

M. Thomas Coker. THE AGRICULTURAL ADJUSTMENT ACT IN NORTH CAROLINA, 1933-1936. (Under the direction of Henry C. Ferrell, Jr.). Department of History, March 1973.

This study is an examination of the administration of the Agricultural Adjustment Act in North Carolina and its resultant impact on the people of the state.

Depression in agriculture began in the summer of 1920. The total gross income, including sale of crops, livestock, livestock products, and forest products declined almost steadily from 1920 into the decade of the thirties. The number of Tarheels affected by this decline in farm income was substantially greater than the national average. North Carolina had the second largest farm population of all the states and the bulk of this number rested at the bottom of the economic scale as agriculture was far less mechanized than in most of the other states.

From 1920 to 1933, there was a constant demand for federal farm relief. Of all farm proposals for relief, the most significant was the domestic allotment plan. Specifically, the plan provided for giving farmers a higher price on that portion of their crop sold in the domestic market in return for signing contracts limiting acreage. Tarheel congressmen, editors, farm leaders, tenants, and other interested parties contributed to the proposals before Congress and to the general air of discontent. Included were the efforts of

U. Benton Blalock, Clarence Poe, Governor Ehringhaus, and the vast majority of North Carolinians to achieve passage of a domestic allotment plan. It also included the almost unanimous front of opposition presented by the manufacturers of agricultural products. In spite of this opposition voiced by manufacturers, friends of agriculture were able to secure passage of a domestic allotment plan, and on May 12, 1933, President Franklin Roosevelt signed the Agricultural Adjustment Act.

Once passage of domestic allotment was accomplished, state officials and state agencies cooperated fully with the Agricultural Adjustment Administration. The reduction programs covered cotton, corn and hogs, tobacco, wheat, peanuts, and for a brief period, potatoes. These programs reaped a measure of success--success, that is, for the landed farmer. The economic standing of the landowners steadily improved from 1933 to 1936. This improvement was largely the result of the work of the A.A.A. as implemented by the Extension Service.

Although some success was certainly registered by the A.A.A. in North Carolina, failure was an accompanying phenomenon with regard to the landless farmer. In North Carolina, and in the South, tenants suffered miserable lives and blacks suffered most of all. The "New Deal" which the A.A.A. brought to North Carolina's tenant farmer was a culmination of this misery. The program was, in many instances, responsible for

driving tenants from the land. As far as concerned the Agricultural Adjustment Administration, the tenant in North Carolina was a "forgotten man."

THE AGRICULTURAL  
ADJUSTMENT ACT IN NORTH CAROLINA  
1933-1936

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## THE EARTH

Here we bear our honors, here we exercise our power, here we covet wealth, here we mortals create our disturbances, here we continually carry on our wars, aye, civil wars, even, and unpeople the earth by mutual slaughter. And not to dwell on public feuds, entered into by nations against each other, here it is that we drive away our neighbors, and enclose the land thus seized upon within our fence; and yet the man who has most extended his boundary, and has expelled the inhabitants for ever so great a distance, after all, what mighty portion of the earth is he master of?

Pliny, A.D. 77

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## CHAPTER I

### THE CRISIS IN AGRICULTURE, 1920-1933

The general economic depression of the 1930's served to intensify to an acute degree the problems inherent in the long-term trends in southern agriculture. Earlier prosperous years which farmers enjoyed through World War I abruptly halted in mid-1920. Both prices and production were high in 1919 and gross farm income achieved a record of \$17,825,000,000. In the summer of 1920, however, prices markedly declined. July cotton sold for 37 cents per pound but by December the price was 14 cents; and by June, 1921, it was bringing only 10 cents per pound, well below the prewar average. Moreover, the trend established by cotton prices was equalled by those of wheat, pork, and beef. In July, 1920, wheat sold in Minneapolis brought \$2.96 per bushel; however, by December, 1921, the price had dropped to 92 cents. Gross farm income by 1921 had declined to \$10,521,000,000, or a decrease of more than 40 per cent in one year.<sup>1</sup>

The reasons for this postwar agricultural depression were several. The demand for American farm produce created by war and postwar revival began to subside by 1919-1920.

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<sup>1</sup>Gilbert C. Fite, American Agriculture and Farm Policy Since 1900 (New York: The MacMillan Company, 1964), 9, hereinafter referred to as Fite, Agriculture and Farm Policy.

Consequently, foreign markets for commodities such as wheat, cotton, and pork began to wither and dry up. The value of farm exports declined from more than \$4,000,000,000 in 1919 to less than \$2,000,000,000 in 1922. Contributors to this plummet included the revival of agriculture in western Europe and a lack of funds in those countries to pay for imports. An additional factor was competition from Canada, Australia, Argentina, and other countries for world agricultural markets. American agriculture suffered from lower purchasing power at home as the continuing depression reached other segments of the economy.<sup>2</sup>

The impact of this depression on the state of North Carolina was no less dramatic than that experienced on the national scene. The total estimated income in 1920 for North Carolina was \$1,000,000,000. The decline to \$716,000,000 in 1921 was lowered even further by 1931, to a figure of approximately \$714,000,000. The gross cash income from agriculture in the state was \$396,000,000 in 1920. By 1921, this had been reduced to \$232,000,000---a loss of 41 per cent in one year. The agricultural income was only \$187,000,000 in 1931, which was a descent of some 28 per cent. In other words, the total gross income, including sale of crops, livestock, livestock products, and forest products had declined almost steadily from 1920 to

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<sup>2</sup>Fite, Agriculture and Farm Policy, 9.

1931.<sup>3</sup> The depression in agriculture continued from 1920 through 1933.

In 1931, North Carolina ranked fortieth among the states in a rating of gross farm income per farm with an average per farm value of farm products of \$645. The total values of farm products for North Carolina for the years 1929, 1930, and 1931 are as follows:<sup>4</sup>

<u>Year</u>	<u>Value Crops</u>	<u>Value Livestock and Livestock Products</u>	<u>Total</u>
1929	\$226,356,000	\$84,192,000	\$310,548,000
1930	\$182,589,000	\$71,621,000	\$254,210,000
1931	\$110,488,000	\$60,818,000	\$180,306,000

The number of North Carolinians affected by this decline in farm income was substantially greater than the national average. North Carolina had the second largest farm population of all the states. The bulk of this number rested at the bottom of the economic scale as agriculture in North Carolina was far less mechanized than in most of her sister states. Tarheel agriculture rested on small scale farming and on tenant<sup>5</sup> and day labor. Only five states, all with

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<sup>3</sup>G. W. Forster, "Taxes and Income Comparison Made," Morning Star (Wilmington), January 2, 1933, 1, hereinafter referred to as Morning Star.

<sup>4</sup>Editorial, "Gross Farm Income Per Farm, 1931," University of North Carolina, News Letter, January 18, 1933, 1, hereinafter referred to as News Letter.

<sup>5</sup>In this paper, the term "tenant" refers to both share tenants and share-croppers unless otherwise specifically

larger ratios of black farmers, averaged less machinery per farm worker in 1933.<sup>6</sup>

The situation facing the landed Tarheel farmer from 1920 to 1933 was that of prolonged agricultural depression; however, for the tenant farmer in North Carolina, it was a crisis of life or death.

The agricultural laborers, those landless men, found it increasingly difficult to attain the status of a farm owner. Indeed, those men found it difficult to maintain their status as tenant, sharecropper or day laborer. Regardless of the disagreement as to the cause of tenancy, the effects were all too clear to dispute. This was as true of the social effects as it was of the economic aspects. The landless families lived in poorer houses, under worse sanitary conditions, had poorer health, and lost more of

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designated. The term includes:

- 1) Standing rent tenants were those who payed a stipulated amount in a staple crop rather than a share of the total crop.
- 2) Cash tenants farmed for payment in currency to the landlord.
- 3) Managing share tenants were those renting on a share basis who independently ran their farms.
- 4) A share tenant generally received three-fourths of the proceeds of the cotton crop (for example) and paid one-fourth to the landlord as rent. He furnished his own work stock and food for his family.
- 5) Share cropper usually furnished nothing but his own labor and received one-half of the proceeds of the crop.

<sup>6</sup>Editorial, "Farm Power in North Carolina," News Letter, March 15, 1933, 1.

their children by death than did the landed agriculturalists.<sup>7</sup>

Tenancy was a vicious, self-perpetuating institution. The workers on a tenant plantation were little more than serfs, held to the land by debt, ignorance, poverty, and dependence on the landlord. That was the way the planter wanted it. He could not afford to let his tenants become too independent or self-sufficient because he would lose control over them and the ultimate result would be a cut in his margin of profit. The tenancy system taught the worker certain things--how to plow, hoe, pick cotton, fix wagon wheels, build makeshift shacks, slaughter animals, and cook turnip greens--but it could not allow tenants to rise above this menial level. In keeping with this attitude, it was widely held by owners that to provide a black man with a formal education was "to ruin a good nigger."<sup>8</sup>

Why did the tenants not leave the farms for other jobs? A few accomplished this, but what other jobs could they seek? The ordinary tenant knew nothing other than farming and could not envision himself doing anything else.

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<sup>7</sup>North Carolina Tenancy Commission, Committee appointed by the State Board of Agriculture, Economic and Social Conditions of North Carolina Farmers (n.p., 1922), 1, hereinafter referred to as Tenancy Commission, Economic and Social Conditions.

<sup>8</sup>David Eugene Conrad, The Forgotten Farmers (Urbana, Illinois: University of Illinois Press, 1965), 8, hereinafter referred to as Conrad, Forgotten Farmers.

Most tenants had debts and state law practically bound him to the land until the crop was made. Moreover, there was a sort of "gentlemen's agreement" among planters that they would not hire tenants from another plantation without the consent of the planter concerned. The tenant who fled to escape his debts faced flogging, murder, or lynching, especially if the man were black.<sup>9</sup>

A survey of 359 farm operators in Chatham County, North Carolina was made for 1921. In this county, cotton and tobacco were the cash crops with corn, wheat, oats, potatoes, milk and butter, poultry and pork as the home-grown staples of existence. The average annual cash income was found to be \$424 per family, divided as follows:<sup>10</sup>

Money Income of N. C. Farm Families

	Family Cash Income per year	Percent of white owners Income	Daily Cash Income per person
135 white owners	\$626	100.0	34¢
41 black owners	597	95.6	32
66 black renters	289	44.4	16
38 white renters	251	40.1	14
36 black croppers	197	31.4	10
13 white croppers	153	24.2	8

One of the most thorough investigations of living conditions of the cotton farmer was carried out by the

<sup>9</sup>Conrad, Forgotten Farmers, 8-9.

<sup>10</sup>Rupert B. Vance, Human Factors in Cotton Culture (Chapel Hill, N. C.: University of North Carolina Press, 1929), 236.

North Carolina Tenancy Commission in 1922. The survey included 1,014 farm families divided between three counties typical of the Mountains, Piedmont, and Coastal Plains sections. In the Coastal Plains county, the 339 farms studied had 93.6 per cent of their crop land in cotton, corn, and tobacco; in the Piedmont, the 335 farms surveyed had 81.4 per cent of these three crops. The Mountains county was omitted in this instance because cotton was not grown. The following table reveals the average cash income per family of five for 1921:<sup>11</sup>

Cash Income of North Carolina Farm Families

	Landlord Operators		Owner Operators	
	White	Black	White	Black
Coastal Plains	\$2,385.85	\$1,996.50	\$1,129.50	\$1,670.00
Piedmont	994.70	379.00	604.17	536.15

  

	Tenants		Croppers	
	White	Black	White	Black
Coastal Plains	\$854.15	\$711.07	\$700.84	\$640.59
Piedmont	336.35	374.24	364.74	208.60

In the Coastal Plains, 23 per cent of the 339 farmers studied were landowners; in the Piedmont, 54 per cent of 335 families owned their farms. In the Coastal Plains, 59 per cent of the families studied were white; in the Piedmont, 56 per cent. Renters averaged 5.42 members per family in the Piedmont and 5.05 in the Coastal Plains,

<sup>11</sup>Tenancy Commission, Economic and Social Conditions, 27.

while the landowner had 4.17 and 5.37 persons per family, respectively. The higher cash incomes for the Coastal Plains farmer were due to the larger acreage in the cash crops--cotton and tobacco.<sup>12</sup>

The gross income of farm families was supplemented by food raised on the farm. This ranged from about \$500 for owners to about \$200 for croppers:<sup>13</sup>

#### Living Raised on Farm and Bought

	<u>Landlord Operators</u>		<u>Owner Operators</u>	
	white	black	white	black
Coastal Plains				
Food raised	\$400.	\$514.	\$386.	\$474.
Food bought	56.	82.	131.	134.
Food total	456.	596.	517.	608.
Per cent raised	87.7	86.2	74.7	78.0
	<u>Tenants</u>		<u>Croppers</u>	
	white	black	white	black
Coastal Plains				
Food raised	\$323.	\$200.	\$194.	\$156.
Food bought	93.	113.	96.	110.
Food total	416.	313.	290.	266.
Per cent raised	77.6	63.8	66.9	58.6
	<u>Landlord Operators</u>		<u>Owner Operators</u>	
	white	black	white	black
Piedmont				
Food raised	\$517.	\$323.	\$467.	\$346.
Food bought	71.	82.	154.	186.
Food total	588.	405.	621.	532.
Per cent raised	87.9	79.7	75.2	65.0
	<u>Tenants</u>		<u>Croppers</u>	
	white	black	white	black
Piedmont				
Food raised	\$328.	\$198.	\$257.	\$172.
Food bought	62.	115.	98.	114.
Food total	390.	313.	355.	286.
Per cent raised	84.1	63.3	72.4	60.2

None of these families, averaging over five members,

<sup>12</sup>Tenancy Commission, Economic and Social Conditions, 27.

<sup>13</sup>Tenancy Commission, Economic and Social Conditions, 17.



consumed as much as two dollars worth of food per day-- less than forty cents per person. There were six groups among tenants and croppers that consumed food to the value of less than one dollar per family per day. The per cent of family food supply raised on the farm progressively declined from landlord to owner to tenant to cropper. This trend held true for the general effects of the agricultural depression. As severe as the crisis was for the landlord, it grew increasingly so for the poorer economic groups, and was most acute for the cropper.<sup>14</sup>

The diseases of malnutrition and filth were always with tenants. Their diet of cornbread, molasses, and sow-belly (fat salt pork), eaten three times a day, often caused pellagra. Their lack of sanitation led to malaria, typhoid, and many other diseases. Working in the fields barefooted gave them hookworms. Their venereal disease rate was very high.<sup>15</sup>

There were dietary items in this survey worthy of consideration. For example, the production of milk per day per person reached as high as a quart only for the white landlord group. For the white farmer in general, it ranged below .4 of a quart; for black renters, from .07 to

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<sup>14</sup>Tenancy Commission, Economic and Social Conditions, 17-18.

<sup>15</sup>Howard Kester, Revolt Among the Sharecroppers (New York: Covici-Friede Publishers, 1936), 41-42, hereinafter referred to as Kester, Revolt Among the Sharecroppers.

.6. The production of pork ranged from 600 to 200 pounds per family per year.<sup>16</sup> Erskine Caldwell, southern novelist whose literary reputation was built on writing about the tragic side of rural life, pulled out all the stops:

Near Keysville a two room house is occupied by three families, each consisting of man and wife and from one to four children each. . . .

In one of the two rooms a six-year-old boy licked the paper bag the meat had been brought in. His legs were scarcely any larger than a medium sized dog's leg. . . . Suffering from rickets and anemia, his legs were unable to carry him for more than a dozen steps at a time. . . his belly was swollen several times its normal size. His face was bony. He was starving to death.

In the other room of the house, without chairs, beds, or tables, a woman lay rolled up in some quilts trying to sleep. On the floor before the open fire lay two babies, neither a year old, sucking the dry teats of a mongrel bitch.<sup>17</sup>

The Commission's data on housing revealed that the average landless farmer had 3.74 rooms in his house as compared with 4.61 for the owners. The average white farmer had 4.38 rooms in his house as compared to 3.72 for black farmers. Landowners had 1.07 persons per room as compared with 1.38 persons for landless farmers. White homes had 1.11 persons per bed as compared to 1.52 for black homes. Finally, 17.6 per cent of the landless

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<sup>16</sup>Tenancy Commission, Economic and Social Conditions, 19-20.

<sup>17</sup>Erskine Caldwell, "Bootleg Slavery," Time, March 4, 1935, 13-14.

families lived in one or two room houses.<sup>18</sup>

Tenant housing, by most accounts, was the worst in the nation. Houses were usually two-room, clapboard shacks, unpainted, weatherbeaten, and in the process of falling down. Wind and rain came through holes in the roofs and walls. Plumbing was unknown and outhouses were considered a luxury. A tenant's personal possessions usually consisted of a few rickety chairs, a table, a bed, a few ragged quilts, some boxes, a few dishes, a pig or a dog, and occasionally, some chickens.<sup>19</sup>

In the area surveyed not a single black family nor any white tenant or cropper family had running water, an indoor toilet, or a bathtub in their home. In the landless families, over 31 per cent of the fathers and mothers could not read. The average cropper had attained only a third grade education while the average black farmer of all ranks had received less than a first grade education.<sup>20</sup>

In North Carolina and throughout the South, there were hundreds of one-room schools for blacks that had no windows or desks. While most white children in rural areas could ride to school in buses, most black and some

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<sup>18</sup>Tenancy Commission, Economics and Social Conditions, 41.

<sup>19</sup>Kester, Revolt Among the Sharecroppers, 40-46.

<sup>20</sup>Tenancy Commission, Economic and Social Conditions, 6.

white students had to walk. Rural teachers were poorly paid and inadequately trained. Their salaries were below \$30 per month in many counties.<sup>21</sup>

The most disparaging fact about tenancy in North Carolina was disclosed by the Tenancy Commission in 1922. Tenancy was growing. Over 75 per cent of all landless farmers were the sons of landless farmers.<sup>22</sup> By 1922, tenancy had thus become a class "tradition" to be passed from father to son.

Although the "evils" of this agricultural system were in evidence by 1922, the arrangement not only continued to function but actually increased in size. The depression of 1929 was scarcely a setback to this growth as the farm population in North Carolina, as well as in the South, continued to increase and the 1933 census revealed a new peak for the number of persons living on farms. The Great Depression of 1929 accounted for this increase. As a result of the depression and the rise in unemployment, many urbanites with relatives or friends on the farms migrated to the country. Hundreds of destitute urbanites migrated as well who had no connections whatsoever, and could only hope for a better existence. In May, 1933, it was pointed

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<sup>21</sup>Arthur F. Raper and Ira De A. Reid, Sharecroppers All (Chapel Hill, N. C.: University of North Carolina Press, 1941), 24.

<sup>22</sup>Tenancy Commission, Economic and Social Conditions, 6.

out in a survey of tenant farming that "a common statement on the 1933 schedules returned by farmers was to the effect that substantially all formerly abandoned farmsteads, shacks, and cabins that will furnish any shelter at all are now filled, sometimes with two or more families of destitute unemployed per building."<sup>23</sup>

These people were to a large degree, at least temporarily, absorbed by the farm population. Such persons, of necessity, became tenants as they were unable and unqualified to farm as owners or managers. They had to be financed in their farming operations by farm owners who were already in financial difficulty owing to the low price of cotton and the inability of tenants to pay for advances made during the previous several years.<sup>24</sup> Carroll Binder, writing for the Chicago Daily News observed the situation:

It is not for a passing traveler to say whether the exploiting landlords outnumber the landlords who treat their tenants decently, but it is clear to even a casual investigator that the system of tenantry as now practiced is subject to grave abuses and injustices. The tenant, it is true, has the alternative of flight and the planter must take the gamble of advancing goods for which he may not be reimbursed, but under present conditions the tenant hasn't much

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<sup>23</sup>Staff Report to the Secretary of Agriculture (Henry A. Wallace), "Tenant Situation Immediately Preceding the Plow-Up Program," n.d., Record Group 145 (Agricultural Adjustment Administration), National Archives, 1, hereinafter referred to as N.A., R.G. 145.

<sup>24</sup>Staff Report to the Secretary of Agriculture, "Tenant Situation," N.A., R.G. 145, 1.

to fly to and the weight of authority appears to be overwhelmingly on the side of the planter.<sup>25</sup>

The 1930 census revealed that there were 1,092,944 white and 698,339 black tenants to be financed directly or indirectly by the 1,233,656 white and 182,019 black farm-owner operators in North Carolina. By the spring of 1933, the number of tenants had greatly expanded and was increased as well by persons who had lost ownership of their farms during the depression.<sup>26</sup> Federal census figures point up this growth of tenancy in the state:<sup>27</sup>

<u>Year</u>	<u>Tenants</u>	<u>Owners</u>
1880	33%	67%
1890	34%	66%
1900	41%	59%
1910	42%	58%
1920	43%	57%
1930	49%	51%

By 1929, North Carolina was moving toward increased tenancy at a rate surpassed by no state other than Texas. From 1910 to 1925, the total increase in tenant-operated farms for North Carolina was 20,967. The frequent assertion that tenancy was a step toward home and land ownership was not born out by the figures. Nor was this in-

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<sup>25</sup>Carroll Binder, "Tenant System is the Rule Throughout the Cotton Belt; It's Problem for New Deal," Daily News (Chicago), April 6, 1934.

<sup>26</sup>Staff Report to the Secretary of Agriculture, "Tenant Situation," N.A., R.G. 145, 2.

<sup>27</sup>Editorial, "North Carolina Farm Tenantry," News Letter, May 1, 1935, 1.

creased tenancy a "Negro problem" as statistics revealed that black tenancy was actually decreasing while white tenancy was on the rise.<sup>28</sup> The spread of tenancy was stark evidence of an economic and attending social decline in North Carolina's rural districts.

Home ownership ratios had declined for both whites and blacks during the decade of the twenties and, almost without exception throughout the counties of the state, home ownership among whites and blacks paralleled one another. Where rates were high for whites, they were high for blacks and vice versa. In 1920, 67 per cent of the state's white farmers owned their homes. A decade resulted in a decline to 58.4 per cent. The percentage for blacks was 29 in 1920 and 23.8 in 1930. During the decade of the twenties there was an actual decline of 4,000 in the number of agricultural families who owned their homes and a net increase of 21,000 in the number who lived in rented houses. This was one of the largest increases in the number of farm tenant families since the Civil War.<sup>29</sup>

As to the aforementioned "Negro problem," of the 1,800,000 tenants and croppers reported in the 16 southern

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<sup>28</sup>Editorial, "North Carolina Farm Tenantry," News Letter, May 1, 1935, 1.

<sup>29</sup>Editorial, "Farm Family Home Ownership," News Letter, November 8, 1933, 1.

states on the 1930 census, only 700,000 (less than 40 per cent) were black. There was a tremendous increase in tenancy in the South between 1920 and 1930 and this gain was marked by an increase in the number of white tenants. Moreover, there was a slight decrease in the number of black tenants between 1920 and 1930. There was an increase of 69 per cent in the number of white croppers during that decade. A large number of southern owners were forced to revert to the property-less status of tenants by the agricultural depression which started with the fall of prices in 1920.<sup>30</sup> In 1933 in North Carolina, white tenants outnumbered black tenants by 20,000.<sup>31</sup>

The depression in agriculture which existed from 1920 to 1933, resulted in economic conditions that brought about this increase in white tenancy. Farmers did not silently accept this alteration as their fate, but throughout the period voiced "a cry from the land."

During the period 1919-1933, there was almost constant demand for federal farm relief, or indeed, any form of relief. Congress was flooded with all types of proposals for federal relief following the drop in farm prices in

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<sup>30</sup>Henry A. Wallace, "The Problem of Farm Tenancy," March 5, 1935, Record Group 16 (Office of the Secretary of Agriculture), National Archives, hereinafter referred to as N.A., R.G. 16, Statement by Secretary Henry A. Wallace at hearings on Bankhead Tenancy Bill S. 1800.

<sup>31</sup>Editorial, "Farm Family Home Ownership," News Letter, November 8, 1933, 1.



1920 and 1921. The aid provided during the Progressive Era, 1890-1917, for farmers--more liberal credit facilities, tariffs, and aid to co-operatives--was thrust into a secondary position during those years as the national government was called upon to enact legislation to raise prices. Thus began an intensive and organized effort to use government power to raise farm prices. The emphasis was placed on improving prices through the marketing mechanism. Among the schemes devised were those dealing with government price-fixing and stabilization, and those advocating the grant of loans to foreign countries in order to enable them to purchase farm surpluses from the United States. Suggested also were more liberal credit for farmers, higher tariff rates on agricultural products, the organization of co-operative marketing agencies, and the reduction of production in keeping with effective demand. By 1923, this movement had focused on a way to get price-lifting legislation which would give farmers "parity"<sup>32</sup> or near parity prices.<sup>33</sup>

The agricultural slump of 1920 had left in its wake

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<sup>32</sup>The Agricultural Adjustment Act of 1933 defined "parity" as farm prices which would give a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period. The base period was defined as August, 1909 to July, 1914 (except for tobacco). This definition is accepted herein and employed accordingly.

<sup>33</sup>Fite, Agriculture and Farm Policy, 10.

the belief, held by most farmers in the United States, that agricultural production had been overexpanded during World War I. The parity-price movements sought to segregate the domestic market from the export market and to protect domestic farm prices from the competitive results of foreign farm production. The designers hoped this would restore the prewar relationship between domestic agricultural and nonagricultural price levels.

The McNary-Haugen bills, embodying such aforementioned plans, were before Congress in various forms from 1924 through 1928. George N. Peek, Moline Plow Company executive, and his associate, Hugh S. Johnson, developed one of these as a plan of "equality for agriculture" advocating an effective tariff on basic farm commodities. The existing tariffs, as high as 40 cents per bushel on wheat had little if anything to do with raising the price in American markets. Such was the situation due to American surpluses which drove down prices to the world level. Peek and Johnson argued that the tariff could be made effective if surpluses were removed from the domestic market and sold abroad--this was to be accomplished by a federal agency. Thus, with supply brought into line with effective demand, farm prices were to rise behind the "tariff wall" to a "fair exchange value" or parity. The Peek-Johnson plan called for two prices, a higher domestic price and a

lower export price. If a loss were suffered by the federal agency, it was to be "repaid" by the farmers through a tax or equalization fee on each unit of a farm commodity sold. The idea was never advanced that the government support prices by purchasing and storing farm commodities as was done after 1933.<sup>34</sup>

Herbert Hoover, as Secretary of Commerce from 1921 to 1928 and as President, opposed the McNary-Haugen bills as did his predecessor in the White House, Calvin Coolidge.<sup>35</sup> As President, Coolidge twice vetoed bills passed by Congress in 1927 and in 1928.<sup>36</sup> Proposed instead under Hoover was the Agricultural Marketing Act which went into effect in June, 1929 and sought to place agriculture "on a basis of economic equality with other industries."<sup>37</sup> The act was to strengthen existing co-operatives (Hoover's solution to the problem) and to assist in the formation of marketing organizations; although, the measure also provided for setting up federally-financed stabilization corporations to keep unusual surpluses from depressing market prices.

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<sup>34</sup>Fite, Agriculture and Farm Policy, 10-11.

<sup>35</sup>Fite, Agriculture and Farm Policy, 12.

<sup>36</sup>James H. Street, The New Revolution in the Cotton Economy: Mechanization and Its Consequences (Chapel Hill, North Carolina: The University of North Carolina Press, 1957), 43.

<sup>37</sup>Joseph S. Davis, On Agricultural Policy 1926-1938 (Stanford University, California: Ford Research Institute: Stanford University Press, 1939), 125-126, hereinafter referred to as Davis, Agricultural Policy.

Within six months of passage of the act, the panic of 1929 struck the nation and agricultural prices plummeted. By 1931, the Federal Farm Board, established to administer the Marketing Act, lost \$345,000,000 attempting to support farm prices.

The Great Depression, beginning in late 1929, brought this already tragic agricultural situation to what might conservatively be considered "a critical stage." Laboring under the dual yokes of continued heavy production and reduced urban purchasing power, prices fell to the lowest point since 1894. In 1932, cotton sold for 5 cents per pound; wheat, for less than 20 cents per bushel; and pork for 3 cents per pound or less.<sup>38</sup> In view of this desperate situation, strong pressures developed in Congress and indeed, throughout the United States to develop some positive relief measures for agriculture. The multiplying surpluses built up after 1930 convinced many policy makers that no amount of reform or improvement in marketing would meet agriculture's problem. To a greater degree than ever before, farm planners were coming to the conclusion that the means to solve the problems caused by the staggering surpluses was to reduce production. There was a sense of conditions so unusual and so extreme that remedies would have to be found in defiance of economic

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<sup>38</sup>Fite, Agriculture and Farm Policy, 13.

orthodoxy.

Guy A. Cardwell, agricultural and industrial agent for the Atlantic Coast Line Railroad Company, viewed the problem in a particular vein:

The South has inherited from slavery and has further developed a poor system of agriculture, the worst of any civilized country. Its excess of tenancy, its absentee land owners, its one crop-cash system, have in combination determined our present status. Continued degeneration can be forecast until the average farmer can earn a living wage. The merchandising and financial structure built on this system has shared in, and perpetuated what was harmful in the agricultural system. Our present troubles are due to the weakened base.<sup>39</sup>

Cardwell advocated an improved system of rural credits, particularly a rural credit system that would emancipate tenants from dependence upon the supply-merchant. The European credit union was an idea that he hoped would develop in the United States. Written contracts and long term leases were to supersede the usual oral contract and one-year lease. These proposals were backed with reference to the more direct aid to tenants of the sort employed in Denmark, England, New Zealand, and other nations.<sup>40</sup> Unfortunately, Cardwell's sensitivity on the tenancy issue was a virtually isolated "cry from the wilderness." Educated farm leaders who were frustrated to a sufficient

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<sup>39</sup>Guy A. Cardwell, "Strengthen Base Cardwell Advises," Morning Star, January 30, 1933, 5.

<sup>40</sup>Guy A. Cardwell, "Strengthen Base Cardwell Advises," Morning Star, January 30, 1933, 5.

degree to air their feelings had little or no thought to those of another economic sphere. There was an enormous amount of expressed concern over the plight of the agriculturalist in North Carolina; however, prior to 1933, there was a noted absence of solicitude with regard specifically to the tenant.

Of all farm proposals for relief, however, the most important was the "Domestic Allotment Plan." This method as formulated by United States Department of Agriculture economist W. J. Spillman and as modified and repropoed by John D. Black, Harvard University; Beardsley Ruml and Laura Spelman, Rockefeller Foundation; and by M. L. Wilson, Montana State College, grew in support throughout 1931-32 and in fact formed the base of the Agricultural Adjustment Act of 1933.<sup>41</sup> The plan was designed to encourage farmers confronted with shrinking demands to reduce their production. Specifically the plan provided for giving farmers a higher price on that portion of their crop sold in the domestic market in return for signing contracts limiting acreage. The farmers' benefits on products sold domestically were to approximate the amount of the tariff. This proposal failed to result in specific legislation in 1932 primarily because President Hoover opposed this solution to the problem (the Act of 1929 had been successfully passed due not so much to

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<sup>41</sup>Fite, Agriculture and Farm Policy, 14.

pressure from farmers as from Presidential approval). Nevertheless, the hard-core of farm leaders, George N. Peek, Chester Davis, M. L. Wilson, et al, continued to push for some sort of agricultural relief.

The successful candidate in the Presidential election of 1932, Franklin D. Roosevelt, emphasized the growing need for farm legislation.<sup>42</sup> During the lame-duck session of Congress which met after the election, friends of agriculture in Congress made further efforts to pass helpful legislation, but the strong likelihood that President Hoover would provide a veto destroyed plans for that session. Other obstacles were a lack of agreement among farm leaders and agricultural experts on what should be done, the refusal of the President-elect to reveal his specific intentions until entering office, and the fact that the Senate could not make reasonable progress until certain members left office.<sup>43</sup>

North Carolina farm leaders, tenants, congressmen, editors, and other interested parties contributed their share to the proposals before Congress and to the general air of discontent. This "share" was often in the form of complaint, of grievance, of dissent and frequently was in the negative; although, there were positive contributions

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<sup>42</sup>James A. Hagerty, "Roosevelt Maps Farm Relief Program," New York Times, September 15, 1932, 1.

<sup>43</sup>Editorial, New York Times, March 5, 1933, 3.

as well.

The Progressive Farmer, an agricultural journal for several southern states, was an instrumental voice of protest of the plight of the farmer. The editor, Dr. Clarence Poe of Raleigh, published an "open letter" to the new President and to the seventy-third Congress:

You were not chosen to run the Federal government.  
You were chosen to end the depression.

What a spectacle it is when in the same hour millions on farms lose their homes for lack of food markets! When millions both on farms and in towns wear rags--and yet cotton growers cannot find a market for raw cotton, or cotton mills for cotton goods! When millions of American families need better homes, with paint and power and plumbing and other conveniences--and yet industrial workers who would gladly produce all these things are idle for the lack of 'demand'--and must be supported in soul scarring idleness by public charity instead of maintaining themselves in dignity through useful labor.<sup>44</sup>

The Raleigh News and Observer echoed similar, though more optimistic sentiments.

Especially should farmers come to the President's help now. For the first time in American history a representative of agriculture--Dr. George F. Warren of Cornell--has been called on to help shape the country's financial policies so as to give farming a square deal. For the first time in American history a man whose interests are primarily agricultural--Henry Morgenthau has been put in control of the United States Treasury Department.<sup>45</sup>

This optimism expressed by the News and Observer was

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<sup>44</sup>Clarence Poe, "Interpreting the World's News," The Progressive Farmer, February, 1933, 3.

<sup>45</sup>Editorial, "Help Roosevelt in His Farm Fight," News and Observer (Raleigh), December 3, 1933, 3, herein-after referred to as News and Observer.



not shared by the governor of the state, John Christoph Blucher Ehringhaus, who knew only too well the desperate situation facing the farmers of the state. On October 6, 1933, the governor sent the following telegram to President Roosevelt:

Near one-half the crop now marketed at prices far below parity and the markets have been open two full marketing weeks in daily expectation of promised governmental action and devoted to you and none in greater need of your assistance. If our government fails to comply with pledge of parity for this crop there will be no chance for success in further crop reduction campaigns and in my judgement whole agricultural restoration efforts will collapse. Burdened as you are I venture to suggest that there is more of hope for government success in this venture and more of danger and utter defeat in any pending governmental enterprise. I beg that immediate steps be taken to see that parity is obtained. This crop must not be sacrificed.<sup>46</sup>

Thus, it is evident that the new President received both encouragement and political pressure to alleviate the depression in agriculture. North Carolinians in government, as well as the most seriously affected tenant, looked to Franklin Roosevelt for a solution.

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<sup>46</sup>Telegram, J. C. B. Ehringhaus, Governor of North Carolina to President Roosevelt, October 6, 1933, Dr. 115 (Tobacco), N.A., R.G. 145.

## CHAPTER II

### THE STRUGGLE FOR DOMESTIC ALLOTMENT

Following the nation's approval of Franklin Delano Roosevelt as President in 1932, friends of agriculture in Congress made further efforts to pass helpful legislation through the lame-duck session which met after the election. The President provided encouragement with speeches that emphasized the growing need for farm legislation. North Carolina farm leaders, tenants, editors, state officials, businessmen, and others contributed their "share" to the proposals before Congress. Lobbying and political pressure took place not only in the committee hearings in Washington, but at the state level as well and Tarheel representatives, senators, governor, and other officials were hardly immune to the views and persuasions of their constituents.

Representative John H. Kerr of the second district was "set upon" by the manufacturing interests of the state. He received numerous letters from the Erwin Cotton Mills Company of Durham and its president, K. P. Lewis, that pointedly opposed the domestic allotment plan. The flood of letters opposing the measure continued from January 5, 1933 to April 6, 1933.<sup>1</sup> M. F. Bond, Jr., secretary-treasurer

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<sup>1</sup>Letters, K. P. Lewis to John H. Kerr, January 5, 1933 to April 6, 1933, University of North Carolina, Southern Historical Collection, John H. Kerr Papers, hereinafter referred to as Kerr Papers.

of the Albemarle Peanut Company expressed a similar industrial view in correspondence with Kerr,<sup>2</sup> and Charles Cannon, representing the North Carolina Manufacturing Association opposed the tax on manufacturers and penned the following to Congressman Kerr:

The proposed Farm Relief Measure that is now being considered by Congress which is also referred to as the Harriman Plan and more frequently referred to as the Domestic Allotment Plan is a very dangerous piece of legislation, we think for the farmers and for our entire state with reference to cotton.<sup>3</sup>

The "large cotton men" and manufacturers made similar demands that Congressman Lindsay C. Warren of the first district oppose the domestic allotment plan. They were, almost without exception, the only Tarheels to voice that opposition to Warren. Warren presided over the House for seven days in February during consideration of the bill and "was in a position to find out a great deal about it and realize how greatly it would help."<sup>4</sup> From Pitt County alone, Warren received over one hundred letters from farmers expressing their thanks for his activity on behalf of the plan. The exceptions alluded to previously included nine telegrams from Greenville that urged Warren to oppose the domestic

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<sup>2</sup>Letter, M. F. Bond to John H. Kerr, May 30, 1933, Kerr Papers.

<sup>3</sup>Letter, Charles A. Cannon to M. N. L. Stedman, December 5, 1932, Kerr Papers.

<sup>4</sup>Letter, Lindsay C. Warren to Frank M. Wooten, Sr., February 21, 1933, East Carolina University, Manuscript Collection, Frank M. Wooten, Sr. Papers, hereinafter referred to as Wooten Papers.

allotment plan. These telegrams were all worded alike and all received on the same day. Warren made this clear in a letter to Judge Frank Wooten, Sr., a landed farmer and respected judge of Pitt County Court, and also a constituent and one of the authors of the propaganda telegrams:

In answering the telegrams from Greenville, I perhaps did not fully convey the idea I intended. On the same day, I received those from Greenville an immense propaganda was being carried on all over the South, and practically all of the telegrams to members of Congress were worded alike.<sup>5</sup>

Apparently, the business interests in the state, as well as throughout the South, feared that their own influence might fall short and thus persuaded various large farmers to dissuade their representatives from support of the plan.

Judge Wooten admitted:

I am guilty of an act that falls within that term [propaganda]. I was persuaded by a cotton dealer to sign the telegram you received. Also I must admit I do not know the relative value of the Allotment measure and the Smith measure.<sup>6</sup>

Wooten was sufficiently honest to admit his hasty unsubstantiated action to Representative Warren. Thus, it would appear that there was an organized movement by business and industry to persuade farmers to send telegrams to their congressmen.

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<sup>5</sup>Letter, Lindsay C. Warren to Frank M. Wooten, Sr., February 4, 1933, Wooten Papers.

<sup>6</sup>Letter, Frank M. Wooten, Sr. to Lindsay C. Warren, February 23, 1933, Wooten Papers. The Smith plan was an alternate proposal with greater benefit for the manufacturer.

Judge Wooten was genuinely concerned with the agricultural situation and offered numerous suggestions to North Carolina's congressmen. One of these was a rather extreme proposal made to Senator Josiah W. Bailey:

The remedy I see is radical. It is: our national government declare a definite amount of cotton of a given grade equal in value to one dollar in gold. The same as to wheat, and the same as to beef. But no one is now willing to listen to that degree of reason, so the remedy is not within my vision.<sup>7</sup>

Senator Bailey was probably the recipient of more farm related correspondence than were any of his colleagues from North Carolina, and this correspondence reflected the opinions of hundreds of Tarheels regarding a farm relief measure. There was an almost solid front presented by business and industry in opposition to the domestic allotment proposal. The Shelby Cotton Mills referred to the plan as "very dangerous and respectfully request thorough investigation and opposition to legislation of this type or similar plans."<sup>8</sup> The Charles T. Brown & Company cotton mills expressed their views on the bill: "Judging from what I have heard of this bill it will undoubtedly bring about a worse situation than anything done

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<sup>7</sup>Letter, Frank M. Wooten, Sr. to Josiah W. Bailey, April 12, 1933, Wooten Papers.

<sup>8</sup>Letter, Shelby Cotton Mills to Josiah W. Bailey, December 2, 1932, Duke University, Manuscript Collection, Josiah W. Bailey Papers, hereinafter referred to as Bailey Papers.

by the Farm Board, as bad as they have been."<sup>9</sup> Industry's general "hands off" attitude concerning government and agriculture reached extremes in some instances. The Johnson Cotton Company of Dunn expressed opposition to co-operatives and urged Bailey to move to prevent the farm board from financing co-operatives.<sup>10</sup>

The number of mills and industries expressing opposition to the allotment bill was staggering,<sup>11</sup> and the most frequent specific objection to the domestic allotment bill was that dealing with the tax to be paid by the manufacturer. Leading critics of this essential aspect of the bill were C. E. Hutchinson of American Yarn and Processing Company<sup>12</sup> and E. E. Groves of the Groves Thread Company.<sup>13</sup> Another frequent grievance was of the "dire" circumstances facing cotton manufacturers in the state:

Prices at which textile products are sold at the present time are in some cases right at cost and in a great many other cases below cost of production. A great many spinners, weavers, and

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<sup>9</sup>Letter, Charles T. Brown & Co. to Josiah W. Bailey, December 1, 1932, Bailey Papers.

<sup>10</sup>Letter, Johnson Cotton Company to Josiah W. Bailey, May 18, 1932, Bailey Papers.

<sup>11</sup>See appendix.

<sup>12</sup>Letter, C. E. Hutchinson to Josiah W. Bailey, December 17, 1932, Bailey Papers.

<sup>13</sup>Letter, E. E. Groves to Josiah W. Bailey, December 9, 1932, Bailey Papers.

other manufacturers of textile products at the present time are operating at a loss.<sup>14</sup>

In our estimation this plan will practically ruin a great many cotton mills in this section, most of which have been losing money for the last several years, and this would be the last straw.<sup>15</sup>

The "dire circumstances" referred to by Groves, Cannon, and many other cotton manufacturers were not reflected by United States census figures. In the nation, the number of textile establishments declined from 6,111 in 1931 to 5,647 in 1933; and their profits, from \$1,469,275,131 to \$1,285,070,717. In North Carolina, textile mills actually increased both in number and profits as the following table indicates:<sup>16</sup>

Textile Industry	Year	No. of establishments	Value added by manufacture <sup>17</sup>
Dyeing and Finishing Goods	1933	24	\$5,589,000
	1931	17	5,341,000
Cordage and Twine	1933	11	1,806,000
	1931	11	1,498,000

<sup>14</sup>Letter, H. H. Groves to Josiah W. Bailey, December 13, 1932, Bailey Papers.

<sup>15</sup>Letter, J. Harvey White to Josiah W. Bailey, December 21, 1932, Bailey Papers.

<sup>16</sup>United States Department of Commerce, Bureau of the Census, Biennial Census of Manufacturers, 1933. (Washington: United States Government Printing Office, 1936), 132-200, hereinafter referred to as Census Bureau, Census of Manufacturers, 1933.

<sup>17</sup>Value added by manufacture was the increment created by the manufacturing processes. It is calculated by deducting the cost of materials, containers, fuel, and purchased electrical energy used from the value of the products.

Cotton Goods	1933	289	82,275,000
	1931	304	80,313,000
Cotton Small Wares	1933	8	505,000
	1931	6	417,000
Knit Goods	1933	156	33,316,000
	1931	141	33,281,000

Congressmen also received a few protests of the domestic allotment plan from labor in the state. Senator Bailey received the following from Cartex Mills, Incorporated of Salisbury: "The several hundred operatives in this plant who have chosen you as their voice in Congress join with me [F. B. Gardner] in requesting that you not only do not support this plan, but that you actively exercise your energies and influence to prevent its enactment."<sup>18</sup> However, many of these letters were not what they appeared to be on the surface. For example, the aforementioned F. B. Gardner was the president of Cartex Mills. Was Gardner speaking for "several hundred operatives," or as president of Cartex Mills: Did labor raise its voice or did management speak for labor? The answer, or a partial answer at least, can be drawn from the following statement by Ellison A. Smyth, president of Balfour Mills:

We have today posted notices in the mill, warning our employees to save every penny as we feared 'rainy Days' were approaching, for if the Domestic Allotment Plan is ever enacted into law it will cause the

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<sup>18</sup>Letter, F. B. Gardner to Josiah W. Bailey, December 22, 1932, Bailey Papers.



curtailment of cotton mill corporation. . . .<sup>19</sup>

Indeed, a letter was sent to Senator Bailey by some fifty workers of Balfour Mills in an attempt to dissuade him from support of the plan.<sup>20</sup> This "persuasion" leads to speculation about coercion by mill owners. Even such a knowledgeable person as Judge Wooten fell victim to "persuasion," and mill workers were in a much more vulnerable position.

In spite of what might appear to be substantial criticism of the plan, the majority of North Carolinians ardently supported the measure. Perhaps, the feelings of most were best phrased by a Wilmington grocer: "In my opinion, the Secretary's suggestion is the only immediately available as well as initial step in restoring agricultural prices, and as such is worth more than any measure of agricultural relief so far proposed."<sup>21</sup> From a cross-section of socio-economic groups came support and encouragement for Secretary of Agriculture, Henry A. Wallace, and the administration's domestic allotment plan. From the "top" came support of Governor J. C. B. Ehringhaus, who encouraged

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<sup>19</sup>Letter, Ellison A. Smyth to Josiah W. Bailey, January 5, 1933, Bailey Papers.

<sup>20</sup>Letter, T. J. Smith et al to Josiah W. Bailey, January 2, 1933, Bailey Papers.

<sup>21</sup>Letter, J. A. Taylor to J. C. B. Ehringhaus, February 6, 1933, North Carolina Department of Archives and History, Governor's Papers (J. C. B. Ehringhaus), hereinafter referred to as Ehringhaus Papers.

unity behind the measure as the hope for the future:

While it is not in every way satisfactory it does offer the farmers a chance to get together and boost the price. No man is asked to reduce his cotton planting without compensation. I have thought best under the circumstances to enter into this arrangement so far as the state farms are concerned. Certainly disagreements about methods will do little good now.<sup>22</sup>

Even the manufacturers and dealers found dissidents within ranks. A. R. McEachern of St. Pauls Cotton Mills vehemently attacked his fellows:

These organizations [Association of Cotton Textile Merchants of New York, and Textile Institute of New York City] together with many of the larger cotton mills throughout the country, seem to be trying to make Congress believe, and the public believe that if cotton would go to 12¢, which would be around actual cost, that the consumer would have to pay from 30 to 60 per cent on the finished garment. There are absolutely no grounds for such calculations. We cannot come from under this depression until farmers get at least cost for what they produce and laborers get something near a living wage.<sup>23</sup>

A manufacturer who attempted to reveal the self-interests of his associates in their opposition was rare, indeed. However, criticism of the "green-grabbing manufacturer" was more frequent among those suffering from the rise in manufacturer's profits. W. T. Lauten, a farmer of Madison, expressed his disgust as follows:

What benefit is it to the farmer for the govern-

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<sup>22</sup>J. C. B. Ehringhaus to C. C. Seagraves, June 26, 1933, Ehringhaus Papers.

<sup>23</sup>Letter, A. R. McEachern to Josiah W. Bailey, January 16, 1933, Bailey Papers.

ment to lend him money for the purpose of producing a crop of tobacco and then have laws that allow a half dozen big companies to take the crop at their own price. If he can't get a little more than enough for his crop to pay the loan, why then he has just worked for exercise and the pleasure of seeing his crop grow.<sup>24</sup>

Joseph Dawson, an attorney of Kinston, complained specifically about the injustices perpetuated by R. J. Reynolds, Liggett and Myers, and the American Tobacco Company. His expressed concern was for the small farmer who "works his children to death in raising a crop," and who "may pay out at the end of the season but has nothing left as a surplus to educate or buy the necessities for his family."<sup>25</sup> Joseph Meyer of Enfield expressed concern for those most affected by the cotton prices--the pickers. While some provision had been made for labor to allow a minimum salary of \$10.00 per week with maximum hours, there existed no protection for the cotton picker:

If we plow up several million acres of cotton that means we will be doing away with several million days of work for the poor white and colored pickers of the South.

The distress among this class of people and the terrible reduction for their services, is going to tempt some mean landlords and cotton planters to pay very low prices for picking cotton.<sup>26</sup>

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<sup>24</sup>Letter, W. T. Lauten to Josiah W. Bailey, January 9, 1933, Bailey Papers.

<sup>25</sup>Letter, Joseph Dawson to Secretary of Agriculture, July 26, 1933, Tobacco Papers, N.A., R.G. 145.

<sup>26</sup>Letter, Joseph Meyer to J. C. B. Ehringhaus, July 11, 1933, Ehringhaus Papers.

Thousands of farmers, tenants, and other "plain folk" across the state voiced their hearty encouragement to a plan which offered hope to those who had the greatest need for it. Small farmers, tenants, day laborers, shopkeepers, small businessmen, artisans, and others wrote thousands of supporting letters to North Carolina congressmen and state officials.

In 1932 the hearings before the Committee on Agriculture of the House of Representatives provided a forum for several concerned North Carolinians who supplied further information about the plight of the farmer. The committee also supplied information from various sources which revealed the depth of the farm problem.

Opening statements at the hearings were made by Mordecai Ezekiel, economic adviser to Secretary of Agriculture Henry A. Wallace. Ezekiel had recently been the assistant chief economist for the Federal Farm Board (1930-1933) and was a leading advocate of domestic allotment.<sup>27</sup> His statistics revealed that from 1929 to 1932, the cash income of non-farm persons in the nation declined by 39 per cent. However, during the same period the gross income of farmers according to figures provided by the United States Department of Agriculture, declined by 57 per cent, while the

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<sup>27</sup>Mordecai Ezekiel, ed., Towards World Prosperity (New York: Harper & Brothers, 1947), vii.

prices of the goods they purchased declined by only 28 per cent. As a result of the greater decline in their net incomes than in the prices they paid, farmers were able to buy, during 1932, only 60 per cent as much of the goods and services which city workers produced as they bought during 1929. Not only was the buying power of farmers themselves affected, but the reduced farm income also had impact on that of all persons whose income was directly dependent on the income of farmers. Thus, those affected included merchants, small town artisans, doctors, railroad employees on lines serving principally farming territory, and city dwellers in many instances.<sup>28</sup>

According to the 1930 census, 44 per cent of the country's entire population was living on farms or in small rural communities of less than 2500 population. Thus, it was evident that a substantial portion of the population had its buying power sharply reduced from 1929 to 1932, with those engaged solely as farmers receiving a cut in their purchasing power of 40 per cent.<sup>29</sup>

U. Benton Blalock of Raleigh, president of the American Cotton Cooperative Association, added his personal

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<sup>28</sup>U. S. Congress, House Agriculture Committee, Agricultural Adjustment Relief Plan, Hearings, 72nd Congress, 2nd Session, Serial M, Appendix, DCXLI, 359 (1932), hereinafter referred to as Hearings, House Agriculture Committee.

<sup>29</sup>Hearings, House Agriculture Committee, 72nd Congress, 2nd Session, Serial M, DCXLI, 305 (1932).

view as well as voiced the opinion of the Association toward the proposed version of the domestic allotment plan:

Some four and five years ago we were selling around a 14,000,000 to 14,500,000 bale crop of cotton at approximately one and one-half million dollars; and the cotton producers (including landlords, tenants, and laborers) were beginning to enjoy what might be termed a fair standard of living; but this annual income from cotton production and our standard of living has been on a gradual decline for the past several years; and last year, 1931, we sold our second largest crop of 17,000,000 bales for probably less than \$500,000,000; and this year's crop, 1932, of nearly 13,000,000 bales, will sell for less than \$400,000,000, or just about one-fourth of what our income was four and five years ago.

It is therefore self-evident that there can be no return of prosperity to the South in even a small degree as long as conditions like this exist.

The price being paid for farm labor today in the South is about 40 cents per day, and rarely in any instance is it more than 50 cents per day. One of the largest cotton farmers in my state said to me just recently he was only paying 35 cents per day, and it is quite difficult for farm labor to find employment even at these scanty wages during the winter months. Nor can the landlords be censured for this extreme poverty for many of them are losing their homes under these conditions. We are all in the same boat.<sup>30</sup>

We believe that so far as cotton is concerned the plan can be very efficiently and economically administered.<sup>31</sup>

Certainly Blalock's discourse had its effect on those present for he spoke as a prominent cotton farmer and as

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<sup>30</sup>Hearings, House Agriculture Committee, 72nd Congress, 2nd Session, Serial M, DCXLI, 306 (1932).

<sup>31</sup>Hearings, House Agriculture Committee, 72nd Congress, 2nd Session, Serial M, DCXLI, 308 (1932).

the president of the largest cotton association in the nation. Similar statements of approval of the basic idea of the domestic allotment plan were aired by Clarence Poe, Raleigh farmer and president and editor of The Progressive Farmer, a southern journal.<sup>32</sup> Before the Senate Committee on Agriculture, Poe made the following proposal in order to offset predicted opposition from segments of the populace that opposed benefits for wealthy upper class farmers:

On the other hand, if, instead of making the tariff a benefit or the domestic allotment certificate applicable on all quantities of farm products raised by any producer, we could adopt a graduated scale that would give the full benefit to the small farmer and then in decreasing proportions to the larger farmer, and thereby establish the principle that we are proposing to do for agriculture just what this country has for a generation been committed to the idea of doing for industrial workers; that is to say, to maintain an American standard of living for the farmer, without giving undue profits to large producers, then that opposition would be largely done away with, in my opinion.<sup>33</sup>

Clarence Poe was a successful farmer and editor but he was speaking for the smaller and middle class farmers. His proposal amounted to a "graduated scale" of benefits to the farmer, with the greatest benefits to those with greatest need--tenants excluded. He also believed that "public opinion would be far more inclined to support a measure that gave

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<sup>32</sup>U. S. Congress, Senate Committee on Agriculture and Forestry, Agricultural Adjustment Relief Plan, Hearings, 72nd Congress, 2nd Session, CDW, 139-142 (1933), hereinafter referred to as Hearings, Senate Committee on Agriculture and Forestry.

<sup>33</sup>Hearings, Senate Committee on Agriculture and Forestry, 72nd Congress, 2nd Session, CDIV, 139 (1933).

the benefits to the small producer and did not in any way tax the public for the benefit of very large growers of these products."<sup>34</sup> Senator John Bankhead of Alabama, a member of the committee, responded by challenging the constitutionality of the proposal under the requirement of uniformity of taxation.<sup>35</sup> The proposal was never adopted; moreover, there were other witnesses from the Tarheel state who possibly negated the views of Poe and Blalock.

In the House committee, for example, Charles A. Cannon of Concord, president of the North Carolina Manufacturing Association and president of the Cannon Mills Company, presented the view largely held by the cotton manufacturers and associated businessmen:

Every bale of cotton consumed in American mills gives employment, purchasing power to textile operatives, increased railroad revenue, and employment not only on the cotton but on all supplies for the mills and their employees, including coal, dyestuff, starch, chemicals, and all articles used by the mills. The freight on finished goods is just as important to the railroad as the freight on raw materials and supplies.

Many counties in the cotton-producing area receive a large part of their tax from the railroads. If American cotton consumption is decreased it will be a severe loss in revenue to the railroads and might cause serious financial difficulty which would in turn cause many counties embarrassment on account of their bonds, school, and all county payments. Any condition that will decrease the manufacture and distribution of

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<sup>34</sup>Hearings, Senate Committee on Agriculture and Forestry, 72nd Congress, 2nd Session, CDW, 140 (1933).

<sup>35</sup>Hearings, Senate Committee on Agriculture and Forestry, 72nd Congress, 2nd Session, CDW, 141 (1933).



cotton goods in this county will have a far reaching effect on the entire population of a large section of this country.<sup>36</sup>

It was obvious from this and other statements made by Cannon that his main concern was not the plight of agriculture, but the possibility of reduced profits that the bill might bring to his and other cotton manufacturing companies. Cannon's concern was not to secure a better proposal, but none at all. His purpose at the hearing was to forestall or prevent the passage of a domestic allotment plan. When questioned categorically by the chairman of the committee if it were true that he offered nothing but despair to the situation. Cannon answered in the affirmative.<sup>37</sup> Cannon was speaking as the president of the North Carolina Manufacturing Association and as the "guest" of Representative Robert L. Doughton of North Carolina.<sup>38</sup>

Cannon's views were paralleled in Senate committee by Julius W. Cone of Greensboro who represented the cotton manufacturing business and the cotton commission business. Cone was present at the invitation of Tarheel Senator Robert Rice Reynolds. He attacked the bill as a disaster for the manufacturer who would suffer economically and who would of

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<sup>36</sup>Hearings, House Agriculture Committee, 72nd Congress, 2nd Session, Serial M, DCXLI, 68 (1932).

<sup>37</sup>Hearings, House Agriculture Committee, 72nd Congress, 2nd Session, Serial M, DCXLI, 70 (1932).

<sup>38</sup>Hearings, House Agriculture Committee, 72nd Congress, 2nd Session, Serial M, DCXLI, 66 (1932).

course have to pass along his "suffering" to the working people. When challenged by Senator Bankhead, he could not show just how he would suffer from the proposal. Cone's most strenuous objections were to the excise tax on cotton which was to be paid by the manufacturer and passed on to the farmer who reduced his acreage.<sup>39</sup> He also read into the committee record a letter written by his brother, Bernard M. Cone, the president of the Proximity Manufacturing Company of Greensboro, and the following segment indicated the objections of the Cones to the measure:

As you undoubtedly know, the cotton mills have been suffering as hard a time during this depression as anybody else. They have been glad to sell cloth at cost or even below cost just to keep their organization together, giving their operatives an opportunity to earn a living and tide things over to a hoped-for return of prosperous times.<sup>40</sup>

The unfortunate result of these committee hearings was that the Cone-Cannon views of the agricultural situation prevailed. The net result of the 2nd session of the 72nd Congress regarding agriculture was no farm legislation and no relief. However, the situation was far too grave for interment and when the 73rd Congress opened, the farmers and their friends renewed their drive for federal legislation to relieve their desperate plight. U. Benton Blalock was

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<sup>39</sup>Hearings, Senate Committee on Agriculture and Forestry, 72nd Congress, 2nd Session, CDIV, 450-454 (1933).

<sup>40</sup>Hearings, Senate Committee on Agriculture and Forestry, 72nd Congress, 2nd Session, CDIV, 453 (1933).

again "on hand" to deliver a plea for the domestic allotment plan, specifically for House Bill 3835. As representative of the Cotton Association, Blalock delivered the following endorsement:

As an organization the American Cotton Cooperative Association is favoring the House agricultural bill for the following reasons: First, we believe it will not only be a real benefit to our more than 248,000 members of our association but it will be equally beneficial to all cotton producers. We stand for a speedy enactment into law of the bill because our planting season is now upon us, having already started in the lower part of the belt, and unless something is done to help us control acreage, we are threatened with a substantial increase in acreage over last year's acreage.

We are backing this agricultural program because it is the agreed upon proposal of nearly all of the farm organizations and cooperative associations. We need a general agricultural bill, flexible enough to handle all basic commodities. A plan that will work on one commodity successfully might not work so successfully on another, but we cannot stop here, however. If we are to look to the rehabilitating of American agriculture as a way out of this general business depression, the farm-mortgage debt of this nation must be refinanced on a lower interest rate and easier payments, and the almighty-sacred gold dollar that this nation has worshipped so long and so devoutly must come down off its high pedestal or some other change made in our monetary system. It is absolutely unfair and impossible to expect the farmers of this nation to meet their mortgage indebtedness and their tax payments so long as our American dollar can buy 4 or 5 times as much of the farmer's commodities as it did in normal times.<sup>41</sup>

The efforts of Blalock and others were not fruitless as the domestic allotment plan was adopted by the 73rd Congress.

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<sup>41</sup>U. S. Congress, Senate Committee on Agriculture and Forestry, Agricultural Adjustment Relief Plan, Hearings, 73rd Congress, 1st Session, CDXXI, 274-275 (1933).

North Carolina's representatives voted in the following manner on the House domestic allotment plan:

Yeas	Nays
Lindsay Carter Warren - 1st District	
John H. Kerr - 2nd District	
Charles L. Abernathy - 3rd District	
Edward William Pou - 4th District	
Franklin W. Hancock, Jr. - 5th District	
William B. Umstead - 6th District	
Jerome B. Clark - 7th District	
John Walter Lambeth - 8th District	
Robert Lee Doughton - 9th District	
Alfred Lee Bulwinkle - 10th District	
Zebulon Weaver - 11th District <sup>42</sup>	

The total House vote on the plan was 315 favoring, 98 opposing, 17 not voting, and 1 answering present. There were 8 pairs.<sup>43</sup> An affirming vote was also cast in the Senate by Robert Rice Reynolds, leaving Senator Josiah W. Bailey as North Carolina's lone dissenting member of Congress.<sup>44</sup> The vote in the Senate took place on April 28. On the final vote, the bill passed sixty-four to twenty, with eleven not voting. There were five pairs which would have meant five more votes for each side had the votes been cast. Sixteen Republicans, in the main from New England, voted against the bill, and they were joined by only four

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<sup>42</sup>United States Congressional Record, 73rd Congress, 1st Session, 1933, LXXVII, Part 1, 766.

<sup>43</sup>United States Congressional Record, 73rd Congress, 1st Session, 1933, LXXVII, Part 1, 766.

<sup>44</sup>United States Congressional Record, 73rd Congress, 1st Session, 1933, LXXVII, Part III, 2551-2552.

Democrats. Senator Bailey was one of the four.<sup>45</sup>

Senator Bailey was the only Tarheel congressman to express in congressional session his views on the bill. On April 18, 1933 he spoke in opposition to the bill.<sup>46</sup> Although North Carolina's twelve other congressmen voted for the measure, they did not formally verbalize their views in the halls of Congress, and not one of them was a member of the agricultural committee of either body.

Bailey's negative vote may have reflected the aforementioned "pressure" from manufacturers, but the volume of his correspondence favored the plan. It was "unusual" that so many manufacturers applied pressure upon Senator Bailey; in his election to the Senate in 1930, three-fourths of cotton manufacturers and a majority of the other prominent businessmen in the state supported his opponent. Certainly, businessmen were not responsible for the senator's election in 1930, and should not have expected successful political persuasion for that reason. Among prominent businessmen in the state only William N. Reynolds and Clay Williams of the Reynolds Tobacco Company could be considered past political supporters of Senator Bailey.<sup>47</sup>

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<sup>45</sup>United States Congressional Record, 73rd Congress, 1st Session, 1933, LXVII, Part III, 2552-2562.

<sup>46</sup>Letter, Washington Mills Company to Josiah W. Bailey, April 19, 1933, Bailey Papers.

<sup>47</sup>Elmer L. Puryear, Democratic Party Dissension in North Carolina, 1928-1936 (Chapel Hill, N. C.: University of North Carolina Press, 1962), 28-29.

The Senator's resolute opposition to the plan continued, nevertheless, from the early proposals in 1932 through his negative vote in 1933; and in fact, the first appearance of an altered viewpoint was in December, 1934--more than one and one-half years after passage of the bill.<sup>48</sup> Typical of Bailey's viewpoint was the following:

I believe we could find a much sounder way to assist the farmers and in fact I do not think that the plan will help the farmers in any way and will probably do them great injury.<sup>49</sup>

The defense of his vote provided by Bailey involved opposition to five main features of the bill:

(1) Tariff rates on certain articles higher than those of the Smoot-Hawley tariff; committing the nation irrevocably to the protective tariff; (2) sales taxes on necessities such as cotton goods, flour, and hog products; (3) processing taxes levied by the Secretary of Agriculture and appropriated for crop reduction with no recognition of the tax source; (4) the Secretary of Agriculture's power to fix prices of farm products and to penalize anyone paying less; and (5) the so-called Thomas Amendment, which provided three different methods of inflating the currency.<sup>50</sup>

Bailey's defense failed to pacify his constituents, who vigorously protested the stand in opposition to domestic allotment. The Senator's eighteenth and nineteenth century "liberal theories" of economics may have served him well

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<sup>48</sup>Letter, Josiah W. Bailey to D. J. Ray, December 3, 1934, Bailey Papers.

<sup>49</sup>Letter, Josiah W. Bailey to C. V. Garth, December 16, 1932, Bailey Papers.

<sup>50</sup>John R. Moore, Senator Josiah William Bailey of North Carolina (Durham, N. C.: Duke University Press, 1968), 95.

during the first three decades of the twentieth century, but they seriously limited his vision and response during the crisis brought on by the Great Depression.

Favorable support for the newly passed adjustment program came from the "big names" as well as from thousands of landed farmers, workers, and others. Clarence Poe urged support of the bill, but hoped that it might be amended to provide "relatively more benefits to small farmers, and relatively less to big-scale operators."<sup>51</sup> Hugh MacRae of Wilmington, real estate investor and proponent of some "radical" co-operative farming projects, gave the following endorsement:

It seems to me, therefore, that a law like the Domestic Allotment, which in reality is a tax on those who have pressed the farmer into his present condition, is essential in order to give him a new start. All it means is that the farmer will be guaranteed a fair wage until he can recover strength to meet some of his many problems. This is certainly in the interest of society as a whole.<sup>52</sup>

The North Carolina Federation of Women's Clubs endorsed the program.<sup>53</sup> Other notable "approvers" included U. B. Blalock;<sup>54</sup> C. G. Crockett, president of the Standard Fertil-

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<sup>51</sup>Letter, Clarence Poe to Josiah W. Bailey, February 7, 1933, Bailey Papers.

<sup>52</sup>Letter, Hugh MacRae to Josiah W. Bailey, January 14, 1933, Bailey Papers.

<sup>53</sup>Letter, Ethel Parker to Josiah W. Bailey, January 16, 1933, Bailey Papers.

<sup>54</sup>Letter, U. B. Blalock to Josiah W. Bailey, December 18, 1932, Bailey Papers.

izer Company;<sup>55</sup> and Governor Ehringhaus.<sup>56</sup>

The Agricultural Adjustment Act became law on May 12, 1933 when President Roosevelt signed the measure. Although the domestic allotment plan had long been advocated, what had been passed was, in fact, a hastily written experimental measure. Its objectives were not as radical as were the means to reach them. Passed overwhelmingly by a Congress which held its constitutionality suspect, the reason for the strong support was the utter desperation of the situation. Moreover, congressmen were under mounting public pressure to support the new President in the emergency. Thus, the Secretary of Agriculture received extreme discretionary, even lawmaking powers in the hope that he would be able to accomplish what Congress had been unable to do--achieve agricultural recovery.

North Carolinians had overwhelmingly supported the measure as was evidenced by their correspondence to their representatives in Congress. Only one Tarheel member of Congress, Senator Bailey, had voted in opposition to the bill. In the halls of Congress, however, North Carolina's congressmen were a "silent majority." The only speech made in reference to the proposed legislation was that of oppo-

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<sup>55</sup>Letter, C. G. Crockett to Josiah W. Bailey, January 16, 1933, Bailey Papers.

<sup>56</sup>Letter, J. C. B. Ehringhaus to Josiah W. Bailey, February 7, 1933, Bailey Papers.



sition voiced by Senator Bailey. Tarheel congressmen though in support of the measure, were notably absent from those active and vocal forces behind the Agricultural Adjustment Act.

### CHAPTER III

#### THE AGRICULTURAL ADJUSTMENT ACT IN NORTH CAROLINA

The Agricultural Adjustment Administration in North Carolina implemented reduction programs covering cotton, corn and hogs, tobacco, wheat, peanuts, and for a brief period, potatoes. The programs were complicated, variable, amended, and undemocratic. Nevertheless, landed farmers were profoundly affected by the programs and their economic status was altered to their benefit. Tenants, as revealed in a subsequent chapter, were also "profoundly affected."

The final version of the domestic allotment plan was a tripartite law in that its first twenty sections constituted the Agricultural Adjustment Act; the second twenty-one sections formulated the Emergency Farm Mortgage Act of 1933; and the final five sections granted to the President "extraordinary powers with respect to currency and credit."<sup>1</sup> The act itself did not provide for the administrative body, the Agricultural Adjustment Administration. This implementation agency was created in the Department of Agriculture by Secretary Wallace and President Roosevelt.<sup>2</sup>

The act embodied the belief that farmers were incapable of organizing themselves to secure their rights as effec-

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<sup>1</sup>Davis, Agricultural Policy, 229.

<sup>2</sup>Conrad, Forgotten Farmers, 37.

tively as were, for example, industrial workers, industrialists, or bankers. In a society becoming increasingly organized, this worked a growing hardship on farmers who would continue to hold "the short end of the stick" unless government stepped in to alleviate the conditions. Moreover, the act was probably in response to the view that the severe depression worked a peculiar burden upon farmers, as the prices of raw materials fell farthest and their debts and taxes remained fixed while their incomes declined. Contraction of production would not be a workable, feasible solution due to the nature of the produce. Additionally, agriculture in the thirties was regarded popularly as a fundamental industry to the nation; and farmers, as a class of particular and paramount importance to society.

The major objective of the act was to raise farm prices to parity. This was not, of course, to be achieved instantaneously, but "at as rapid a rate as it deemed feasible in view of the current consumptive demand in domestic and foreign markets."<sup>3</sup> The Secretary of Agriculture and the Administrator of the A.A.A., George N. Peek, were granted broad powers to raise farm prices by the reduction of output to produce a more beneficial relationship between production and demand. Farmers were not required to take land out of

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<sup>3</sup>Report, "Summary of Peanut Diversion and Adjustment Program," 1934, Box 53, N.A., R.G. 145.

production. The "enticement" of government payments was to be so strong as to result in the compliance of most farmers. In return for the reduction of active acreage, cash payments were to be made by the federal government. The money for these payments was to be provided by special taxes on packers, millers, and other processors of farm commodities. Crops covered by the original act of 1933 included wheat, cotton, corn and hogs, tobacco, dairy, rice and sugar, and the two open-ended categories of special crops and replacement crops.<sup>4</sup>

The A.A.A. worked with agencies already in existence in the Department of Agriculture. The Bureau of Agricultural Economics, which for several years had aided the Department through research and education, provided the A.A.A. with statistical information. The technical bureaus of the Department (Plant Industry, Animal Industry, and Division of Crop and Livestock Estimates) supplied their records and expert knowledge. The Administration sought the assistance of the Extension Service for field work, especially the county agents and teachers of vocational agriculture. The decision to employ county agents as local administrators reflected Wallace's determination not to build up a bureaucracy. The ideas of M. L. Wilson<sup>5</sup> regarding democratic local control were also

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<sup>4</sup>Conrad, Forgotten Farmers, 41.

<sup>5</sup>M. L. Wilson, the former Montana State College professor and formulator of the domestic allotment plan, served during the twenties as head of the Division of Farm Management in the Department of Agriculture.

adopted. Wallace decided to leave many decisions to county farm associations organized to handle problems and implementations at the local level. The idea of a local acreage reduction control committee was also developed, apparently independently, by H. G. Winslow, Clerk of Superior Court of Hertford, North Carolina; however, no evidence exists to connect this with its eventual implementation.<sup>6</sup>

State committees of A.A.A. or extension service employees would form the link between the county associations and Washington. Ideally, the county associations would become forums for farmers whose desires would eventually be transformed into programs in Washington. Although successful to some extent in the midwest, it met a noted lack of response in the South.<sup>7</sup>

What about tenants under the system employed by the Agricultural Adjustment Administration? A tenant was fortunate if he received any cash for the 1933 plow-up. The initial policy of paying all benefits to landlords allowed them to collect old debts before subsequently settling with tenants. This practice did not violate the 1933 contracts; in fact, the A.A.A. considered its responsibility to extend no further than to guarantee that the payments were applied

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<sup>6</sup>Letter, H. G. Winslow to Bailey, December 8, 1932, Bailey Papers, Box 118.

<sup>7</sup>Edwin Nourse, Joseph Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration (Washington: The Brookings Institute, 1937), 68-75.

to debts.<sup>8</sup> Even if the tenant were fortunate enough to receive his share in cash or in cancelled debts, he remained worse off than one whose landlord had not signed a 1933 contract. For example, the tenant on a contracted cotton farm received three cents per pound for cotton destroyed while the tenant of the non-contracting landlord received five cents if his cotton sold for the average price. Two cents per pound was a 40 per cent cut in the average income of the tenant's cotton crop.<sup>9</sup>

Tenant rights and privileges under the A.A.A. were virtually at the discretion of their landlords. It was usually by their landlords that they were informed of the reduction programs; if, in fact, they were informed at all. Moreover, landlords were able to alter the acreage and commodity farmed by tenant labor in order to better suit their privileges under the A.A.A. programs. Reports of these activities came in increasing numbers to the A.A.A. in 1934.

Report on W. C. Welch, tenant farmer of Stanley, N. C.

He was cropping nine acres of cotton last year (1933); was allowed only six this year (1934) and is required to put all six in corn.

Report of Tobe F. Jones, tenant farmer of Richlands, N. C.

Farm tenant says he has no land to farm. His

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<sup>8</sup>Report, Office file of Calvin B. Hoover, n.d., No. 2, N.A., R.G. 145.

<sup>9</sup>Arthur F. Raper, Preface to Peasantry (Chapel Hill, N. C.: University of North Carolina Press, 1936), 243-246, hereinafter referred to as Raper, Preface to Peasantry.

acreage has been cut down to  $2\frac{1}{2}$  acres where he has been having six, and if some adjustment is not made, he cannot support his family.<sup>10</sup>

There were other "signs" which revealed that landlords were violating the contracts by evicting tenants, converting them from tenants to wage hands, withholding benefit payments from them by various devices, and raising rents.

Owing to the increased number of unfavorable reports and due also to the work of Jerome Frank, Alger Hiss, D. P. Trent,<sup>11</sup> and other members of the Legal Division of the A.A.A., some improvements were made in 1934. Trent recommended that landlords be instructed that the function of the cotton program was to increase purchasing power for all farmers including tenants, and that landlords were not to apply tenants' parity payments toward old debts. Additionally, it was urged that payments be applied on current debts only by agreement with the tenants.<sup>12</sup> This proposal was later included in the A.A.A.'s instructions to landlords for distribution of parity payments.<sup>13</sup> Un-

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<sup>10</sup>Report, "Tenant Complaints," Office file of Calvin B. Hoover, April, 1934, No. 2, N.A., R.G. 145.

<sup>11</sup>D. P. Trent was appointed by Chester Davis as Assistant Director of the Commodities Division. Trent was concerned with the problems of tenants and endeavored to facilitate justice for them. Jerome Frank was Chief of the Legal Division. Alger Hiss was a lawyer for the Legal Division and together with Frank made numerous efforts to provide relief for tenant farmers.

<sup>12</sup>Memo, D. P. Trent to Mr. Bowen, November 8, 1934, Box 89, N.A., R.G. 145.

<sup>13</sup>U.S.D.A., Form No. Cotton 35A, November 26, 1934, Box 89, N.A., R.G. 145.

fortunately most of the efforts of the Legal Division on behalf of the tenants were opposed by other sections within the organization of the A.A.A., particularly the Cotton Section. For example, Hiss and Frank recommended that landlords be required to give a detailed account of their settlements with tenants.<sup>14</sup> This was opposed by the Cotton Section which was able to convince Chester Davis<sup>15</sup> and Wallace that its "shorter form" was adequate.<sup>16</sup>

In the finalized form of the certificate of compliance, the landlords were required to certify that in keeping with paragraph seven of the contract they "had reduced acreage ratably among tenants, that all tenants had been allowed to continue living in their houses rent-free for the year, that each tenant had been given the use of an adequate portion of the rented acres on which to grow food and feed, and that tenants were permitted reasonable use of work animals to farm the rented acres in exchange for labor."<sup>17</sup>

Exceptions to these provisions were to be noted by the land-

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<sup>14</sup>Memos, Jerome Frank and Alger Hiss to Secretary Wallace, November 1934, Boxes 89 and 90, N.A., R.G. 145.

<sup>15</sup>Chester Davis was a protege of George N. Peek in the fight for McNary-Haugen plans and was named by Peek as Chief of the Production Division of the A.A.A. in 1934. Davis was a consistent opponent of the Legal Division and their efforts to secure justice for sharecroppers.

<sup>16</sup>Memo, D. P. Trent to Chester Davis, November 12, 1934, Box 89, N.A., R.G. 145.

<sup>17</sup>Memo, Chester Davis to Wallace, November 22, 1934, Box 89, N.A., R.G. 145.



lord. County and community committees were to check all phases of compliance and to sign the certificate along with the landlord.<sup>18</sup> For the tenant, the composition of the committees was vital. As seen in a subsequent chapter, the committees were undemocratic and unrepresentative. The result of this controversy was that in spite of the A.A.A.'s good intentions, the withholding of tenant's parity payments by landlords, whether for debts or overt criminal fraud, was probably widespread. Chester Davis expressed the justification widely held within the A.A.A. when he stated that "the purpose of the A.A.A. was to deal with the acute agricultural emergency and not to solve a deep-seated social problem."<sup>19</sup>

The usual instructions which the county agent received for the composition of the aforementioned committees requested the selection of men of character and ability who were leaders in the county or community and in sympathy with the program. Many of the committeemen selected had formerly served on seed loan committees or had cooperated in the regular work of the agent. In four counties of North and South Carolina for which data are available, seven of the thirteen

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<sup>18</sup>Commodity contracts for 1934, Box 89, N.A., R.G. 145. The commodities of tobacco, cotton, and corn and hogs contained provisions for the signatures of landlords, tenants, and committees. Peanut and wheat contracts never provided for tenants, 1933-1936.

<sup>19</sup>Letter, Chester Davis to District Agents, May 5, 1934, Box 90, N.A., R.G. 145.

county committeemen had important business interests other than farming; one being a banker. The farmers usually were operators of relatively large farms and practically all landowners.<sup>20</sup>

The local committeemen selected were mostly farmers, usually with few business interests other than farming, and with less land on the average than the county committeemen. Few were tenants. The county agent and the county committee, and occasionally, the vocational agricultural teachers, jointly selected the local committeemen. Emergency agents had to depend more on the judgement of the county committees and others in the county than did the county agents regularly employed. In rare instances, the chairman of the local committee was allowed to select two other members to work with him. In a few other instances, some of the business groups, such as the bankers or members of the chambers of commerce, were requested to submit lists from which the county agent and the committee selected the local committeemen.<sup>21</sup>

When the system was employed in 1933, there were about 2,000,000 cotton farms, including tracts of land worked by

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<sup>20</sup>Henry I. Richards, Cotton Under the Agricultural Adjustment Act: Developments up to July, 1934 (Washington: The Brookings Institute, 1934), 19, hereinafter referred to as Richards, Cotton Under the A.A.A.

<sup>21</sup>Press release from United States Department of Agriculture Office of Information, July 17, 1934, N.A., R.G. 16.

share tenants and croppers who were eligible to enter into contracts.<sup>22</sup> About 50 per cent of such farms were covered. To be exact, there was a reduction of 10,487,991 acres by 1,032,133 producers.<sup>23</sup> In 1934, tracts of land worked by share tenants and croppers could not be covered by separate contracts, but had to be included in the contract of the owner or operator, which reduced the number of cotton farms for that year to 1,500,000. About 67 per cent of these farms were covered and 1,004,000 contracts were in force. In 1935, it was estimated that 1,300,000 contracts were in force covering 87 per cent of the 1,500,000 farms.<sup>24</sup>

In 1933, cotton producers plowed up 10,497,000 acres of growing cotton or about 26 per cent of the acreage in cultivation on July 1. In 1934, they rented 14,547,000 acres or 38.2 per cent of their base cotton acreage, with 45 per cent as the maximum an individual with a base of over 5 acres could rent. Forty per cent was the maximum for a county. In 1935, it was estimated that 14,000,000 acres were rented, amounting to about 33 per cent of the base, with 35 per cent as the maximum an individual with a

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<sup>22</sup>Record, Office file of Calvin B. Hoover, August 29, 1935, No. 13, N.A., R.G. 145.

<sup>23</sup>Memo, H. H. Schutz to Cully Cobb, March 31, 1934, Box 90, N.A., R.G. 145.

<sup>24</sup>Record, Office file of Calvin B. Hoover, August 29, 1935, No. 13, N.A., R.G. 145.

base of over 5 acres could rent.<sup>25</sup>

In 1933, cotton producers received \$175,500,000 in cash and cotton option benefit payments; in 1934, \$115,000,000 in rental and parity payments; and in 1935, \$125,000,000. The average value of a bale of lint cotton and the cotton seed in 1932 was \$37.42; in 1933, \$55.35; and in 1935, \$80.02.<sup>26</sup>

There were several problems to be worked out with the farmers in regards the cotton plow-up program. How would they be paid for plowing their cotton? How would the arrangements be made? What of compliance? Congress had provided a partial solution in that the A.A.A. included some special provisions concerning cotton. Resulting from the operation of the Farm Board and the Cotton Stabilization Corporation, there were already on hand millions of bales of cotton which the Act transferred to the control of the Secretary of Agriculture. The Act authorized Wallace to offer to sell this cotton to cotton farmers at a very low price in return for reducing their cotton acreage. For every pound of cotton a producer agreed by contract not to produce, the federal government, could sell him a pound of surplus cotton. The producer signing such a contract had the option

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<sup>25</sup>Record, Office file of Calvin B. Hoover, August 29, 1935, No. 13, N.A., R.G. 145.

<sup>26</sup>Record, Office file of Calvin B. Hoover, August 29, 1935, No. 13, N.A., R.G. 145.

of buying the cotton any time before January 1, 1934, at the average price paid by the government or of allowing the government to sell the cotton for him; in this case, he would receive only the profit from the sale. The producer was not liable for any loss if the sale price were less than the average price paid by the government.<sup>27</sup>

This plan was predicated on the economy of scarcity. The price of cotton would rise if the 1933 crop were appreciably reduced. Cotton farmers could purchase cotton from the government at less than what it would have cost them to raise it, and sell at the higher prices brought about by enforced scarcity. The leaders of the A.A.A. decided to offer, in addition to the cotton option plan, payment in cash to farmers who signed plow-up contracts if they so preferred.<sup>28</sup> The A.A.A. set the benefit payments for destruction of the cotton at \$7.00 to \$20.00 per acre, depending on the average yield of acres destroyed. If the farmer elected to be paid in cotton options, he received from \$6.00 to \$12.00 in cash per acre plus an option to buy an amount of cotton equal to that destroyed at six cents per pound. The government would sell the option cotton for the farmer at any date designated by him and turn over to him all money received in excess of

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<sup>27</sup>Conrad, Forgotten Farmers, 44.

<sup>28</sup>Interoffice memorandum, O. Johnston to Cully Cobb, August 20, 1933, Box 90, N.A., R.G. 145.

six cents per pound plus administrative costs. Specifically, these operations were handled by the Cotton Pool (a division of the A.A.A.) headed by Oscar Johnston, a former Mississippi planter.<sup>29</sup>

The cotton option plan was a much better scheme for the producer if he did not need all of the money immediately. Producers with tenants were in a favorable position to take advantage of the option plan because they needed no large outlay of cash to get their crop harvested, this being the responsibility of their tenants.

The Cotton Section of the Commodities Division of the A.A.A. was charged with planning and implementing the cotton plow-up. Head of the section was Cully Cobb, former editor of the Southern Ruralist and former Assistant Director of Extension in Mississippi. The fact that Cobb grew up on a cotton farm and spent much of his life as an agricultural leader and writer of service to North Carolina was undoubtedly of great importance in influencing state farmers to sign their cotton contracts.<sup>30</sup>

The first program launched in North Carolina was the cotton plow-up campaign in the summer of 1933. To explain the reasons for the removal of cotton from production, a

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<sup>29</sup>United States Department of Agriculture, Yearbook of Agriculture, 1934 (Washington: United States Government Printing Office, 1934) 1-6.

<sup>30</sup>Editorial, "We Lend Him to the Nation," The Progressive Farmer, July, 1933, 3.

series of educational meetings were held in communities across the state. One thousand meetings were held in North Carolina. Dean I. O. Schaub, Extension Director for North Carolina, observed that it was remarkable "how many growers understood the theory of destroying part of a crop. But a great many who did not understand were willing to sign plow-up agreements on faith alone."<sup>31</sup> However, there were surely many in the state of mind of those found in Georgia. In 1933, a Georgia cotton planter went out to his fields with his tenants to mark off the cotton to be destroyed. After working silently until the planter departed, the tenants sought shade to ponder the situation: "You know, I ain't never pulled up no cotton stalks befo', and somehow I don't like the idea." Another contributed, "I been feeling sorter funeral-like all afternoon." A third relieved the gloom somewhat with the following: "Let's swap work that day; you plow up mine, and I'll plow up yours!"<sup>32</sup>

In North Carolina, the county agents were responsible for much of the success of the plow-up campaign. The farmers had confidence in the agents and it was the agents who explained and urged participation in the measure. In a

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<sup>31</sup>Report of Cotton Campaign, Extension Service Annual Reports (North Carolina), Microfilm Roll No. 57 (1933), Micro Copy No. T-878, National Archives, 3-4, hereinafter referred to as Extension Service, N.A.

<sup>32</sup>Raper, Preface to Peasantry, 243-246.

"whirlwind sign-up campaign," 51,022 growers signed agreements to remove 229,487 acres from cultivation and reduce the year's crop by over 125,000 bales.<sup>33</sup> Hoke County growers expressed virtually unanimous support. Of 537 growers in the county, 482 signed and only one resolutely opposed the measure.<sup>34</sup>

For the reduction of acreage of approximately 40 per cent, the growers in the state received \$2,000,000 in rental payments and options on 107,355 bales of cotton held by the government. Further compensation from A.A.A. activities was found in the rise of cotton prices from 5 cents per pound to about 10 cents by the year's end.<sup>35</sup> Farmers once on the road to ruin were back on the road to solvency.

The success of the plow-up campaign paved the way for the wheat, tobacco, corn-hog, and additional cotton contract campaigns which were to follow. It had been proven that farmers could work together, when aided by their government, to adjust crop production and improve their living conditions. Approximately 64 per cent of the acreage was signed under cotton agreements and at least 98 per cent of the

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<sup>33</sup>Report of Cotton Campaign, Extension Service, Roll 57 (1933), N.A., 4.

<sup>34</sup>Letter, Paul A. Porter, Chief Press Section to Wallace, February 8, 1934, Box 89, N.A., R.G. 145.

<sup>35</sup>5.85¢ on July 3 to 11¢ by September according to statistics of B. Troy Ferguson, Extension Agent for Northwestern District.



eligible growers later signed the 1934-35 reduction contracts. Growers with only one or two acres were not considered eligible to sign contracts due to the economic difficulties of reducing their production 40 per cent.<sup>36</sup> E. W. Gaither, Southeastern District Agent for North Carolina, had the following comment on this problem: "However, it must be recognized that it is an almost impossible task to write a contract that will be fair to all farmers under all circumstances."<sup>37</sup>

The increase in the price of cotton, owing to the plow-up campaign, made it possible for many farmers to pay off old debts and reestablish a line of credit, and to enter a new year with renewed hope. However, in too many instances, there was evidence of "chiseling," which brought about the demand for compulsory compliance on the part of those who are willing "to play fair" and who desired protection against the fellow who would not "play fair."<sup>38</sup>

A particular problem to some North Carolina growers was related to the back debt situation. During preceding years, a large number of farms fell into the hands of lending agencies and had lain idle for the base periods.

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<sup>36</sup>Report of I. O. Schaub, Director, Extension Service, Roll 57 (1933), N.A., 4.

<sup>37</sup>Report of E. W. Gaither, District Agent, Extension Service, Roll 57 (1933), N.A., 6.

<sup>38</sup>Report of E. W. Gaither, District Agent, Extension Service, Roll 57 (1933), N.A., 6.

These farms, later purchased by farmers hoping to follow the same system of production as they did while they were tenants, had no base; consequently, the new landowners were not able to produce either cotton or tobacco under a government contract and therefore many had no cash income with which to make the payments on the purchased farms.<sup>39</sup>

Problems were many, but the program had made significant inroads into the agricultural depression--so said the extension agents. The 51,022 growers who agreed to the plow-up program also agreed to sign adjustment contracts covering their 1934 and 1935 crops. The contract sign-up campaign was conducted in January and February, 1934, with more than 72,000 growers coming into the adjustment program. With few exceptions, those who did not sign were small growers whose combined production was only a minor percentage of the state's cotton crop. In fact, the growers with only three or four acres in cotton were not asked to sign contracts. They were, in effect, asked to endure on their own abilities.<sup>40</sup>

Under the contracts, the landowners agreed to reduce their base acreage and production from 35 to 45 per cent,

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<sup>39</sup>Report of E. W. Gaither, District Agent, Extension Service, Roll 57 (1933), N.A., 7.

<sup>40</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 4.

for which they were to receive rental payments at the rate of 3.5 cents per pound on the average production of the land retired from cultivation. There was a maximum limit of \$18.00 an acre and a minimum of not less than 1 cent per pound on the domestic allotment of each farm. The domestic allotment was considered 40 per cent of the crop. The rental and parity payments received in 1934 amounted to \$6,521,997.00. Meanwhile, the price of cotton, which had been down to about 5.6 cents per pound, rose to almost 13 cents and the price of seed soared from 15 to 30 cents per bushel. Resultingly, the farmers' income from the sale of both lint and seed rose from \$23,423,000 in 1932 (before the program started) to \$50,993,000 in 1934.<sup>41</sup>

Largely in response to demand from cotton growers and others in the South, Congress on April 21, 1934 approved H. R. 8402, the Bankhead Cotton Control bill, providing in effect for compulsory control or restriction of cotton production through the use of the federal taxing power. The law proposed to limit the amount of cotton that could be sold tax free from the 1934 crop to 10,000,000 bales.<sup>42</sup> All cotton sold in excess of this amount was assessed a tax equal to one-half the average cash price for middling

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<sup>41</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 4-5.

<sup>42</sup>Richards, Cotton under the A.A.A., 122.

7/8 cotton at ten markets. Under no circumstances was the tax less than 5 cents per pound.<sup>43</sup> This meant a tax of approximately 50 per cent of the market value of all cotton sold by any grower in excess of his allotment, which was approximately 60 per cent of his base production. The act was largely passed to satisfy a demand for protecting the contract signers from a possible large increase in production by growers who had not entered into the adjustment program. Under the act, contract signers were allowed to sell tax free an amount of cotton roughly equivalent to the amount they were allowed to produce under their contracts. At the same time, it tended to restrict the production of non-signers in the same proportion.<sup>44</sup> The act was intended to supplement the Agricultural Adjustment Act, and the 1934-35 cotton acreage reduction program, by penalizing the non-signer who attempted to expand his acreage and production of cotton and the contract signer who attempted to increase his production by obtaining higher yields.

In December, 1934, 128,000 cotton growers cast ballots in the referendum to determine whether the Bankhead Act should be continued for another year in North Carolina. In the fall, there had appeared to be a growing opposition

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<sup>43</sup>Letter, Cully A. Cobb to J. F. Allen, April 23, 1934, Box 89, N.A., R.G. 145.

<sup>44</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 5.

to the act in various parts of the state; consequently, members of the Extension Service went on speaking tours to acquaint the farmers with the purpose of the act and to show them concrete figures as to what it was doing for their benefit. Numerous news stories carrying similar information were published widely in the state daily and weekly papers. When the votes were counted, 118,889 were for continuance of the act and only 9,704 against--a 13 to 1 majority.<sup>45</sup>

One of those to cast a vote in opposition to the Bankhead referendum was Senator Bailey. He had opposed the legislation in Congress as well:

If this bill shall pass the Congress and if the Supreme Court shall uphold it, I shall know that the end of all things has come in America, and I shall prepare for the socialistic regime and the dictator, for if this bill shall go through we can take from the people any right that they have. . . .If the federal government can do this, it can do anything and we do not have a republic. . . .It is going to be a free republic or it is going to be a socialistic regimented Communism, and if this legislation goes through the latter will be indicated.<sup>46</sup>

The addition of the Bankhead bill placed a tremendous burden on the Extension Service in North Carolina. In cotton alone, 100 extra workers were employed in 1934. Applications for allotment were received from 115,000 growers,

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<sup>45</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 5.

<sup>46</sup>Mark Sullivan, "Cotton Control Bill Declared Long Step to State Socialism," Office file of Calvin B. Hoover, 1934, No. 3, N.A., R.G. 145.

and a total of 387,000 tax-exemption certificates were issued. These certificates were efficiently handled by the Extension Service, as only two certificates were unaccounted for during the year.<sup>47</sup> Although cotton failed to reach the parity level,<sup>48</sup> Dean Schaub deemed 1934 a very successful year:

The agricultural adjustment programs, administered by the North Carolina agricultural extension service, have aided materially in restoring to farmers a more equitable share of the national income. Since the program was instituted in 1933, the income of North Carolina farmers has been almost trebled by the rise in market prices for farm commodities and by the millions of dollars distributed in rental and benefit payments. This state was unusually successful with the cotton and tobacco adjustment programs, to which much of the 150 per cent increase in farm income for 1934 may be attributed. No other state in the Union experienced such a tremendous increase. All in all, farmers are now in a more secure financial position with a brighter outlook for the future, than at any other time in recent years.

But the growing prosperity ascribed to the adjustment programs had not been confined altogether to agriculture. The increased purchasing power of the farmer had been felt by all classes of people in the community and by people in other communities which trade directly or indirectly with the planters.<sup>49</sup>

In 1935, North Carolina bank deposits were \$65,684,222 greater than in 1934. This increase was attributable in large measure to the crop control programs of the A.A.A. Unquestionably, they exerted a wholesome influence on the

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<sup>47</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 5.

<sup>48</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 3.

<sup>49</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 1.

price level of farm commodities, and the benefit payments added million of dollars to the farmers' cash income. As the state was predominantly agricultural, the financial condition of the farmers had a direct bearing upon the welfare of business and industry. North Carolina's principal farm crops in 1935 were valued at close to \$246,348,000. In 1932, the year before the adjustment programs were begun, the value of farm crops was placed at \$104,362,000. This increase in crop value amounted to \$141,986,000. Cash income from the sale of 33 principal crops rose from \$85,848,000 in 1932 to \$188,749,000 in 1935. The latter figure was bolstered by \$17,589,000 in rental and benefit payments, which brought the 1935 cash income up to \$206,338,400--an increase of 140 per cent over 1932.<sup>50</sup> Dean Schaub again observed the progress:

But the benefits of the adjustment programs cannot be measured in terms of money alone. These programs have probably done more than anything else to break farmers away from cash-crop farming, and to show them the value of cooperation. Farmers had experienced the disasters of overproducing cash crops under the old individualistic system.

Then under the adjustment programs they had seen demonstrated beyond a doubt the value of production control on a systematic basis. Money jingled in the farmers' pockets. They were paying off old debts, and buying things they and their families had been needing

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<sup>50</sup>Report of I. O. Schaub, Director, Extension Service Annual Reports (North Carolina), Microfilm Reel 66 (1935), North Carolina State University, Archives, 1, hereinafter referred to as N. C. S. U., Archives.

for years.<sup>51</sup>

The 1935 cotton program exemplified the success to which Schaub referred. The program required a great deal more time and effort than did the others. There were 98,507 contracts in 1935, as well as 114,000 applications for tax-exempt allotments under the Bankhead Act. A large number of the Bankhead applications and contracts were for farms on which were a number of sharecroppers, and acreage and poundage allotments had to be figured for each cropper. Probably the most difficult task was that of making equitable allotments to every grower. An average of 150 clerks were employed in the state office for cotton alone, and in "rush periods," the total reached 300. Across the state, there were 1800 county and community committeemen who worked under the supervision of county agents to administer the program locally.<sup>52</sup>

During the year, 1,510,256 acres of cotton land were under contract of which 508,935 acres were rented to the Secretary of Agriculture. Ninety-five per cent of the state's cotton acreage was under contract. Fourteen per cent of the growers did not sign; however, they cultivated only five per cent of the acreage. The cash income from the cotton crop was \$39,179,000 from a 572,000 bale crop of which

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<sup>51</sup>Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 1-2.

<sup>52</sup>Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 12-13.



\$6,171,981 represented rental and benefit payments. By way of comparison, the farmers received only \$23,509,000 for a 660,000 bale crop in 1932.<sup>53</sup> As an indication of the improved financial condition of North Carolina farmers, the average gross income per farm in 1932 was approximately \$517 and the cash income was about \$337. In 1935, gross income rose to \$1,013.81 and cash income increased to \$763.43.<sup>54</sup>

The cotton program had been developed for 1936-39 and the sign-up campaign was underway when a judicial scythe was brought to bear on the A.A.A. The Supreme Court on January 6, 1936 invalidated the Agricultural Adjustment Act of 1933 in the case of United States v. William Butler, et al. Receivers of Hoosac Mills Corporation. Justice Owen Josephus Roberts, speaking for the six member majority, referred to the measure as "a scheme for purchasing with federal funds submission to federal regulations of a subject reserved to the states." Roberts remarked that the federal government did, in fact, possess the power to tax and appropriate for the general welfare apart from the other enumerated powers of Congress. However, he noted that even this expansive authority could not justify the processing tax since it was not really a tax, but part of an "illegal system" for regula-

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<sup>53</sup>Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 14-15.

<sup>54</sup>Report of I. O. Schaub, Director, Extension Service, Reel 70 (1936), N. C. S. U., Archives, 2.

ting agricultural production.<sup>55</sup>

Although the court's decision invalidated the A.A.A., it did not immediately put an end to A.A.A. activities. The agricultural workers had the task of settling all unfinished business in connection with cotton, tobacco, wheat, peanut, and corn-hog contracts that were in force at the time. The government was under obligation to farmers who had fulfilled their part of the contracts, and those obligations had to be met. Part of this work consisted of completing the cotton price adjustment payments that were offered to growers in 1935 to assure them a price of 12 cents per pound. For this program, more than \$1,750,000 was paid out on 77,800 applications in the state. Also, \$140,000 was paid 945 ginners to compensate them for extra work they had to do in connection with the Bankhead Act.<sup>56</sup>

In addition to the cotton program initiated in North Carolina in 1933, voluntary allotment plans calling for contractual reduction of acreage or production on individual farms were applied to 1934 crops of corn, hogs, wheat and tobacco. An emergency, pig-sow slaughter operation was undertaken in August and September of 1933. This resulted in the elimination of over 220,000 sows about to farrow and over

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<sup>55</sup>James M. Smith and Paul L. Murphy, eds. Liberty and Justice (New York: Alfred A. Knopf, 1968), 406-407.

<sup>56</sup>Report of I. O. Schaub, Director, Extension Service, Reel 70 (1936), N. C. S. U., Archives, 4.

6,000,000 young pigs (most of the edible products were used for relief).<sup>57</sup> However, as far as can be determined this practice was not carried out in the state of North Carolina, but was confined largely to the Corn Belt. There did, indeed, exist the need for such a program as government statistics revealed in the comparison of farm price and fair exchange value between 1918-1933:<sup>58</sup>

	<u>Weighted Farm Price</u>	<u>Fair Exchange Value</u>	<u>Difference Between Price and Value</u>
1918-19	16.70	13.58	+3.12
1919-20	13.43	14.26	- .83
1922-23	7.41	10.68	-3.27
1926-27	10.28	10.97	- .69
1927-30	8.85	10.68	-1.73
1930-31	6.95	9.32	-2.37
1931-32	3.78	8.02	-4.24
1932-33	3.36	7.64	-4.28

Although the slaughter campaign was not carried on, the reduction contracts were offered to North Carolina farmers who wished to take advantage of the benefit payments available. In 1934, over 4,100 contracts were signed and 11 corn-hog control associations were organized over the state. The benefit payments were \$15 per head on the number of hogs by which production was reduced and 30 cents per bushel on the average production of the land removed from corn cultivation. For the year, North Carolina farmers received \$301,494 corn-

<sup>57</sup>Davis, Agricultural Policy, 252-253.

<sup>58</sup>Statistics prepared by the United State Government Printing Office for the Agricultural Adjustment Administration, Office file of Calvin B. Hoover, November, 1933, No. 3, N.A., R.G. 145.

hog benefit payments. The price of hogs in 1934 was an average of about \$7 per hundredweight, as compared with \$2 in 1932. Corn rose from 44 to 81 cents per bushel in the same period.<sup>59</sup>

The program was flexible in order to meet the requirements of various growers. For example, a farmer could sign to adjust his hog production, or vice versa. However, he could not increase his corn production when under contract to adjust his hog production.<sup>60</sup> The corn-hog program met such wholehearted approval in the state that the farmers voted overwhelmingly for its continuance through 1935:<sup>61</sup>

1935 Referendum N. C.

<u>Contract Signers</u>		<u>Noncontract Signers</u>		<u>Both</u>		<u>Total Vote Cast</u>
Yes	No	Yes	No	Yes	No	
2,368	67	118	18	2,486	85	2,571

The Office of Swine Extension devoted its activities almost entirely to the supervision of the corn-hog reduction work. Secured for the farmers were benefits totaling over \$728,000.<sup>62</sup>

Figures for the nation revealed that more than 813,000

<sup>59</sup>Report of I. O. Schaub, Director, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 7-8.

<sup>60</sup>Report of I. O. Schaub, Director, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 8.

<sup>61</sup>Press Release, Office file of Calvin B. Hoover, October 30, 1935, No. 13, N.A., R.G. 145.

<sup>62</sup>Press Release, Office file of Calvin B. Hoover, October 30, 1935, No. 13, N.A., R.G. 145.

corn and hog or 86.37 per cent of the 941,000 ballots polled in the nation wide referendum of October 26 voted to continue the corn-hog adjustment program.<sup>63</sup>

Again in 1935, Tarheel growers were not encouraged to sign corn-hog contracts and those who did were required to produce at least 25 per cent of their base. In 81 counties, 4,113 contracts were in effect in 1935, with benefit payments amounting to \$634,489. The payments were calculated at the same rate as in 1934; \$15 per head on the number of hogs by which production was reduced, and 30 cents per bushel on the average corn production of the land taken out of corn.<sup>64</sup>

Preparations were made to carry on the educational work in connection with the 1936 corn-hog program but these were abandoned after the Supreme Court decision in 1936.<sup>65</sup>

Tobacco was another crop which came under the auspices of the A.A.A. in North Carolina, and one that probably ranked first in need. Prices on eastern North Carolina markets plummeted to an average of nine or ten cents a pound in 1933. Farmers were dissatisfied with prices which would not pay them the operating expenses of their farms.<sup>66</sup>

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<sup>63</sup>Press Release, Office file of Calvin B. Hoover, October 30, 1935, No. 13, N.A., R.G. 145.

<sup>64</sup>Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 7-8.

<sup>65</sup>Corn-Hog Reduction Program Report, Extension Service, Reel 70 (1936), N. C. S. U., Archives, 12.

<sup>66</sup>Report of Tobacco Campaign, Extension Service, Roll 57 (1933), N.A., 5.

In 1923, tobacco growers received slightly over 12 cents of each dollar paid by consumers for tobacco products and manufacturers received about  $5\frac{1}{2}$  cents in the form of profits. In 1932, tobacco growers received only  $4\frac{1}{2}$  cents of the consumer's dollar, whereas tobacco manufacturers received more than 10 cents in the form of profits. In addition, manufacturers received salaries for their personal services and a return of more than 20 per cent in invested capital. The salaries of 12 of these men in 1932 was \$2,500,000, which was approximately equal to the total income received by 10,000 tobacco growers.<sup>67</sup> The prices farmers received for tobacco declined by 44.09 per cent from 1929 to 1932.<sup>68</sup>

The plight of the tobacco grower, of course, had a source and the manufacturers knew that it wasn't their own growing profits. It was the government. S. Clay Williams, president of R. J. Reynolds Tobacco Company tried to aid the farmer. Williams requested the federal government to reduce taxes on cigarettes "so that the farmer can receive a proper price for flue-cured tobacco."<sup>69</sup> Williams also ex-

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<sup>67</sup>Staff report, A.A.A., Tobacco, Box 90, 1933, N.A., R.G. 145.

<sup>68</sup>Interoffice Memo, A.A.A., December 15, 1932, Box 90, N.A., R.G. 145.

<sup>69</sup>Letter, S. Clay Williams to A.A.A., February, 1933, Box 89, N.A., R.G. 145.

pressed himself more specifically:

Let's look a minute at the extent to which the tobacco grower's rights and equities have been abused, if we may use that term without being offensive. The market for his product stands today, as it has stood for the last fifteen years, restricted by a maximum war tax plus a prohibition tax, against neither of which has there ever been any relief (except for some adjustment of the cigar rates) though the war ended more than fifteen years ago and prohibition has been abandoned and the revenues from liquor restored.<sup>70</sup>

Williams was not alone among manufacturers in his call for a tax-cut. Tobacco manufacturers were seemingly unanimous in their desire for lower taxes on cigarettes and other tobacco products. Among the more frequent protesters were J. C. Howard of Sparrow & Gravely Company, W. H. Mason of Scott Tobacco Company, R. C. Owen, Jr. of Owen Tobacco Company, J. B. O'Brien of Ryan Hampton Tobacco Company, H. P. Taylor of Taylor Brothers, Incorporated, and J. C. Trotman of F. M. Bohannon Tobacco Company.<sup>71</sup>

Williams was correct in his reflections on the tax burden, but was he correct in concluding that this was the source of the decline in growers' incomes? Tax records revealed that the pre-war tax on cigarettes was \$1.25 per thousand cigarettes or 2.5 cents per pack. This was twice increased during the war. On October 4, 1917, it was increased to \$1.65 per thousand cigarettes, or about 3.5 cents per pack.

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<sup>70</sup>Letter, S. Clay Williams to Rexford Tugwell, May 19, 1934, Box 89, N.A., R. G. 145, 6.

<sup>71</sup>Letters to the A.A.A., Tobacco, 1934, Box 89, N.A., R.G. 145.

Then, on November 2, 1917, it was again increased--this time to \$2.05 per thousand cigarettes, or more than 4 cents per pack. This was the maximum war rate, and was in effect until February 25, 1919, when it was raised to \$3 per thousand or 6 cents per pack. The pre-war tax on chewing and smoking tobacco was 8 cents per pound and on November 2, 1917, it was increased to 13 cents per pound. After the war, February 25, 1919, it was increased to 18 cents per pound.<sup>72</sup> These rates remained in effect into the thirties. The manufacturer certainly seemed little affected judging from his ascending profit scale.

In 1932, the total profits of 52 leading tobacco manufacturers were \$146,000,000, as compared to \$134,000,000 in 1929 and \$75,000,000 in 1923. The net profits of this handful of manufacturers in 1932 were nearly 50 per cent greater than the gross returns of all the tobacco growers in the United States! The "Big Four" (The American Tobacco Company, R. J. Reynolds Tobacco Company, Liggett & Myers Tobacco Company, and P. Lorillard Company) had aggregate net earnings from manufacturing and sale of tobacco products of \$42,678,-366.04.<sup>73</sup>

It was obvious that something had to be done to improve

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<sup>72</sup>Report of the Vinson Subcommittee on tobacco taxes to the House Committee on Ways and Means, 1934, Box 89, N.A., R.G. 145, 1-2.

<sup>73</sup>Report of Vinson Subcommittee, 1934, Box 89, N.A., R.G. 145, 2-3.



prices for the farmer. North Carolina led the way in calling for federal relief for the tobacco grower. Tobacco farmers across the state voiced their grievances to the federal government. Governor Ehringhaus headed a delegation to Washington to ask the A.A.A. to do something immediately to increase the price for 1933 tobacco.<sup>74</sup> Agitation was also started for an agreement whereby the buyers pledged themselves to pay prices high enough to make the average price for the year amount to 17 cents a pound.<sup>75</sup> Jonathan Daniels, editor of the Raleigh News and Observer wrote to the Secretary of Agriculture:

I realize that the time is desperately short but I do want to add my voice to the voice of others who have urged that the Agricultural Adjustment Administrator do something to help the tobacco planters of North Carolina.

Rightly or wrongly, these planters believe that they are completely at the mercy of the few big tobacco companies which are the only buyers and that these companies agree among themselves upon the lowest price at which they can secure the tobacco. It is not my intent here to discuss this situation, but I do feel that if any farmers in America do need the help of the government, though they lack the organization and leadership to make their wishes clearly known, they are the tobacco planters.<sup>76</sup>

Claude T. Hall, president of the Tobacco Growers Asso-

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<sup>74</sup>Report of Tobacco Campaign, Roll 57 (1933), N.A., 5-6.

<sup>75</sup>Report of Tobacco Campaign, Roll 57 (1933), N.A., 5-6.

<sup>76</sup>Letter, Jonathan Daniels to Secretary Henry A. Wallace, August 10, 1933, Dr. 114, N.A., R.G. 145.

ciation of North Carolina, was another who called attention to the dire need for relief.<sup>77</sup>

In response to the overwhelming demand, Wallace and J. B. Hutson, chief of the tobacco section of the A.A.A., prepared a tobacco control program to reduce production and provide the growers with benefit payments. In December, 1933, the extension service launched the sign-up campaign in the flue-cured tobacco areas. When the campaign was completed, more than 60,000 growers had signed agreements to reduce their crop 30 per cent. These agreements, later contracts, covered 613,300 acres yielding 440,000,000 pounds of tobacco per year. Under the contracts the crop was slated to be reduced to about 430,000 acres and 308,000,000 pounds in 1934. Rental payments of \$3,220,000 were offered on the land taken out of production. Equalization payments on that portion of the 1933 crop sold before prices reached parity were figured at \$2,000,000. Benefit payments of \$5,000,000 were also offered at the rate of 12.5 per cent of the market value of the 1934 crop. Nearly 98 per cent of the state's flue-cured tobacco growers signed contracts.<sup>78</sup>

Josephus Daniels, former editor of the News and Observer and newly appointed Ambassador to Mexico, referred to the

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<sup>77</sup>Letter, Claude T. Hall to A.A.A., July 10, 1933, Dr. 114, N.A., R.G. 145.

<sup>78</sup>Report of Tobacco Campaign, Extension Service, Roll 57 (1933), N.A., 6

A.A.A.'s participation in the campaign as "a godsend to the depressed tobacco farmers."<sup>79</sup>

The complaints of high tobacco taxes resulted in a tobacco act which provided for an ad valorem tax at the minimum rate of 25 per cent, the full tax exemption of 6 per cent permitted under the act to non-contracting growers and regulations and instructions to field workers upon whose recommendations allotments would be made to non-contracting growers.

The tax of 25 per cent of the market value was applicable on all tobacco produced in 1934 by growers who do not receive tax payment warrants either under production adjustment contracts or by allotments made to non-contracting producers except Maryland tobacco, Virginia sun-cured, and cigar-leaf.<sup>80</sup>

The two primary purposes of the tobacco act were to discourage the production of tobacco by those who did not share in the production adjustment program and to equalize insofar as possible between contracting producers and non-contracting growers, the advantages of the higher prices resulting from the adjustment program. All applications for allotments had to be recommended by the county committees and approved by

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<sup>79</sup>Joseph L. Morrison, Josephus Daniels: The Small d. Democrat (Chapel Hill, North Carolina: The University of North Carolina Press, 1966), 175.

<sup>80</sup>Press release from United States Department of Agriculture, July 3, 1934, N.A., R.G. 16, 1.

the county agents before the A.A.A. would issue the tax-payment warrants.<sup>81</sup>

This act and the administration of the adjustment program proved so successful in North Carolina that the growers were almost unanimously in favor of government-supervised crop control. When the referendum was held in December, 1934, the farmers voted 453,000 acres for continuance of the act and 4,540 acres against it. The vote of each landowner was weighted according to the number of acres he had in tobacco production. The 100 to 1 vote for continuance of the tobacco program was looked upon by Extension Service as "the most conclusive endorsement given the adjustment program thus far."<sup>82</sup>

The ruinously low prices prevailing before the program started dropped to an average of 8.4 cents per pound in 1931 and 11.5 in 1932. A similar price was obtained early in the 1933 season, but the effect of the marketing agreement brought the season's average up to 16 cents per pound. The 1934 average price was 29.2 cents. The 1932 crop sold for \$35,428,000 and the 1934 crop brought \$122,142,000, approximately three and a half times as much, bolstered further by the \$5,640,000 distributed in rental and adjustment

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<sup>81</sup>Press release from U.S.D.A., July 3, 1934, N.A., R.G. 16, 2.

<sup>82</sup>Tobacco Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 7.

payments during the year.<sup>83</sup>

The contracts had specified that the growers were to reduce their 1934 acreage and production 35 per cent under their base average, for which they were to receive \$17.50 per acre on the land taken out of cultivation. Additionally, they received an adjustment payment equivalent to 12.5 per cent of the market value of the 1934 crop. Moreover, the growers who failed to produce the full amount of their allotments were promised a payment of two cents a pound on the amount by which their production fell short of their allotments. Similar provision was made for the 1935 crop year, with the amount of the crop adjustment and the payments to be determined by the Secretary of Agriculture before the 1935 crop was planted.<sup>84</sup>

Remarkably, the administration of this tobacco program, much more complicated than that of cotton, was carried out by the same agents. In a large number of cases the identical grounds were covered again, and in the vast majority of cases, the work was done by the same county and community committeemen who had served and were still serving in the cotton program.<sup>85</sup>

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<sup>83</sup>Tobacco Report by I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 6-7.

<sup>84</sup>Tobacco Report by I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 6.

<sup>85</sup>Report of B. Troy Ferguson, District Agent, Extension Service, Roll 57 (1933), N.A., 8.

The income from flue-cured tobacco constituted 52 per cent of the receipts from all cash crops in the state. Needless to say, the tobacco program was of vital importance to North Carolina. In 1932, tobacco averaged 11.5 cents and growers received \$35,428,000 for their crop. In 1934, the average rose to 29.2 cents and the crop sold for \$119,155,000, plus \$5,640,000 in rental and benefit payments. The 1935 crop was larger, but the quality and price were lower, with total receipts approximately the same as in the previous year. The benefit payments in 1935 amounted to \$9,359,220. There were 88,326 tobacco contracts in force, covering a base of 737,598 acres and a base production of 588,052,093 pounds. Contracts covered 98.7 per cent of the flue-cured tobacco grown in the state. Those who signed contracts withheld their planted acreage to 78.75 per cent of the state's base acreage. Non-signers planted only one-third of one per cent of the state's base.<sup>86</sup>

The flue-cured program was handled so well in the state that the A.A.A. increased the flue-cured tobacco base for 1936-39 contracts by 18,402 acres and 31,947,907 pounds.<sup>87</sup>

The burley tobacco growers cooperated as well as had the flue-cured growers. There were 5,484 signers, with a

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<sup>86</sup>Tobacco Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 4-5.

<sup>87</sup>Tobacco Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 5.

base of 9,645 acres and 7,578,221 pounds. This was increased to 10,000 acres and 7,937,500 pounds for the 1936-39 contracts. As the states which failed to remain within their quotas did not receive increased contracts, the larger bases in North Carolina were regarded as "reward" for operation of the program within the state.<sup>88</sup> Dean Schaub remarked on grower approval of the tobacco program:

The tobacco program was undoubtedly the most popular of the A.A.A. programs. The farmers had become firmly convinced that rigid control of production was the only way to guarantee a fair price for their leaf. Their only complaint worthy of note was that the program was not strict enough. They wanted complete control of the crop, and production limited even more than it was in 1935.<sup>89</sup>

When the Supreme Court declared the A.A.A. unconstitutional, there had already been an 80 per cent sign-up of all the flue-cured growers in the state. North Carolina, under the 1936-39 tobacco program, was allotted 756,000 base pounds which was an increase in production of 31,947,907 pounds over the production that was allotted the state for 1935.

During the life of the A.A.A. program, the cash value of tobacco increased considerably. The flue-cured growers of tobacco in 1932 sold their crop for \$35,425,000. In 1933 the first year in which the A.A.A. program influenced the

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<sup>88</sup>Tobacco Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 5.

<sup>89</sup>Tobacco Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 5-6.

price of tobacco, the total received was \$36,444,000. In 1934, the first full year of the program, the growers received \$119,135,000. In 1935, the crop sold for \$118,000,000. The growers in the state received for 1933-35, approximately \$15,000,000 in equalizing rental, and adjustment payments. Although the A.A.A. was declared illegal on January 6, Congress appropriated funds to meet obligations previously made by the government and the extension work in 1936 was devoted to cleaning up unpaid cases.<sup>90</sup>

The wheat program was initiated in the state in 1933 in addition to cotton, corn-hog and tobacco. Although North Carolina farmers had not been producing a surplus of the grain, they were provided an opportunity to reduce their production and take advantage of the benefit payments offered. Most of the growers who produced wheat for sale believed that it was more advantageous to obtain the government payments than to raise the usual amount and sell at prevailing market prices. As a significant number of farmers in the state produced wheat only for their personal needs, no attempt was made to persuade growers to sign-up who did not volunteer their crops.<sup>91</sup> The sign-up in 1933 resulted in

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<sup>90</sup>Report, "Summary of Triple-A Activities on Tobacco, Peanuts, and Potatoes by the Extension Specialist for 1936," Reel 70 (1936), N. C. S. U., Archives, 12-14.

<sup>91</sup>Report, "Wheat Program," Extension Service, Roll 57 (1933), N.A., 4-5.



1,099 contracts in 22 counties which stipulated a 15 per cent adjustment in wheat for 1934 and 1935. Parity payments were given the contract signers at the rate of 29 cents per bushel on the growers' domestic allotment, which amounted to 54 per cent of their base acreage. The payment received in 1934 totaled \$56,442. As a result of the nation-wide wheat program, the price soared to almost double the 1932 level of 68 cents per bushel. The North Carolina wheat marketed in 1934 sold for \$4,948,000 as compared with \$2,429,000 in 1932.<sup>92</sup>

For 1935 over 1,000 contracts were signed by farmers who took 3,974 acres out of wheat production. The total value for the 1935 crop was \$5,146,000.<sup>93</sup> The A.A.A. wheat program was aimed at the large producers of the Midwest, but North Carolina farmers who desired to take advantage of the plan were so permitted, though there were no overt effort made by the Extension Service.

A more important crop to North Carolina than wheat was peanuts, and the need for this commodity to fall under the auspices of the A.A.A. was apparent. Peanut prices fell to 1.3 cents per pound in 1932 and 2.5 cents in 1933. The result was that the growers were largely unable to pay their

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<sup>92</sup>Report of I. O. Schaub, "Wheat Program," Extension Service, Reel 62 (1934), N. C. S. U., Archives, 9.

<sup>93</sup>Report of I. O. Schaub, "Wheat Program," Extension Service, Reel 66 (1935), N. C. S. U., Archives, 8.

operating expenses. Due to the growers' requests, Congress designated peanuts a basic commodity in the summer of 1934, but the program did not actually begin in the state until January, 1935. Representatives of the Extension Service in the state journeyed to Washington to explain the urgency of the situation to J. B. Hutson, head of the peanut program; however, no program was initiated in 1934.<sup>94</sup> North Carolina's peanut crop in 1934 was as follows:<sup>95</sup>

<u>Average Yield Per Acre</u>	<u>Total Acreage</u>	<u>Production</u>	<u>Value</u>
1,050	239,000	250,950,000	\$8,730,000

The purpose of the peanut program was to divert part of the crop into oil production so as to eliminate the surplus of peanuts offered for sale to confectioners. The prices to be maintained were approximately equal to those received by growers for the 1934 crop. Provision was also made that the growers could divert a portion of their crop for livestock feed. The diversion payments were agreed to at \$21 per ton for Virginia-type, \$11 per ton for Spanish-type, and \$3 per ton for Runner-type peanuts.<sup>96</sup>

In 1935, farmers in North Carolina signed 15,587 peanut adjustment contracts, under which they were allotted

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<sup>94</sup>Peanut Program Report by I. O. Schaub, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 9.

<sup>95</sup>Report of Peanut Program, Tables I and II, 1934, Box 53, N.A., R.G. 145.

<sup>96</sup>Report of Peanut Program, 1934, Box 53, N.A., R.G. 145.

217,444 acres and 242,119,023 pounds; however, the total acreage by both signers and non-signers in 1935 was only 201,131 acres. Only 6,923 acres or 3.4 per cent of the state's peanut crop were not under contract. This almost unanimous cooperation was due largely to the fact that in 1932 prices had slumped so low that growers were desperate and eager to cooperate in a control program. In 1932, the farmers received \$3,733,000 for their peanuts. The value of the crop in 1935 was \$8,758,000 with the total amount of the peanut payments being \$813,900.<sup>97</sup>

The total number of peanut contracts in effect at the time the A.A.A. was declared unconstitutional was 15,587-- this being unchanged for 1935. Additionally, in the first part of January, 1936, a potato adjustment program was implemented in the state. Committees had been appointed, including a state committee of five. All applications were in the hands of the county agents and committees, but following the decision of the Supreme Court this work was dropped entirely.<sup>98</sup>

The reduction programs in cotton, corn and hogs, tobacco, wheat, and peanuts reaped a measure of success in North Carolina--success, that is, for the landed farmers.

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<sup>97</sup>Peanut Program Report by I. O. Schaub, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 8-9.

<sup>98</sup>Peanut Program Report by I. O. Schaub, Extension Service, Reel 70 (1936), N. C. S. U., Archives, 13.

The economic standing of the landowners was steadily improved from 1933 to 1936. This improvement was, of course, largely the result of the work of the A.A.A. as implemented by the Extension Service. However, the noted improvement was not accomplished solely by the A.A.A. and its affiliates, but with the active aid and encouragement of many individuals and organizations within the Tarheel state.

## CHAPTER IV

### WORKING WITH THE A.A.A.

The Agricultural Adjustment Administration employed extension services already in existence in the states to implement the reduction programs. In addition, the A.A.A. made efforts to secure the active cooperation and services of state agencies, and state farm leaders. All work toward the elimination of the depression in agriculture was encouraged (co-operative movements, for example). Occasionally the A.A.A. was fortunate to have the active aid and enthusiasm of a governor who could, of course, greatly influence the success of the administration's programs within his state. Such was the situation in the Tarheel state due to the work of Governor John Christoph Blucher Ehringhaus.

Governor Ehringhaus made numerous efforts to cooperate with the A.A.A: indeed, it was an indication of his influence that Pasquotank, the Governor's home county, was the first in the state to sign up for complete reduction.<sup>1</sup>

Various individuals and organizations prevailed upon the governor to aid in alleviating the unbearable conditions in agriculture. The Perquimans County Chamber of Commerce requested him to aid the peanut farmers, and sug-

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<sup>1</sup>Letter, Grover Forbes to J. C. B. Ehringhaus, July 19, 1933, Ehringhaus Papers.

gested that he call a conference of all peanut states to discuss the problem and to make recommendations.<sup>2</sup> However, the situation was such that the farmers believed that no delay could be tolerated, and in March, 1933, an assembly of concerned southern peanut growers met in conference at Hertford, North Carolina. An organization of citizens was established with a program of volunteer peanut reduction for their mutual benefit. The program for 1933 was titled "United States Peanut Acreage Reduction Campaign," and H. G. Winslow was elected chairman for North Carolina.<sup>3</sup>

Edward A. O'Neal, President of the American Farm Bureau Federation, was vitally concerned with the plight of the peanut farmers and urged Ehringhaus to aid the A.A.A. in every possible way: "I urge that by proclamation and every other means you bring pressure to bear on all agencies that can assist. You are one man in North Carolina in position to command agencies that can bring to successful conclusion this campaign."<sup>4</sup> The growers, however, had considered the peanut situation so critical as to warrant their immediate action as they believed they could not afford to wait for

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<sup>2</sup>Letter, Perquimans County Chamber of Commerce to J. C. B. Ehringhaus, January 27, 1933, Ehringhaus Papers.

<sup>3</sup>Editorial, Virginian Pilot (Norfolk), March 4, 1933, 1.

<sup>4</sup>Telegram, Edward A. O'Neal to J. C. B. Ehringhaus, July 7, 1933, Ehringhaus Papers.

federal or state action.

Ehringhaus did act on his own initiative to relieve the depressed conditions facing tobacco farmers. The governor declared a "tobacco holiday" on September 1, 1933 which closed tobacco markets in North Carolina.<sup>5</sup> This action was applauded by growers throughout the state. Ambassador Josephus Daniels was "greatly cheered and pleased" by the governor's proclamation.<sup>6</sup> Even some warehousemen across the state supported the proclamation, as for example, the Greenville Warehousemen's Association: "Although suspension of sales will incur heavy expense, warehousemen of Greenville are anxious and glad to cooperate with other markets in any action designed to secure for the farmers a better price for their tobacco."<sup>7</sup> Ehringhaus personally urged cooperation:

. . .and particularly do I urge that the growers do not wait to be called upon to sign such contracts, but that they seek out the warehouse committeemen, extension, vocational and other agents who have these contracts ready for signature and sign them at the earliest possible moment. . . .I invite the fullest cooperation in this effort by all merchants, citizens and friends generally.<sup>8</sup>

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<sup>5</sup>Telegram, C. G. Powell to Tobacco Board of Trade, September 1, 1933, Ehringhaus Papers.

<sup>6</sup>Letter, Josephus Daniels to J. C. B. Ehringhaus, September 8, 1933, Ehringhaus Papers.

<sup>7</sup>Telegram, M. R. Long to J. C. B. Ehringhaus, September, 1933, Ehringhaus Papers.

<sup>8</sup>David Leroy Corbitt, ed., Addresses, Letters and

Ehringhaus believed that a complete sign-up of all flue-cured tobacco growers was essential to the success of the A.A.A. tobacco control program. Although the governor acted independently in proclaiming the "tobacco holiday," he had refused the urgings of many to call the legislature into special session to enact tobacco control laws. Rather, full faith was placed with the A.A.A.: "This tobacco program is the government's response to the growers' appeal for help and with the full and hearty cooperation of the growers it will be a lifesaver to tobacco producers of this state and the nation."<sup>9</sup>

Participation with other A.A.A. programs dealing with various commodities was urged by the governor. The week of June 26, 1933 was proclaimed "Cotton Acreage Reduction Week," and the people of North Carolina were prevailed upon for their "full cooperation in this movement."<sup>10</sup>

In the corn-hog program of the A.A.A. several discrepancies were brought to the attention of the governor. Specifically, packers declined to buy hogs alive, which forced the farmer to slaughter his own swine. This entail-

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Papers of John Christoph Blucher Ehringhaus; Governor of North Carolina, 1933-1937 (Winston-Salem, N. C.: Winston Printing Company, 1950), 112-113, hereinafter referred to as Corbitt, Ehringhaus.

<sup>9</sup>Press release by J. C. B. Ehringhaus, December 22, 1933, Ehringhaus Papers.

<sup>10</sup>Corbitt, Ehringhaus, 69.



ed upon the farmer the processing tax of one cent per pound--based on estimated live weight, which amounted to about 1 1/4 to 1 1/3 cents of dressed pork. The price paid farmers was approximately 5 cents per pound (winter, 1933) and from this would be deducted the 1 1/4 to 1 1/3 cents. The result, of course, was a crippling loss by the farmer from a tax designed to be absorbed by the packers.<sup>11</sup> However, in fairness to the packing industry in the state, many packers and processors were not equipped to purchase live swine and slaughter them. The tax had been designed with the assumption that hogs were purchased from the farmer alive and then slaughtered, as was indeed the case for most of the nation including major producing areas of the mid-west.<sup>12</sup>

Ehringhaus heeded the pleas from swine producers and personally took the matter to A. G. Black, Chief of the Corn-Hog Section of the A.A.A. Subsequent to this, and in reply to the governor, the A.A.A. served notices on buyers in the state to cease this unfair practice, which apparently put an end to the harmful situation.<sup>13</sup>

Additionally, Ehringhaus was a leader in calling for

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<sup>11</sup>Letter, Charles Whedbee to J. C. B. Ehringhaus, December 21, 1933, Ehringhaus Papers.

<sup>12</sup>Telegram, W. O. Etheridge to J. C. B. Ehringhaus, January 3, 1934, Ehringhaus Papers.

<sup>13</sup>Letter, J. C. B. Ehringhaus to Charles Whedbee, January 13, 1934, Ehringhaus Papers.

the inclusion of potatoes under the auspices of A.A.A. allotment. He notified the officials of the A.A.A. as to the situation, and brought it to the attention of Secretary Wallace. In a letter of persuasion to George C. Perry, Governor of Virginia, Ehringhaus stated that "as long as potatoes are not included in the basic crops of the A.A.A., the power for the government to deal adequately with the situation is limited."<sup>14</sup> Owing in part to the governor's effort, potatoes belatedly became a commodity covered by the A.A.A. programs. However, this adoption of potatoes in January, 1936 was short-lived as the A.A.A. was declared illegal on January 6, 1936.

Further aid to farmers was provided by the Farm Debt Adjustment Commission created by Ehringhaus on June 12, 1934. A nine member state agency, it was designed to assist the farmers in North Carolina adjust and refinance their indebtedness and forestall or prevent unnecessary foreclosures. Committees were organized in 90 of the 100 counties in the state. The services of both county and state members were voluntary. The function of the Commission was to bring the debtor and creditor into an open discussion of their mutual problems for the purpose of determining what could be done in the way of adjustment of

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<sup>14</sup>Corbitt, Ehringhaus, 364.

the debts. This organization worked closely with the Emergency Relief Administration and, of course, was of great benefit to the A.A.A. work being carried on in the state.<sup>15</sup>

Ehringhaus had been an early and consistent supporter of Franklin Roosevelt and of the Agricultural Adjustment Administration. In 1936, he was fighting for the farmer as he had been since his candidacy in 1931, and he repeated his "message for progress:"

The present starvation prices in cotton and terrible plight of its producers illustrate the disastrousness of the situation and the futility of dependence upon the federal farm board. We must take vigorous steps to help ourselves. There should be continued insistence upon an enlargement of our live-at-home program; an added emphasis upon the proper utilization of our waste acres in timber growing; game breeding, public hunting preserves, and like usages; a definite movement toward discovering new uses and new markets for all our products; a real effort toward reduction of our staggering fertilizer bill, and above all, a diligent enterprise toward developing a practical plan for applying the principle of cooperation to the problem of production. Given an intelligent cooperation to the growing of crops, the marketing problem will be more than half solved.<sup>16</sup>

Ehringhaus' contributions to the A.A.A. work extended beyond his efforts as governor as he actively solicited the aid of state agencies and of farm leaders across the

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<sup>15</sup>J. S. Kirk, Walter A. Cutter, and Thomas W. Moore, eds., Emergency Relief in North Carolina: A Record of the Development and the Activities of the North Carolina Emergency Relief Administration, 1932-1935 (n.p., Edwards and Broughton Company, 1936), 315.

<sup>16</sup>Corbitt, Ehringhaus, 207.

state. He praised the application of the principle of cooperative production through a planned agricultural effort:

And since it is manifest that we are now fast approaching--if we have not as yet completely achieved--a national planning in agriculture, it is equally manifest that we in North Carolina must envision and inaugurate a state plan of recovery and an agricultural activity which is in harmony therewith.<sup>17</sup>

Recovery was a state as well as a national program and many duties were performed in North Carolina in conjunction with the programs of the Agricultural Adjustment Administration. The North Carolina Department of Agriculture was one of the first institutions to establish experiment stations and to attempt to ameliorate the farmers' everyday problems.<sup>18</sup> The N.C.D.A. was divided into fourteen areas of special interest.<sup>19</sup> The divisions worked in various ways to cooperate with the A.A.A. in the state's

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<sup>17</sup>Corbitt, Ehringhaus, 112-113.

<sup>18</sup>North Carolina Department of Agriculture, Report 1932-1934 (Charlotte, N. C.: Observer Printing House, 1935), 10, hereinafter referred to as N. C. D. A., Report, 1932-1934. The papers of the North Carolina Department of Agriculture are located at the Department of Archives and History, Raleigh, N. C. However, the papers of the period 1933-1936 are not available.

<sup>19</sup>N. C. D. A., Report, 1932-1934, 11-13. The fourteen divisions of the Department of Agriculture were: Division of Entomology, Botany Division, Veterinary Division, Dairy Division, Food Division, Savings and Loan Division, Weights and Measures Division, Analytical Division, Marketing Division, Warehouse Division, Division of Statistics, State Museum, Test Farm Division, and the Division of Publications.

relief from depression. Not the least among these was the Division of Publications.

During the biennium 1932-1934, the Division of Publications issued the Agricultural Review twice a month to approximately 9,000 North Carolinians. The Review carried many articles of general interest to the farmer, including news of the State Department of Agriculture and copies of reports. Articles appeared containing information on the workings of the A.A.A. as well as the Rural Electrification Authority, the Resettlement Administration, and the Works Progress Administration. An outstanding service provided was the free publication of articles for sale or exchange; thus, afforded was a market for numerous commodities. The editor of publications also prepared and issued news notices based on the activities of the Department, including various reports of farm commodities. Moreover, the Department maintained regular radio broadcasts over station W.P.T.F. in Raleigh and W.B.T. in Charlotte.<sup>20</sup>

The Extension Service in the state used its own Publications Division, independent of the State Department of Agriculture. This publications service worked closely with the A.A.A.:

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<sup>20</sup>North Carolina Department of Agriculture, Report, 1935-1936 (Raleigh, N. C.: Capital Printing Company, 1937), 16, hereinafter referred to as N. C. D. A., Report, 1935-1936.

Holding to the belief that an informed rural people would cooperate fully with the emergency adjustment measures projected and utilized in 1934, the Division of Publications intensified its efforts to distribute, review, and interpret all timely news relating to A.A.A. work in North Carolina.<sup>21</sup>

The Extension Service maintained regular broadcasts on six radio stations across the state.<sup>22</sup> The program of supplying news material to the daily papers three times per week was continued and intensified with the inclusion of more A.A.A. material. Spot news was handled by wire in cooperation with those news agencies and associations which maintained offices in Raleigh. The special service of the "farm pages" was enlarged to the degree that the division sent almost a complete page to each of seven daily papers. The division maintained a separate news service to the weekly papers and enlarged this service as was necessary:

It is believed that at least a part of the success of the crop adjustment programs in North Carolina in 1934 was due to the full explanation of all rules and regulations printed by the weekly papers from the service sent out by this office.<sup>23</sup>

The editor of the division also cooperated with the Information Service of the A.A.A. in Washington, D. C. through the regional contact system provided by the administration.

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<sup>21</sup>Report of the Division of Publications, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 1.

<sup>22</sup>Report of the Division of Publications, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 31.

<sup>23</sup>Report of the Division of Publications, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 2.

Numerous trips were made to Washington in order to prepare material on the cotton and tobacco programs, and trips were made to Atlanta as well in order to prepare material on the Bankhead Cotton Control Act.<sup>24</sup>

To maintain public relations and to foster the exchange of ideas, the department held two annual field days. The first field day was held in 1935 and attended by 3,000 farmers--3,000 white farmers. The black farmers received their event with 1,000 in attendance on the following day.<sup>25</sup> Thus, the black farmer was not forgotten, but received his own segregated field day.

The veterinary and dairy divisions worked hand-in-hand with the A.A.A. in a cattle reduction program, justified by the presence of Bang's disease. This was not a nationwide program, but one created due to the extent of the particular disease in the state. A federally appropriated plan facilitated blood testing and the payment of indemnities on reacting animals. An amount not to exceed \$20 on grades and \$50 on registered animals was paid. The plan was inaugurated as a cattle reduction program as well as a disease eradication program. From September, 1934 to June, 1936, 2,677 herds were examined, 8,008 cattle were found to be in-

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<sup>24</sup>Report of the Division of Publications, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 2.

<sup>25</sup>N. C. D. A., Report, 1935-1936, 81-82.

fects and were slaughtered, and a total of \$212,374.36 was paid to owners as indemnity.<sup>26</sup>

In addition to these services, the Department of Agriculture, the Extension Service, and farm leaders throughout the state, aided in the development of co-operative associations. Dr. C. Horace Hamilton, Associate Professor of Rural Sociology at North Carolina State College, remarked that "interest in the rural community has increased greatly during the past year (1932)."<sup>27</sup> The circumstances to which Hamilton referred were evidenced by the development of the Grange and the Western North Carolina Five-and-Ten Program, and by the number of requests for assistance from community organizations. Hamilton believed that the need for effective and unified rural community organization was "greater now than ever before."<sup>28</sup> The Progressive Farmer echoed the dire need for organization, but tempered its commentary with this note:

As everybody knows, we are strongly in favor of organization of our tobacco farmers. But we also feel that any projected organizations should be the work of a group of leading growers and of experts in the field of agricultural cooperation. No matter how honorable and sincere he may be, we feel it is a mistake for any man to go out 'on his own' to promote a plan of orga-

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<sup>26</sup>N. C. D. A., Report, 1935-1936, 120-121.

<sup>27</sup>C. Horace Hamilton, "Definite Organization Needed in Rural Areas," Morning Star, January 23, 1933, 5.

<sup>28</sup>Hamilton, Morning Star, January 23, 1933, 5.



nization. The plan should first be subjected to the corrective of a group judgement, amended in accordance with the best wisdom of the group, and then presented to growers with the backing or criticism of competent judges.<sup>29</sup>

Certainly the tobacco manufacturers controlled their volume of output. There was no flooding of markets with panic-breeding surpluses. Their competition was not to determine if profit would be made, but who would make the most profit. They were able to name profitable prices for their goods and were able to obtain them. Organization was the key to this success. The tobacco companies had put into practice and had grown rich from organization which farmers were only beginning to understand and to imitate. This "key" was often repeated in farm editorials:

The time has come when every farmer should not only join some general farm organization, but when he should join it as he joins the church--for life, as someone said. It is no longer a question of waiting to deal with some emergency. Hereafter in these United States of ours there is always going to be an 'emergency' for any group who does not know the value of organization. 'Social planning' as compared with the hit-or-miss accidents of rugged individualism--this is the key thought of the New Deal.<sup>30</sup>

There were many reasons to support the rise of co-operatives in the state. North Carolina was the largest purchaser of commercial fertilizers in the nation. A twenty-year

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<sup>29</sup>Editorial, "Organizing Tobacco Farmers," The Progressive Farmer, January, 1933, 3.

<sup>30</sup>Editorial, "Farmers Learning the Importance of Organization," The Progressive Farmer, October, 1933, 3.

average, 1910 to 1930, indicated that the farmers of North Carolina used an annual average of slightly more than one million tons. Feed, seed, and fertilizer represented an average annual expenditure by state farmers of about \$50,000,000.<sup>31</sup> Moreover, the prices of fertilizers were increasing. From 1933 to 1934, the price of fertilizers in the state increased by approximately 35 per cent.<sup>32</sup>

Co-operative purchasing of farm supplies was not a new development. Pre-dating the Grange movement of the 1870's it had been used with some measure of success thereafter. However, the most substantial growth took place in the depression years of post World War I.<sup>33</sup> The "newcomers" finally cashed in on the benefit of a lengthy period of co-operative experience. For generations, the farmer had purchased his fertilizer, feeds, and seeds in the organized American markets at a high price level and sold his farm produce in the unprotected world markets at a low level. Rediscovered were the methods of setting up co-operative organizations and the ways to make most effective use of them. The encouraging attitude of both state and national govern-

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<sup>31</sup>M. G. Mann, "Pertinent Paragraphs on Co-operation," Carolina Co-operator, February, 1936, 18.

<sup>32</sup>Letter, Mrs. T. C. Turnage to J. C. B. Ehringhaus, December, 1934, Ehringhaus Papers.

<sup>33</sup>North Carolina State Grange, Grange (Greensboro, N. C.: North Carolina State Grange, 1954), 4-5.

ments fostered the promotion and sound growth of the movement. Undoubtedly, the most important reason for the growth of the movement, however, was the determination of farmers to obtain supplies of desirable quality at low cost. As farming became more commercialized with greater emphasis on cash-crop farming, the costs for supplies (feed, seed, fertilizer, oil, gas, insecticides, packing materials, creamery supplies, paint, and twine) tended to increase.

The system of co-operatives was extensively employed in the United States by 1935 with approximately 6,000 farm purchasing organizations. Prior to the explosion of growth in the thirties, the southern states were least active in this enterprise; and in North Carolina, only 18 per cent of all farms were co-operative members in 1929.<sup>34</sup>

Leading co-operatives in the state included the Farmers Co-operative Exchange (FCX), the North Carolina Cotton Growers Co-operative Association, and many production credit associations. Dean I. O. Schaub took absence from his work as the state Extension Director and as the leader of A.A.A. work in the state, to aid instrumentally in the organization of the F.C.X. in June, 1934.<sup>35</sup>

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<sup>34</sup>Joseph G. Knapp, "Co-operative Buying Movement," Co-operator, February, 1935, 9.

<sup>35</sup>Layton Pait, "Here's Prize-Winning Essay," Co-operator, September, 1935, 9.

Clarence Poe supported and led North Carolina Cotton Growers Association since 1921 when he signed the first marketing agreement and delivered the first bale of cotton.<sup>36</sup> Moreover, most agricultural leaders in the state aided the co-operative movement. The county agents, vocational teachers, home demonstration agents, and other agricultural workers throughout the state took "more interest in the co-operative program than ever before."<sup>37</sup> Following is a list of some of the exchanges which "sprang up like mushrooms" in the thirties:

#### Co-operative Associations:

Mooresville Co-operative Creamery  
 Blue Ridge Producers Co-operative Association  
 Yadkin Valley Co-operative Milk Producers Association  
 Winston-Salem Co-operative Milk Producers Association  
 Mountain Valley Co-operative  
 Farmers Co-operative of Durham Milkshed

#### Mutual Exchanges:

Beaufort County Mutual Exchange  
 Hickory Farmers Mutual Exchange  
 Independent Vegetable Growers Association  
 Hoke County Mutual Exchange  
 Moore County Mutual Exchange  
 Harnett County Mutual Exchange  
 Fairmont Farmers Mutual Exchange  
 Teachey Farmers Mutual Exchange  
 Tri-County Lespedeza Sericea Mutual  
 Davie Mutual Exchange  
 Montgomery Mutual Exchange

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<sup>36</sup>M. G. Mann, "At Last It's Here," Co-operator, October, 1935, 5.

<sup>37</sup>Roy H. Park, "FCX Ends Successful 1st Year," Co-operator, October, 1935, 7.

Scotland Mutual Exchange  
 Robeson Farmers Mutual Exchange  
 Hiddenite Farmers Mutual Exchange  
 Haywood Mutual Stock Yards  
 Carolina Mountain Mutual Association, Incorporated  
 High Point Farmers Mutual Exchange  
 Edgecombe Mutual Livestock Association  
 Orange Mutual Exchange  
 Alamance Mutual Exchange  
 Chatham Mutual Milk Exchange  
 Wake County Mutual Exchange  
 Carolina Poultry Mutual Exchange<sup>38</sup>

Additionally, there was one instance of interracial cooperation. In Alamance County, both whites and blacks combined to cooperatively purchase 23 mules from Fort Scott, Kansas at savings of \$50 per mule. All other cooperative activities listed were composed of white farmers only.<sup>39</sup> No tenant organizations were active in North Carolina in the thirties.

Every effort was needed to relieve the agricultural depression. North Carolina's farm leaders did not work solely within the boundaries of A.A.A. programs, but with the encouragement from the A.A.A. aided in various state relief programs, including the expanse of co-operatives. Thus, in many ways the A.A.A. did not operate alone in North Carolina, but had the active support and interest of the governor, the Department of Agriculture, newspapers, farm

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<sup>38</sup>N. C. D. A., Report, 1932-1934, 18-19.

<sup>39</sup>John W. Mitchell, "Cooperative Buying," Extension Service, Reel 62 (1934), N. C. S. U., Archives, 51-52.

leaders across the state, and, of course, the Extension Service.

CHAPTER V  
THE FORGOTTEN FARMER

The share of tenants in agricultural adjustment programs was determined not merely by the formal provisions of its contracts, but also by the extent to which these provisions were observed and enforced. Requirements might be made that the cropper get one-nineth of the benefit payments, or that tenants be permitted to remain on the land despite acreage reduction. Fulfillment of such provisions could be assured only by providing administrative agencies capable of enforcing them. Moreover, as the bulk of information concerning the fate of tenants under the programs was drawn from official sources, one must inquire whether the members of these agencies were overly biased by class allegiances or direct economic interests.

The most important consideration of the adjustment program from the point of view of the tenant was that its administration was primarily local, resting upon the community and county committees chosen by the landowners. The multiplicity of the programs forced the administration to rely heavily upon local units of control. This was in keeping with Secretary Wallace's desire to prevent the build-up of a professional bureaucracy. The program had to be explained; acreages and contracts inspected; yields estimated; fields selected to be plowed up; and compliance

orders checked. Such functions required officials familiar with the recent history of the farms and able to visit them personally for inspection. When the administration of these tasks fell to local officials, however, their performance reflected local "peculiarities" along the highest economic, political and social ranks. Therefore, not surprisingly, tenants were almost entirely excluded from the administration of the various programs in North Carolina.

There were additional factors which operated to vest control with the landlords. The administration held that in order to obtain a larger proportion of the farms under contract, landlords would have to be induced by favorable terms and conditions. To place any substantial or even representative degree of control in the hands of tenants would have been paramount to "upending the social system in the South."<sup>1</sup> This would have been an extremely difficult experiment for the newly elected Democratic administration to undertake. Also, there were such overt qualifications as education, independence, and residential stability which favored the selection of landlords rather than tenants as members of community and county committees.

County agents were obtained from the ranks of the agricultural extension workers, and to a lesser degree from state

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<sup>1</sup>Ernest K. Lindley, Half Way With Roosevelt (New York: Viking Press, 1937), 135-136.



and federal vocational education teachers.<sup>2</sup> The bulk of their work was with the leading farmers of their area and upon whom, in many instances, part of their salary depended. Spokesmen of the Southern Tenant Farmers Union regarded these agents as the servants of landowning and business interests and as the symbols of political domination "by the rich and large landowning class of farmers and their political-pressure lobbies."<sup>3</sup> The famous Amberson Committee made its investigation of the effects of the A.A.A. program in 1934 and disclosed that county agents were almost universally hostile to the inclusion of tenants on county and community committees. County agents were charged with being "absolutely dominated by the larger plantation owners," and "refused even to recognize the problem of tenant welfare."<sup>4</sup>

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<sup>2</sup>Henry I. Richards, Cotton and the A.A.A. (Washington: The Brookings Institute, 1936), 70-71.

<sup>3</sup>Report of the President's Committee on Farm Tenancy, prepared under the auspices of the National Resources Committee, Farm Tenancy (Washington, U. S. Government Printing Office, 1937), 21.

<sup>4</sup>Norman Thomas, The Plight of the Sharecropper (New York: League for Industrial Democracy, 1934), 30-31. This pamphlet contains the report of the Amberson Committee on the operations of the A.A.A. Dr. William B. Amberson, a University of Tennessee physiologist, and the Memphis Chapter of the League for Industrial Democracy together with the Tyronza Arkansas Socialist Party conducted a study of 500 Delta tenant families. They discovered that incomes and living standards were below subsistence level and that landlords had "cheated" the tenants in numerous ways under the 1934-35 cotton contract. The report charged that 15 to 20 per cent of the tenants studied had been driven from the land as a result of the programs of the A.A.A.

In 1933, these county agents were empowered to appoint both county and community committeemen. They were instructed by authorities in Washington to select leaders in their communities.<sup>5</sup> In 1934, production control associations were created to administer the act. While all contract signing producers were members of these associations, their "charter members" were again appointed by the county agents, largely from the ranks of those who had served in 1933. These members, in turn, elected county committeemen from their own number. The committeemen, together with the county agents, jointly appointed community committeemen. In 1935, community committeemen were elected by popular vote of the members of the control associations. These men were permitted to select two of the three county committeemen from those who had served in that capacity in 1934; then, together with these two, they elected a third county committeeman from their own ranks.<sup>6</sup>

This system of "checks and balances" was undemocratic as well as complicated. Regardless of the purpose for which it was designed, this effected the absence of tenants from the committees. Their fate under the A.A.A. was placed in the hands of innumerable small soviets of landlords:

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<sup>5</sup>Richards, Cotton Under the A.A.A., 18.

<sup>6</sup>Richards, Cotton Under the A.A.A., 75-77.

In eight representative counties in the central part of the Cotton Belt all 28 of the county committeemen in 1933 were landowners or were engaged in occupations other than farming. Only two of them owned no land and they were dropped in 1934. Fifteen were large landowners. . .having no occupation other than farming. All of these men continued to act as county committeemen in 1934. The remaining eleven committeemen were landowners engaged in farming and other occupations. Three of these men having an average of only 88 acres in crops were dropped in 1934.<sup>7</sup>

This study was confirmed by other evidence. A Federal Emergency Relief Act research coordinator of familiar acquaintance with the Cotton Belt wrote that "few if any croppers, ever became members of these community and county committees."<sup>8</sup> Other observers found that "in hundreds of counties we visited we did not find a single case where a sharecropper or a representative of the poorer ranks of farmers was put on the committee."<sup>9</sup>

The fact that local and county committeemen were entirely recruited from the ranks of large farmers was not denied by A.A.A. officials. Indeed, the director of the cotton section, Cully Cobb, seemed unaware that this class monopoly of local administrative organs was in any manner reprehensible. He stated that the local committeemen were the best farmers in their communities in every case, and further,

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<sup>7</sup>Richards, Cotton Under the A.A.A., 77-78.

<sup>8</sup>H. C. Hoffsommer, "The A.A.A. and the Cropper," Social Forces, XIII (May, 1935), 497.

<sup>9</sup>Richard Hofstadter, "The Southeastern Cotton Tenants Under the A.A.A., 1933-1935" (unpublished M.A. thesis, Columbia University, 1938), 22.

that their \$3 a day stipend did not fully repay them for the gasoline and oil expenditures incurred in their work. Many tenants did not earn \$3 per week. The county agents were characterized as the "outstanding men in their communities."<sup>10</sup>

E. W. Gaither, Extension Agent for the southeastern section of North Carolina, made the following revelation of problems with "politicians":

Due to the fact that local politicians wanted a hand in the operation of the A.A.A. program and in some instances a hand in naming the personnel of the office, trouble developed in several counties. . . . the local politicians wanted certain men removed from community or county committees, and tried to bring pressure on the agents to remove these committeemen. In other instances they wanted special favors for themselves or their friends, while in some other counties they wanted the agent removed and one named who would be more or less under their control.<sup>11</sup>

Local committees were responsible for the immediate checks of compliance with all terms of the contracts and county committees were in charge of complaints and adjustments. Both were in a position to overlook any mistreatment of tenants. If class sympathies, economic motivations, or personal friendships with their fellow landowners caused a closed eye to unjust practices, the tenants had virtually

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<sup>10</sup>U. S. Congress, House, Committee on Appropriations, Cotton, Cattle and Dairy Products, Hearings before a subcommittee of the Committee on Appropriations on H. J. Res. 345, 73rd Congress, 2nd Session, 1934, 16-19.

<sup>11</sup>Annual Report of the South Eastern District (North Carolina) by E. W. Gaither, District Agent, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 4.

no means of appeal. As phrased in the words of a Georgia congressman:

The landlords are always, at least they are usually, men of greater influence than the tenants on their farms, and the administration of these matters is left to the county committees, and injustices frequently result; and there ought to be some method of appeal from the decisions of the county committees in such matters.<sup>12</sup>

Many tenants and others concerned complained bitterly of the injustices of the tenancy system and the failure of the A.A.A. to relieve the crisis for the tenant farmer. Professor William Edward Zeuch of Black Mountain College warned President Roosevelt of the dangers facing the tenant farmer:

New chemical and machine techniques in agriculture are bringing changes that tend to make the family farm obsolete. The mechanical cotton chopper, now bordering on success, will make the present small family-sized farm ruinous to the owner. Some form of joint holdings and joint operation of larger areas is imperative if tenant farmers are to be rehabilitated on the land with such crops or crops of like character.<sup>13</sup>

The forces let loose by the depression undermined the tenant landlord relationship. The low price of cotton made continued "furnishing" difficult, reduced acreage, and released numbers of share-croppers and tenants, converting them into migrants or squatters without an opportunity to make a crop. The A.A.A. program tended to further this

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<sup>12</sup>U. S. Congress, House, Committee on Appropriations, Agricultural Department Appropriation Bill for 1936, Hearings before the subcommittee of the Committee on Appropriations, 74th Congress, 1st Session, 1935, 1326.

<sup>13</sup>Letter, William Edward Zeuch to President Franklin D. Roosevelt, November 9, 1936, N.A., R.G. 16.

dissolution. The sharp limitation of cotton acreage and the rental and parity payments provided an incentive--a specific monetary incentive--for the planter both to reduce the number of tenants and croppers on the place, and to convert those remaining into wage laborers.<sup>14</sup>

The A.A.A. had not been of benefit to the tenant class. As wretched as was the tenant system prior to the A.A.A, the implementation of the adjustment programs resulted in a growth in tenancy.

According to 1935 figures of the A.A.A., 42 per cent of all farmers in the United States were tenants and nearly half of all land in the nation was operated under lease, by tenants or by part owners. The percentage of farm tenancy in North Carolina was above this national average--47 per cent.<sup>15</sup>

In line with the national trend, there was a large increase in the number of farms in the state from 1930 to 1935. North Carolina had about 301,000 farms in 1935 or 21,000 more than five years previously. The increase was principally in the western part of the state, usually in the marginal farming areas, which indicated a return to the land by urban unemployed to engage in subsistence farming.

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<sup>14</sup>Letter, Frank Tannenbaum to Paul Appleby, Assistant to the Secretary of Agriculture, December 29, 1934, Box 89, N.A., R.G. 145.

<sup>15</sup>Report, "Farm Tenure Improvement: Landlord-Tenant Cooperation and Leasing Procedure," Box 89, N.A., R.G. 145, 3.

From 1930-1935, the number of farms operated by full owners increased from 115,765 to 128,394 and farms operated by part owners increased from 25,680 to 29,717. On the other hand, the farms operated by all tenants increased from 137,615 to 142,158. The western counties had the largest increase in full or part owners.<sup>16</sup>

Analysis of these figures revealed that the non-food cash-crop tenant system of eastern North Carolina did not fare well during the height of the agricultural depression, and that the urban and industrial unemployed of the western part of the state found it necessary to return to the land for subsistence. Many of these people had family connections or farms of their own to which they could return. Others returned as tenants.

The eastern cash-crop counties lost tenants for the first time since the Civil War. This was not a successful result of the A.A.A., but a terrible result of the reduction programs:

It is impossible to reduce acreage 40 per cent without reducing the number of tenant farmers. What shall they do? Swell the army of the unemployed in the cities or remain in wretched hovels on the land with no income except from occasional labor at fifty cents or a dollar a day?<sup>17</sup>

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<sup>16</sup>Editorial, "Farm Owners and Tenants," News Letter, October 23, 1935, 1.

<sup>17</sup>Editorial, "Terror in Arkansas," The Nation, CXL (February 13, 1935), 174.

The reduction in tenancy in eastern North Carolina resulted in the conversion of tenants to migrants or squatters with no chance for a crop and only hope for survival.

While there was a total increase in the number of tenants from 1930-1935, the increase was the smallest in modern times. The percentage of all farms operated by tenants declined during these five years from 49.2 per cent in 1930 to 47 per cent in 1935. This was the first time since the Civil War that there was a decline in the percentage of farms operated by tenants in North Carolina.<sup>18</sup>

The aforementioned increase in the number of tenants in western North Carolina was composed primarily of "many a young country John who had started off for the city with high heart to win his fortune only to return later, discouraged, to add yet another human burden to an already heavily taxed agricultural region."<sup>19</sup> These families returned to abandoned farms or to houses on farms operated by their relatives or friends. These moves were not made to farms where a good living could be expected, but to subsistence farms: "Food to fill the hungry mouths of his family,

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<sup>18</sup>Editorial, "Increase in Farm Tenants, 1930-35," News Letter, December 4, 1935, 1.

<sup>19</sup>Editorial, "Back to the Land," News Letter, June 3, 1936, 1.



or even a part of what was needed was all he asked."<sup>20</sup> This migration was to small farms where the family hoped to produce at least part of the food, particularly vegetables, eggs, and milk needed for their own use.

A particularly grievous situation was revealed by studies made in 1935 which showed that the decline in tenants in eastern North Carolina was even larger among black tenants. During 1930-35, farms operated by whites increased 28,759 or 14.2 per cent. Farms operated by blacks decreased 7,500 or 9.8 per cent. Prior to 1925, there was a definite trend toward an increasing ratio of black farmers in the state. From 1925-1935, there was a decided decline in the proportion of farms operated by blacks, from 28.3 per cent in 1925 to 23.0 per cent in 1935. The decline was due in part to the return to the farm by urban unemployed and other whites and to a change in the status of thousands of black farmers from tenants to day laborers.

The following table reveals the number of farms operated by white and black farmers for each census count during the previous quarter of a century, and the percentage of all farms operated by black farmers for each census date:<sup>21</sup>

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<sup>20</sup>Editorial, "Back to the Land," News Letter, June 3, 1936, 1.

<sup>21</sup>Editorial, "White and Negro Farmers, 1930-35," News Letter, December 4, 1935, 1.

Year	White Farmers	Black Farmers	Per Cent Black
1910	187,657	65,656	25.9
1920	193,473	76,290	28.3
1925	202,516	80,966	28.5
1930	202,835	76,873	27.5
1935	231,594	69,373	23.0

From 1910 to 1925, there was an increase of almost 15,000 white farmers and 15,000 black farmers; however, from 1925 to 1935, there was an increase of nearly 29,000 white farmers and a decrease of 11,593 black farmers. Practically the entire increase in white farmers occurred from 1930 to 1935, and most of the black decrease took place in this five year span. During this period, farm land operated by whites increased by more than 2,000,000 acres while land operated by blacks decreased by 250,000 acres.

Fifty-seven counties in the state lost black farmers from 1930-1935 and these were virtually without exception the cash-crop counties (cotton and tobacco). The most substantial reductions were in the eastern bright-leaf tobacco belt, especially Nash, Wilson, Edgecombe, Greene, Pitt, Lenoir, Halifax, Northampton, and Wake. The second largest losses were the cotton counties of the southern Piedmont area, from Robeson to Rutherford (19 counties). Losses were also suffered by the northern Piedmont tobacco counties. Every significant cotton or tobacco county lost black farmers with the largest numerical decreases being in the combination cotton-tobacco counties. For years prior to 1925,

these same counties led the entire South in increase of black farmers.<sup>22</sup> How could this loss in black farmers be understood?

The explanation is that this was a result of the programs of the A.A.A. The cotton-tobacco land of the state was owned primarily by white planters who leased their holdings to tenants--in the eastern part of the state, mainly to black tenants. On the cotton and tobacco adjustment contracts, the agreement was between the government and the owner of the land. The contracts called for a reduction of cultivated land thereby requiring a smaller work force. Moreover, as long as they were tenants, the landlord was required by the contract to divide his government payments to each tenant according to the individual's share of the farm's produce. The landlord's solution was simple, and several thousand black tenants became day laborers. However, what happened to the ten thousand day laborers (assuming they all became day laborers) in the state, when they were not employed between crops? Revealing insight can best be found in the works of John Steinbeck, James Agee, Erskine Caldwell, and others.

The Extension Service which administered the A.A.A. program in North Carolina made some attempts to reach

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<sup>22</sup>Editorial, "White and Negro Farmers, 1930-35," News Letter, December 4, 1935, 1.

black farmers in the state. John W. Mitchell was appointed as Negro District Agent for the state and in 1933 appropriations were made for 19 black county agents and eight black home demonstration agents. These agents were restricted to the counties which had large black rural populations. Remaining were 81 counties in the state for which there were no black agents. Black agents had been appointed because it was believed that they could reach the black farmers "better than could the overburdened white agents."<sup>23</sup>

The black agents continued to work in 1934 and with some success as many black farmers had been unaware of the A.A.A. programs: "I feel all is due to this 'sign business' and I will follow your advise, Farm Agent, for I did not know what about this 'sign business' until you explained it to me."<sup>24</sup> Alamance County was the only county in the state in which black tobacco committeemen were assigned to duty.<sup>25</sup>

No annual report for 1935 was made either by the black county agents or by John Mitchell. However, the 1936 report gave figures for 1935. There were 69,373 black farm operators in 1935, and 495,888 blacks who depended directly

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<sup>23</sup>"Negro Work," Report by John W. Mitchell, Negro District Agent, Extension Service, Roll 57 (1933), National Archives, 13-14.

<sup>24</sup>Annual Report by Mitchell, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 39-40.

<sup>25</sup>Annual Report by Mitchell, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 40.

on agriculture for their livelihood. There were 13,198 black farm owners, 6,513 part-owners, and 57,139 tenants. Moreover, for 1935 there were 60 counties in the state with "large enough" black farm populations to warrant the employment of full time agents. Mitchell was concerned with the plight of black tenants in the state as he witnessed first-hand the change in their status:

In the past ten years, there has been a decrease in Negro farm owners. The decrease in Negro farm tenants has been even greater than the decrease in Negro farm owners. While the census fails to show the actual increase of day-laborers, there has been a marked increase in the number of Negroes occupying this status of tenure.<sup>26</sup>

The greatest insight into the "tenant problem" in North Carolina was provided in an extensive study by Gordon W. Blackwell of the University of North Carolina, "The Displaced Tenant Farm Family in North Carolina."<sup>27</sup>

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<sup>26</sup>Annual Report by Mitchell, Extension Service, Reel 70 (1936), N. C. S. U., Archives, 1.

<sup>27</sup>Gordon W. Blackwell, "The Displaced Tenant Farm Family in North Carolina," Office file of Calvin B. Hoover, 1935, No. 13, N.A., R.G. 145, hereinafter referred to as Blackwell, "Displaced Tenant Farm Family."

This paper is based on data obtained from surveys of displaced tenant farm families on relief rolls in Greene, Nash, and Wilson counties, North Carolina, carried on during the first four months of 1934 by a research group under the Tennessee Valley Authority in cooperation with the Institute for Research in Social Science and the North Carolina Emergency Relief Administration. It was the purpose of the study, designed as a preliminary step to agricultural planning, to ascertain the extent of the displaced tenant problem and furthermore to obtain full information concerning the family composition, farming experience, and present economic situation of relief cases

Blackwell discovered that in eastern North Carolina there was a group of counties in which the tenancy rate was above 60 per cent. Eight other Tarheel counties, widely scattered, had a similar tenancy rate. Furthermore, 31 counties in the state had tenancy rates of 40 to 60 per cent. Greene, Nash, and Wilson counties were in the center of the eastern group and were typical of the region in that the two money crops, tobacco and cotton, predominated in all three counties. Additionally, the presence of a town of 12,000 population in Wilson County afforded the opportunity of studying the urban aspects of the problem.<sup>28</sup>

Data revealed that 10 per cent of the tenant farm families had been displaced in the previous five years and had become partially dependent upon relief from the federal government. These families were farm experienced and were capable of farming. The situation was more extreme among black farmers as 15 per cent were displaced as compared with 6 per cent for whites. It was ascertained from relief officials in several counties that the number of displacements in the three selected counties was not nearly as large as

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suitable for rural rehabilitation. Personnel of the research group consisted of five trained enumerators and a supervisor. Execution of the research project was guided by T. J. Woofter, Jr., and Harriet L. Herring of the Institute for Research in Social Science and Roy M. Brown of the North Carolina Emergency Relief Administration.

<sup>28</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 2.

in counties in which the proportion of tenants was higher. Estimates placed the number of displacements in other counties at twice the rate for that of Greene, Nash and Wilson. Moreover, many tenants were found to have been displaced who had never been on relief. Although this proved difficult to estimate for the study, the number was placed at several thousand for the state. This resulted in a total for the state of between 8,000 and 11,000 farmer families who did not have a crop for 1934.<sup>29</sup>

A total of 825 displaced tenant farm families were studied in Greene, Nash, and Wilson counties. Sixty-six per cent were black and 34 per cent white. Complete records of these families revealed the general characteristics of the group.

The average age of the head of the family was approximately 37 years. The typical family had three or four eligible workers distributed evenly between male and female. The average family had two children below the age of ten, and in every five families, there was a partially disabled individual. In every eight families, there was someone totally disabled. The household was composed of between five and six members.

Parents of these families were very poorly educated,

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<sup>29</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 2.

if, indeed, not totally illiterate. On the average men had reached the third grade while their wives had attained fourth or perhaps fifth grade education. Some 21 per cent of the parents had never been to school; 7 per cent had advanced to high school; and 4 individuals of the 1,510 parents had been to college. Eighty-five to 90 per cent of the children from 7 to 14 years were attending school at the time of the survey. Approximately 40 per cent of the children revealed no educational retardation; another 40 per cent were retarded from one to three years; and the others were found to fall far behind normal grade attainment measured according to age.

Between 80 and 85 per cent of these families had both parents living in the home; 8 to 10 per cent were widowed; 2 per cent deserted; 2 per cent separated; and 2 to 4 per cent were unmarried. Only one instance of divorce was reported for the 825 families. Broken homes occurred more frequently among blacks than among whites, but on the whole family solidarity among these people was termed "encouraging."<sup>30</sup>

As regarded farming experience, the average possessed by these displaced tenants ranged from twelve to fifteen years; however, only about one family in twenty had ever

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<sup>30</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 2-3.



owned land. The typical family had lived on five different farms for an average of two and one-half years on each farm. Thirty-one families had lived on more than twelve different farms, while four had lived on more than twenty. More than one-half of the families had lived in the same county all their lives; while one third had lived in two counties; one-sixth in three counties; and only 15 out of 825 had lived in four or more counties. The mobility of the tenant population was high, but shifting usually occurred within the local community. Sometimes a tenant had lived on a dozen different farms, all within a radius of fifteen miles from his birth-place.<sup>31</sup>

An index to the problem may be found in the reasons why displaced tenants were "laid off" by their last landlords as in the following table:<sup>32</sup>

Reason of Displaced Tenants and Last Landlords as to Why Tenant was Laid Off:

Reason	Tenant		Landlord	
	Number	Per Cent	Number	Per Cent
Landlord could no longer finance tenant . . .	157	21	71	11
Landlord wanted to use tenant as day labor. . . .	38	5	23	4
Signing of acreage reduction contract . . . .	38	5	23	4
Undesirable tenant . . . .	15	2	243	39

<sup>31</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 3.

<sup>32</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 4.

Insufficient help in the family. . . . .	87	12	49	8
Tenant wanted to change. . .	207	27	111	18
Land changed hands. . . . .	95	13	54	9
Other . . . . .	116	15	45	7
	<u>753</u>	<u>100</u>	<u>619</u>	<u>100</u>

The table totals represent 91 per cent of the tenants and 75 per cent of the last landlords. For cases in which a reason was obtained from both landlord and tenant, agreement was found in slightly more than 40 per cent. Reasons could not be obtained from all tenants and all last landlords.

The roving spirit of these people was brought out by the fact that one-fifth left their last landlord of their own accord. Virtually 40 per cent of the landlords gave the undesirability of the tenant as their reason for refusing to grant the family a crop for another year. Approximately one in every ten was "let go" because of insufficient labor supply in the family. An additional one in ten was displaced because the land on which he had farmed the preceding year changed hands, the new owner placing his own tenants on the farm. The reasons cited thus far are not foreign to the tenant system even in times of relative prosperity. A large number of tenants had always shifted yearly from farm to farm. Landlords had always laid off tenants due to dissatisfaction and tenants had always been displaced temporarily by land changing hands, though land turn-over was undoubtedly accelerated by the depression in agriculture. The study concluded that the tenants displaced

for the aforementioned reasons were presumably replaced by a like number; thus, the number of tenants did not decrease due to any of these reasons.<sup>33</sup>

The fact that the landlord could no longer finance the tenant, the desire of the landlord to use the tenant as day labor rather than grant him another crop, and the acreage reduction program of the Agricultural Adjustment Administration were the real reasons for the displaced tenant problem. In a few instances, land lay idle due to mortgage foreclosures, but as a rule land held by land banks, depository banks, or insurance companies was rented out, usually on a cash-rent basis. The amount of land farmed under the tenant system was not substantially reduced by mortgage foreclosures.<sup>34</sup>

The general depression in the prices of farm products over a period of several years brought heavy losses to most landlords. By 1932, the situation had reached a stage where many landlords could not afford to furnish tenants for another year. A rare few voluntarily curtailed their acreage, thereby reducing the number of tenants required on the farm. Some landlords discontinued the tenant, sharecropper system and substituted in its stead farming by day labor under the

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<sup>33</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 4-5.

<sup>34</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 5.

supervision of foremen or overseers. The ultimate result was that the family of the day laborer had to be sustained on relief for a large part of the year. The landlord was relieved of the responsibility of feeding the family throughout the year. This shift from tenant farming to farming by day labor was most often found in easily accessible areas as careful and constant supervision was deemed necessary. In the more remote districts, sharecropper farming continued.<sup>35</sup>

Regardless of some efforts by the Agricultural Adjustment Administration to protect the interests of the tenant in the acreage reduction programs many tenants were displaced for this reason alone. Provisions in the contract designed to insure justice for the tenant were either shrewdly evaded or broken outright. The number of tenants displaced in North Carolina during the first three months of 1934 was more than the entire figure for 1933; yet, the financial outlook at the time arrangements for a crop were made was better in 1934. The tobacco and cotton acreage reduction programs were responsible for this increase. From the data obtained in the study, it was estimated "that there were this year [1934] in North Carolina several thousand fewer share-crops available than last year, due to the

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<sup>35</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 5.

signing of acreage reduction contracts."<sup>36</sup> The effect of the acreage reduction program was more extensive considering the fact that less day labor was required to tend the reduced acreage and to harvest crops during the rush seasons. Virtually the only source of income for the displaced tenant was occasional jobs as a day laborer. The following table reveals the startling increase in displaced tenants in Greene, Nash, and Wilson counties:<sup>37</sup>

Date	Black		White		Total	
	Number	Per Cent	Number	Per Cent	Number	Per Cent
1920-1924	11	2	4	2	15	2
1925-1929	58	12	20	7	78	10
1930-1934	426	86	245	91	671	88

Paragraph seven of the 1934-35 contracts required the landlord to maintain on his land the normal number of tenants and to permit all tenants to live rent free in their houses during the two years.<sup>38</sup> However, it was inherent in acreage reduction that fewer tenants would be needed, and the problems of compliance were left to the committees of landlords. During the debates in Congress on the Agricultural Adjustment Act, Senate Majority Leader Joseph Robinson told his fellows that landlords could not rid themselves of the cost of production by "turning men out," and he doubted if

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<sup>36</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 5.

<sup>37</sup>Blackwell, "Displaced Tenant Farm Family," N.A., R.G. 145, 5.

<sup>38</sup>U.S.D.A., "Cotton Contract 1934-35," Form No. Cotton 1a, Box 90, N.A., R.G. 145.

they would even if it were permissible.<sup>39</sup> Apparently, the senator did not understand southern landlords as well as he thought. Prior to the signing of 1934 contracts, there were numerous evictions. During the season there were others, and after the 1934 crop was in, a great wave of them developed.

Certainly, the pressures on a landlord were great to discharge some of his tenants. About 40 per cent of his acreage lay fallow, and, if he maintained the same number of tenants, his operating expenses for the year would be almost as large. Yet, if he evicted tenants he would not have to support them; he would not have to split government benefit money with them; and he could use the rented acres for his own purposes. The A.A.A. rental checks which came early in the season, provided the landlord with money with which to hire day laborers to cultivate and harvest the crop. These workers had no rights under the contracts and the landlord could return to his prior relationship with labor--one in which the government did not interfere. Only those landlords who sincerely wished to comply with their contract, who feared to violate it, or who felt a paternalistic responsibility toward their tenants, resisted the

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<sup>39</sup>U. S. Congressional Record, 73rd Congress, 1st Session, 1935, LXXIII, 1237.

temptation to evict.<sup>40</sup>

Those landlords who made evictions caused great personal tragedy for the tenant families involved:

I rented a house and a crop from Mr. Miller Sparks joining the Cleveland Mill and power Co. dam in November 1933. I was to have the house patches and a paster for my cow and 5 or 6 akers for corn. I rented the house at \$5.00 a month for one year. Moved there on the fourth day of December 33. Mr. Sparks was ill at the time the house needed repar so I went to work to try to make it comfortable. I stayed there about three mos. and they told him how much land he could work in cotton if he signed up with the Government. So he signed, and now some one has offered him more rent for the house and says, he can work the land without me and put me out. So all the land is rented I can't get another. No garden or patches of any kind. And scarsely a shelter as every thing has been taken up.

Is it lawful for a man to do that? And what am I to do I have got five children and I must have some where for them to stay.<sup>41</sup>

As fewer tenants were needed, there was no place for dispossessed tenants to go but to the roads or to the towns and cities to try to get on relief. Travelers in the state as well as in the entire South saw the homeless families on rivers in flatboats, in the caves and swamps, on barren hillsides, and on the roads. They were without homes, food, or work, half-clothed and sick of body and soul--the "forgotten farmers" of a government which saw

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<sup>40</sup>Report by Hoover, Office file of Calvin B. Hoover, No. 13, N.A., R.G. 145.

<sup>41</sup>Letter, tenant farmer Gaither Dillingham to J. C. B. Ehringhaus, April 27, 1934, Ehringhaus Papers, Box 105.

the A.A.A. only as a "success story."



## CHAPTER VI

### CONCLUSION

Agricultural depression struck North Carolina in the summer of 1920, as was true for most of the nation. The gross cash income from agriculture in the state was \$396,000,000 in 1920. By 1921, this had been reduced to \$232,000,000--a loss of 41 per cent in one year. The depression continued during the decade and by 1931, the income was only \$187,000,000 which was a descent of some 28 per cent. In other words, the total gross income, including sale of crops, livestock, livestock products, and forest products had declined almost steadily from 1920 into the decade of the thirties.<sup>1</sup>

The number of North Carolinians affected by this decline in farm income was substantially greater than the national average. North Carolina had the second largest farm population of all the states. Moreover, the bulk of this number rested at the bottom of the economic scale as agriculture in North Carolina was far less mechanized than in most of the other states. Tarheel agriculture rested on small scale farming and on tenant and day labor. Thus, Tarheel farmers were particularly oppressed by the agricultural depression, and tenants and laborers, existing at the bottom of the

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<sup>1</sup>G. W. Forster, "Taxes and Income Comparison Made," Morning Star, January 2, 1933, 1.

economic ladder, were most severely effected.

From 1920 to 1933, there was a virtually constant demand for federal farm relief. Congress was beset with many proposals for federal relief following the decline in farm prices in 1920 and 1921. Thus began an intensive and organized effort to use government power to raise farm prices. The movement focused on a method of obtaining price-lifting legislation which would give farmers parity or near parity prices. The depression in agriculture had left in its wake the belief, held by most farmers, that agricultural production had been overexpanded during World War I. The parity-price movements sought to segregate the domestic market from the export market and to protect domestic farm prices from the competitive results of foreign farm production.

Of all farm proposals for relief, the most significant was the domestic allotment plan. This method, formulated by U.S.D.A. economist W. J. Spillman and modified by others, grew in support throughout 1931-32, and in fact, formed the base of the Agricultural Adjustment Act of 1933. The plan was designed to encourage farmers confronted with shrinking demands to reduce their production. Specifically, the plan provided for giving farmers a higher price on that portion of their crop sold in the domestic market in return for signing contracts limiting acreage. The proposal failed to result in legislation in 1932 primarily because President

Hoover opposed this solution to the problem.

North Carolina congressmen, editors, farm leaders, tenants, and other interested parties contributed their share to the proposals before Congress and to the general air of discontent. This "share" included the efforts of U. B. Blalock, Clarence Poe, Governor Ehringhaus, and the vast majority of North Carolinians to achieve passage of a domestic allotment plan. It also included the almost unanimous front of opposition presented by the manufacturers of agricultural products in the state. Why did industry in the state choose to oppose a relief measure? The answer was found in their ascending profit scales. From 1931 to 1933 (peak depression years), textile mills in the state actually increased both in number and profits.<sup>2</sup> In 1932, the total profits of 52 leading tobacco manufacturers were \$146,000,000, as compared to \$134,000,000 in 1929 and \$75,000,000 in 1923. The net profits of these manufacturers in 1932 were nearly 50 per cent greater than the gross returns of all the tobacco growers in the United States! The "Big Four" (American Tobacco Company, R. J. Reynolds Tobacco Company, Liggett & Myers Tobacco Company, and P. Lorillard Company) had aggregate net earnings from manufacturing and sale of tobacco products of \$42,678,366.04.<sup>3</sup> In 1932, tobacco

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<sup>2</sup>Census Bureau, Census of Manufacturers, 1933, 132-200.

<sup>3</sup>Report of Vinson Subcommittee, 1934, Box 89, N.A., R.G. 145, 2-3.

growers received only  $4\frac{1}{2}$  cents of the consumer's dollar, whereas tobacco manufacturers received more than 10 cents in the form of profits. In addition, manufacturers received salaries for their personal services and a return of more than 20 per cent in invested capital. The salaries of 12 of these men in 1932 was \$2,500,000, which was approximately equal to the total income received by 10,000 tobacco growers.<sup>4</sup> The prices farmers received for tobacco declined by 44.09 per cent from 1929 to 1932.<sup>5</sup> The tobacco manufacturers did not desire passage of any measure which might upset their ascending profit scale.

Regardless of the opposition presented by manufacturers in the state, friends of agriculture were able to secure passage of a domestic allotment plan, and on May 12, 1933, President Franklin Roosevelt signed the Agricultural Adjustment Act.

Once passage of domestic allotment was accomplished, state officials and state agencies cooperated fully with the Agricultural Adjustment Administration. The reduction programs covered cotton, corn and hogs, tobacco, wheat, peanuts, and for a brief period, potatoes. These programs reaped a measure of success in the state--success, that is, for the

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<sup>4</sup>Staff report, A.A.A., Tobacco, Box 90, 1933, N.A., R.G. 145.

<sup>5</sup>Interoffice Memo, A.A.A., December 15, 1932, Box 90, N.A., R.G. 145.

landed farmers. The economic standing of the landowners was steadily improved from 1933 to 1936. This improvement was, of course, largely the result of the work of the A.A.A. as implemented by the Extension Service.

The farmers' income from the sale of both lint and seed cotton rose from \$23,423,000 in 1932 to \$50,993,000 in 1934.<sup>6</sup> The price of hogs in 1934 was an average of about \$7 per hundredweight, as compared to \$2 in 1932. Corn rose from 44 to 81 cents per bushel in the same period.<sup>7</sup> In tobacco, the ruinously low prices prevailing before the A.A.A. dropped to an average of 11.5 in 1932. A similar price existed early in the 1933 season, but the effect of the marketing agreement brought the season's average up to 16 cents per pound. The 1934 average was 29.2 cents. The 1932 crop sold for \$35,428,000 and the 1934 crop brought \$122,142,000, approximately three and a half times as much, bolstered further by the \$5,640,000 distributed in rental and adjustment payments during the year.<sup>8</sup> The North Carolina wheat marketed in 1934 sold for \$4,948,000 as compared with \$2,429,000 in 1932.<sup>9</sup>

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<sup>6</sup>Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 4-5.

<sup>7</sup>Report of I. O. Schaub, Director, Extension Service, Reel 62 (1934), N. C. S. U., Archives, 7-8.

<sup>8</sup>Tobacco Report of I. O. Schaub, Director, Extension Service, Roll 62 (1934), N.A., 6.

<sup>9</sup>Report of I. O. Schaub, "Wheat Program," Extension Service, Reel 62 (1934), N. C. S. U., Archives, 9.

In 1932, Tarheel farmers received \$3,733,000 for their peanuts. The value of the crop in 1935 was \$8,758,000 with the total amount of the peanut payments being \$813,900.<sup>10</sup>

In 1935, bank deposits were \$65,684,222 greater than in 1934. This increase was attributable in large measure to the crop control programs of the A.A.A. The 1935 cash income from farm crops was \$206,338,400--an increase of 140 per cent over 1932.<sup>11</sup> Unquestionably, they exerted a wholesome influence on the price level of farm commodities, and the benefit payments added millions of dollars to the farmers' cash income. As the state was predominantly agricultural, the financial condition of the farmers had direct bearing upon the welfare of business and industry.

Some success was certainly registered by the A.A.A. in North Carolina, however failure was an accompanying phenomenon with regard to the landless farmer in the state.

One of the long-term trends in Southern agriculture was the tenancy system. Like slavery in the ante bellum period, it was an institution "peculiar" to the South. It was a social and political as well as an economic order, the origins of which lay clearly in slavery and the plantation system:

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<sup>10</sup>Peanut Program Report by I. O. Schaub, Extension Service, Reel 66 (1935) N. C. S. U., Archives, 8-9.

<sup>11</sup>Report of I. O. Schaub, Director, Extension Service, Reel 66 (1935), N. C. S. U., Archives, 1.

The history of slavery in America is an incident in the history of the plantation system. . . Slavery has disappeared, to be sure, but the plantation system in one form or another, remains. . . The abolition movement when seen in its proper perspective is merely an episode in the history of a particular type of industrial organization. The slave was probably predestined to be what he has since very largely become--a peasant farmer.<sup>12</sup>

A brief period of readjustment, a hiatus in the plantation system, followed emancipation. The laborer of the cotton fields had received a free status but no higher economic or social standing. Mobility had been acquired, but no more security. The illusionary "forty acres and a mule" never was manifested. Was he yet not a slave--a slave to the land?

The plantation system had inculcated habits of industry and hard work, but these were linked to the stimulus of compulsion rather than to economic competition. Industry was a learned response, a matter of obedience, not a matter of forethought. The plantations still existed and what did the laborer know but the land?

High prices for cotton encouraged planters to re-establish its culture. The initial system employed for labor was the wage contract system. However, this proved a failure due to an absence of banks in the South and an almost universal shortage of funds by planters. It was virtually impossible

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<sup>12</sup>Robert E. Park, "The Anti-Slavery Movement in England," American Journal of Sociology, XXXIII (September, 1927), 290-291.

for labor to be paid weekly or monthly wages. Moreover, the laborer did not understand contracts and could not wait for yearly wages.<sup>13</sup>

The resultant solution was the share system, adopted after a period of trial and error, to govern the division of products and profits between landlord and tenant. The status of the tenant was that of a servant whose wages depended upon the amount of profit. The degree of tenancy was multifarious: standing rent tenants, cash tenants, managing share tenants, share tenants, share-croppers, and various combinations or alterations of these types. In North Carolina, the tenant's status was similarly diversified and was not rendered more definite by judicial decision.<sup>14</sup>

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<sup>13</sup>M. B. Hammond, The Cotton Industry (New York: American Economic Association, 1897), 123-127.

<sup>14</sup>It had been stated that the cropper had actual possession, though legal or constructive possession was vested in the landowner, State v. Townsend, 170 N. C. 696 (1915). Under a statute in North Carolina, it was held to be immaterial whether the producer of a crop was a tenant or a cropper. As to both, legal possession was vested in the owner of the land, State v. Austin, 123 N. C. 748, 31 S.E. 731 (1898). However, in Tobacco Growers Association v. Bissett 187 N. C. 180, 121 S.E. 446 (1924), the court said that the landlord merely had a preferred lien or was trustee, so to speak, in possession until advances, if any, were paid; and that the statute did not "make the landlord of a cropper the owner, give him title to the tenant's share of the crop." In Rouse v. Wooten, 104 N. C. 22910 S.E. 190 (1889), the North Carolina court was convinced that a cropper, though not having a vested property interest until the crop was matured and gathered, nevertheless had a sufficient interest or right to entitle him to bring an action of conversion against a lien or whose right arose after the crop was planted.



The system in North Carolina was worsened by depression in agriculture which began in 1920 and continued until 1933. The depression worked a particular hardship on tenant farmers and brought an alteration to the system. The alteration was an increasing number of white tenants. Tenancy, which had for decades been regarded as "an institution for Negroes," was increasing, due to the depression's impact upon urban and rural whites. Black tenancy was decreasing due to the encroachment of white tenants. Blacks were pushed further down the agricultural ladder--to the status of day laborer if they were so blessed. As for the hardship wrought by the depression one has only to view the works of James Agee, John Steinbeck, Erskine Caldwell and others.

In North Carolina and in the South, tenants suffered miserable lives and blacks suffered most of all. The most Democratic part of the nation was probably the least democratic. A black man in political office was largely unknown and many blacks were prevented from voting. In public schools, funds spent on the education of white students varied from six to sixty times the expenditures for black children.<sup>15</sup> It was widely held by landowners that to provide a black man with a formal education was "to ruin a good nigger."<sup>16</sup> To the typical southern white, the only likeable black man

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<sup>15</sup>Raper, Preface to Peasantry, 4-6.

<sup>16</sup>Conrad, Forgotten Farmers, 8.

was the one who "knew his place," and if the tenant fled to escape his debts, he faced flogging, murder, or lynching, especially if the man were black.<sup>17</sup>

It was also tragic in that the opportunity for the tenancy system to have been destroyed was never greater than in the decade of the thirties. The system was vulnerable in 1933 when the A.A.A. went into effect. For example, had the A.A.A. made equitable payments for acreage reduction directly to tenants, the tenants would have been granted greater independence and bargaining power with the landlords and might have begun the destruction of the system. The leaders of the A.A.A. were not willing to challenge a long-established social system. They also argued that it was necessary to favor the landlords in order to entice them to reduce acreage. It was, however, possible that the landlords were themselves in sufficiently dire circumstances that they were willing to accept government aid no matter what "strings" were attached. However, to place the situation in political perspective, would it have been tantamount to political suicide for a newly elected Democratic administration to have undertaken a social reform on the scale of equal treatment of both tenants and landlords?

What was the "New Deal" which the Agricultural Adjustment Administration brought to the tenant in North Carolina?

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<sup>17</sup>Conrad, Forgotten Farmers, 19.

The A.A.A. helped to reduce tenancy in many areas--by driving the tenants from the land. The largest cotton and tobacco counties in the state lost tenants. They were evicted by the landlords whose reduced acreage (40 per cent) made it economically beneficial to reduce the number of tenants. In Blackwell's study, 88 per cent of the tenants in Greene, Nash, and Wilson counties were displaced between 1930-1934. The A.A.A. accomplished unintended social change by aiding in the displacement of tenants. Those evicted were forced to seek new occupations and some eventually discovered better lives; however, there were far too many who never had "other lives." Far too many suffered from disease and starvation and far too many died. The A.A.A.'s "New Deal" could scarcely be viewed as a "godsend" to the tenants of North Carolina. They were, indeed, the forgotten farmers.

## APPENDIX

- Columbia Manufacturing Company (I. F. Craven) to Bailey,  
12-14-32.
- Shuford Mills (C. V. Garth) to Bailey, 12-29-32.
- Selma Mills (G. F. Brietz) to Bailey, 12-21-32.
- Edna Cotton Mills (W. B. Pipkin) to Bailey, 1-4-33.
- Ruby Cotton Mills (T. L. Wilson) to Bailey, 1-7-33.
- Eagle Roller Mill Company to Bailey, 12-31-33.
- Balfour Mills (E. A. Smyth) to Bailey, 1-5-33.
- Cotton Textile Industries, Inc. to Bailey, 1-9-33.
- Statesville Flour Mills Co. (F. A. Sherill) to Bailey,  
12-23-32.
- Hanes Dye & Finishing Co. (R. P. Hanes) to Bailey, 1-12-33.
- J. A. Tate & Co, to Bailey, 1-14-33.
- J. G. Barbour & Sons (J. W. Barbour) to Bailey, 1-13-33.
- Stowe Spinning Co. (R. L. Stowe) to Bailey, 1-13-33.
- Leward Cotton Mills (W. L. Ward) to Bailey, 1-13-33.
- J. M. Odell Manufacturing Co. (H. A. London) to Bailey,  
1-14-33.
- Spray Cotton Mills (Karl Bishopric) to Bailey, 1-14-33.
- Waverly Mills, Inc. (A. M. Fairley) to Bailey, 1-18-33.
- Howell Manufacturing Co. (W. B. Rhyne) to Bailey, 1-18-33.
- Millers National Federation (Herman Fakler) to Bailey,  
1-21-33.
- Vanco Flour & Corn Meal Mills, Inc. (R. E. Shotwell) to  
Bailey, 1-21-33.
- Manetta Mills (G. B. Heath) to Bailey, 1-20-33.
- Chronicle Mills (R. L. Stowe) to Bailey, 1-21-33.

Erwin Cotton Mills to Bailey, 1-23-33.

Cannon Mills, Inc. (C. A. Cannon) to Bailey, 1-24-33.

Carolina Mills, Inc. (J. A. Moretz) to Bailey, 1-24-33.

Barber Manufacturing Co. (R. T. Dixon) to Bailey, 1-24-33.

Southern Rubber Co, Inc. (C. A. Keeley) to Bailey, 1-31-33.

North Carolina Cleaners & Dryers Association (C. B. Roberts)  
to Bailey, 2-27-33.\*

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\*This list of expressed opposition to the allotment bill was composed from correspondence to Senator Josiah W. Bailey, Duke University, Josiah W. Bailey Papers. For application to the text, see Chapter II, footnote 11, page 30.

UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration\*

Form T1

State \_\_\_\_\_ County \_\_\_\_\_ Serial Number \_\_\_\_\_

New England Types 51 and 52  
TOBACCO ACREAGE REDUCTION CONTRACT

Pursuant to the Agricultural Adjustment Act, Approved  
May 12, 1933, as Amended

The Secretary of Agriculture in accordance with the Act proposes to make cash payments to individual farmers who shall agree to make certain reductions in tobacco acreage and tobacco production as set forth herein. If tobacco, New England Types 51 and/or 52, was grown in 1931 or 1932 upon the land you are farming in 1933 you are eligible to make application for benefits under said Act.

(Name and address to be typed or printed)

The undersigned

Mr.

Mrs.

Miss \_\_\_\_\_ (First name) \_\_\_\_\_ (Middle name) \_\_\_\_\_ (Last name)

hereinafter referred to as "the producer",

post-office address \_\_\_\_\_  
(R.F.D.) (Box No.) (Post office) (State)

owning

renting a farm \_\_\_\_\_ from \_\_\_\_\_  
(Miles and direction) (Town)

on \_\_\_\_\_ Road in \_\_\_\_\_ Town of \_\_\_\_\_ County,

State of \_\_\_\_\_, hereby offers to enter into a contract with the Secretary of Agriculture, hereinafter referred to as "the Secretary", upon the terms and conditions hereinafter set forth and subject to such rules and regulations (which shall be deemed to be part of the terms and conditions of this contract) as have been heretofore or may hereafter be prescribed by the Secretary pursuant to the above Act. Acceptance by the Secretary shall cause this offer to become a binding contract between the producer and the Secretary.

I. Agreement by Producer

The producer agrees:

\_\_\_\_\_

\*This is one example of the variety of acreage reduction contracts employed by the A.A.A.

1. The term "tobacco" wherever used in this contract shall mean tobacco of the kind classified as Type 51 and/or of the kind classified as Type 52, in Service and Regulatory Announcement No. 118 of the Bureau of Agricultural Economics of the United States Department of Agriculture.

2. There shall be taken out or kept out of tobacco production in 1933 on the above-mentioned farm, hereinafter referred to as "this farm", fifty percent (50%) of the base tobacco acreage chosen for this farm in paragraph 3\*, and the acreage of tobacco harvested on this farm in 1933 shall not exceed the remaining fifty percent (50%) of such base tobacco acreage. The land taken out or kept out of tobacco production as provided in this paragraph shall be referred to hereinafter as "the contracted acreage of 1933."

3. "The base tobacco acreage" for this farm shall be the one chosen by the producer from the following:

- (a) Eighty percent (80%) of the average tobacco acreage planted on this farm in 1931 and 1932.
  - (b) The entire tobacco acreage planted on this farm in 1932, provided such acreage did not exceed that so planted in 1931.
  - (c) The average tobacco acreage planted on this farm in 1931 and 1932, provided the tobacco acreage planted on this farm in 1932 exceeded that so planted in 1931.
- (Strike out the two subsections not chosen)

4. The contracted acreage of 1933, 1934, and 1935 shall not include land which is waste, gullied, or eroded, and shall be tillable land suitable for growing tobacco.

5. The contracted acreage of 1933, 1934, and 1935, may be posted by an authorized agent of the Secretary in such manner as the Secretary may direct.

6. The contracted acreage of 1933 shall be used only as follows: At least one-half thereof shall be left idle or planted to soil-maintenance crops. The remainder shall be used only for food crops for home consumption on this farm, or for feed crops for the production of livestock (or livestock products) for home consumption or use on this farm.

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\*The producer represents that the tobacco planted on this farm in 1931 was \_\_\_\_\_ acres and in 1932 was \_\_\_\_\_ acres, and further represents that the base tobacco acreage on this farm as chosen by him, in accordance with subsection \_\_\_\_\_ in the paragraph 3 above is \_\_\_\_\_ acres.

7. No further application of commercial fertilizer shall be made on that portion of this farm which, under the terms of this contract, may remain in tobacco production in 1933 if, as a result of such application, the total application of commercial fertilizer per acre on such portion would exceed the amount per acre of commercial fertilizer used on land planted to tobacco on this farm in 1932, and no attempt shall be made in 1933 to increase materially the yield of tobacco per acre on such portion by adopting unusual cultural practices thereon.

8. Tobacco plants grown on this farm shall not be sold or otherwise disposed of to any person not engaged in operating a farm subject to a New England Types 51 and 52 Tobacco Acreage Reduction Contract with the Secretary.

9. No tobacco grower not engaged in operating a farm subject to a New England Types 51 and 52 Tobacco Acreage Reduction Contract with the Secretary shall be allowed the use of shed room or barn room of the producer for the curing or storing of tobacco.

10. If any farm other than the one covered by this contract is owned or operated by the producer, such farm shall be covered by a like contract if tobacco is grown thereon, and a breach of any of the terms and conditions of such like contract shall be ground for termination of this contract by the Secretary.

11. All undertakings herein of the producer are covenants which shall run with the land and shall be fully obligatory upon all future purchasers, lessees, tenants, and encumbrancers of this farm or of any part thereof. In the event that any portion of this farm is sold or otherwise disposed of, the Secretary or his authorized agent shall in writing determine the base tobacco acreage for such portion and shall determine a new base tobacco acreage for the remainder of this farm. If requested in writing by the Secretary or his authorized agent, the producer shall post on this farm in a conspicuous place, or permit an authorized agent of the Secretary so to post, a notice to be furnished by the Secretary or his authorized agent stating that this farm is subject to the terms of this contract and referring to the matters contained above in this paragraph. The producer shall notify all purchasers, lessees, tenants, or encumbrancers of this farm or of any part thereof of such matters.

12. For the purpose of supervision and investigation of the performance by the producer of the terms hereof, the Secretary or his authorized agent shall at all reasonable times have access to this farm and from time to time the producer shall furnish to the Secretary or his authorized agent such information relating to this farm as may be requested by the Secretary or



his authorized agent.

13. The accompanying State of Consent contains the signatures of all persons and agencies having any right, title, interest, or lien in, to, or upon the whole or any part of any crop or crops on the contracted acreage of 1933, and the producer further agrees to indemnify and hold harmless the United States from any and all claims whatsoever arising out of the performance of this contract.

14. If the producer is indebted to the United States in any amount for obligations due at the time payments are to be made to the producer under this contract, it is understood that such payments may be applied to the reduction or full payment of such indebtedness and the balance, if any, then paid to the producer.

15. The statements contained herein are true to the best of the knowledge and belief of the producer. A material misstatement herein or in any information furnished pursuant to paragraph 12 or any noncompliance by the producer with any of the terms hereof or with any regulations which have been or may hereafter be issued by the Secretary with reference to this contract shall constitute a breach of this contract and shall be grounds for its termination by the Secretary.

## II. Agreement By Secretary

The Secretary agrees:

16. There shall be made to the producer two payments in respect of the 1933 tobacco crop: The first payment shall be for the amount of forty-seven dollars (\$47.00) per acre of the contracted acreage of 1933 and shall be made between September 1, 1933, and November 1, 1933, after proof of compliance by the producer with the terms of this contract. The second payment shall be for such amount as shall be equal, for each acre of the contracted acreage of 1933, to forty percent (40%) of the average market value per acre of the tobacco harvested on this farm in 1933, except that in no event shall the second payment be for an amount of less than twenty-eight dollars (\$28.00) for each acre of the contracted acreage of 1933. The second payment shall be made within sixty (60) days after the presentation to the Secretary or his authorized agent of (1) proof that the producer has fully performed all of the terms and conditions hereof on his part to be performed in 1933, and (2) proof of the average market value per acre of tobacco harvested, if any, on this farm in 1933, provided that such proof of performance and market value shall be presented to the Secretary or his authorized agent prior to May 1, 1934.

17. If the whole or any part of the tobacco crop of 1933 harvested on this farm is delivered to a cooperative marketing association, the Secretary or his authorized agent shall arrange for the appraisal of such tobacco within thirty (30) days after receipt of written notice that samples are available, provided such notice is received prior to May 1, 1934. If the whole or any part of the tobacco crop of 1933 harvested on this farm, other than that delivered to a cooperative marketing association, has not been sold prior to April 1, 1934, the Secretary or his authorized agent shall arrange for the appraisal of such tobacco for the purpose of determining the average market value per acre of tobacco harvested on this farm in 1933, provided a written request therefor is received prior to May 1, 1934. The value as determined by this appraisal or these appraisals, added to the market value of the portion sold, and divided by the number of acres harvested, shall be deemed to constitute the average market value per acre within the meaning of paragraph 16.

### III. Further Agreement By Producer

The producer further agrees:

18. The Secretary or his authorized agent shall have the privilege of requiring either (1) that the producer shall limit in the year 1934 the acreage of this farm for tobacco to fifty percent (50%) of the base tobacco acreage chosen for this farm in paragraph 3, or (2) that any increase beyond such fifty percent (50%) shall not exceed an amount to be hereafter designated by the Secretary or his authorized agent. Such privilege may be exercised by notice thereof in writing mailed prior to April 1, 1934, to the producer at the above address. In the event that the Secretary or his authorized agent shall exercise said privilege, that portion of the base tobacco acreage which is thereby to be taken out or kept out of tobacco production (referred to herein as "the contracted acreage of 1934") shall, during the year 1934, be subject to all the terms and conditions of paragraph 4, 5, 8, 9, 10, 11, 12, 13, 14, and 15, and to the further conditions that the quantity of commercial fertilizer used per acre for tobacco on this farm in 1934 shall not exceed the amount used per acre in 1932 and no attempt shall be made in 1934 to increase materially the yield of tobacco per acre on this farm by adopting unusual cultural practices thereon.

19. The Secretary or his authorized agent shall have the privilege of requiring either (1) that the producer shall limit in the year 1935 the acreage of this farm for tobacco to fifty percent (50%) of the base tobacco acreage chosen for this farm in paragraph 3, or (2) that any increase beyond

such fifty percent (50%) shall not exceed an amount to be hereafter designated by the Secretary or his authorized agent. Such privilege may be exercised by notice thereof in writing mailed prior to April 1, 1935, to the producer at the above address. In the event that the Secretary or his authorized agent shall exercise said privilege, that portion of the base tobacco acreage which is thereby to be taken out or kept out of tobacco production (referred to herein as "the contracted acreage of 1935") shall, during the year 1935, be subject to all the terms and conditions of paragraph 4, 5, 8, 9, 10, 11, 12, 13, 14, and 15, and to the further conditions that the quantity of commercial fertilizer used per acre for tobacco on this farm in 1935 shall not exceed the amount used per acre in 1932 and no attempt shall be made in 1935 to increase materially the yield of tobacco per acre on this farm by adopting unusual cultural practices thereon.

20. In the event that the Secretary or his authorized agent exercises the privilege set forth in paragraph 18 and/or the privilege set forth in paragraph 19, the Secretary or his authorized agent shall have the further privilege or privileges, as the case may be, of requiring that the producer shall, during the year or years with respect to which such privilege or privileges may be exercised, grow no crops other than soil-maintenance crops on the contracted acreage of such year or years or on any part thereof which the Secretary or his authorized agent may designate.

#### IV. Further Agreement by Secretary

The Secretary further agrees:

21. In respect of each of the privileges set forth in paragraph 18 and 19, the producer shall receive two payments in the event that the Secretary exercises said privilege and in the event that the producer fully performs the terms and conditions hereof applicable with respect to said privilege. The amount of these payments shall be determined as follows: The first payment, which shall be made on or before October 1 of the year in which such privilege is exercised, shall be for an amount to be determined by the Secretary which amount shall be not less than thirty-six dollars (\$36.00) for each acre of the contracted acreage of the year in which the first payment is made. The second payment shall be for an amount to be determined by the Secretary, which amount shall be not less, for each acre of said contracted acreage, than thirty percent (30%) of the average market value per acre of the tobacco harvested on this farm during said year, and in no event shall the second payment be for an amount of less than twenty-one dollars (\$21.00) for each acre of said contracted acreage.

Said second payment shall be made within sixty (60) days after presentation to the Secretary or his authorized agent of proof of said average market value and proof of the performance by the producer of all the terms and conditions hereof to be performed by the producer in the year in which such privilege is exercised, provided such proof of performance and average market value shall be so presented prior to May 1 of the following year, and provided further that the method of determining average market value shall be subject to the terms and conditions of paragraph 17, with appropriate changes of dates. In each year in which the Secretary, pursuant to paragraph 20, requires that the producer shall grow no crops other than soil-maintenance crops on a larger part than one half of the contracted acreage of such year, then the first payment to the producer for such year shall be for an amount not less than forty-seven (\$47.00) per acre of the contracted acreage of such year, and the second payment shall be for an amount not less, for each acre of the contracted acreage of such year, than forty percent (40%) of the average market value per acre of the tobacco harvested on this farm in such year and in no event shall be less than twenty-eight (\$28.00) for each acre of the contracted acreage of such year.

V. Authorization By Producer

The producer authorizes the Secretary or the latter's authorized agent:

22. To make payment of any money due to the producer under the terms of this contract to \_\_\_\_\_ as trustee for the producer and the following-named persons, by mailing the same to said trustee at \_\_\_\_\_, (Post-office address) and the Secretary shall not be obligated to see to the application of the proceeds of any such payments so made to said trustee:

_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)

IN WITNESS WHEREOF I HAVE EXECUTED THIS CONTRACT.

Witness \_\_\_\_\_ Producer \_\_\_\_\_  
 (Signature) (Signature)

STATEMENT OF CONSENT

The undersigned, in consideration of and in order to induce the execution of this contract by the Secretary of Agriculture, hereby grant(s) to the producer permission to enter into and execute this contract and agree(s) that the Secretary or his authorized agent may deal with the producer as if he were the sole party having interest in said tobacco land or crop.

Witness:

INTERESTED PARTY:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

ACCEPTANCE BY SECRETARY

In consideration of and in reliance upon the foregoing representations and agreements of the producer, and in consideration of and in reliance upon the execution of the above Statement of Consent by the other interested party or parties, this offer is hereby accepted, in accordance with its terms,

this \_\_\_\_\_ day of \_\_\_\_\_, 193

HENRY A. WALLACE  
Secretary of Agriculture,  
for and on behalf of the United States.

By \_\_\_\_\_

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