3. A New Deal for Farmers: Franklin D. Roosevelt and Rural America

The Great Depression pummeled farmers and rural America. Even before the crash of 1929 ushered in the worst economic crisis in U.S. history, American farmers were on the ropes. They had stepped up production to meet global demand during World War I, but seen the market for their products shrink when the fighting stopped. Farm income fell drastically in 1920 and continued to sink throughout the decade. By the time Franklin D. Roosevelt became president in March 1933, farmers were making less than half of what they'd earned in 1919; a third of American farmers had lost their land. Oklahoma wheat farmers had seen profits drop from $1.2 million to a pitiful $7,000. In Georgia, as Eleanor Roosevelt’s friend Lorena Hickok observed, “Half-starved Whites and Blacks struggle in competition for less to eat than my dog gets at home, for the privilege of living in huts that are infinitely less comfortable than his kennel.”

Though more and more Americans were moving to cities, agriculture remained a bulwark of the country’s economy. Thirty percent of all workers toiled on farms. Indeed, FDR advisor Rexford Tugwell believed the Great Depression itself stemmed from the disastrous condition of agriculture. To resuscitate the American economy as a whole, Tugwell told FDR, New Deal relief and recovery efforts should begin with farmers.

FDR agreed. If farmers could make a living again, he argued, they could buy manufactured goods—and that would begin the economic revival all Americans desperately awaited. FDR believed that the single biggest key to raising farmers’ income was curtailing overproduction; they had to stop growing more crops than the market could support.

Though hardly a product of rural poverty himself, FDR also felt a special bond with farmers and affection for country life. He was fond of husbanding his family estate in Hyde Park, New York, often calling himself a “tree farmer.” And his years among the agriculturalists of Warm Springs, Georgia, had given him the strength to recover his spirits after the shock of his life: the paralysis brought on by polio. FDR believed that farm life promoted uniquely American values.

His policies did a great deal to make that way of life viable once again. They raised farm prices by paying farmers to cut production and use more effective planting techniques. They also dramatically improved rural America’s quality of life. The New Deal created new lines of credit to help distressed farmers save their land and plant their fields. It helped tenant farmers secure credit to buy the lands they worked. It built roads and bridges to help transport crops, and hospitals for communities that had none. It constructed monumental dams that controlled floods, helped irrigate crops, and generated electricity. New Deal electrical programs helped farm families replace fireplaces with stoves, oil lamps with electric lights, and outhouses with indoor toilets.

No administration had ever attempted as much.
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Tackling Overproduction, Raising Prices

Farmers in the 1920s and ’30s grew more crops and raised more livestock than America—the world, for that matter—could purchase and consume. With supply overabundant, prices fell. To make up the difference in their income, farmers produced more and more. It was a downward spiral. By 1933 crop prices had fallen 75 percent.

Franklin D. Roosevelt and his agricultural team believed the key to higher prices lay in growing smaller crops and raising fewer hogs and cattle. Only then could demand match supply. After meeting with leading farm groups during his first days in office—farmers had been enthusiastic supporters in the 1932 election—FDR introduced the Agricultural Adjustment Act (AAA) of 1933. (It would be struck down as unconstitutional in 1936, but revised and reintroduced in 1938.)

The act paid farmers who voluntarily reduced the acreage they planted with wheat, cotton, tobacco, and rice; the number of hogs they raised; and the amount of milk they sent to market. More than half of American farmers accepted his offer and removed more than thirty million acres from cultivation in return for $1.1 billion in subsidies. By 1934 crop prices began to rise.

To curtail production under the AAA’s incentive program, however, some farmers had to plow under acres of crops or slaughter hogs—a spectacle many Americans found shocking when so many down-and-out citizens were going hungry. The problem, of course, was the frozen economy; the food was there, but jobless people lacked money to buy it. To address this contradiction, in October 1933 New Dealers created the Commodity Credit Corporation to give surplus crops to the cash-strapped unemployed.

Because farmers volunteered to participate in these programs, New Deal efforts to control production were “spotty,” as the historian Theodore Saloutos has noted. Yet the New Deal era was still “the greatest innovative epoch in the history of American agriculture,” according to Saloutos, because people executed ideas that agricultural experts had long considered but never tried.
The Farm Foreclosure Crisis

In the early 1930s, as today, American farming depended upon credit. When Franklin D. Roosevelt took the oath of office, more than two-fifths of American farmers still owed on their property mortgages; three-quarters needed bank loans to plant the next season’s crops. But with their produce drastically devalued and their income at ebb, many farmers fell behind on their mortgage payments. Eventually a bank agent would come to claim the collateral, auctioning land and buildings that in some cases had been in the same family for generations. At FDR’s inauguration in March 1933, one in three farmers had lost his farm, and the crisis was accelerating. Having watched farm debt bankrupt competitors, bankers became increasingly reluctant to lend to hard-pressed farmers. It was a vicious cycle that made agriculture—so critical a part of the American tradition, to say nothing of its economy—seem like a dying enterprise.

This problem topped FDR’s agenda. In the summer of 1933, Congress approved his proposal to extend loans (through the newly created Farm Credit Administration) to farmers struggling to plant their crops and pay their mortgages. The following year, Congress passed legislation delaying farm foreclosures for five years, giving evicted farmers the right to buy back their land on good terms, and allowing a farmer to remain on his land as a tenant if the mortgage holder refused to sell the farm back to him. Mortgage creditors challenged this law, called the Farm Bankruptcy Act, and in 1935 the Supreme Court struck it down as a violation of the Fifth Amendment protection of private property. Twenty-five state legislatures promptly passed laws to delay foreclosures locally, while New Dealers revised the federal law. In 1937 the Supreme Court declared the revised Farm Bankruptcy Act constitutional.

These efforts were only moderately successful. The farm foreclosure crisis continued until World War II, when the federal government pumped money into the farm economy by buying food and clothing for the country’s fighting men.
Helping Small Farmers, Tenant Farmers, and Sharecroppers

Foreclosures were not the only phenomenon displacing tillers of the land from their farms. The Agricultural Adjustment Act (AAA), a key piece of New Deal legislation, also had this perverse and unintended effect.

The act gave farmers payments to pull acreage out of production, with the goal of curtailing supply and boosting prices. Large farmers seeking these federal incentive payments routinely opted to set aside the less- valuable lands they had allowed tenant farmers and sharecroppers to use. With no land to till, thousands of tenant farmers and sharecroppers lost their income and their homes and began to roam the countryside searching for shelter, work, and food.

Other farmers struggled to survive on the ravaged lands of the so-called Dust Bowl—a vast portion of the Great Plains beset by overcultivation and severe drought—or on small, hardscrabble patches of Appalachia that could not feed even a single family. Still others strove to wring a living from land depleted by ruthless mining, oil, coal, and timber harvests.

In May 1935, Franklin D. Roosevelt created the Resettlement Administration (RA) to address this crisis. It purchased barren land and converted it to pasture, forests, and parks; helped poor farmers on submarginal land find more fertile ground; and gave these farmers small loans to buy livestock, seed, and tools. In return, resettled farmers had to adopt new planting techniques, tend a garden, and preserve the vegetables their garden produced. The RA also created nearly a hundred communal farms or small villages that raised their own food and became home to country and city dwellers resettled from areas considered nonviable.

Critics in Congress and elsewhere assailed the RA, along with its director, the economist Rexford Tugwell, as an experiment in collectivism antithetical to the aspirations of American farmers. In 1937 New Dealers folded the RA into the Farm Security Administration, which they hoped would help the significant minority of farmers who did not own their land and the many whose farms were too small even to assure subsistence. Its loans allowed tenant farmers to buy the land they farmed and gave small farmers the opportunity to buy the extra land they needed to grow enough crops to support their families.
Electrifying Rural America

Franklin D. Roosevelt’s commitment to rural electrification "literally brought the American countryside out of the darkness,” as the historian William Leuchtenburg has written.

When FDR entered the White House, nine out of ten rural Americans had no electricity. While city people listened to the radio, stored food in a refrigerator, used a toilet, and walked illuminated streets at night, rural folk enjoyed none of these comforts. They relied on kerosene lamps and iceboxes. Their water came from wells, and they had to go outside to bathe and wash their clothes. To stay warm, they had to fill a stove with wood or coal.

As governor, FDR had championed the idea of a publicly generated and owned power supply. As president, he worked with Senator George Norris to create the Tennessee Valley Authority (TVA), providing hydroelectric power to the residents of three southern states. It remains the country’s largest public power supplier to this day.

The TVA's program included an experiment that would change the face of the American South: farmers in Tupelo, Mississippi, had formed a rural electrical cooperative, despite widespread doubts about their ability to create and manage a local electrical distribution center. Its success gave FDR the proof he and Norris needed to propose the Rural Electrification Administration (REA).

Created in 1935, the REA offered low-interest loans to rural cooperatives that wanted to bring electricity to their communities. The cooperatives would manage the construction of local power plants and power lines. Then they would buy electricity from private companies (which had refused to invest in electrifying rural America) and distribute it to paying customers. The REA also made loans to rural families to install electrical wiring and plumbing in their homes and farms. Within five years, 40 percent of rural Americans would have electricity. Shortly after FDR’s death, 90 percent had power.

The REA revolutionized American rural life and transformed the American South. It brought indoor plumbing and electricity to homes that had never seen either. When people no longer had to use outhouses and could store their food in a refrigerator, their health improved dramatically. Hookworm disappeared; infant mortality dropped sharply; and diets improved. (If farmers could not afford a refrigerator, the Electric Home and Farm Authority helped them buy one on an installment plan.) Electric lights allowed students to read on dark afternoons and to stay warm in winter. Farmers could use irrigation equipment and milking machines that relied on electricity, rather than muscle, for power. Electric irons, washing machines, and small appliances made housework much less difficult. Families now had time to gather around the radio and listen to the news or their favorite program. Rural life would never be the same.
Impact: How the New Deal Changed Rural America

New Deal agricultural policy profoundly changed the life of the American farmer, just as its rural electrification policy transformed the lives of all rural Americans. One billion dollars in loans from the Farm Credit Administration refinanced more than 20 percent of all farm mortgages and helped millions of rural Americans fight off foreclosure. The Farm Security Administration not only extended loans to tenant farmers (ending a long tradition of official neglect), but also provided medical clinics for more than a million desperately disadvantaged migrant farmworkers. The original and amended Agricultural Adjustment Act helped restore farm incomes; it also set an important precedent for subsidizing farmers to initiate conservation practices, adopt more productive farming techniques, and plant hybrid crops. The Resettlement Administration helped thousands of farmers escape life below the poverty line.

New Deal conservation policy launched the restoration of American landscapes despoiled by decades of deforestation and repeated cropping. It added millions of acres to the national park and national forest systems and created a hundred-mile-wide shelterbelt of trees that stretched from Canada to the Gulf of Mexico. It taught thousands of farmers planting techniques that conserved rather than depleted the soil, and its flood-control efforts both stabilized the farming season in the Southwest and provided the water Southern California and Arizona needed to develop its major cities.

New Deal rural electrification efforts brought the American countryside into the industrial era. New Deal–funded electricity replaced backbreaking farm labor and provided the opportunity for using indoor plumbing and electric appliances to ten million rural Americans who had long fetched water from wells and cooked on wood stoves. Its credit policies helped those who could not afford refrigerators and other essential electrical appliances buy them over time. As rural Americans became able to preserve their food and bathe and wash dishes in a sanitary space, their health improved and infant mortality decreased.

In short, although Franklin D. Roosevelt’s policies did not lift all farmers out of poverty, they transformed the rural landscape, jump-started conservation practices, brought rural Americans into the “Electric Age,” and helped farmers confront overproduction and put their land to more effective use.