000,000 for the same period in 1933. A survey of 726 farms showed an average cash income of \$1700 in 1935 compared with \$1485 for 516 farms in 1934.

Although Iowa farmers took in more cash, their net incomes were actually slightly lower when their decrease in inventories was counted.

Nevertheless, the increase in ready cash was reflected in the farmers' buying power. On January 1, 1936, there were 69,835 tractors on Iowa farms, an increase of more than 11,000 over the previous year. The number of automobiles remained stationary, but the number of new cars sold showed the greatest percentage of increase in the distinctly rural counties. A radio census revealed 107,320 sets, the highest number ever recorded. For the first time over half of Iowa's farmers could hear Major Bowes's amateurs.

The year 1935 proved to be crucial for the AAA in Iowa and the nation. Polls of opinion were taken and politicians fired their heaviest oratorical artillery in opposition or defense of the measure. That the AAA was popular in Iowa was demonstrated by the enthusiasm of the farmers. Between eighty-five and ninety per cent of Iowa farm land came under its varied programs. Although the total benefit payments dropped during 1935, the great gain came from the increased prices for corn and hogs. Moreover, most of the work of administration was done by committees of farmers themselves. The average cost of administration by these neighborhood volunteers was

slightly over three per cent of the benefit payments. Furthermore, committees performed their work so fairly and efficiently that very few complaints were registered. Well might the *Lansing Journal* declare: "The AAA has not been administered by partisans, and there is nothing about it that suggests partisanship."

Less than three per cent of the contracts forwarded to Washington from Iowa were found to be inaccurate, compared with errors ranging from fifteen to twenty-five per cent in other commodity programs. The State committee maintained an audit section where the contracts and related forms were carefully checked and each county's expenses approved before final payment was made. This service cost less than two-tenths of one per cent of the benefit payments received in Iowa.

In the fall of 1935 the Federal government determined to find out whether the farmers favored "a corn-hog adjustment program to follow the 1935 program which expires November 30, 1935". The Belle Plaine *Union* thought this unnecessary: "Asking the farmers whether they want to continue the AAA is just like asking labor if it wanted more wages and shorter hours." Iowa farmers endorsed crop control by a vote of 160,653 to 26,791. In Kossuth County the vote was eighteen to

one in favor of the AAA. Senator L. J. Dickinson declined to comment. "Knocked speechless, perhaps", observed the *Spencer News-Herald* slyly. Nationally the poll revealed that farmers supported the program in the proportion of approximately six and one-half to one. "The east may not like the AAA", the *North English Record* declared, "but they will have to take a little of their own medicine for a time to come."

The united strength presented by this test of agrarian opinion was apparent to keen observers. "For the first time in history, American agriculture is organized and is able to deal with its problems collectively", declared the *Manchester Democrat-Radio*. According to Harlan S. Miller, a farmer in northwestern Iowa was asked whether he would be a bulwark of the Republican party during the ensuing year. "Well," he replied, "I have in my pocket a request from the G. O. P. chairman for my usual \$25 contribution, and also an AAA check for \$260, & I think the grand old party will have to get along without me this year."

Although the farmers of Iowa had heartily endorsed the AAA, a poll of a sampling of voters of the State by the American Institute of Public Opinion during December showed only fifty-five per cent in favor of the AAA. Nationally this same poll revealed that fifty-nine per cent of the

people opposed the AAA and only forty-one per cent favored it. Only three midwestern agricultural States — Iowa, North Dakota, and Kansas — voted in favor of it. Iowa's affirmative vote was explained by the fact that rural farm families comprised about one-third of the total number of families and that the equivalent of \$216 per farm family had been paid out by the AAA during the first nine months of 1935.

Those favoring the AAA did so because they felt that farm prosperity made for national prosperity, that the farmer deserved help, that the AAA was the most workable plan available, that it had increased employment in both farm and industrial areas, and that it had helped the average farmer out of a "bad hole". Those who opposed the AAA believed that it raised the cost of living, that it was a false approach to the farm problem, that it was sinful to restrict production, that it robbed the farmer of his freedom, and that it favored one class at the expense of others. In a speech at Waverly in October, Senator Louis Murphy admitted that the AAA had defects, but observed: "No man with sense would pull down a house simply because he does not like the door knobs."

Just as partisan opinion was crystallizing, the United States Supreme Court declared that the

processing-tax feature of the AAA was unconstitutional. "There are brains enough in this country", stormed the *Sheldon Mail*, "to devise some acceptable manner of giving to the farmer the same protection accorded the manufacturer and both of the great parties should join hands in such an effort." Said the *Rolfe Arrow*: "Now we have the whole farm proposition to go all over again, for it won't die until there is more justice".

An incident in Iowa which attracted nationwide comment was the hanging in effigy of the six Supreme Court justices who ruled against crop control by means of a processing tax. Greatly incensed, the *Marion Sentinel* declared that the perpetrators "may have thought the act smart, but they were sadly mistaken."

While politicians warmly praised or condemned the high court, a calmer note was struck by Dr. T. W. Schultz of Iowa State College. "The adverse AAA decision of the Supreme Court is merely an incident in the history of agriculture's attempt to find ways and means of acting collectively in an economy where virtually all other major economic groups have succeeded in attaining semi-monopolistic positions. The decision is likely to change only the form that this collective action will take."

WILLIAM J. PETERSEN