THE AGRICULTURAL ADJUSTMENT ADMINISTRATION AND THE CORN PROGRAM IN IOWA, 1933-40: A STUDY IN PUBLIC ADMINISTRATION

by

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PREFACE

Like other branches of the economy, American agriculture was in desperate straits during the years of the Great Depression. But on May 12, 1933, the federal government came to the aid of agriculture, inaugurating a comprehensive, direct-action program of agricultural adjustment. Thus, for the first time the federal government had assumed great responsibility for the conomic status of American farmers.

This dissertation is a study of the administration of one aspect of that program of agricultural adjustment. It is a description and analysis of the administrative structure and process of the Agricultural Adjustment Administration, with special reference to the production control and soil conservation programs as they were applied to the production of corn in the State of Iowa from 1933 through 1940. The study consists of four parts, the first three of which are largely descriptive; they deal with the statutory authority for the adjustment activities of the A.A.A., its administrative structure, and its administrative process—the methods by which policy was made and executed and by which administrative review of decisions was permitted. In the fourth part the author summarizes the previous chapters and draws conclusions as to the effectiveness of the A.A.A.'s structure, procedures, and principal method of adjustment—acreage

allotments—in achieving the organization objectives.

A few words are necessary to explain why this study covers only the period 1933-40. In retrospect this seems to have been the most important period of agricultural adjustment. It was during these years that adjustment activity was most concerned with combating overproduction of agricultural commodities. Since the beginning of American participation in the Second World War farmers have been able to sell profitably almost anything and everything they have been able to produce. Consequently, the problem of curtailing agricultural production to the point that supply equals effective consumptive demand has not been a major concern of adjustment activity since about 1941. Thus, it is the earlier period that is most significant from an administrative point of view. How effective were the administrative structure, procedures, and methods of the Agricultural Adjustment Administration during this period in attaining the objective of reduced agricultural production? The answers to this question will provide useful guides to action should American agriculture be again confronted with the prospect of economic depression.

Now, a brief word about sources. Most helpful sources for the period 1933-35 were the following: Three Years of the Agricultural Adjustment Administration, by Edwin G. Nourse, Joseph S. Davis, and John D. Black; The Administration of the 1934 Corn-Hog Program in Iowa, a Ph. D. dissertation by Richard Hale Roberts; and a collection of documents, personal correspondence, and other materials furnished the

author by Thomas G. Lundy, Chairman of the Story County, Iowa, Committee from 1933 through 1938. Without Mr. Lundy's material this study would not have been possible, since publication of the Federal Register, in which federal administrative rules and regulations are published, was not begun until the year 1936. Most important sources for the 1936-40 period were as follows: The Federal Register, Public Administration and the United States Department of Agriculture, by John M. Gaus and Leon O. Wolcott; Government in Relation to Agriculture, by Edwin G. Nourse; Agriculture in an Unstable Economy, by Theodore W. Schultz; and of course Mr. Lundy's collection of documents and other materials. In addition, Agricultural Adjustment, the yearly report of the Administrator of the A.A.A., was an indispensable source for the whole period 1933-40. For convenience in reference, source citations are arranged at the end of each chapter. All sources are listed in the bibliography.

The author owes a debt of gratitude to Professor Kirk H. Porter, Head of the Department of Political Science at the State University of Iowa, who guided this dissertation; to Mr. Thomas G. Lundy; to Mr. John C. Bagwell, Acting Deputy Solicitor, United States Department of Agriculture; and to all those persons whose writings have contributed to this study.

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STATUTORY AUTHORITY FOR AGRICULTURAL ADJUSTMENT

The first Agricultural Adjustment Act was approved on May 12, 1933. It was this Act which created the Agricultural Adjustment Administration as a bureau of agency status within the United States Department of Agriculture. Fashioned during what appeared to be the worst economic depression in the nation's history, the Act was intended by Congress to "relieve the existing national emergency by increasing agricultural purchasing power" so that it would bear the same relation between the prices farmers paid and received for goods and services as obtained on the average from August, 1909, to July, 1914. The purpose of the Act was to achieve "parity" for agriculture with other economic groups in the country's market-place. Parity was defined as the establishment and maintenance of:

> such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period [1909-1914].

Thus, parity meant equality between the purchasing power of farmers and of other economic groups.[1]

At least for the duration of the emergency, farmers were to engage in a voluntary crop reduction program designed to increase the market prices of agricultural commodities. Farmers were to be

attracted to the program by a system of benefit payments substantially equal in amount to the income they would have received from the land temporarily withdrawn from production under the terms of the program. These benefit payments were to be financed by a system of levies imposed by the Secretary of Agriculture upon processors of specified agricultural commodities.

The Act conferred considerable rule-making power upon the Secretary of Agriculture. He was given power, under his authority to supervise the administration of commodity benefit payments, "to provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, . . . in such amounts as the secretary deems fair and reasonable." The term "basic agricultural commodity" included wheat, cotton, field corn, hogs, rice, tobacco, and milk and its products. The Secretary was also empowered to negotiate marketing agreements with "processors, associations of producers, and others engaged in the current of interstate and foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties." Subject to the requirement that such issuances and revocations be made according to law and "after due notice and opportunity for hearing," the Secretary was given immediate and final authority to issue and by order to revoke for violation of terms "licenses permitting processors, associations of producers, and others to engage in the handling, in

the current of interstate and foreign commerce, of any agricultural commodity or product thereof, or any competing commodity or product thereof."[2] Under a general grant of authority, the Secretary was empowered, "with the approval of the President, to make such regulations with the force and effect of law as may be necessary to carry out the powers vested in him by this title. . . . Any violation of any regulation" was made "subject to such penalty, not in excess of $100," as might be provided in the regulation.[3]

The Act provided that the functions it vested in the Secretary of Agriculture should be exercised by the Agricultural Adjustment Administration, which the Secretary was to establish in the Department of Agriculture. The Secretary was also "authorized to establish . . . State and local committees, or associations of producers, when in his judgment they are qualified to do so, to act as agents of their members and patrons in connection with the distribution of rental and benefit payments."[4]

Other provisions of the Act provided that the processing taxes were to be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury,[5] and that the Secretary of Agriculture was to "report any violation" of any acreage reduction or marketing agreement "to the Attorney General of the United States, who shall cause appropriate proceedings to enforce such agreement to be commenced and prosecuted in the proper courts of the United States without delay."[6]

Following the Agricultural Adjustment Act of 1933, a number of supplementary and amendatory statutes conferred additional authority upon the Agricultural Adjustment Administration. Among these acts, of special importance were those providing for acreage control programs: the Bankhead Cotton Act of 1934, the Kerr Tobacco Act, and the Potato Act of 1935, which supplemented existing acreage reduction programs. Amendments were also passed to include dairy and beef cattle, peanuts, rye, flax, barley, grain sorghums, sugar beets and sugar cane as basic commodities under the Agricultural Adjustment Act.[7]

The decision of the United States Supreme Court in Schechter v. United States (1935), invalidating the National Industrial Recovery Act, because Congress had provided no standard to guide the President in his rule-making authority, "had a marked effect upon the technique of legislative drafting." For instance, soon after, Congress amended the Agricultural Adjustment Act of 1933 to bring its provisions into conformity with the Schechter decision.[8] This extensive amendatory act, among other things, provided that the authority of the Secretary of Agriculture to establish the amounts of rental and benefit payments was to be limited by the consideration that such payments must "reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the base period" from August, 1909, to July, 1914.[9]

The section of the AAA of 1933 dealing with Congress' policy of protecting the interests of the consumer in the administration of the program was made more specific in this Amendment by insertion of the provision that the interest of the consumer should be protected "by gradual correction of the current level /of agricultural prices/ at as rapid a rate as the Secretary of Agriculture deems to be in the public interest and feasible in view of the current consumptive demand in domestic and foreign markets." Of course, it is apparent that such "gradual correction of the current level" was left within the discretion of the Secretary of Agriculture, since he was given authority to determine what level of prices at any given time was feasible and in the public interest. But it must be emphasized that a great deal of his broad discretion vanished in actual practice, for the reason that in this, as in other instances, much of his duty was to find states of fact, and then to apply specified statutory provisions to such states of fact.[10]

Although the Secretary of Agriculture still retained "an extensive rule-making power," the delegation of authority in this amendment to the A.A.A. of 1933 (later re-enacted in the Agricultural Marketing Agreement Act of 1937) "was held to be within reasonable limits" by the Supreme Court in United States v. Rock Royal Cooperative Inc. (1939).[11]

Many of the provisions of the Agricultural Adjustment Act of 1933 were declared unconstitutional by the Supreme Court in a

decision handed down on January 6, 1936. In United States v. Butler, 297 U. S. 1 (1936), the court declared that the Act, based upon the delegated powers of Congress to tax and to spend money, invaded the powers reserved to the States under the Tenth Amendment. Thus the processing tax provisions designed to finance the programs were also void. And, although the government argued that the acreage reduction programs based on the Act were strictly voluntary, the court held that the benefit payments were so attractive to farmers that the acreage reduction programs were "coercive" and regulatory in character. The acreage reduction contract programs were actually "acreage control programs," and therefore unconstitutional.[12] Following this decision, "the Bankhead Act, the Kerr Tobacco Act, and the Potato Act of 1935 were repealed by the Congress (no program under the Potato Act was ever put into effect)."[13]

In February, 1936, Congress enacted the Soil Conservation and Domestic Allotment Act (sometimes called "the substitute for AAA"), again authorizing the Secretary of Agriculture to administer agricultural conservation programs calling for reduction in acreage of certain agricultural commodities. According to the proponents of the Act, these programs were "entirely voluntary."[14] No attempt was made to reinstitute the processing taxes; instead, the Congress would appropriate up to $500,000,000 for each year. This time it was declared that among the chief purposes of the Act was the desire to preserve, conserve, and improve soil fertility, and to re-establish,

"at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest," "parity" between farm and other income.[15]

Under the provisions of the Soil Conservation and Domestic Allotment Act, any state was eligible to participate in the program, but such participation was made contingent upon the state's submission of a yearly conservation and acreage reduction plan to the Secretary of Agriculture. The Secretary might accept or reject the plan in accordance with its conformity to the rules and regulations prescribed by the Act and by him for the purpose. If the Secretary approved the plan, the state was to receive such financial assistance (on a quarterly allotment basis) as he might determine necessary to effectuate the objectives of the Act. The Act provided that the Secretary could not approve a plan unless (1) it provided that the agency to administer the plan could do so only after suitable authorization both by the state and by the Secretary; (2) it provided "for such methods of administration, and such participation in the administration of the plan by county and community committees or associations of agricultural producers organized for such purpose," as the Secretary might determine to be necessary "for the effective administration of the plan"; and (3) it provided "for the submission to the Secretary of such reports" as he might find "necessary to ascertain whether the plan /was/ being carried out according to its terms."[16]

Where no State plan was operative, the Secretary was authorized until January 1, 1938, to make "payments or grants of other aid" to agricultural producers in amounts determined by him "to be fair and reasonable." But in determining the payments for any given acreages of land, he was directed to take into consideration the amount and kind of soil conservation being practiced, changes in land use, normal production of given commodities on such land relative to the normal national production of such commodities required for domestic consumption, or any combination of these factors.[17] At the same time, the "facts constituting the bases for any payment or grant," when found by the Secretary to be in conformity with his rules and regulations, were to be "reviewable" only by him.[18] Also, in making payments or grants to agricultural producers, the Secretary was compelled, "as far as practicable," to protect the interests of tenants, sharecroppers, and small producers, to utilize and to provide financial allotments to county and community committees, the Department of Agriculture Extension Service, "or other approved agencies," and to "encourage and provide for soil conserving and soil rebuilding practices rather than the growing of soil depleting commercial crops." The Secretary's power was also limited by the provision that he should "not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein."[19]

By the terms of the Act the Secretary of Agriculture was

"authorized and directed to provide for the execution by the Agricultural Adjustment Administration" of such of the foregoing powers conferred upon him "as he deems may be appropriately exercised by such Administration."[20]

Congress provided for the continuation of the regulation of marketings of agricultural commodities through marketing agreements and orders by means of the Agricultural Marketing Agreement Act approved June 3, 1937. This statute, based on the delegated power of Congress to regulate interstate and foreign commerce, re-enacted and amended most of the remaining provisions of the Agricultural Adjustment Act of 1933. Specifically excluded from its provisions was the old system of processing taxes. The Act stated that the provisions of the Agricultural Adjustment Act had not "been intended for the control of the production of agricultural commodities." It was also declared that the provisions of the Agricultural Adjustment Act here re-enacted and amended had "been intended to be effective irrespective of the validity of any other provision of that Act."[21]

Congress in a Joint Resolution approved August 24, 1937, declared that it was "the sense" of that body "that the permanent farm legislation should be based upon the following principles:" (1) agricultural producers "are entitled to their fair share of the national income;" (2) "consumers" are entitled to "protection against the consequences of drought, floods, and pestilence," which would

cause unusually "high prices," by the "storage of reserve supplies" in large "crop years for use in time of crop failure"; (3) in view of the protection to consumers afforded by this "ever-normal granary plan," agricultural producers should also be "safeguarded against undue price declines" by means of a "system of loans supplementing their national soil-conservation program"; (4) "the present Soil Conservation Act should be continued," but its operations should be "simplified"; (5) there ought to be "research into new uses for agricultural commodities and the products thereof"; and (6) "applications to the Interstate Commerce Commission" ought to be permitted "for correction of discriminations now existing against agricultural products in the freight-rate schedules." Congress then resolved that "legislation" designed to carry out "the foregoing principles" should be the first project "to engage the attention of the Congress upon its reconvening."[22]

In February, 1938, Congress passed the second Agricultural Adjustment Act. Though this act aimed at objectives similar to those of the earlier Agricultural Adjustment Act, like the Soil Conservation and Domestic Allotment Act (which it continued), it was based on the commerce power. It declared that its policy (in part) was: "to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, marketings,

quotas, assisting farmers to obtain, in so far as practicable, parity prices for such commodities and parity of income, and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices."[23]

Title I of the Agricultural Adjustment Act of 1938 contained amendments to the Soil Conservation and Domestic Allotment Act. Here it was provided, among other things, that in carrying out the agricultural conservation and acreage reduction programs in the continental United States, the Secretary of Agriculture must "utilize the services of local and State committees." As in administering the programs under the earlier acts, he was required to "designate local administrative areas as units for administration of programs." No local administrative area was to "include more than one county or parts of different counties."[24]

Agricultural producers within any local administrative area and participating in the acreage reduction programs were to elect annually from among themselves a local (township) committee of no more than three members. In the same election, a delegate to a "county convention for the election of a county committee" was to be selected. The delegates to this county convention were then to elect a county committee of from three to five members to administer the county programs; and the county committee must select a secretary who might or might not be the county agricultural extension agent. At any rate, the county agricultural extension agent

was to serve as an ex officio member, without voting rights, of the county committee. The county agent might also be selected as secretary by local township committees.

The Amendment also provided for a state committee in each state, composed of from three to five farmers appointed by the Secretary of Agriculture, and of the state director of the Agricultural Extension Service, who was to serve as an ex officio committee member.

The Secretary of Agriculture was empowered to "make such regulations as are necessary to the selection and exercise of the functions" of both sets of committees, "and to the administration, through such committees, of such programs."[25] And, finally, none of these provisions was to "require reconstituting, for 1938, any county or other local committee which [had] been constituted prior to February 1, 1938."[26]

Within this Amendment to the Soil Conservation and Domestic Allotment Act, it was provided that in the case of field corn produced for commercial purposes, national, state, county, township, and individual farm acreage allotments were to be established each year (as they had been previously), by the Secretary of Agriculture with the assistance of the Agricultural Adjustment Administration, state and local committees, and other divisions of the Department of Agriculture. These various allotments were to be apportioned "on the basis of the acreage seeded for the production of the commodity

during the ten calendar years immediately preceding" the given calendar years, "with adjustments for abnormal weather conditions and trends in acreage during the applicable period." Also to be taken into consideration in determining county allotments were the "type of soil, topography, and crop-rotation practices" within the county and on individual farms. "Any payment or grant of aid authorized by the Secretary of Agriculture" must be "conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate any one or more of the purposes" of the Act.[27] Farm payments made by the Secretary of Agriculture must be "divided among the landlord, tenants and sharecroppers of any farm . . . in the same proportion that such /persons/ are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are made." But "payments based on soil-building or soil-conserving practices" must be divided in accordance with the extent to which each group contributes "to the carrying out of such practices."[28]

Perhaps the most significant innovation of the Act was its authorization of the regulation of the five basic agricultural commodities through marketing quotas. If, from available statistics of the Department of Agriculture, the acreage allotments established for field corn and other agricultural commodities would not effect the desired reduction in national production of such commodities,

the Secretary of Agriculture was empowered to establish marketing quotas for these commodities. These marketing quotas put into effect in designated areas in the case of commercial field corn, for example, should provide for the marketing of an amount of corn considered necessary to insure an adequate supply for the nation's needs. For the protection both of consumers and of farmers, any additional amount should be "sealed" by the federal government and retained on the farm, and later be procured by the government and stored for future use in "ever-normal granaries."

"Within twenty days after the date of issuance of the proclamation of marketing quotas" for corn and other agricultural commodities, "the Secretary shall conduct a /farmer/ referendum," administered by local committees in areas affected, "by secret ballot . . . to determine whether such farmers are in favor of or opposed to such quotas." If at least two-thirds of the farmers participating in the referendum vote in favor of a quota, "the Secretary shall, prior to September 10, proclaim the result of the referendum" and the quota "shall . . . become effective". If more than one-third of those voting were opposed, the quota should not be operative.[29]

The Act provided a penalty of fifteen cents per bushel of corn which any farmer under a marketing quota for his farm marketed in excess of his quota. A farmer was to be made aware both of his acreage allotment and his marketing quota by notice mailed to him.

Additional copies of such notices were to be kept available for public inspection "in the office of the county agricultural extension agent or with the chairman of the local committee." If the farmer should be "dissatisfied with his farm marketing quota," it was provided that within fifteen days of the mailing of his notice of quota, he might have "such quota reviewed by a local review committee appointed by the Secretary [of Agriculture]." No members of this local review committee were simultaneously to be members of the local committee which determined any allotment or quota for such farm. "Unless application for review is made within such period, the original determination of the farm marketing quota shall be final."[30]

If a farmer was "dissatisfied with the determination of the review committee," he might "file a bill in equity against the review committee as defendant in the United States district court" or in the nearest State court of record "within fifteen days after a notice of the determination of the review committee was mailed to him by registered mail." But "the review by the court shall be limited to questions of law, and the findings of fact by the review committee, if supported by evidence, shall be conclusive."[31]

The Secretary of Agriculture was "authorized and directed to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this Act as he deems may be appropriately exercised by such Administration".[32]

The validity of the Agricultural Adjustment Act was first attacked under the sections providing for the establishment of marketing quotas for flue-cured tobacco. (These sections were similar to those regarding the establishment of marketing quotas for field corn and the other basic commodities.) The attack against the Act's constitutionality was based on three contentions: (1) "the act is a statutory plan to control agricultural production, and, therefore, beyond the powers delegated to Congress"; (2) "the standard for calculating farm quotas is uncertain, vague, and indefinite, resulting in an unconstitutional delegation of power to the Secretary"; and (3) "as applied to appellants' 1938 crop, the act takes property without due process of law."

The decision of the Supreme Court in the case of Mulford v. Smith (1939), upholding the validity of the Act, undertook to deal with each of these objections. As to the first contention, Justice Roberts (delivering the opinion of the court), said "the statute does not purport to control production. . . . It purports to be solely a regulation of interstate commerce, which it reaches and affects at the throat where tobacco enters the stream of commerce, -- the marketing warehouse." Furthermore, "the motive of Congress in exerting the power is irrelevant to the validity of the legislation."[33]

As to the second objection, Justice Roberts declared "that definite standards are laid down for the government of the Secretary, first, in fixing the quota, and, second, in its allotment amongst

states and farms. . . . The Congress has indicated in detail the considerations which are to be held in view in making . . . adjustments [in the allotments ("so as to allow for specified factors which have abnormally affected the production of the state or the farm in question in the test years")], and, in order to protect against arbitrary action, has afforded both administrative and judicial review to correct errors."

Where the third argument was concerned, the court held that "the act did not prevent any producers from holding over the excess tobacco produced, or processing and storing it for sale in a later year; and the circumstance that the producers in Georgia and Florida had not provided facilities for these purposes is not of legal significance."[34]

In Wickard v. Filburn, (1942), the Supreme Court upheld the application of the provisions of the Agricultural Adjustment Act of 1938 dealing with the establishment of marketing quotas for wheat. "Filburn raised 23 acres of wheat, none of which was intended for interstate commerce, but all of which he consumed or fed to his stock." The Supreme Court declared that he was "validly liable to the statutory penalities on the wheat produced in excess of his quota" of "11.1 acres." "His production of this wheat" was held to affect "interstate commerce" as "'directly' . . . as though he had farmed 23,000 acres instead of 23."[35]

With the Supreme Court decisions in these cases, it was

apparent that the statutory authority for the agricultural adjustment programs finally rested upon firm constitutional basis. But a great many agricultural programs had been carried out long before there was any assurance that they were based upon anything other than invalid statutory grounds. Comprehensive programs involving direct relations between farmers and the federal government had been planned and executed. These programs had provided, among other things, for acreage and production reductions, marketing agreements and orders, licensings, marketing quotas, storage of crops by sealing on the farm and in ever-normal granaries. Nearly every aspect of farm-life and farm-practice had been found to bear some relation to the federal government and the American economy.

It is now necessary to describe the administrative organization of the Agricultural Adjustment Administration during the 1933-40 period, particularly in connection with the production control and soil conservation programs. This description comprises Part II. National A.A.A. organization will be presented in the following chapter, and the organization on the Iowa State level will be described in Chapter III.

FOOTNOTES

Chapter I

1. May 12, 1933, ch. 25, Preamble, 48 Stat. 31; Title I, Sec. 2, 48 Stat. 32. The base period was 1909-1914 for all commodities except tobacco, which was given a base period of August 1919-July 1929.

2. May 12, 1933, ch. 25, Title I, Sec. 8, 48 Stat. 34.

3. May 12, 1933, ch. 25, Title I, Sec. 10, 48 Stat. 37.

4. May 12, 1933, ch. 25, Title I, Sec. 10, 48 Stat. 37.

5. May 12, 1933, ch. 25, Title I, Sec. 19, 48 Stat. 41.

6. May 12, 1933, ch. 25, Title I, Sec. 10, 48 Stat. 37.

7. April 21, 1934, ch. 157, 48 Stat. 598; June 28, 1934, ch. 886, 48 Stat. 1275; August 25, 1935, ch. 641, Title II, 49 Stat. 782; April 7, 1934, ch. 103, 48 Stat. 528; May 9, 1934, ch. 263, 48 Stat. 670.

8. Schechter v. United States, 295 U. S. 495 (1935); E. Blythe Stason, The Law of Administrative Tribunals, Footnote, p. 105; August 24, 1935, ch. 641, Title I, 49 Stat. 750.

9. August 24, 1935, ch. 641, Title I, Sec. 1, 49 Stat. 750.

10. August 24, 1935, ch. 641, Title I, Sec. 1, 49 Stat. 751.

11. E. Blythe Stason, The Law of Administrative Tribunals, Footnote, p. 105; United States v. Rock Royal Cooperative Inc., 307 U. S. 533; 59 Sup. Ct. 993 (1939).

12. United States v. Butler, 297 U. S. 1 (1936); Robert E. Cushman, Leading Constitutional Decisions, p. 264.

13. February 10, 1936, ch. 42, 49 Stat. 1106; Personal Letter from John C. Bagwell, Acting Deputy Solicitor, Office of The Solicitor, United States Department of Agriculture, October 30, 1951.

14. Personal letter from John C. Bagwell, October 30, 1951.

15. February 29, 1936, ch. 104, Sec. 15, 49 Stat. 1151; Sec. 7, 49 Stat. 1148.

16. February 29, 1936, ch. 104, Sec. 7, 49 Stat. 1148. Secs. 7 through 17 amended the Soil Conservation Service Act approved April 27, 1935, ch. 85, 49 Stat. 163. As it later turned out, the provisions for State plans in Sec. 7 were used by the Soil Conservation Service, and not by the Agricultural Adjustment Administration. This is explained in Chapter 3 of this dissertation.

17. February 29, 1936, ch. 104, Sec. 8, 49 Stat. 1149.

18. February 29, 1936, ch. 104, Sec. 14, 49 Stat. 1151.

19. February 29, 1936, ch. 104, Sec. 8, 49 Stat. 1149.

20. February 29, 1936, ch. 104, Sec. 13, 49 Stat. 1151.

21. June 3, 1937, ch. 296, Sec. 1, 50 Stat. 246.

22. August 24, 1937, ch. 756, 50 Stat. 754.

23. February 16, 1938, ch. 30, Sec. 2, 52 Stat. 31.

24. February 16, 1938, ch. 30, Title I, Sec. 101, 52 Stat. 32. Title I amended the Soil Conservation and Domestic Allotment Act of 1936.

25. February 16, 1938, ch. 30, Title I, Sec. 101, 52 Stat. 32.

26. February 16, 1938, ch. 30, Title I, Sec. 105, 52 Stat. 36.

27. February 16, 1938, ch. 30, Title I, Sec. 101, 52 Stat. 32.

28. February 16, 1938, ch. 30, Title I, Sec. 102, 52 Stat. 34.

29. February 16, 1938, ch. 30, Title III, Sec. 322, 52 Stat. 49.

30. February 16, 1938, ch. 30, Title III, Sec. 325, 52 Stat. 51; Sec. 362, 52 Stat. 62; Sec. 363, 52 Stat. 63.

31. February 16, 1938, ch. 30, Title III, Sec. 365, 52 Stat. 63; Sec. 366, 52 Stat. 63.

32. February 16, 1938, ch. 30, Title III, Sec. 389, 52 Stat. 69.

33. Mulford v. Smith, 307 U. S. 38; 83 L. Ed. 1092; 59 Sup. Ct. 648 (1939).

34. Mulford v. Smith, 307 U. S. 38, 83 L. Ed. 1092; 59 Sup. Ct. 648 (1939).

35. Wickard v. Filburn, 317 U. S. 111 (1942); Robert E. Cushman, Leading Constitutional Decisions, p. 339.

PART II. STRUCTURE AND ORGANIZATION

Chapter II

NATIONAL ADMINISTRATION ORGANIZATION

The Agricultural Adjustment Administration, as has been indicated, was created by authority of the Agricultural Adjustment Act of May 12, 1933. In accordance with the provisions of the Act, Secretary of Agriculture Wallace appointed the personnel necessary to perform the functions vested in him by the Act. The Administration was established as a part of the Department of Agriculture, and its activities were closely related with those of the other bureaus and agencies of the Department.

Five principal methods of bringing about an adjustment toward "parity" between farm and other income were established by the Agricultural Adjustment Act, as amended up to the end of 1935. These methods were as follows: (1) control of agricultural production; (2) marketing agreements designed to reduce the cost of marketing; (3) removal of agricultural surpluses; (4) levying of the processing tax to defray the cost of the other operations; and (5) insurance against agricultural shortages.[1]

The first method of adjustment involved production control of five, later fifteen, basic agricultural commodities, including wheat, cotton, rice, tobacco, corn, and hogs. Production control called for a reduction in acreage, which was effected on a national

basis and was called the national acreage allotment. This allotment was designed under normal conditions to provide a supply of basic commodities large enough for domestic and export markets and for reserves to guard against crop failures. It was apportioned among the states and counties in accordance with their production history. Each cooperating farmer's allotment was worked out by local and county committees elected by the farmers from among their own numbers. Participating farmers received compensation for reducing their crop-producing acreage. "This compensation was known as a benefit payment, and it varied with the productivity of the land and the crop involved."[2]

The Agricultural Adjustment Administration was authorized to put this part of the program into operation. The first appointment was that of an Administrator, directly responsible to the Secretary of Agriculture, whose function it would be to direct and supervise all of the activities of the Administration. Under his authority, and in cooperation with Secretary Wallace and other officials, the administrative organization was established. The Administrator was originally assisted by a Co-administrator and a staff, which included a Comptroller, a General Counsel, an Administrative Officer, and a Consumers' Counsel. Each of these assistants to the Administrator then organized a staff of assistants, specialists, and employees to aid in discharging the duties delegated to him.[3]

The Administrator's personal staff frequently changed in composition, but its number tended to center around two Assistant

Administrators, two or three Assistants to the Administrator, and ordinarily included in its inner councils the directors of several of the divisions of the Administration.[4]

Four line divisions were established within the Administration. Of these, the Production Division was given responsibility for directing all production control programs. This division was composed of six subordinate units, called sections, each of which was under a Chief and his assistants. Of special interest to this study was the Corn and Hogs Section of the Production Division, which shared responsibility with the Meat Processing Section of the Processing and Marketing Division for the administration of the price adjustment program on corn and hogs. "Advisers and experts from the Bureau of Agricultural Economics /of the Department of Agriculture/ were detailed to these sections to formulate a program and analyze proposals."[5]

In accordance with the provisions of the Agricultural Adjustment Act of 1933, the Secretary of Agriculture called upon the Crop and Livestock Estimates Division and other divisions of the Bureau of Agricultural Economics to furnish statistical estimates and data on production to the Agricultural Adjustment Administration, to aid it in establishing national acreage allotments. Also, personnel of the United States Extension Service, a bureau within the Department of Agriculture, were given responsibility for the educational aspects of the adjustment programs on the national level. On the state and local levels the Department of Agriculture did "all its educational work

. . . through [state] extension service."[6]

The second method of agricultural adjustment was that of reducing the cost of marketing through marketing agreements. The idea was that if improved marketing methods could be brought about, "the farmer's income could increase without causing any corresponding increase to the consumer." Therefore, "the Secretary of Agriculture was authorized to enter into marketing agreements with processors, distributors, and producers," in order "that competitive waste might be eliminated, trade practices improved, surpluses directed into proper channels, and the farmer's prices raised." Licenses could be issued by the Secretary which would require all handler's to comply with the provisions of the marketing agreements. Later, licenses were replaced with orders, "which were more restrictive and applicable only to certain specific commodities," by the Agricultural Adjustment Act of 1935. The industry involved was to bear the cost of administering marketing agreements.[7]

The various commodity divisions of the Agricultural Adjustment Administration handled the marketing agreements during the first period of their existence. After the Supreme Court, in the Butler case of January 6, 1936, invalidated certain parts of the adjustment program, the administration of marketing agreements was revised. It was centralized in the Division of Marketing and Marketing Agreements established in the Department of Agriculture.[8]

Originally, the Processing and Marketing Division of the

Administration (which administered the marketing agreements and licenses), was composed of seven sections. Later, following an Executive Order of June 26, 1933, this number was increased to nine. These included the Grain Section, the Cotton Section, and the Meat Processing and Marketing Section. A number of other sections, established as the need arose, dealt with activities relating both to production and to processing and marketing problems. Consequently, these sections were made responsible to both divisions. They included the Dairy Section, the Rice Section, the Tobacco Section, the Sugar Section, the Special Crops Section, and the Special Commodities Section. The latter was given responsibility for coordinating the plans of the Administration with the activities of the Federal Emergency Relief Administration in purchasing and distributing surplus agricultural commodities.[9]

The other two of the original four divisions within the Agricultural Adjustment Administration were the Finance Division and the Division of Information and Publicity. The first, headed by a Finance Director, was responsible for administering the financial operations involved in the various programs of the Administration. It was composed of four sections: Budget, Business Management, General Counsel, and Comptroller. The second, under a Director of Information, was established to give information about the agricultural programs to farmers, consumers, processors, and the general public. By December of 1933 it was composed of the Press Section, Regional Contact Section,

Field Information Section, Correspondence, Records and Printing Section, and the important Consumer's Counsel Section.[10]

By January of 1934, the Administration also included three more offices as full divisions: the offices of General Counsel, Consumer's Counsel, and Comptroller. This made a total of seven divisions within the Administration; there were at this time twenty-one sections within these divisions. The Office of General Counsel was in charge of litigations involving the Administration which were not before the regular courts. (Litigations before regular courts involving the Administration were handled by the Attorney General and the Department of Justice.) The Benefit Contract Section, one of seven sections of the Office of General Counsel, is of special interest for the purposes of the present study. It was responsible for checking producer compliance with the acreage reduction contracts. In addition, the Rental and Benefit Audit Unit of the Comptroller's Office performed an administrative audit of all such contracts.[11]

An Executive Order on June 26, 1933, delegated to the Secretary of Agriculture certain powers conferred upon the President by the National Industrial Recovery Act of June 16 of that year. This Order placed under the Agricultural Adjustment Administration all industries and trades engaged principally in handling milk and milk products, tobacco and tobacco products, and foods and foodstuffs. With the exception of the determination of labor questions, the Order delegated all of the powers over these industries conferred upon the

President by the National Recovery Act. Thus, code authority over food industries was transferred to the Agricultural Adjustment Administration. The administration of the code program was handled by the Processing and Marketing Division.[12]

The Executive Order of June 26, 1933, was amended by an Executive Order of January 8, 1934, which transferred most of the codes of of fair competition originally placed under the jurisdiction of the Secretary of Agriculture to the National Recovery Administration. This transfer "made possible a reorganization" of the Agricultural Adjustment Administration "into a more compact form with consequent economy in personnel and effort."[13]

The Agricultural Adjustment Administration was reorganized in January of 1934. Perhaps the chief result of this reorganization was the merger of the Production Division and the Processing and Marketing Division into the Commodities Division, under an Assistant Administrator and two assistants. The following sections were now grouped in the new Commodities Division: the Wheat Production Section, Grain Processing and Marketing Section, Corn-Hog Section, Meat Processing and Marketing Section, General Crops Section, Tobacco Section, Cotton Production Section, Rice and Sugar Section (merged), Cattle and Sheep Section, Field Investigation Section, Contract Records Section, Dairy Section, and Cotton Processing and Marketing Section. (By 1935, the functions of the Meat Processing and Marketing Section and the Contract Records Section had been transferred to other

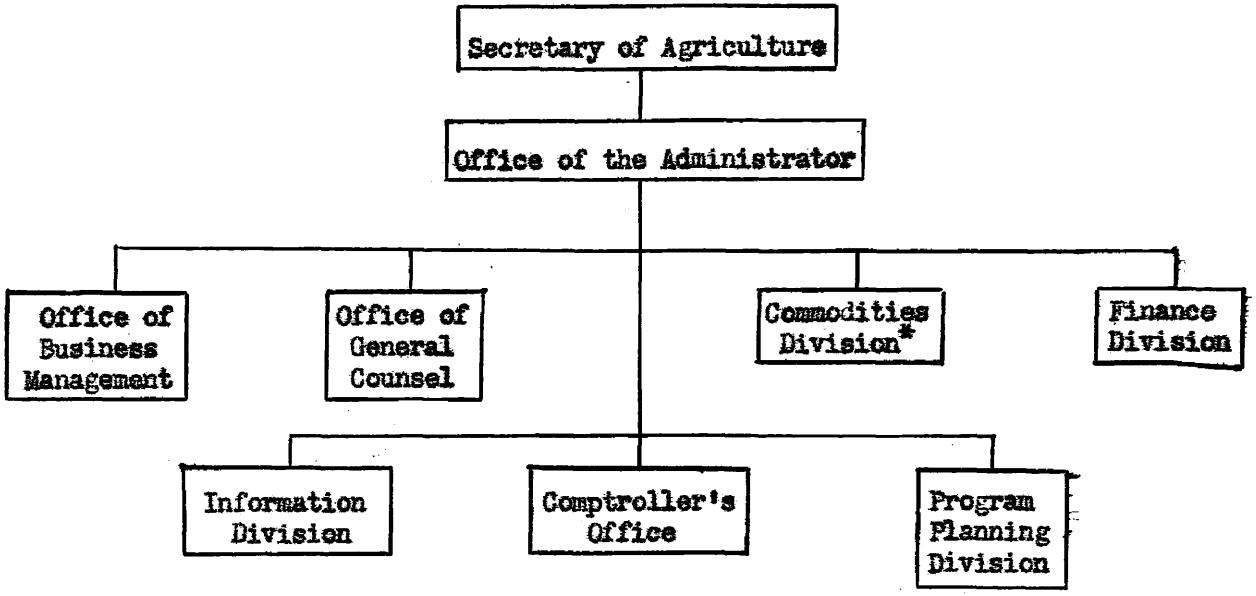

Chart 1**--Organization of the Agricultural Adjustment Administration: January 1934 to February 1935.

*Corn and Hogs Section, one of 15 Sections in Commodities Division.

**Adapted from United States Government Organization Manual, 1935, p. 380.

divisions, the Sugar and Rice Sections had been divided into two sections, and the Service Section, Commodities Purchase Section, and Compliance Section had been added to the Commodity Division.)[14]

Also in January, 1934, a new Division, the Program Planning Division, was established "to relate all activities and programs under the act to a general attack on the whole front of the agricultural situation, to correlate the programs for all commodities and to shape the entire program into a coherent whole." Thenceforth, until its transfer to the Bureau of Agricultural Economics in July of 1939, the Program Planning Division served as the main staff agency of the A.A.A. The Replacement Crops Section of the old Production Division was transferred to this new Division. In addition, seven other sections were functioning by 1935, collectively responsible to the Division Director for all aspects of planning. The Division Director, like the directors of the Commodities Division and the Division of Information, also served as an Assistant Administrator of the Administration.[15] (The functions of this and other staff groups —the Administrative Council, the Operating Council, the Bureau of Agricultural Economics, the Office of Land-Use Coordination, and others—in the planning of A.A.A. acreage allotment programs during the whole period 1933-40 will be discussed in Chapter IV.)

Under the reorganization plan of January, 1934, also, the original Office of the Administrative Officer was abolished, and some of its functions were taken over by the Office of Business Management,

headed by an Assistant to the Administrator. Other functions were placed in other divisions.[16]

In February, 1935, the Agricultural Adjustment Administration was again reorganized, this time into nine divisions. These divisions were the following: Information; Program Planning; Finance; Consumers' Counsel; Livestock and Feed Grains; Grains; Cotton; Marketing and Marketing Agreements; and Tobacco, Sugar, Rice, Peanuts, and Potatoes. The Corn and Hogs Section was now in the Livestock and Feed Grain Division, which was a partial successor to the abolished Commodities Division. The Legal Division was merged with the Office of the Solicitor of the Department. In general, this was the administrative organization of the Administration up to the Butler decision.[17]

The third method used in the agricultural adjustment program was the removal of surplus commodities. "Agricultural surpluses were bought, processed, and allocated among State relief agencies, which distributed them among the needy." The Division of Marketing and Marketing Agreements, Special Commodities Section, within the Agricultural Adjustment Administration developed most of the surplus removal operations; but the Federal Surplus Relief Corporation and its successor agency carried out the operations designed primarily to distribute food to the needy.

"The Federal Surplus Relief Corporation was organized under authority of the National Industrial Recovery Act, approved June 16, 1933, and was granted its charter by the State of Delaware, October

4, 1933." The Administrator of the Federal Emergency Relief Administration originally directed the operations of the Corporation and served as its first President. On November 18, 1935, the charter was amended to permit a change of name to Federal Surplus Commodities Corporation and a reorganization of its administration. The Administrator of the Agricultural Adjustment Administration was now made its President, and control of its operations was transferred to the Department of Agriculture.[18]

Before the Federal Surplus Relief Corporation was changed in name and moved into the Department of Agriculture, the Agricultural Adjustment Administration participated in its program primarily by making donations of livestock and other commodities acquired through surplus removal operations. But after November of 1935 "the agricultural rather than the relief aspect of [the] operations" of the Federal Surplus Commodities corporation "became paramount. . . . The controlling factor was now surplus removal rather than relief for the needy." The Agricultural Adjustment Administration made it the chief agency for the disposition of agricultural surpluses.

> This part of the surplus-removal program involved procurement, processing, transportation, and distribution. Surpluses were acquired in three different ways. They were purchased by the Corporation's Procurement Division, obtained from purchases made by the Commodities Purchase Section of the Agricultural Adjustment Administration [Commodities Division], and received as donations from State emergency relief administrations. . . .
>
> In the course of 1935 the Commodities Purchase Section of the Agricultural Adjustment Administration was coordinated

> with the Procurement Division of the Federal Surplus Commodities Corporation. The resultant agency handled the purchase or procurement program.[19]

The fourth method used in the adjustment program was the processing tax (declared unconstitutional on January 6, 1936), which was designed to defray the cost of the other features of the program. The Agricultural Adjustment Act of 1933 provided for a processing tax to be levied by the Secretary of Agriculture on the first processing of the basic commodities. The tax was levied on a seasonal basis, and collected by the Bureau of Internal Revenue in the Treasury Department. "The money was disbursed among the farmers as benefit payments or used for the purchase of surplus commodities."[20] The Act also provided that "In order that the payment of taxes . . . may not impose any immediate undue financial burden upon processors or distributors, any processor or distributor subject to such taxes shall be eligible for loans from the Reconstruction Finance Corporation."[21]

Insurance against shortages was of equal importance with the removal of surpluses. It was thought necessary to accumulate reserve supplies in years of crop failures and scarcity. This was the fifth method of agricultural adjustment. The Ever Normal Granary program made it possible to finance the storage of commodities on the farms and in warehouses. The county committees of the Agricultural Adjustment Administration and the Commodity Credit Corporation jointly administered the program.[22]

The Commodity Credit Corporation was created under the laws of the State of Delaware on October 17, 1933, pursuant to the President's Executive Order Number 6340, October 16, 1933, under authority of the National Industrial Recovery Act. The Corporation was organized by the Secretary of Agriculture and the Governor of the Farm Credit Administration at the direction of the President, and was incorporated as an independent agency of the Federal Government. It was first managed and operated in close affiliation with the Reconstruction Finance Corporation. The latter agency committed the sum of $150,000,000 to the loan program of the Commodity Credit Corporation.[23]

On January 31, 1935, Congress extended its life to April 1, 1937.[24] In 1937,[25] and again in 1939, its existence was continued. In 1939 (March 4), Congress gave it an extension until June 30, 1941.[26] On July 1, 1939, pursuant to the President's Reorganization Plan No. I, the Commodity Credit Corporation was transferred to the Department of Agriculture, where it operated as a regularly established bureau. It was composed of the Washington office and seven regional offices.[27]

The Corporation made commodity loans upon recommendation of the Secretary of Agriculture and in connection with the adjustment program. The loans covered the following commodities: corn, cotton, butter, dates, figs, peanuts, mohair, rye, tobacco, turpentine and rosin, wheat, pecans, prunes, raisins, and wool. Loans were secured by commodities which were pledged as collateral under either warehouse

receipts or chattel mortgages. The Corporation made some of the loans directly; others were made indirectly through contractual agreements with local banks or other lending agencies. These loans were of great advantage to the farmer because he was able to keep his products off low-priced markets and to sell them at increased prices later.[28]

The loan operations of the Corporation on corn provide a case in point. In late October, 1933, a plan for making loans on corn, properly warehoused and sealed, was announced by the Secretary of Agriculture. The plan was inaugurated in November. The gross rate of the loan was to be 45 cents per bushel, (changed to 55 cents on the 1936-37 crop), with an interest rate of 4 per cent. "The loan regulations permitted any bank, cooperative marketing association or other corporation, partnership, association or person (except lending agencies of the Reconstruction Finance Corporation) to lend money to producers on eligible farm warehouse certificates in States having farm warehouses, or on elevator receipts in States not having farm warehouse laws." The eligible borrower could take his warehouse receipt to a local bank, fill out a loan and sign the loan agreement. It was up to the bank to notify the Commodity Credit Corporation of the granting of the loan.[29]

The States of Illinois, Iowa, Minnesota, Nebraska, South Dakota, and Colorado were eligible when the program was inaugurated because they had farm warehouse laws. Other eligible States without

such laws were Indiana, Michigan, Missouri, Ohio, Kansas, and Wisconsin. Later, "the State legislatures of Missouri, Kansas, and Ohio passed farm warehouse laws which made them eligible to loans at the rate provided on corn warehoused on the farm. In Indiana, loans were made on ear corn stored on the farm and inspected by State officials."[30]

The various methods of agricultural adjustment outlined above were the means by which the policy of Congress to establish parity prices on farm products was implemented. Congress was also anxious to protect the interests of the consumer. Both objectives were to be realized "by reducing the margin between the prices received by the farmer and the prices paid by the consumer for agricultural commodities. That margin constituted the cost of distribution or the money paid to the middleman." Therefore, the regulation of the middleman's profits was a necessary corollary to the control of production and prices. The Division of Consumers' Counsel was created in the Agricultural Adjustment Administration in 1933 to give effect to this policy, pursuant to provisions of the Agricultural Adjustment Act.[31]

It was the task of the Consumers' Counsel Division to reconcile the conflicting interests of producer, middleman, and consumer. "It participated in economic analyses of marketing operations and shared actively in policy-shaping responsibilities. Its representatives took part in hearings on marketing agreements, licenses,

and orders." The Division "collected statistical data on retail prices of food and other farm products, on the middleman's margin of profit, and on the relation between the consumer's income and changes in retail prices." It also sought "to determine the probable effect of adjustment measures on supplies available for domestic consumption."[32]

Such was the original agricultural adjustment program. Although it "was modified from time to time by new conditions, by legislative enactments, and by contingencies interposed by nature", its main features were as they have been sketched above.[33] After the decision in the Butler case, January 6, 1936, invalidated the processing tax and production adjustment features of the Agricultural Adjustment Act of 1933, the methods of operating the adjustment program were changed. Congress passed the Soil Conservation and Domestic Allotment Act, (February 29, 1926), to take the place of the invalidated portions of the Agricultural Adjustment Act.

Under the new act, the emphasis was shifted from production control and benefit payments to soil-conservation practices and conservation payments. One of the main effects of this shift in emphasis for the purposes of this study was that programs directly concerned with controlling the production of hogs were thenceforth eliminated. Under the 1936 and 1937 Agricultural Conservation Programs, however, payments were made with respect to corn as one of a group of soil-depleting crops. Payments were also made under the Soil Conservation

and Domestic Allotment Act for straight acreage adjustments in corn for each year from 1938 on (through 1943), and parity payments under the Agricultural Adjustment Act of 1938 (to be discussed below) were made to eligible corn producers of the crops 1939 through 1942.[34]

The other major shift in emphasis after United States v. Butler was that the producers rather than the processors and middlemen now became the chief supporters in the development of marketing agreements. Since the processing tax was invalidated, the Federal Government was permitted to incur obligations under conservation payments to farmers to a maximum of $500,000,000 annually.[35]

The Agricultural Adjustment Administration was re-created and reorganized following approval of the Soil Conservation and Domestic Allotment Act. The Livestock and Feed Grain Division, the Grain Division, the Cotton Division, and the Tobacco, Sugar, Rice, Peanuts, and Potatoes Division were eliminated, and their functions were transferred to five regional divisions created within the Washington organization. The regional divisions were the following: Northeast, East Central, Southern, North Central, and Western. (By December 20, 1936, an Insular Division had been added; it was responsible for supervising the commodity programs in the insular possessions of the United States covered by the statutes. These included the following: Puerto Rico, and the territories of Alaska and Hawaii.)[36]

Though not established specifically for the purpose, each

of these regional divisions was concerned primarily with one or two of the basic commodities. In the North Central Division, for example, (of major concern in this analysis), the main product was corn. States included in the North Central Division were: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.[37]

The reorganization of the Agricultural Adjustment Administration after the approval of the Soil Conservation and Domestic Allotment Act also resulted in the transfer of all remaining legal work in connection with the activities of the Administration from it to a special section of the Office of the Solicitor of the Department of Agriculture. This meant that the nine sections in the old Office of General Counsel in the Administration (including, as especially significant to corn programs, the Benefit Contract Section, which had reviewed the producer contracts) were abolished, and the duties were performed in the Soil Conservation Domestic Allotment Division of the Office of the Solicitor.[38]

The Division of Marketing Agreements was established to administer marketing agreements and surplus-removal programs. Other divisions included the Division of Finance, the Program Planning Division, the Consumers' Counsel Division, and the Division of Information. Responsibility for general budgeting activities, records and accounts, field audits and field accounts, and administrative audits was concentrated under an Assistant to the

Administrator. The Director of the Division of Finance also served ex officio as treasurer of the Federal Surplus Commodities Corporation.[39]

The program was modified and broadened still further by other enactments. The Secretary of Agriculture was required by the Sugar Act of 1937 "to estimate the annual sugar consumption and to establish a quota system for the domestic production of raw sugar. Provisions were made for a sugar excise tax, with a tariff compensation at a similar rate, and for cash payments to qualified producers." A Sugar Division was established in the Agricultural Adjustment Administration (which utilized the staff of the old Sugar Section) to administer the provisions of the act.[40]

The Agricultural Marketing Agreement Act of 1937 reaffirmed the validity of the marketing agreement provisions of the Agricultural Adjustment Act. Following this enactment, the administration of marketing agreements was centralized in the Division of Marketing Agreements of the Administration.

The second Agricultural Adjustment Act was passed in 1938. It was designed to provide for the storing of larger reserves of agricultural commodities than in previous years in order to circumvent the worst effects of crop failures and droughts. The Act encouraged the planting of a larger acreage of soil-building crops through liberal conservation payments. Surplus-control methods were substituted for the production-control methods of the original

Agricultural Adjustment Act.[41] Also, it provided for Federal crop insurance for wheat, and established the Federal Crop Insurance Corporation to administer the wheat insurance program.[42]

The Agricultural Adjustment Act of 1938 provided for stabilizing the supplies of five major crops—cotton, corn, wheat, tobacco, and rice—at adequate levels. The methods of stabilization included acreage adjustment (applied to corn from 1939 through 1942) storage of surpluses under loans, and marketing quotas to regulate marketing when supplies became excessive. The commodity loans authorized by the act were made by the Commodity Credit Corporation through state and local conservation committees. Certain of the terms and conditions of these loans were fixed upon recommendation of the Secretary of Agriculture.[43]

Marketing quotas were placed in operation in 1938 on cotton, flue-cured, Burley, and dark tobaccos, following the approval of two-thirds of the farmers participating in each referendum.[44] Marketing quotas were never put into effect on corn.[45]

In October, 1938, the Department of Agriculture was reorganized. By the Secretary of Agriculture's Memorandum No. 783, dated October 6 and amended October 15, the Secretary removed the Sugar Division from the Agricultural Adjustment Administration and established it as an agency of bureau status within the Department to administer the provisions of the Sugar Act of 1937.[46] (From November 15, 1938, to February 1, 1940, however, the activities of

the Sugar Division were administered within the Division of Marketing and Regulatory Work of the Department.[47] After February 1, 1940, the Sugar Division was re-established within the Agricultural Adjustment Administration.)[48] Another change accomplished by the Secretary's Memorandum No. 783, effective October 16, 1938, was the transfer of the Division of Marketing Agreements from the Administration to a position of bureau status within the Department. In addition, it was renamed the Division of Marketing and Marketing Agreements.[49] Later, on June 30, 1940, the Division of Marketing and Marketing Agreements and the Federal Surplus Commodities Corporation were consolidated (in accordance with the provisions of section 5 of Reorganization Plan No. III) into an agency in the Department of Agriculture entitled the Surplus Marketing Administration.[50] Another change during this period (1939) was the merger of the Program Planning Division with the reorganized Bureau of Agricultural Economics, which was established as "a general staff-agency of research and planning" for the Agricultural Adjustment Administration and other action agencies of the Department.[51]

With the exception of these changes, the organization of the Agricultural Adjustment Administration lasted without substantial alteration from 1938 until February of 1940. During this period the Administration was composed of (1) the Office of the Administrator, who headed the organization and was responsible directly to the Secretary of Agriculture; (2) the Assistant to the Administrator;

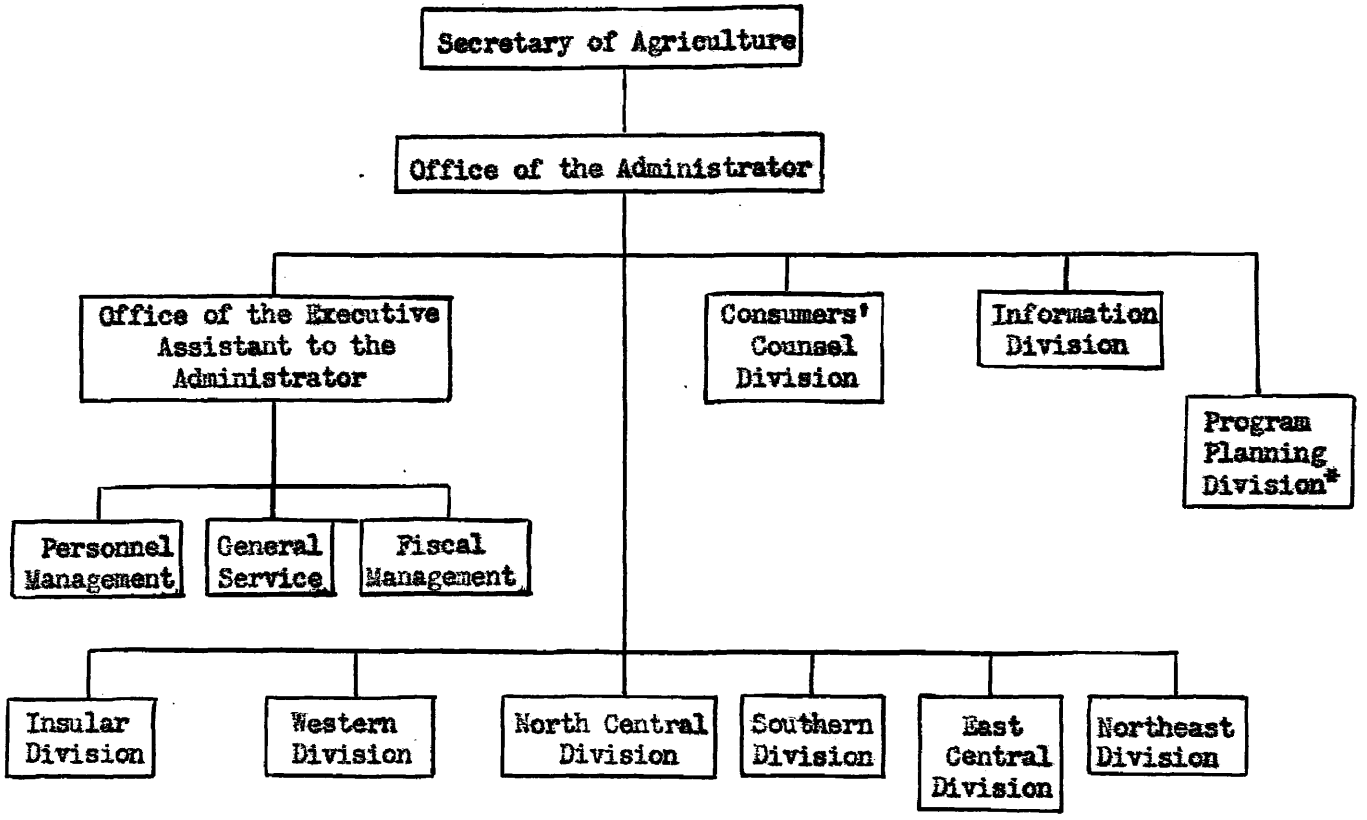

Chart 2**—Organization of the Agricultural Adjustment Administration: October 1938 to February 1940.

*Transferred to the Bureau of Agricultural Economics on July 1, 1939.

**Adapted from Agricultural Adjustment (Annual Report of the Administrator of the Agricultural Adjustment Administration), 1937-38, pp. 210-211; 1938-39, pp. 136, 137; 1939-40, p. 149.

(3) a regional division for each of the five main agricultural regions in the continental United States and one for insular regions; (4) a Division of Information; (5) a Consumers' Counsel Division; and (6) the Office of the Executive Assistant to the Administrator, composed of three small executive divisions--personnel management, general service, and fiscal management.[52] Effective as of February 1, 1940, the Consumers' Counsel Division was transferred from the Agricultural Adjustment Administration to the Division of Marketing (successor to the Division of Marketing and Regulatory Work), and the Sugar Division was removed from the Division of Marketing and reestablished within the Administration. Otherwise, there were no major changes in the organization of the Administration through 1940.[53]

The Agricultural Adjustment program as authorized by the Agricultural Adjustment Act of 1933, the Soil Conservation and Domestic Allotment Act of 1936, the Agricultural Marketing Agreement Act of 1937, the Agricultural Adjustment Act of 1938, and related legislation was administered jointly by several Federal agencies. Perhaps the most significant of these were the Agricultural Adjustment Administration, the Federal Surplus Relief Corporation and its successor agency, the Federal Surplus Commodities Corporation, the Agricultural Extension Service, the Bureau of Agricultural Economics, the Commodity Credit Corporation, and the Federal Crop Insurance Corporation.

A description of the administrative organization of the

A.A.A. on the Iowa State level from 1933 through 1940 will be presented in Chapter III.

FOOTNOTES

Chapter II

1. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 198.

2. Ibid., p. 198.

3. Agricultural Adjustment, 1933-34 (Annual Report of the Administrator of the Agricultural Adjustment Administration), p. 13.

4. Ibid., p. 13.

5. Richard Hale Roberts, The Administration of the 1934 Corn-Hog Program in Iowa, pp. 14, 15.

6. John Albert Veig, "Working Relationships in Governmental Agricultural Programs," Public Administration Review, p. 144.

7. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 199.

8. Ibid., p. 199.

9. Official Congressional Directory, January, 1934, p. 327.

10. Ibid., January, 1934, p. 327.

11. United States Government Manual, 1935, p. 383.

12. Report of the Secretary of Agriculture, 1933, pp. 15, 16.

13. Agricultural Adjustment, 1933-34, pp. 10, 11; p. 15.

14. United States Government Manual, 1935, p. 383.

15. Agricultural Adjustment, 1933-34, p. 15.

16. Ibid., p. 16.

17. Official Congressional Directory, January, 1936, pp. 329, 330.

18. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 199.

19. Ibid., p. 200.

20. Ibid., p. 201.

21. May 12, 1933, ch. 25, Title I, Sec. 19, 48 Stat. 41.

22. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 201.

23. Agricultural Adjustment, 1933-34, p. 137.

24. Ibid., 1936, p. 141.

25. January 26, 1937, ch. 6, 50 Stat. 5.

26. March 4, 1939, ch. 5, 53 Stat. 510.

27. A. P. Chew, The United States Department of Agriculture: Its Structure and Functions, p. 87.

28. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 201.

29. Agricultural Adjustment, 1933-34, p. 139.

30. Ibid., p. 139.

31. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 201.

32. Ibid., p. 202.

33. Ibid., p. 202.

34. Letter from John C. Bagwell, December 13, 1951.

35. See Soil Conservation and Domestic Allotment Act, ch. 104, Sec. 16, 49 Stat. 1151.

36. 7 CFR, 700.21 (1938 Edition); Also see Agricultural Adjustment, 1936, p. 54.

37. 7 CFR, 700.21 (1938 Edition).

38. Report of The Solicitor (Office of The Solicitor, United States Department of Agriculture), 1935; 1936; Report of The Secretary of Agriculture, 1935, p. 23; 1936, p. 25.

39. Agricultural Adjustment, 1936, p. 54. The Program Planning Division was transferred on July 1, 1938, from the A.A.A. to the reorganized Bureau of Agricultural Economics. See Agricultural Adjustment, 1938-39, pp. 136, 137.

40. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 201; Sugar Act of 1937, approved September 1, 1937, ch. 898, 50 Stat. 903.

41. Kulsrud, Ibid., p. 204.

42. February 16, 1938, ch. 30, Title V, 52 Stat. 72.

43. February 16, 1938, ch. 30, 52 Stat. 31.

44. Agricultural Adjustment, 1938-39, p. 21.

45. Letter from John C. Bagwell, December 13, 1951.

46. 7 CFR, 800, 1938 Supp., p. 460.

47. Agricultural Adjustment, 1939-40, p. 149.

48. United States Government Manual, Fall, 1940, pp. 232, 233.

49. Ibid., October, 1939, p. 171.

50. Ibid., Fall, 1940, Appendix A, p. 591.

51. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 104, p. 80.

52. Agricultural Adjustment, 1937-38, pp. 210, 211; 1938-39, pp. 136, 137; 1939-40, p. 149.

53. United States Government Manual, Fall, 1940, pp. 232, 233; Agricultural Adjustment, 1939-40, p. 149.

Chapter III

IOWA STATE ADMINISTRATIVE ORGANIZATION

Final approval of the Agricultural Adjustment Act on May 12, 1933, was so late in the crop-year that it was impossible to bring about immediate effective reduction in the number of units of production (sows and acres). Corn had already been planted, and sows had already been bred for fall farrowing.

In order that some kind of emergency program might be formulated and put into operation in time to deal with the acute problem of overproduction, Secretary of Agriculture Wallace suggested to several Iowa farmers that a state committee be formed for the purpose of working with Administration officials in applying the Agricultural Adjustment Act to corn and hogs. Accordingly, on June 16, 1933, a meeting of Iowa corn-hog producers was held at Des Moines, and a State Corn-Hog Committee was selected. Farmers in other Midwestern States soon followed Iowa's lead and established similar committees, and on July 18 delegates from the various State committees met in Des Moines for a national conference. A National Corn-Hog Committee of twenty-five members was selected at this meeting to work with the Washington Administration in drawing up emergency and more permanent adjustment programs.

Also at the Des Moines meeting a subcommittee of five members was named to confer with representatives of the meat processors at

Chicago on July 20. The Chicago meeting was proposed for the purpose of working out a production control program and a plan for a processing tax on hogs with meat processors, and of studying "the possibilities of improving the hog situation through a marketing agreement . . . between the meat processing industry and the Secretary of Agriculture."[1]

Various proposals were suggested at this Chicago meeting, and shortly thereafter representatives of both producers and packers met with Administration officials to consider the suggestions. As the result of the conference with the Washington Administration, a tentative plan to aid corn and hog producers was drawn as follows:

1. Restoration of foreign markets for hog products through international agreements based on reciprocity.
2. Diversion of 2,000,000,000 pounds of the regular consumer market by (a) subsidizing exports, (b) division to non-competitive consumption, as through the Red Cross and Emergency Relief, and (c) diversion to nonfood uses, such as tankage, whole hogs, or inferior cuts of hog products.
3. Develop marketing agreements which will effect economies in buying, processing, selling, and distribution, a percentage of which can be passed back to the farmer.
4. Control of production of both corn and hogs, either directly or indirectly.[2]

The most pressing problem which confronted Administration officials and the processors and producers at their conference was the development of an emergency plan for reducing hog tonnage during the 1933-34 winter marketing season. The main essentials of the Emergency Hog Program proposed as a result of the conference were for the purchase by the Federal Government of "a maximum of 1,000,000

sows, weighing not less than 275 pounds and due to farrow in the fall of 1933, at the market price . . . , plus a cash bonus of $4 per head," and of "a maximum of 4,000,000 pigs and lightweight hogs weighing between 25 and 100 pounds at premium prices established by the Administration." The Secretary of Agriculture approved the plan, and it was put into operation from August 23 to September 29 of 1933 at principal livestock markets.[3]

"The actual purchase and processing operations were carried out by [processors], who, at a price sufficient to cover the cost of handling, sold the products to the Federal Emergency Relief Administration for distribution to needy families." Pigs weighing less than 80 pounds were processed into the inedible products of grease and fertilizer tankage.[4]

As has been indicated, the Washington Administration held conferences concerning proposed processor marketing agreements on pork, and concerning the development of production adjustment control programs on corn and hogs. On September 8, 1933, the Secretary of Agriculture conducted a public hearing on an agreement proposed by the Institute of American Meat Packers. The proposed agreement called for the creation of a processors' committee responsible to the executive committee of the Institute, "which would act in cooperation with the Secretary or his nominees and with coordinating [advisory] committees representing livestock producers, marketing

agencies, meat processors, and all distributing agencies, to the end that sound processing and distributing policies [might] be established." The packers believed that by operating under an agreement, "which conditionally set aside the antitrust laws," substantial economies in operation might be achieved which would mean higher prices to producers without materially increasing prices to consumers.[5]

At the open hearing a number of points of difference developed between the representatives of the Institute and those representing the Administration and the National Corn-Hog Committee. These areas of conflict included, among others, such questions as (1) how livestock supplies should be allocated among processors; (2) "fixation of hog prices and hog product prices; (3) allocation of trade territory among packers;" and (4) "the degree to which packers should open their books for examination by the Secretary of Agriculture."[6] According to its spokesmen, the Administration believed "that any relaxation of the present antitrust laws under a marketing agreement with the processors should be supported by full access to the packers' accounts in order [to determine] . . . whether savings made under the agreement were being diverted to the producer in accordance with the declared policy of the Agricultural Adjustment Act." Since the packer representatives refused to amend the proposed agreement in these respects, it appeared that an impasse had developed. Consequently, the agreement was tabled, never to be considered again.[7]

Meanwhile, Administration officials had been working with the National Corn-Hog Committee of Twenty-Five and with other persons and groups in an effort to formulate a more permanent corn-hog price adjustment program. In early October, 1933, Secretary Wallace announced the main features of the plan drawn up by these groups. It provided that individual corn producers should reduce their corn acreage "by not less than 20 per cent, and authorized reduction payments to contracting producers at the rate of 30 cents per bushel . . . on the past /three years - later changed to two years/ average production per acre of the area contracted to the Government." As to hogs, it provided that individual producers should reduce their "number of litters farrowed and number of hogs produced for market from these litters," and "hog reduction payments" were authorized "at the rate of $5.00 per head . . . on a number of hogs equal to 75 per cent of the /past two years'/ average number marketed from litters owned by the contracting producer when farrowed."[8]

The plan also specified that national, state, and county production allotments would be established for 1934 on the basis of information available through the Department of Agriculture. Individual farm allotments would be made by the county corn-hog production control associations. These county associations would be organized by corn and hog producers who became eligible to receive adjustment payments by signing the agreement; the associations were

then to choose their own directors and officers. Extension service agencies were to be used whenever available to assist in the educational and organizational work. The whole program was to be financed by a processing tax on corn and hogs.[9]

Another provision of the program was for the purchase by the Federal Surplus Relief Corporation of a percentage of the surplus supplies of hogs produced in 1933 and marketed in 1933 and 1934. Such purchases were to be distributed by the Emergency Relief Administration.[10]

Several weeks elapsed before the corn-hog production control plan outlined was put into operation. Meanwhile, it was necessary to draw up a suitable contract and supplemental administrative rulings. "The wide difference in situations of producers, . . . the problem of assembling accurate production records for both commodities and . . . landlord-tenant arrangements involving many vexing questions with respect to participation in the program and in division of reduction payments" made the corn-hog program "particularly complicated."[11]

The delay in beginning the 1934 program was ameliorated, however, by the launching of the Federal corn loan program in late November, 1933. "The county warehouse boards and the Iowa Department of Agriculture moved swiftly to help farmers take advantage of the Government's loan offer of 45 cents [later 55 cents] per bushel of ear corn, graded No. 4 or better, properly warehoused under seal on

the farm . . . . By mid-December the daily loan rate for the state was about $1,000,000."[12] (The details of the corn loan program in Iowa will be presented below.)

The 1934 corn-hog program was ready for operation by late December of 1933. Committees for nine Corn-Belt States (including Iowa) were appointed by the Secretary of Agriculture on December 22. The Iowa Corn-Hog Committee was composed of four men, three farmers and the State Extension Director. These state committees were charged with the responsibility of establishing temporary county campaign committees of from three to seven members. The county committees set up temporary community committees of three or more members, either at election meetings or through direct appointment, to conduct educational meetings and the preliminary sign-up campaign within the community (usually township) area. All of these temporary committeemen in the nine Corn-Belt States "were selected to serve until all producers within the community and county had had an opportunity to appear at sign-up meetings to fill out contracts."[13]

In Iowa, the State Corn-Hog Committee helped set up county and community committees within the State. These temporary committees in turn worked with Extension Service representatives in holding educational meetings for farmers. Following these meetings, the campaign committees conducted sign-up meetings, at which farmers filled in their contracts. The production figures furnished by

farmers were checked for errors by community committeemen, and later by county, state, and national officials before contracts could be recommended to the Secretary of Agriculture for payment.[14]

As operations progressed on the implementation of the 1934 production control program, a contingency, interposed by nature, jeopardized the success of the entire program. This contingency was the drought of 1934. "Within one season it caused a greater reduction in existing supplies of agricultural commodities than was ever contemplated [before or after] in the adjustment program." The farmers of the drought-stricken areas, "including most of the Trans-Mississippi West, either had to rush their livestock to the market in unmarketable condition and at ruinous prices, kill their animals without remuneration, or else let them die of thirst and starvation."

The agricultural Adjustment Administration and the Federal Surplus Relief Corporation jointly drew up a program for "orderly liquidation of livestock" to meet this challenge. Other Federal agencies which participated in the relief work connected with the program were the Bureau of Agricultural Economics, the Soil Conservation Service, the Farm Credit Administration, and the Work Progress Administration. In 1935 the drought relief program was discontinued, since weather conditions were more nearly normal. But it had to be resumed in 1936, when another drought appeared. The Resettlement Administration became one of the major relief agencies

in that year. "The drought relief measures consisted of the buying and processing of livestock, the distribution of feed and fodder, the granting of loans for rehabilitation purposes, and the allocation of food to needy families."[15]

Important as the drought relief measures were, however, the main feature of Agricultural Adjustment Administration activity during the years 1934 and 1935 was the series of production control programs. The approach utilized in these commodity adjustment programs, (suggested in the outline of the 1934 program presented above), embodied a combination of three specific methods, which were as follows: (1) "Voluntary contracts" between individual participating farmers and the Secretary of Agriculture; (2) "benefit payments to contracting producers"; and (3) "taxes upon first processing of the respective commodities for domestic consumption." Each contract signer agreed to limit his acreage or production to a specified percentage of the base established for him. For hogs, "this percentage was fixed each year by the Secretary of Agriculture within limits provided in the contract." In the case of corn, however, "the contract ran for only one season," and the limits within which a given year's acreage allotment was to be established by the Secretary were not a part of the previous year's contract.[16]

Both the corn and the hog control programs of 1935 followed the lines established in the 1934 program previously outlined. These

programs involved several definite steps in administration: "formulating the program"; "educating the farmer about the economics of the problem"; "forming a contract with the farmer"; "determining the farmer's adherence to his contract"; and "making payments to the farmer."[17]

The state organization established in Iowa to supervise the 1934 (and 1935) corn-hog programs was composed of a number of different functional units. Although no one unit was given formal authority over the others, a great deal of concentration and integration of authority within and between them was accomplished in practice by duplication of personnel and by the fact that all three were housed in the same office. In addition, the State Corn-Hog Committee, originally designed to perform advisory and coordinating functions on the state level, rapidly developed into an active administrative authority, supervising the sign-up campaign and the organization of county corn-hog control associations. The State Agricultural Extension Service was in charge of the educational campaign connected with the programs. The adjustment and review of allotments were done by the State Board of Review. The State Compliance Director supervised the checking of producer compliance with the provisions of the corn-hog contracts.[18]

The State Corn-Hog Committee, a plural executive agency appointed by the Secretary of Agriculture and responsible to the Corn and Hogs Section of the National Administration, was composed of the State Extension Director, the State Corn-Hog Budget Director, the State Corn-Hog Compliance Director (who was chairman of the State Committee), and a subordinate of the State Extension Director. Though

not a member, the Chairman of the State Board of Review was frequently included in State Committee meetings. Also included for a time (1933) as an official member was the State Secretary of Agriculture.[19]

The State Committee maintained an Audit Section, the State Compliance Unit, where the producer contracts and related forms were carefully checked before being sent to Washington for final audit and payment. The Committee also checked each county's expenses and approved its expense accounts before final payment was made. In addition, it supervised a small force of fieldmen, "whose duty it was to see that the rules and regulations were being interpreted" and applied uniformly in the counties.[20] These officials utilized the stenographic and office facilities of the State and County Extension Services. There were twenty-one fieldmen in 1933 (appointed that year by the National Administration), thirty in 1934, and thirteen in 1935. After 1933, they were appointed by the State Committee.[21]

The State Board of Review, like the State Committee responsible to the Corn and Hogs Section of the Agricultural Adjustment Administration and also a plural administrative agency, exercised a single function: the adjustment and review of production allotments. Specifically, this involved the determination of township and county production quotas and allotment totals.[22] The Board also "approved individual bases";[23] it was composed of a chairman and two members

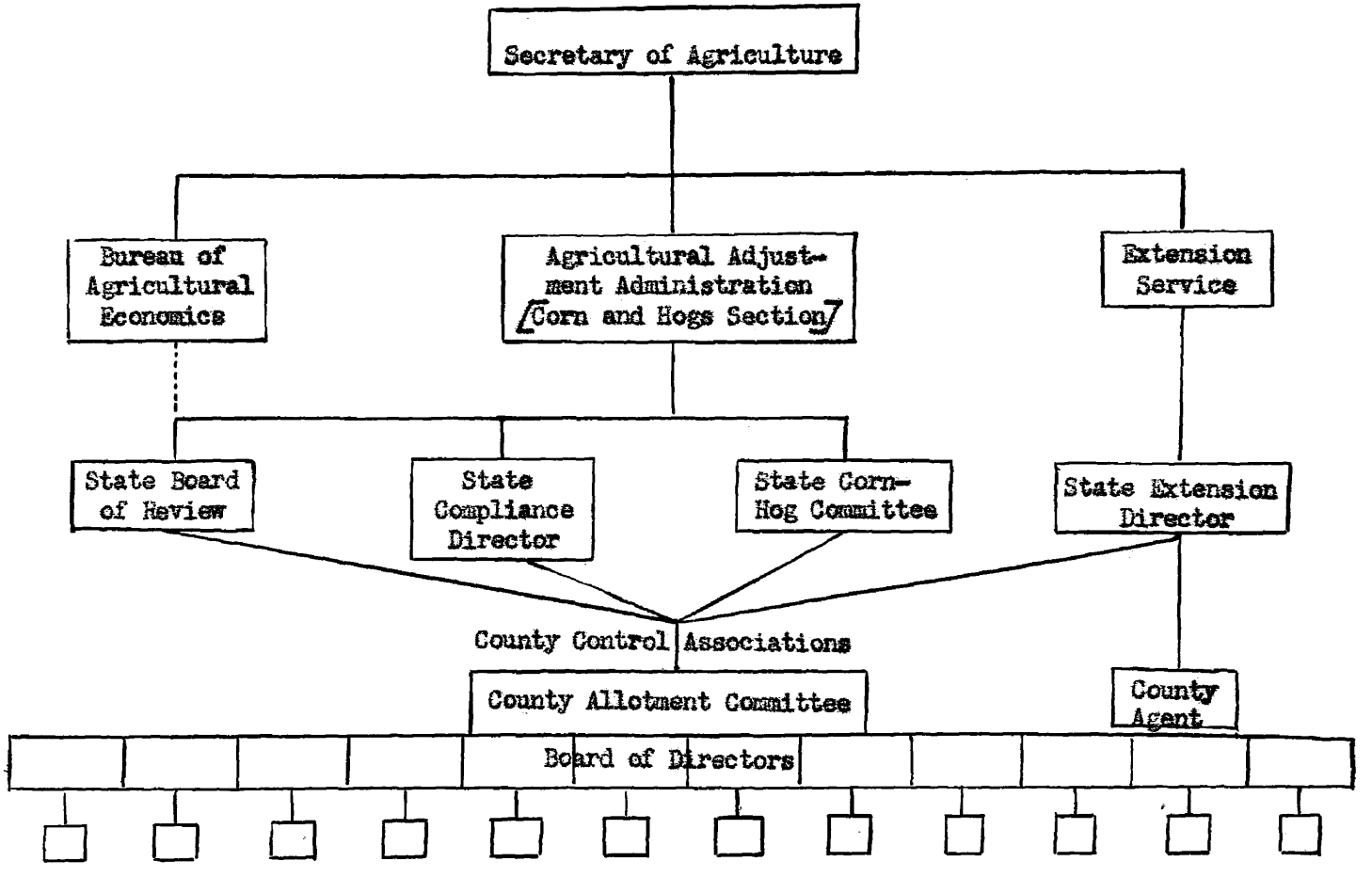

Chart 3*—[Iowa State and County A.A.A. organization, 1933-35] Concentration of Authority on County Level; Functional Division on State Level[24]

*Copied from Richard Hale Roberts. See Footnote 24.

appointed by the Secretary of Agriculture. Originally, the chairman was the head of the State office of the Crop and Livestock Estimates Division of the U. S. Dept. of Agriculture, and the Chairman of the State Corn-Hog Committee and a soils specialist of the State Extension Service served as the other two members. Later in 1934, the Chairman of the State Corn-Hog Committee became Chairman of the Review Board, and the head of the State Crop and Livestock Estimates Division office assumed the State Committee Chairman's former member position on the Board. This arrangement continued through 1935.[25]

The State office of the Crop and Livestock Estimates Division of the Bureau of Agricultural Economics, Department of Agriculture, was designated to gather the statistical data for the use of the Review Board in determining township and county quotas and allotments. The work of the Board consisted of "three primary functions: (1) examining and approving contracts and certifying them to the corn-hog administration at Washington; (2) establishing county and township quotas; and (3) assisting county allotment committees in making whatever final adjustments would be necessary within the counties to conform with quotas established."[26]

To assist the State Board of Review in establishing the ratio between the production of contract signers and the total production quota figures, from three to five tabulators were appointed in each county in Iowa. These county tabulators worked under the

immediate supervision of the county agricultural extension agents, performing functions designated by the State Statistician. Ordinarily township committeemen assisted the county tabulators in their work.[27]

The State Compliance Director, appointed by the Secretary of Agriculture, also served as Chairman of the State Corn-Hog Committee. He headed the State Compliance Unit which supervised the checking and auditing of producer contracts. It was necessary to determine whether farmers were complying with the provisions of their contracts before those contracts could be certified to the Corn and Hogs Section of the National Administration for payment.

This checking of producer compliance with reduction contracts was done at several levels within the state organization: (1) The Township Committees and the Compliance Supervisors (nominated by the County Allotment Committees and selected by the State Compliance Director on the basis of one Supervisor for each fifty contracts in a county) measured corn fields, counted hogs, evaluated farm records and sales slips, and drew up contracts with producers; (2) The County Allotment Committees checked figures on proof of producer compliance, forwarded certifications of full compliance and presented facts concerning noncompliance to the State Compliance Director; (3) the State Compliance Director ran a sample check on the compliance forms, analyzed the facts and performed a sample audit in cases of noncompliance; and (4) the State Compliance Unit approved certifications

for payment, determined penalties for each case of partial compliance, and recommended the degree of payment.[28]

The State Agricultural Extension Service was responsible for training farmer personnel in state and local agencies and for educating farmers in general with respect to the procedure required to perform each operation in the corn-hog program, from the beginning of the sign-up campaign to the completion of the compliance work. Its functions fell "into three fairly distinct categories: (1) education of farmers in general on the economics of production adjustment; (2) explanation of the corn-hog contract and administrative rulings to farmers; (3) organization and training of a large . . . field service of farmers to conduct the sign-up campaign."[29]

The State Extension Service functioned under the Federal Extension Service in performing the educational and sign-up campaign. The Federal Service cooperated with the Agricultural Adjustment Administration and, within the National Administration, with the Corn and Hogs Section. The State Extension Service worked primarily through the County Agricultural Extension Agents and a group of Extension Lecturers on the county and township levels. In general, these Extension Lecturers restricted their activities to conducting voluntary educational meetings for farmers. This permitted the State Committee fieldmen to give most of their attention to the sign-up and organizational aspects of the programs.[30]

Though the production statistics in the various offices of the United States Department of Agriculture were the basis for determining national, state, and county allotments and quotas, farm allotments were distributed within counties by means of locally elected committees of farmers. These local committees had primary responsibility for determining how the county and township allotments were to be distributed among participating farmers.

On January 25, 1934, the Corn and Hogs Section of the National Administration established the County Association Unit "to develop the plans for the county control associations." The State Corn-Hog Budget Director, a member of the State Committee, was designated to serve as the state representative of the County Associations Unit.[31]

Plans for the formation of county control associations were announced in February of 1934. The temporary township and county committees in Iowa had completed much of their work of signing-up farmers by this time; so those farmers who had signed contracts "were called together to elect a permanent community committee consisting of from three to five members, the chairman of whom was /also/ to serve as a member of the Board of Directors of the County Corn-Hog Control Association." Each farmer participating in the corn-hog program was automatically a member of the association; he was entitled to one vote for each of the positions on the community

committee. In Lincoln Township, Story County, for example, a chairman, a vice-chairman, and a member were elected.[32]

After all townships in the county had been organized, the persons elected to the County Board of Directors "met with a representative of the Extension Service and a State Committee fieldman to organize." By late February and March one hundred county control associations had been established in Iowa. (Iowa has only ninety-nine counties, but two county associations were formed in Pottawattamie County.) At these organizational meetings, one member of the Board of Directors was selected to serve as president of the county association, chairman of the county allotment committee, and county compliance director. The Board usually elected four more of its members to the allotment committee, though in some counties the committee was composed only of three members. In addition, the Board "was given the privilege of electing the secretary and the treasurer [of the allotment committee] either from its own membership or outside." In eighty-eight of the counties, the County Extension Agent was selected as secretary. Except for the secretary and treasurer, members of the allotment committee were required to be contract signers. The secretary and treasurer did not have the right to vote.[33]

In Story County, the allotment committee of 1934 was composed of six persons, including a chairman (who was, of course,

also Chairman of a Township Committee--as were all members except the Secretary-Treasurer--and President of the Board of Directors of the County Association), five farmer members, and the County Agent as Secretary-Treasurer. As they were in all counties, the members of the Story County township committees, Board of Directors of the Association, and county committee were elected on an annual basis. After the elections for 1935, the Story County Committee was composed of five members, plus the Secretary-Treasurer. The County Agent was not reelected as Secretary-Treasurer, on the ground that he had not performed the duties of the office satisfactorily in 1934. In a letter dated December 20, 1934, to A. G. Black, Chief of the Rental and Benefit Section, Commodities Division, Agricultural Adjustment Administration, the County Committee Chairman (Thomas G. Lundy) wrote that:

> The part which the Farm Bureau is playing in this program, with the County Agent acting as Secretary, and being directed by the Extension Service, is not conducive to the future welfare of the Corn-Hog Association . . . . I am also strongly of the opinion that the best interests of the organization would be served by having a Secretary who is able to devote all of his time to the work of the Association.[34]

During 1934 and 1935, the community committeemen in all counties "were required to appraise the corn yield of the land offered as contracted areas, to obtain production data on past corn and hog production from nonsigners, to make investigations relative to contracts and to perform other duties assigned by the county and

federal officials." The Board of Directors of the County Association "was in charge of expenses and other pertinent matters of management," and also selected the County Allotment Committee. The County Committee "checked and adjusted contracts" and other documents, apportioned "county acreage allotments among individual farmers," conducted referendum meetings in townships, and performed "general county administrative work."[35]

All A.A.A. officials within the state were paid for their services by the national administration. Members of the Iowa Corn-Hog Committee, the Board of Review, the State Compliance Unit, and fieldmen and all other state officials and employees began at a salary of $8 per day plus travelling fees. All work on the state level was of a full time character, and those with farming interests who worked for the state A.A.A. organization found that it was impossible to engage simultaneously in active farming operations. Consequently, their salaries had to be large enough to provide a suitable living standard. In the case of the members of the Corn-Hog Committee, for instance, the aggregate annual salary was approximately $2400. In addition such officials were given remuneration for administrative expenses. Officers of other agencies working with the A.A.A., like the Extension Service, were paid from a sum allotted by the A.A.A. to the agency by which they were regularly employed.

On the county level each county official was paid $4 per

day for each day of work plus four cents for each mile he travelled. All members of the county committee worked full time during 1934, but after that first year only the chairman and secretary were engaged full time. None of the committeemen were able to give much time to their farms in 1934, but thereafter everyone, with the exception of the chairman and secretary, had sufficient time for farming. And, since the work became more routine in character after 1934, even the chairman was able to give some attention to his farm after the first program was completed. Township committeemen worked only part time and on a seasonal basis, about one month per year. Their pay was $3 per day plus a travelling allowance. Members of the county Board of Directors received no pay apart from their administrative work as township committeemen and, if elected to such position, county committeemen. Statements of administrative expenses for the county were prepared each month by the county committee and sent to the state committee for payment from funds allotted by the national administration to the state for the purpose. These funds were a part of the amounts appropriated by Congress and received from processing taxes for benefit payments. "The average cost of work done" by Iowa county and township "committeemen" and others "in the 1934 program was less than 4 percent of the total adjustment payments made to contract signers" in the state; in 1935 this amount "was less than 6 percent" of total benefit payments.[36]

The decision of the Supreme Court in the case of United States v. Butler on January 6, 1936, which invalidated the production adjustment and processing tax provisions of the original Agricultural Adjustment act, necessitated a significant change in adjustment methods. Though there were points of similarity between the old adjustment programs and the conservation programs adopted following the approval of the Soil Conservation and Domestic Allotment Act on February 29, 1936, the differences between the two approaches were more significant than the similarities. They "were alike in that both sought to achieve immediate improvement in farming conditions. To attain this end, both used the method of making payments to farmers. Moreover, under both plans payments were conditioned upon farmers' making certain adjustments in acreage as compared to a base which was intended to approximate normal."[37]

The differences between the two approaches can be summarized as follows: (1) The production adjustment programs "aimed at parity of price," whereas "the conservation plan aimed at conservation of soil resources." Payments under the commodity-adjustment plans

> were arranged through the negotiation of adjustment contracts with the individual producer. Under the conservation plan no contracts were employed. Instead, the rates of payment and the conditions under which they would be made were simply announced so that farmers could make application for payments for which they were eligible, and payments were disbursed when it was established that the prescribed conditions had been satisfied.[38]

(2) Processing taxes were used to finance production adjustment,

"whereas payments and other expenses of the conservation plan were financed from the Federal Treasury." (3) "Under the commodity-adjustment programs a farmer might have two or more contracts, be participating in two or more commodity programs, and be a member of two or more separate associations." He could work out a single farm plan and belong only to one county association under the conservation program. (4) The production adjustment programs "applied only to the commodities designated as basic, whereas the soil-conservation plan, in contrast, applied to all farms and to all commodities."[39]

No program directly concerned with hogs was ever put into effect by the Agricultural Adjustment Administration under the soil-conservation plan. "Under the 1936 and 1937 Agricultural Conservation Programs, payments were made with respect to corn as one of a group of soil-depleting crops." Also under the Soil Conservation and Domestic Allotment Act, extra payments were made for acreage adjustments in corn from 1938 through 1943. Following approval of the second Agricultural Adjustment Act in 1938, parity payments to eligible corn producers were made from 1939 through 1942.[40]

The Soil Conservation and Domestic Allotment Act provided that each state must submit a soil conservation program for approval of the Secretary of Agriculture before such state could be eligible to participate in the program. "Where no State plan was operative, however, the Secretary was authorized until January 1, 1938, to make 'payments or grants of other aid' to agricultural producers in

amounts determined by him 'to be fair and reasonable'."[41]

This stipulation that the administration of the programs should be carried on by the Federal Government for two years and then be turned over to the states by 1938 was rejected by "farm leaders" in 1936, the year in which it was made. These "farm leaders . . . agreed that it [would] be impossible to maintain uniformity by states and [that] responsibility for administration of the act should remain vested in the United States Department of Agriculture."[42] Later, however, the Soil Conservation Service of the Department of Agriculture employed these provisions of the Soil Conservation and Domestic Allotment Act as a means of bringing "federal pressure upon the states to adopt the standard state [soil conservation] enabling act and . . . in the local areas to organize districts in accordance with the state act."[43] The relation between the Agricultural Adjustment Administration and the Soil Conservation Service will be discussed below.

The 1934 and 1935 production adjustment programs had been "based on historical figures." According to officials of the A.A.A. the soil conservation plan for 1936 was not. Such past production "figures were used only as guides and indications to help the farmer committeemen with the task of setting equitable bases on farms according to the farming practices, and types of soil." Soil depleting bases were established for each farm, and the farmer received a payment "if at the time performance was checked it was

determined that he had converted some of his soil depleting base acres to soil conserving uses for the year 1936. Additional payments were also made for certain soil building practices, such as purchasing and seeding grass seed, [and] purchasing and spreading of lime."[44]

The inauguration of the 1936 Agricultural Conservation Program also brought a number of changes in organization and administration within the Agricultural Adjustment Administration. Since the soil conservation program dealt "with types of farming" more than had the production adjustment programs, "it was found necessary to divide the United States into regions." The administration of the 1936 program in Iowa was placed under the supervision of the Director, North Central Division, and of course the old Corn and Hogs Section of the National Administration was abolished.[45] (See diagram on following page.)

On the state level, the Iowa Agricultural Conservation Committee was established to succeed the old State Corn-Hog Committee and to supervise state administration. Originally, the State Conservation Committee was composed of a Chairman, a Secretary, a Budget Director and the State Extension Director. On December 10, 1936, the number on the Committee was raised to five in order to make it as large as the committees in other states.[46] The head of the state office of the Crop and Livestock Estimates Division was no longer a member of the State Committee. Other changes included the abolition of the State Board of Review and the State Compliance

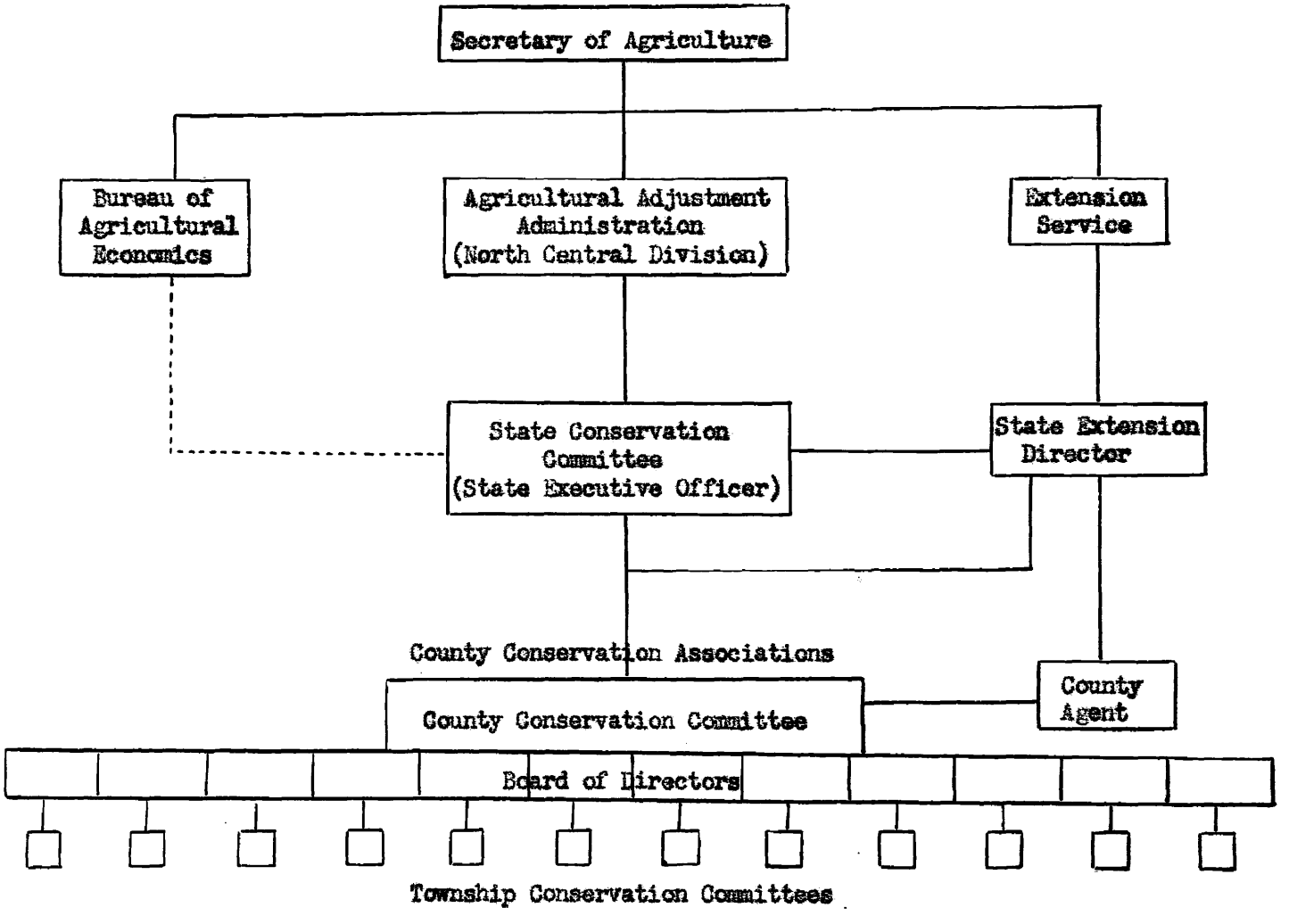

Chart 4—Iowa State and County A.A.A. Organization, 1936-40. Concentration of Authority.

Unit. The State Conservation Committee was given responsibility for coordinating "the determinations of soil-depleting bases and normal yields or productivity indexes recommended by county and local committees, . . . approving county administrative expenses, hearing appeals from decisions of county committees, and recommending changes in the program." A force of eleven fieldmen was employed to supervise county administration.[47]

The office of the Iowa State Committee also included "personnel engaged in examining applications for grants and certifying them for payment." Under the 1934 program, the contracts had been "sent to Washington for audit and payment. . . . One great difficulty in this procedure was that in the case of errors or claims considerable correspondence was necessary before the farmer could be paid." In 1935, the contracts had been pre-audited in the state office under the State Board of Review. The responsibility for the administration of applications for payment within the state was placed in the State Committee in the administrative change of 1936, and under its supervision an administrative audit was set up. The applications were audited in the Application for Payment Section, which then certified them for payment to the General Accounting Regional Office in Chicago established by the Comptroller General for the purpose. "The disbursing office then mailed the checks back to the county committees for disbursal to the farmers."[48]

The Chairman of the State Committee, designated by the

Director of the North Central Division, served as State executive officer. He had charge of the state office, administered the state program "in accordance with the policies of the State committee and the instructions" of the Regional Director, and performed, "as its agent, some of the duties assigned to the State committee."[49]

The organization of the county and local committees remained the same in 1936 as it had been in 1934 and 1935. The only changes were in name. The "county agricultural conservation association" was substituted for "county corn-hog control association." Identical changes were made in the names of the county and township committees. The methods of selection remained the same in all cases. The Story County Committee of 1936, for example, was composed of a president, a vice-president, a member, and an alternate member, plus the secretary-treasurer.

There was, however, an alteration in the duties of the local committees. The county committees, for example, reviewed "all forms and documents filed in connection with the program," supervised "the establishment of bases, productivity indexes, and normal yields for farms in their counties," and supervised the "preparation of applications for payment."[50] Proof of performance was necessary, of course, before farmers could receive payments. Farm reporters, working with township committeemen and under the supervision of county committees, measured farms in order to establish bases,

productivity indexes, and normal yields. "Such measurements and classifications were summarized in the county office and submitted to the state office . . . . Applications for payment" were "prepared in the county office, . . . signed by the applicant, and submitted to the state office for computation and payment."[51]

The 1937 Agricultural Conservation Program was similar to that of 1936. So far as administration was concerned, the only change was in the handling of applications for payment. Applications were now computed and prepared in the state, rather than in the county, office. The computations included "the net amount of money due the participant." Then the applications were returned to the county offices for the farmer's signature. This made it possible for the applicant "to know the amount of performance on his farm and the amount of money due him for such performance prior to the time that he affixed his signature."[52] An added advantage of this procedure was that the farmer was not required to sign-up for participation, as he had been under the benefit contract programs of 1934 and 1935. Each farmer was merely given an allotment which he could follow or ignore at his own discretion. "If at the proper time he wished an inspection of his farm to check his compliance with the program, it was done by a township reporter. The farmer then applied for payment based on the extent to which he had complied with the program."[53]

The Agricultural Adjustment Act of 1938 added an acreage adjustment program on corn and wheat in Iowa. The 1938 Iowa

Agricultural Conservation Program, pursuant to the Soil Conservation and Domestic Allotment Act and the second Agricultural Adjustment Act, included acreage adjustment and soil-building payments, commodity loans on corn and wheat in the Ever Normal Granary Program, and crop insurance on wheat. The last two aspects of the program will be discussed below.[54]

The 1939 and 1940 Iowa Agricultural Conservation Programs introduced a number of important innovations. They were as follows: (1) Each participant was required to sign a Farm Plan or "Declaration of Intentions" sheet at the beginning of the crop-season. His signature did not bind him to the program, but it had to be given before he could get his payment. A request for inspection of the farm was included in the form. (2) "Price adjustment or parity payments" were made "available on special crops such as corn and wheat . . . . If a farmer plants within his corn allotment in 1939 and plants some corn in either 1938 or 1939, he will receive the parity payment on the normal yield of his crop times his allotment." The same arrangement applied to wheat. (3) The computation and preparation of payments for individual farmers were done in the county, rather than in the state, office.[55]

State and local officials of the A.A.A. were paid between 1936 and 1940 on the same basis as they had been paid during the 1933-35 period. State, county, and township officials received per diem and milage allowances. By 1940 each committeeman was

receiving two dollars per day more than in 1934. State workers, county chairmen and county secretaries served on full time bases, whereas all other local officers were only part time workers. Tenure of office seemed to be indefinite both for local and state personnel. Many persons served in their offices during the whole period 1933-40. Many of the township committeemen were reelected year after year by those farmers eligible to vote annually by virtue of their participation in the A.A.A. program; the same was true with respect to the county committeemen selected by the county Board of Directors. On the state level officials were not appointed for any specific period, but they were permitted to serve indefinitely, or for what might be characterized as "during good behavior." Of course many officers on all levels of state administration were promoted; others resigned from their positions for various personal reasons. Nonetheless, it was true that most of the persons serving as A.A.A. officials in Iowa in 1940 had also been A.A.A. officers when the programs began in 1933.

It is worthy of comment that farmers elected to the township and county committees tended to be members of the political party which was dominant among the farmers participating in the A.A.A. programs in the district. In Iowa this party was usually the Republican party. On the state level, however, officers were usually members of the party in national control. This could have been anticipated, since state A.A.A. officials were appointed by the

national administration. Consequently, most of these officers during the 1933-40 period were Democratic. Presumably the election of a Republican President in 1936 would have brought about drastic changes in personnel on the state, as well as on the national, level of the A.A.A.[56]

Agencies and organizations other than the Agricultural Adjustment Administration whose activities bore at least some relation to the commodity adjustment and soil conservation programs in Iowa in the period from 1933 to 1930 included the following: the Iowa State Extension Service, the Iowa Farm Bureau, the Crop and Livestock Estimates Division of the United States Department of Agriculture, the Iowa Warehouse Boards within the State Department of Agriculture and the Commodity Credit Corporation, and the Federal Crop Insurance Corporation.

The Iowa State Extension Service, with headquarters at Iowa State College, Ames, Iowa, represented "the United States Department of Agriculture in all work of an extension nature and [received] through Federal Acts funds to conduct extension work."[57] In 1914 "a basic covenant" was "made . . . between the U. S. Department of Agriculture and the land-grant colleges." Under the terms of this covenant, "it was agreed that the Department would do all its educational work in the state through extension service."[58]

During the period covered in this study, the Iowa State Extension Service cooperated "directly with county farm bureaus as

provided in the state statute. It also [cooperated] with state and local organizations of farmers."[59] So far as the programs of the Agricultural Adjustment Administration were concerned, Extension Service was charged with responsibility for the educational aspects of these programs. In addition, it participated in active administration by virtue of the fact that the State Extension Director was a member of the State Committee and that the county agents (representing the U.S. Department of Agriculture, the State Extension Service, and the Iowa Farm Bureau) were ex officio members, without voting rights, on the county committees. Frequently, especially during the early period, these county agents also served as secretary-treasurers of the county committees.

In 1938, following the 1938 reorganization of the U.S. Department of Agriculture, county and state "agricultural land-use planning committees" were established by the Department through its extension service. On the county level, these committees were composed of one official from each "action" agency of the Department operating in the county, the county agent, and a number of farmers in the locality. The same arrangement applied on the state level, except that the State Extension Director took the place of the county agent. These committees exercised advisory and coordinating functions; they sought to introduce improvements in the programs and in the administrative organization and techniques of the "action" agencies like the Agricultural Adjustment Administration.[60]

The Crop and Livestock Estimates Division of the Bureau of Agricultural Economics cooperated with the Agricultural Adjustment Administration by helping collect the production and other statistical data used in establishing national, state, county, township, and farmer bases, productivity indexes and normal yields. In Iowa, the head of the state office of the Division even served from 1933 through 1935 as a member of the State Corn-Hog Committee and as chairman and member of the State Board of Review.

The Federal Corn Loan Program was one of the most important aspects of agricultural adjustment in the period from 1933 through 1940. As has been indicated, in late October, 1933, Secretary Wallace announced a plan for governmental loans to farmers on corn properly warehoused and sealed on the farm. "These loans were to be made [through the Commodity Credit Corporation] on a basis of 45 cents per bushel, at a time when the Chicago price was substantially less than the loan value." In order to qualify for full benefits under this loan program, however, the corn had to be sealed under the protection of a State Agricultural Warehouse Law.[61]

The Iowa Unbonded Agricultural Warehouse Law of 1923,[62] which served as a model for similar legislation in other states, provided the procedure and organization necessary in order to comply with Federal requirements. It established a "procedure for sealing grain," so that "all that was needed to make the program effective

was the method of financing the purchase of warehouse certificates." Responsibility for the grain sealing program was lodged in a force of grain sealers and one hundred county warehouse boards[63] established under the State Secretary of Agriculture.[64]

No action was taken under the Iowa Warehouse Law until the Commodity Credit Corporation provided funds to loan 45 cents per bushel on corn at 4 per cent interest. These funds were made available in October of 1933, and the first loans in Iowa were made on November 24. Before the first loans were made, however, the 100 county warehouse boards had to be reorganized and over 700 corn sealers had to be trained by the State Department of Agriculture.[65] The "sealers were charged with the responsibility of issuing the warehouse certificates and inspecting the corn."[66] Working under the supervision of the Secretary of Agriculture and the county boards, the sealers were authorized to seal the corn of farmers participating in the production adjustment program for 1934. The farmer received the loan, while ordinarily a local bank lended the money and then held the state warehouse certificate as collateral for the loan. "The local bank then notified the Commodity Credit Corporation of the granting of the loan."[67]

The farmer borrower was also obligated under the loan agreement to comply with his corn-hog contract.

> [He] was given the option of retiring the loan, plus accrued interest, at any time on or before the maturity

> date, August 1, 1934, but if the market price of corn on the maturity date was less per bushel than the loan amount per bushel the borrower might dismiss his obligation by turning over to the Commodity Credit Corporation or its representative the number of bushels of corn originally stored.[68]

Under this arrangement, the Commodity Credit Corporation made it possible for the farmer to secure a loan on his corn at an amount above the market-price, and then to pay off that loan directly by selling his corn at market-price (if this price were high enough), or indirectly by surrendering his corn to the Corporation, which would then pay off his loan for him. In either case, the bank or other cooperating agency was free from risk in advancing money to the farmer.

Loans were made by the Commodity Credit Corporation only on the basic commodities up to the Butler decision. Moreover, these loans were available only to farmers cooperating in the production control programs. For the 1934-35 and 1935-36 crop-seasons, loans on corn were placed at 55 cents per bushel.

In July, 1935, an amendment to the Iowa Warehouse Law went into effect.[69] This act was designed to bring the Iowa legislation into stricter conformity with the requirements of the Federal loan program. It amplified the original provisions with respect to procedures for sealing grain, issuing warehouse certificates, and protecting the grain as collateral for the loans. Sealers were to be appointed by the State Secretary of Agriculture following the

recommendations of the County Boards. The sealers were required to re-inspect corn-cribs sealed by them every ninety days.

In 1936 the Commodity Credit Corporation announced a new loan program. The corn loan was to be 55 cents per bushel, and the Corporation's business in Iowa was to be transacted through its Omaha office. In accordance with this program, the State Secretary of Agriculture reappointed the warehouse boards and the sealers. In 1937, a number of important changes were made in the loan program. (1) Thenceforth, the loans were handled by the County Agricultural Conservation Committees as agents for the Commodity Credit Corporation. The Director of the North Central Division supervised the administration of the program. Certain supervisory duties were delegated by him to the State Agricultural Conservation Committees. (2) The farmer was required thenceforth to be in the program only for the particular year for which the loan was to be made. (Previously, he had had to promise compliance the next year as well in order to secure a Federal loan.) (3) The activities of the warehouse boards and sealers were restricted to sealing corn in cribs and making out warehouse certificates.[70]

The Agricultural Adjustment Act of 1938 provided for a full Federal loan program called the Ever Normal Granary. This program enabled "farmers to seal their corn at home or to have it stored in neighboring bins at a figure determined to be three-fifths of

its prewar parity value. This plan is financed by the Commodity Credit Corporation making loans at reasonable interest rates and accepting the corn as full security for the value of the loan."[71]

In accordance with the second Agricultural Adjustment Act, the Agricultural Adjustment Administration was authorized to handle all of the corn-loan program through its state and local committees. "A large proportion of the grain sealed under the provisions of the Unbonded Warehouse Law was ineligible for a federal loan," since much of this sealed grain was not produced by farmers participating in the soil conservation programs. Consequently, the State Secretary of Agriculture advised the local warehouse boards to disband, which they soon did. From late 1938 through 1940 the Federal corn loan program in Iowa was administered entirely by the state and local agricultural conservation committees.[72]

Another of the agencies whose activities bore some relation to those of the Agricultural Adjustment Administration in Iowa from 1933 through 1940 was the Soil Conservation Service of the U. S. Department of Agriculture. As has been indicated, the Soil Conservation and Domestic Allotment Act of 1936 required states to submit soil conservation plans for the approval of the Secretary of Agriculture before Federal aid would be given. These provisions were used by the Soil Conservation Service.[73] Later in 1936, the Service wrote and published a standard state soil conservation districts law

designed to serve as a model for the guidance of state legislatures in states wishing to qualify for Federal conservation aid.[74]

In 1939, the Iowa General Assembly passed "the Soil Conservation Districts Law" which followed the outlines of the standard act.[75] It created a State Soil Conservation Committee with powers to approve the establishment of Soil Conservation Districts. Ordinarily in counties where the farmers of said counties had voted in favor of the establishment of a Soil Conservation District, the District Board of Supervisors (or Commissioners) would be composed of three farmers elected in the District and two local farmers appointed by the State Committee. The legal powers of the Soil Conservation Districts included, among others, the following: (1) "Conduct surveys, investigations, research on erosion control"; (2) "Conduct demonstrational projects"; (3) "Carry out control and preventive measures"; (4) "Enter into agreements with farmers"; (5) "Furnish materials, equipment, and financial aid to farmers"; (6) "Develop plans for land-use"; and (7) "Impose conditions on the extension of benefits."[76]

In 1940 the State Soil Conservation Committeemen and the Commissioners of the Soil Conservation Districts participated with state and local officials of the Agricultural Adjustment Administration in agricultural land-use planning. However, there was no duplication in committee personnel, and no formal relationship was maintained between the Soil Conservation Service and the Agricultural

Adjustment Administration.

The Federal Crop Insurance Corporation was created by the Federal Crop Insurance Act of 1938.[77] The Corporation was established for the purpose of insuring wheat. The wheat farmer was permitted through a contract to pay "the premium rate established for his farm, in either wheat or cash. He [was] then assured 50 or 75 per cent of his normal crop, depending on the amount of coverage he requested." Though personnel of the Agricultural Adjustment Administration did not participate formally in the crop insurance program in Iowa from 1938 through 1940, the State Crop Insurance Supervisor and his subordinates used the statistical records on state wheat production which were available in the State Agricultural Conservation Committee office.[78]

The administration of the corn programs in Iowa from 1933 through 1940 was accomplished by the utilization of hundreds of farmers, experts, and other personnel. The administrative apparatus within the Agricultural Adjustment Administration consisted principally of the Corn and Hogs Section and later the North Central Division of the Washington Administration, the Iowa State Corn-Hog Committee and, after 1935, the Iowa State Conservation Committee, and the county and township committees of the county associations. In addition, officials of other agencies such as the Extension Service, the Farm Bureau, the Crop and Livestock Estimates Division,

the Warehouse Boards of the State Department of Agriculture, the Soil Conservation Service, and the Federal Crop Insurance Corporation performed activities which were related directly or indirectly to the commodity adjustment and soil conservation programs of the Agricultural Adjustment Administration.

A discussion and analysis of the process of administrative legislation in the A.A.A. in connection with the production control and soil conservation programs on corn as they applied to Iowa from 1933 through 1940 will be presented in the next chapter, the first section of Part III.

FOOTNOTES

Chapter III

1. Agricultural Adjustment, 1933-34, (Annual Report of the Administrator of the Agricultural Adjustment Administration), p. 104; See also Dennis Alfred Fitzgerald, Corn and Hogs Under the Agricultural Adjustment Act, pp. 10 ff.
2. Agricultural Adjustment, 1933-34, pp. 105, 106.
3. Ibid., 1933-34, p. 110.
4. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 203.
5. Agricultural Adjustment, 1933-34, p. 144.
6. Ibid., 1933-34, p. 145.
7. Ibid., 1933-34, p. 147.
8. Iowa Yearbook of Agriculture, 1933, p. 175.
9. Agricultural Adjustment, 1933-34, pp. 126, 127.
10. Ibid., 1933-34, p. 128.
11. Iowa Yearbook of Agriculture, 1933, p. 175.
12. Ibid., 1933, pp. 175, 176.
13. Agricultural Adjustment, 1933-34, p. 134.
14. Iowa Yearbook of Agriculture, 1933, p. 176.
15. Carl J. Kulsrud, "The Archival Records of the Agricultural Adjustment Administration," Agricultural History, p. 202.
16. Agricultural Adjustment, 1937-38, p. 23, p. 24.
17. Richard Hale Roberts, "The Administration of the 1934 Corn-Hog Program in Iowa,", Preface, ii.
18. Ibid., p. 117.

19. Ibid., pp. 120, 121.

20. Iowa Yearbook of Agriculture, 1935, p. 204.

21. Richard Hale Roberts, "The Administration of the 1934 Corn-Hog Program in Iowa," p. 28; See also Iowa Yearbook of Agriculture, 1934, 1935.

22. Ibid., p. 120.

23. Iowa Yearbook of Agriculture, 1936, p. 213.

24. Richard Hale Roberts, "The Administration of the 1934 Corn-Hog Program in Iowa," diagram, p. 113a.

25. Ibid., p. 60.

26. Ibid., p. 60.

27. Ibid., p. 59; p. 61.

28. Ibid., diagram, p. 84a.

29. Ibid., p. 25.

30. Ibid., pp. 26, 27.

31. Ibid., pp. 44, 45.

32. Iowa Yearbook of Agriculture, 1933, pp. 176, 177.

33. Richard Hale Roberts, "The Administration of the 1934 Corn-Hog Program in Iowa," p. 49.

34. This letter, together with other personal correspondence and data covering the period during which Thomas G. Lundy was Chairman of the Story County, Iowa, Committee (1933-38, inclusive), was given by him to the author in September of 1951.

35. Iowa Yearbook of Agriculture, 1933, pp. 176, 177; Agricultural Adjustment, 1938-39, p. 27. (For additional information on the duties of township committeemen from 1933 through 1935, see "Duties of Permanent Community Committees," Form CH-34, Corn-Hog Section, Commodities Division, Agricultural Adjustment Administration, 12p. This brochure was included in the material given to the author by Mr. Lundy.)

36. Telephone conversation between Thomas G. Lundy and author, April 10, 1952; Agricultural Adjustment, 1933-35, p. 170, p. 173; Personal letter to the author from Hervey E. Hazen, Iowa State P.M.A. Chairman, April 17, 1952.

37. Agricultural Adjustment, 1937-38, p. 32.

38. Ibid., 1937-38, pp. 32, 33.

39. Ibid., 1937-38, p. 33.

40. Letter to the author from John C. Bagwell, Acting Deputy Solicitor, Office of The Solicitor, United States Department of Agriculture, December 13, 1951.

41. See Chapter I of this thesis.

42. Iowa Yearbook of Agriculture, 1936, p. 211.

43. William Robert Parks, "Efforts to Synthesize National Programming with Local Administration in Soil Conservation Districts," p. 18.

44. Iowa Yearbook of Agriculture, 1936, p. 213; pp. 212, 213.

45. Ibid., 1936, p. 213.

46. Ibid., 1936, p. 207.

47. Agricultural Adjustment, 1936, p. 55.

48. Iowa Yearbook of Agriculture, 1936, pp. 213, 214.

49. Agricultural Adjustment, 1936, pp. 58, 59.

50. Ibid., 1936, p. 60.

51. Iowa Yearbook of Agriculture, 1937, p. 214.

52. Ibid., 1937, p. 214.

53. Ibid., 1938, p. 222.

54. Ibid., 1938, pp. 220, 221.

55. Ibid., 1938, pp. 223, 224.

56. Interview between Thomas G. Lundy and author, September 28, 1951; Telephone conversation between Thomas G. Lundy and author, April 10, 1952. Mr. Lundy contends that the approval of a person's county Democratic party chairman was necessary before he could get state level A.A.A. appointment by national officials or state officials acting for the national officers.

57. Iowa Yearbook of Agriculture, 1933, p. 178.

58. John Albert Veig, "Working Relationships in Governmental Agricultural Programs," Public Administration Review, p. 144.

59. Iowa Yearbook of Agriculture, 1933, p. 178.

60. John Albert Veig, "Working Relationships in Governmental Agricultural Programs," Public Administration Review, p. 148.

61. Frank Russell Glasener, "The Agricultural Adjustment Act: An Analysis of Its Provisions and Operation," p. 126.

62. Approved April 10, 1923, ch. 191, Acts 40th General Assembly of Iowa, p. 176.

63. Two county warehouse boards were established in Pottawattamie County, Iowa.

64. Iowa Yearbook of Agriculture, 1938, p. 96.

65. Ibid., 1933, p. 1.

66. Ibid., 1934, p. 105.

67. Agricultural Adjustment, 1933, p. 138.

68. Ibid., 1933, p. 138.

69. Approved April 15, 1935, ch. 105, Acts 46th General Assembly of Iowa, p. 147.

70. Iowa Yearbook of Agriculture, 1937, pp. 116-118.

71. Ibid., 1940, p. 297.

72. Ibid., 1940, p. 126. For the statutory authority, see Agricultural Adjustment Act of 1938, approved February 16, 1938, ch. 30, Title III, Sec. 302, 52 Stat. 42.

73. The Soil Conservation Service was established pursuant to the Soil Conservation Service Act approved April 27, 1935, ch. 85, 49 Stat. 163.

74. William Robert Parks, "Efforts to Synthesize National Programming with Local Administration in Soil Conservation Districts," pp. 17, 18.

75. Approved May 25, 1939, ch. 92, Acts 48th General Assembly of Iowa, p. 155.

76. William Robert Parks, "Efforts to Synthesize National Programming with Local Administration in Soil Conservation Districts," p. 23, p. 22.

77. Approved February 16, 1938, ch. 30, Title V, 52 Stat. 71.

78. Iowa Yearbook of Agriculture, 1938, p. 221.

PART III. THE ADMINISTRATIVE PROCESS

Chapter IV

ADMINISTRATIVE LEGISLATION

Administrative law, according to Kenneth Culp Davis, a writer in the field, is composed of three large segments relating to the following: (1) transfer of power from legislatures to agencies; (2) exercise of power by the agencies; and (3) review of administrative action by the courts.[1] This chapter, and the one to follow on administrative review, will present a discussion of the Agricultural Adjustment Administration and its activities from 1933 through 1940 in light of the first two of the three segments of administrative law just indicated; the third does not fall within the purview of this study.

Sublegislative powers (which are those powers exercised in administrative legislation) may be defined as those powers conferred upon administrative officials and agencies which are exercised in making rules of general rather than of particular applicability or legal effect.[2] These rules "are addressed to indicated but unnamed and unspecified persons and situations." A general rule is laid down for a specified class; it is to operate in the future.[3]

James Hart states that rule-making powers may be classified in accordance with the process involved in their exercise: (1) "where the process consists of the discretionary elaboration

of rules and regulations"; (2) "where the process consists of the interpretation of statutory provisions"; and (3) "where the process consists of the finding of the existence of the conditions under which a contingent statute provides that its clauses shall become operative."[4] However, another student of administrative law, John Preston Comer, writes that he finds only "two general classes of delegated legislation. . . . The one may be called supplementary or detailed legislation, the other, contingent legislation."[5] Supplementary or detailed legislation would in his view embrace both the discretionary elaboration of rules and regulations and the interpretation of statutory provisions. His class of contingent legislation, however, would be identical with Hart's third category of rule-making powers. For convenience in analysis, Comer's classification of quasi-legislative functions will be employed in this discussion.

The process of administrative legislation in the Agricultural Adjustment Administration from 1933 through 1940 will be analyzed and discussed in this chapter. Two successive methods of agricultural adjustment--production adjustment and soil conservation --will be treated. The first discussion will deal with production control of corn and hogs from 1933 through 1935. The second will be concerned with the agricultural conservation programs of the North Central Region from 1936 through 1940. In both cases, the State of Iowa will be seldom mentioned, but it is to be understood

that the entire discussion relates directly to the A.A.A. programs as they were administered in Iowa. The programs of 1934 and of 1936 will be singled out for special explanation. In addition, a summary view will be given of the quasi-legislative process involved in a third method of adjustment: marketing agreements, licenses and orders.

Production Control of Corn and Hogs, 1933-35

The Agricultural Adjustment Act, as indicated in Chapter I, established a sharply modified national policy with regard to agriculture. This policy was the restoration and maintenance of the pre-war income position of farmers as a class. It looked toward "equality for agriculture." Congress authorized four main methods in the Act by which this broad policy was to be brought about:

> (1) the enhancement of agricultural prices through widespread restraints on production or the removal of supplies from the market; (2) the enlargement of farmers' incomes through direct payments for participation in production control programs; (3) the levying of excise taxes on processors of farm products as a means of defraying the cost of 'adjustment' operations; and (4) the regulation of marketing through voluntary agreements among processors and distributors or compulsory licensing to eliminate unfair practices or charges.[6]

Subsections (1), (2) and (3) of section 8 of the Act granted separate and independent powers to the Secretary of Agriculture. Provision for reduction of acreage, benefit contracts,

and marketing agreements, all of which were voluntary, were made in subsections (1) and (2). Subsection (3) provided for licenses, which were coercive.[7] "It was thought necessary to authorize the Secretary of Agriculture to utilize any or all of a wide variety of powers for effectuating the general purposes of the . . . Act. Flexibility was desired. Hence, the Secretary's hands were not tied by prescribing in advance which of the enumerated powers he should invoke in given circumstances or what combination of devices authorized in the act he should employ to accomplish the ends of . . . agricultural relief."[8]

The authorization to undertake control of agricultural production was perhaps the most significant feature of the original act. Contracts between the Secretary of Agriculture and participating farmers were authorized for the purpose of restricting farm acreage or output, with payment provided from the excise taxes paid by processors. The Secretary of Agriculture was given power in Section 8 (1), in order to effectuate the declared policy of the act, "to provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity." This might be done "through agreements with producers or by other voluntary methods. . . . Rental or benefit payments" were to be paid "in such amounts as the Secretary deems fair and reasonable." "These terms were not further defined in the act and [were] not mutually exclusive."[9]

A discussion was given in Chapter II of the structure and organization of the Agricultural Adjustment Administration on the national level as it was created pursuant to the provisions of the original act. At the beginning of Chapter III the formation of the National Corn-Hog Committee of twenty-five and its executive committee of five members was sketched, and it was indicated that these committees met with processors, Administration officials and others in Chicago and Washington, D. C. in late 1933 for the purpose of drafting both emergency and permanent corn-hog production control programs. It is worth remarking at this point that, in connection particularly with the drafting of a permanent corn-hog program, the A.A.A., as the agent of the Secretary of Agriculture, used what has been called a "consultative procedure" of administrative rule-making.

Ralph Fuchs, a student of administrative law, has written that there are roughly four types of rule-making procedure utilized by administrative agencies: (1) "investigational procedure," which is analogous to the procedure used by legislatures for finding the facts. "Its representative character brings the community's knowledge and wisdom into the exercise of its [the legislature's] discretion." This procedure may or may not require hearings.[10] (2) "consultative procedure" which consists of "receiving opinions, advice, and suggestions from groups whom their [the rule-making agencies'] work affects."[11] It was this device which the Agricul-

tural Adjustment Administration employed by permitting farmers, farmer committees, and others to participate in the formulation of the first production control programs. (3) "auditive procedure . . . . This procedure consists of the holding of duly-announced hearings at which interested parties are permitted to appear." (4) "adversary procedure"—which involves formalized hearings in which interested parties testify. It requires the taking of evidence, and usually consists of ruling for or against a proposed specific regulation. It is not well-adapted to the procedure for making general regulations.[12]

In the meeting at Chicago between September 20 and 25, 1933, the processor and producer representatives and Administration officials advanced three different proposals for bringing about long-time reductions in corn and hog production in fulfilling the declared policy of the Adjustment Act. These proposals were as follows: (1) direct reduction in corn production only; (2) reduction in hog production only; and (3) reduction in production of both corn and hogs.[13] After much discussion of these alternatives, the third was adopted by the conference as the most feasible. It was believed that this "dual-control scheme" would have the advantages of "striking directly at the reduction problem" and "of keeping the value ratio between corn and hogs as near as possible to the commonly accepted neutral point," which would mean that the price relationship between both commodities would tend to be maintained at a point

wherein "approximately ten or twelve bushels of corn" would be equal in value to "100 pounds of live hog." However, this scheme also posed several difficult administrative problems. Among them were the following: (1) "It would be necessary to determine percentages of reduction for both commodities which would bring supplies into line with effective demand and which would result in a minimum of disturbance of the . . . neutral price relationship between them"; (2) there would be the problem of financing a program so extensive in its effects; (3) it would also raise the question of "how funds for benefit payments should be divided between the two commodities, so that the program would be /as/ attractive to the farmer who /grew/ much corn and few hogs as to the farmer who /fed/ many hogs and /grew/ little corn"; and (4) it would also involve "more administrative details" with respect to the necessity of reporting "part production records by farmers and to their compliance" with the provisions "of the contract."[14]

In a final conference between processor and producer representatives and administration officials at Washington, D. C., which began on September 30, 1933, the problems suggested above and other difficulties were discussed. This discussion centered around a number of major issues. First, what percentage of reduction should be required of the individual producer in order to obtain, on the basis of anticipated participation in the program by farmers, the desired reduction in national production of corn and hogs?

Then came the problem of determining the amount of payment to be made for each unit (the acre or hog) of reduction. The payment would have to be large enough to attract farmers, but it would also have to be kept small enough to be payable from the proceeds of the processing tax. The next question was, what arrangements could be made for local administration of the program? It was believed that responsibility for policy determination would have to be centralized, but all participants in the conference seemed to feel that policy-execution should be decentralized as much as possible. (Chapter III presented a discussion of the establishment of local producer committees, and the duties assigned to them were summarized. Provision for such local administrative units was in part an outgrowth of the conference in Washington.)

Fourth, in determining the amount of reduction of corn and hog production in the case of each participating farmer, what production periods and records should be utilized? The establishment of a base period would be difficult. Those at the conference realized that many farmers would not be able to obtain accurate records on past production of corn and hogs. Unintentional (and intentional) overstatements by farmers might result in surpluses, and the whole purpose of production control would be thwarted. Moreover, it would be difficult to establish a practical base period from which to compute an average of past production in the case of each farmer. The solution finally proposed was to use two or more

past years as the base period, and to compute each farmer's production allotment by subtracting a certain designated and uniform percentage from that base figure. Another problem was in deciding what use to make of the acres withdrawn from the production of corn under the contractual agreement. Here, it was recommended by the producer representatives that the contracted acres be used primarily for soil-building and erosion-preventing crops not to be harvested.[15]

Such was the main outline of the corn and hog reduction program. Thenceforth, the Washington Administration of the A.A.A. assumed primary responsibility for working out the administrative rules and regulations necessary before the program could be put into operation. The conferences with producer representative had been helpful to these officials in indicating farmer sentiment and in suggesting the essentials of a program, but many points still required solution. Among these were the following:

1. Should there be but one contract form covering both corn and hogs, or should there be separate contracts?
2. What should be the base periods for the respective commodities of corn and hogs?
3. Should the contracting producer be given the privilege of reducing more than the specified reduction percentages?
4. What should be the basis for reducing hog production?
5. Should a limitation be placed on total acreage of crops planted for harvest, on number of feeder pigs, and on aggregate acreage of corn on other land not covered by the contract?
6. What use should be permitted of the contracted acres?
7. What should be the basis of payment for reducing corn acreage, and in how many installments should the payments be made?

8. What records should be required of farmers with respect to past crop and livestock production?
9. How should the corn acreage and hog production allotment for 1934 be computed?
10. How should the reduction payments be divided between landlord and tenant?
11. Who should sign the contract?
12. What system should be developed for certifying the corn-hog production contract?[16]

Because of the additional administrative difficulties which would be involved in handling separate contracts for corn and hogs, administrative officials decided to cover both commodities in one contract. The proviso was added, however, that if the contract applicant grew less than ten acres of corn or if he produced less than three or four litters of hogs, he might sign to reduce production of the major crop only. Another of the rulings with regard to the contract concerned the signature of the applicant. It was decided that requiring the producer to sign both an application for a contract and the contract itself would entail too many problems in administration. "Instead, the contract was drawn so that the first signature constituted an application /for payment/." Under this arrangement, the producer would disclose his production figures at the time of his first signature. These figures would then be checked by the county allotment committee and its agents. Subsequently, the contract would be "returned to the producer for his second signature, which would make the contract binding on him."[17]

Administrative officials followed the recommendations of

the producer representatives at the Washington Conference by establishing a uniform base period of two years, December 1, 1931, through November 30, 1933. The idea was that "production of both corn and hogs" would be "reduced from the average production for this period." Where corn was concerned, the reduction in number of units (acres) was a minimal 20 per cent below the average acreage of corn during the base period. The farmer was encouraged to reduce corn acreage further, however, by the provision that he might "receive payments for making a reduction of as much as 30 percent." With regard to hogs, on the other hand, the requirement was a 25 percent reduction from the base period figure, and this requirement "was made to apply both to litters and to the number of hogs produced for market." This "double limitation," Administration officials believed, "would help producers compute more accurate production records, would enable inspection committees more readily to ascertain mistakes or overestimates, and would permit more accurate check-up on compliance with the contract."[18]

The provisions of the contract called for a "corn reduction payment of . . . 30 cents per bushel on the estimated yield of corn which the contracted acres would produce." This payment was to come in two installments—one-half "as soon as possible after acceptance of the contract by the Secretary," and the other half, "less the producer's pro rata share of local administration expenses, on or after November 15, 1934." The payment

for hog reduction was established "at $5 per head on 75 percent of the adjusted annual average number of hogs produced for market from 1932-33 litters." This payment was broken into three installments--"$2 per head upon acceptance of the contract by the Secretary, and the remainder, . . . less the producer's pro rata share of local administrative expenses, divided between two additional payments as of November 15, 1934, and February 1, 1935."[19]

Officials of the A.A.A. ruled that the hog base should follow the producer when he moved from the original farm, but that the corn base should remain with the land itself. "Any other decision would have introduced a number of problems, especially in cases where the past production of corn or hogs, or both, on a farm, varied considerably from the oncoming producer's own operation." Where the relations between landlord and tenant of the same farm were concerned, an administrative ruling provided that "both should sign the contract under crop-share leases, . . . and that the corn and hog reduction payment should be divided between landlord and tenant in the same proportion as each shared in the divisions of crops or proceeds therefrom." With cash, rather than share, tenants, however, landlords were not required to sign. In addition, the landlord was prohibited from making any changes during 1934 in the provisions of the lease or the tenure of the farm in order to prevent tenants from obtaining their rightful share of payments.[20]

The producer representatives and others who attended the Washington Conference had suggested that acres removed from corn production under the terms of a contract should be devoted to growing soil-building crops. This recommendation was accepted by the A.A.A., and the 1934 corn-hog program provided that contracted acres should be used "for planting additional permanent pasture for soil improving and erosion-preventing crops not to be harvested, for resting or fallowing the land, for weed eradication or for planting farm woodlots, except as otherwise prescribed from time to time by the Secretary of Agriculture."[21]

It was hoped that the foregoing provisions would result in reduced national corn and hog production. The next problem which engaged the attention of the A.A.A. was how "to prevent an unnecessary and uneconomic shifting from corn and hog production to other crops." The policy of the Agricultural Adjustment Act was the achievement of "a net reduction of the whole agricultural output as well as in the specific reduction of corn and hogs."[22] This consideration induced the A.A.A. to provide in the contract that:

> the contracting producer should not increase on his farm in 1934 above 1932 or 1933, whichever was higher: (a) the total acres of crops planted for harvest plus the contracted acres; (b) the acreage planted to each crop for sale designated as a basic commodity in the act; (c) the total acreage of feed crops other than corn and hay; (d) the number of any kind of livestock other than hogs designated as a basic commodity in the act (or a product of which is so designated) kept on the farm for sale (or the sale of the product thereof).[23]

In addition, it was specified that anyone accepting the terms of a contract was prohibited from increasing in 1934 the aggregate corn acreage or the number of feeder pigs bought by him above the base figures for each on any land not covered in the contract which he owned, controlled, or operated. Since only a single farming unit was to be covered by each contract, it would be necessary for anyone owning, controlling, or operating other farming units to negotiate a separate contract for each farm.[24]

In order to establish equitable production bases on each farm, officials of the A.A.A. decided that the producer should be:

> required to report for inclusion in the contract the acreage of all crops or use to which the land was put during the 1932-33 seasons, a history of production for the 1929-33 period of fields designated as contracted acres, a report on the utilization of the corn for 1932 and 1933; that is, whether it was harvested as grain, hogged off, cut for silage, or fed green. The producer also was required to report the number of spring and fall litters owned by him when farrowed in 1932 and 1933, the numbers of hogs raised from these litters, already sold for slaughter, already stocked as stockers, feeders, or breeders, already slaughtered for use on the farm, to be slaughtered for use on the farm, to be sold and/or retained for breeding purposes.[25]

Once the officials of the Agricultural Adjustment Administration had developed the provisions of the corn-hog contract in tentative form, they conducted a series of conferences in the South and Middle West "with Federal and State extension workers, producer representatives and others" for the purpose of discussing other details "of the adjustment plan." The Administration officials

sought the suggestions of these groups as to how variations in the situations of individual producers could be taken into account in devising the general terms of the production program. They also desired the opinions of participating groups "as to methods of procuring and verifying individual records of corn and hog production and as to organization of local producers' committees for sign-up campaigns." (It will be recalled that the establishment of such local committees in Iowa was discussed at considerable length in Chapter II, so it hardly seems necessary to present another such discussion at this juncture.)[26]

The administrative rulings which were promulgated by the A.A.A. subsequent to the conferences in the South and Middlewest elaborated "on certain phases of the contract which could not be completely covered in the contract form," and on certain "special circumstances so infrequently encountered as not to warrant their specific inclusion in the contract itself." These rulings covered, among others, the following situations: instructions as to (1) who could legitimately sign a contract; (2) "how the 1932-33 and 1934 litter averages were to be determined"; (3) "how the average number of hogs produced for market was computed"; (4) "how the yield of contracted acres was to be estimated"; (5) how to deal with cases of "producers who rented several tracts of land from different landlords and of landlords who rented several tracts of land to

different tenants."[27]

Such rulings were detailed and specific, and, like the provisions of the contract, were frequently revised after the program was put into operation in order to be kept abreast of modified conditions. Because they were so specific and were designed to cover every conceivable situation, the committees on the state and local levels in 1934 and 1935 seemed to have discretion only in applying their terms to local cases. These committees, at least on the local level, had little discretion where the problem of determining "the when, the where, and the how" of adjustment on their level was concerned. In practice, once a program was in operation the discretionary power which they exercised in the administrative rule-making process was that of determining to what extent the administrative regulations from Washington could or ought to be ignored or disregarded within their jurisdictions. Thus, their task was almost wholly administrative rather than legislative in character.[28] (Their greater share in the administrative review process will be indicated in Chapter IV.)

The administrative duties of the permanent community committees under the 1934 and 1935 corn-hog production control programs included the following:

> (1) Obtaining contracts, (2) assisting applicants in preparing data required in the contract, (3) appraising corn yield of land offered as contracted acres, (4) checking and correcting data offered by producers and landlords,

> (5) obtaining production data on corn and hogs of non-contract signers, (6) obtaining execution of contracts after adjustment of figures, (7) certifying production records in determination of 1932-33 average corn acreage and hog base, (8) assisting at community meetings, (9) making investigations relative to contracts, and (10) performing such other duties as may be assigned to it by the county allotment committee of the corn-hog section."[29]

Enough has been said of the formulation of the 1934 program for corn and hog production control in Iowa, and in other areas where these commodities were produced commercially, to indicate the complexity and comprehensiveness of the program. In addition, it has been indicated that the statutory provisions were rather generalized and ambiguous in character, and that the officials of the A.A.A., acting in the name of the Secretary of Agriculture, faced a tremendous task in drafting a program. Though they solicited advice and opinions from producers and other private parties, the central responsibility was theirs. It should be apparent also that, while "the primary standard" was laid down in the Agricultural Adjustment Act, it was the officials of the A.A.A. who chose the particular means to employ as well as the how, where, and when to employ them. It was they who drew up the program and supervised its execution.

The 1934 program, in summary, involved the formulation of a corn-hog reduction contract and supplemental administrative rulings. "The contracts required individual farmers to limit their acreage,

production, or both, to some stipulated maximum percentage of what these had been in a base period adopted as representative for the commodity." This meant "under ordinary conditions" that production would be limited "for one or more years ahead." Each contract established a base acreage or base production for each particular farm covered. From this base was computed the amount of reduction the grower would have to make in order to receive payment. The base figure represented the average acreage or production for the selected earlier period; it "was fixed each year by the Secretary of Agriculture within limits specified in the contract, except with corn, where a one-year contract was used." In the case of corn, benefit payments were made "at so much an acre for the land taken out of production (usually varying with its productivity)." Benefit payments for hogs were made "per unit on amounts permitted to be raised or marketed."[30]

The 1935 corn-hog program, though it introduced "many minor" modifications, "was like the first in almost all major particulars." However, the 1935 contract "required . . . signers to reduce their corn acreage and hog production only 10 per cent from that of the base period, [whereas in 1934 it had been 20 per cent], and the rate of the adjustment payment was increased [from 30] to 35 cents per bushel for corn not raised."[31] The decision of the Supreme Court in the case of U. S. v. Butler, of course, halted the preparation of a commodity adjustment program for 1936.

The only major example of the contingent type of legislation provided for in the corn-hog production control programs under the Agricultural Adjustment Act (excluding the processing tax provisions) was the section of the Act which dealt with the conditions under which its operation should be terminated. This section, number 13, specified that "This title shall cease to be in effect whenever the President finds and proclaims that the national economic emergency in relation to agriculture has been ended. . . . The Secretary of Agriculture shall make such investigations and reports thereon to the President as may be necessary to aid him in executing this section."[32] In a sense, then, this provision must be placed within the contingent class of delegated legislation.

Ordinarily, however, contingent legislation "involves discretion on the part of administrative officials in putting on the active list quiescent or dormant statutes which express congressional policy."[33] In the case of the Agricultural Adjustment Act, the President was directed to place the act on the retired list whenever it became apparent to him that the congressional policy of achieving "parity" for agriculture had been fulfilled. Though this contingency never arose, it is safe to say that the President and Secretary of Agriculture would have had relatively little discretion in the process of determining its existence or non-existence at any given time. Their discretion would have been mathematical and statistical

in character, and would have involved a comparison and evaluation of statistics on farm and other income for the prewar, "normal" period with those on farm and other income in the then current period.

Most of the rule-making activities of the officials of the A.A.A. during the period under discussion were of the supplementary type. John Preston Comer has distinguished two sub-classes of this complementary or detailed legislation. One he has called administrative, and he states that rules which come under this category "appreciably add to the procedural or enforcing provisions of substantive law and are enforceable; they involve the discretion of a lawmaker on the part of the Executive." The other he entitles interpretative, and he writes that these regulations "supposedly express the true meaning of a statute or division thereof; they are not in themselves law." And, according to James Hart, administrative (or legislative) regulations are "a form of subordinate legislation." When "valid," they "have the force and effect of law," and "sanctions" may be imposed "for their violation." Interpretative regulations, on the other hand, merely provide "statutory interpretations which have behind them no specific statutory sanction, unless 'ratified' by implication." They must, however, be based upon express or reasonably implied statutory authorization. Thus, they are "administrative interpretations of statutory law"; they are "administrative findings of law."[34]

The 1934 and 1935 production control programs for corn and hogs may be classified as primarily interpretative in character. The regulations of the Agricultural Adjustment Administration were

administrative interpretations and amplifications of the provisions of the Agricultural Adjustment Act of 1933. No express statutory sanctions were provided, since the programs were designed to be voluntary and non-coercive. The quasi-legislative process involved was both the discretionary elaboration of rules and regulations and the interpretation of statutory provisions in order to effectuate the statutory purpose.

Consequently, the author can only re-affirm his conclusion that, with the exception of the example of contingent legislation already mentioned, and certain other examples to be discussed below, the quasi-legislative activities of the A.A.A. in the designated period were wholly supplementary in character. Within the class of supplementary legislation, the rules and regulations concerning production adjustment were primarily of the interpretative category. They were made both "pursuant to and in aid of the statute to carry out its purposes," and to regulate "the orderly conduct of public business."[35] Under this general category would be included the contract and supplementary rules, definitions (beyond those provided in the statute), and the administrative provisions concerning internal procedures, use of forms by committeemen, and the duties of committeemen. The formulation of these rules and regulations was an exercise of the quasi-legislative (and interpretative) function. It involved discretion. The execution of the programs (the "doing" function) was no doubt largely administrative and non-discretionary in character.

But the power to execute is also to some extent the power to determine the time, the place, and the manner of execution. . The power of interpreting the law or regulation is inherent in its enforcement. 'The implementation and execution of production control programs for corn and hogs as well as the formulation of rules and regulations to guide implementation had effects for corn and hog producers. Both involved, to varying degrees, the exercise of the quasi-legislative power.

As an illustration, the regulation included in the contract which required all commercial corn and hog producers wishing to participate in the programs to give annual reports on corn and hog production was an exercise of the quasi-legislative power. And the information gathered as a result was used in estimating production and in establishing national, state, county, and farm allotments. Therefore, the collection of production data was a means of making rules to be applied to a general class of persons.

As has been indicated above, what may be called the "consultative procedure," whereby officials of the A.A.A. consulted producer representatives and other private parties for their opinions and suggestions, was employed in the initial steps of formulating the first corn-hog program. Once these suggestions had been received, however, the A.A.A. officials seemed to discover no reason for continuing to consult such private opinion. Apparently the reason that they did not continue doing so was that local

committees composed of the farmers' elected representatives had been established by the time the 1934 program had been formulated. Farm sentiment, the A.A.A. officials believed, could be discerned readily through these committees. From this time on through 1935, the A.A.A. did not formally consult persons and groups outside of government in an effort to hear possible suggestions as to the production programs.* The A.A.A. did, however, ask its local and state committees to give recommendations on proposed programs. (This will be discussed below.) In addition, presumably farmers as members of a local group had an opportunity to express a certain measure of approval or disapproval of A.A.A. programs through the referendum conducted annually in each county. Proposed programs

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*In connection with the formulation of the corn-hog program for 1936, however, a public hearing was held in Washington on September 26 and 27, 1935, at which producers and consumers were invited to give their opinions as to (1) whether the programs should be continued, and (2) what changes should be made in the programs to aid both consumers and producers. Producers, according to the 1933-35 Report of the Administrator of the A.A.A., "unanimously advocated" continuance of the programs. Though they "recognized the value of the programs to farmers," consumers urged that their interests should be better "safeguarded" in new programs. Representatives of the meat-packing industry argued that the whole A.A.A. program should be discontinued.

This was the only time such a device was used during the whole period 1933-40, and of course the Supreme Court declared the production control provisions of the first Agricultural Adjustment Act unconstitutional before this 1936 program could be put into operation. See Agricultural Adjustment (Annual Report of the Administrator of the A.A.A.), 1933-35, p. 180, for a discussion of the hearing.

were also discussed and criticized on an informal basis in township and county meetings of participating farmers.

This discussion raises the question of why the A.A.A. apparently believed it unnecessary to afford formal notice and hearing each year to farmers and other parties who might be interested in the formulation of new programs or the making of other rules which would directly affect them. Though the literature on the A.A.A. during these years does not afford an answer, it can be conjectured that the reasoning of its officials ran somewhat as follows: (1) Farmers were so well organized through their local committees, which operated as a part of the A.A.A. organization, that they were thus enabled "to participate in official action instead of merely being heard in regard to it."[36] (2) "If an agency is representative of the interests affected by its acts, the need for hearin s and consultations in advance of its determinations obviously is reduced or eliminated."[37] (3) Participation in the program by farmers was voluntary and non-coercive. No loss of property or liberty was involved for non-participation. At least, this was probably the reasoning of the officials of the A.A.A. (It remained their opinion even after the Supreme Court had termed the programs regulatory and "coercive" in character because of the strong financial and other inducements involved.) (4) "Where so many persons are involved [as in the A.A.A. programs] that advance notice and hearing would be impractical, its absence

does not affect the validity of the administrative ruling." (5) Of course the fact that the formulation of programs was an exercise of the quasi-legislative, rather than of the quasi-judicial, function reduced and perhaps eliminated the necessity of notice and hearing.[38] (6) "The Supreme Court . . . has suggested that another test . . . is based on the personnel of the administrative board; whether experts or laymen, men of ability or mere politicians."[39] In the case of the A.A.A., of course, the local committeemen were farmers themselves and were elected by the local farmers participating in the A.A.A. program. The policy-making officials above the local level were appointed by the Secretary of Agriculture, but they were either active farmers or were well acquainted by experience with farmers' problems.

(Advance notice and hearing were provided for participating farmers by the A.A.A. where what may be termed administrative review functions were concerned. This aspect of A.A.A. activities will be examined in the following chapter.)

Within the national administrative organization of the A.A.A., the quasi-legislative process may be divided into two categories. The first consisted of the planning of the over-all programs. The second dealt with the day-to-day rule-making operations concerned with supervising the administration of the programs. The first was in most respects a staff function, whereas the second was participated

in both by staff and by line officials, which was a rather unusual administrative practice.

The Agricultural Adjustment Administration, as has been previously indicated, was established as "an action and planning agency, with large funds at its disposal which were to be used to secure farmer participation in carrying out its plans." Since it lacked a great deal in the way of staff personnel at its inception (and even much later), it was forced to turn to the other regularly established bureaus of the Department for assistance in drafting plans. It utilized the research and statistical facilities of the Bureau of Agricultural Economics. "The distributive functions of the A.A.A. were [also] in large measure co-ordinated with the fact-finding, analytical, service, and regulatory work of all [other] bureaus and agencies of the Department." The Bureau of Plant Industry assisted in "the formulation of programs dealing with the several crops which were to be brought under control" by contributing "out of its technical knowledge." The Bureau of Animal Industry contributed similar information in the formulation of programs for livestock control. "The records and expert knowledge of the division of Crop and Livestock Estimates were indispensable in making decisions at almost every stage in the formulation of control programs." In addition, the educational facilities of the Federal and State Extension Services were made available to the A.A.A., both in formulating new programs and in educating farmers and line

personnel concerning existing programs.[40]

Within the A.A.A. itself, an Administrative Council was established in 1933 for the purpose of coordinating the several parts of the Agricultural Adjustment Administration, of coordinating the various proposals for commodity adjustment programs, and of coordinating the administrative operations of the organization. "This Council met each morning for half an hour or so and included the Secretary and Assistant Secretary of Agriculture, the Administrator, the Co-administrator, the directors of the Production, Processing and Marketing, Finance, Legal, and Information Divisions, and the Consumers' Counsel." Because of "the pressure of program development" and of "certain personal frictions", however, the "meetings of this Council became irregular and by the end of November 1933 they ceased altogether."[41]

In January of 1934 came the first major reorganization of the Agricultural Adjustment Administration. One result of this reorganization was the creation of the Program Planning Division, which was designed to "give attention to policies and long-time programs—a difficult task for the hard-pressed operating officials."[42] It "served to bring economic and statistical resources to bear upon the making of plans . . . without separating such work from the current activities of administration."[43]

> In attacking the long-time objectives of adjustment the Division undertook analyses of domestic and export

> requirements of the United States in agricultural products; resulting national and regional farm resources for meeting these requirements; and requirements in crops that would be best adapted to the land, including provision for soil conservation.[44]

This Division of Program Planning continued to exist through 1935. (As a matter of fact, it existed as a part of the Agricultural Adjustment Administration, as will be recalled from Chapter II, until its transfer in 1939 to the reorganized Bureau of Agricultural Economics.)

The reorganization of January, 1934, also resulted in other changes "which simplified and co-ordinated the general scheme of administrative operation." The main change was the merger of the Production Division and the Processing and Marketing Division into a general Commodities Division, which permitted marketing agreements (which had become of secondary importance), to be "handled by the commodity section in which they happened to fall, being practically confined, after this time, to 'general crops' (formerly called 'special crops') and dairy, neither of which had a production control program." Under this arrangement, the directors of the Commodities, Program Planning, and Information divisions were designated as assistant administrators, and together with the Administrator and the Secretary of Agriculture they "constituted the joint high command."[45]

Since the organization of the Agricultural Adjustment

Administration was still "unduly cumbersome," both for program planning and for other administrative purposes---for example, the Administrator was still forced to deal directly with "thirteen commodity sections"---some further simplication of the A.A.A. was undertaken in February of 1935. "The Legal Division was merged with the Office of the Solicitor of the Department of Agriculture. The thirteen commodity sections were reduced to six in number." An Operating Council was established for the purpose of coordinating administrative operations and of discussing new programs. Like the old Administrative Council of 1933, it functioned "as a clearing house between division heads, the Administrator, and the Secretary." Originally its meetings were regular daily occurrences, but soon the press of other business and the unwieldy nature of the body itself resulted in less frequent meetings in which only those officials concerned with a specific problem would confer. It was composed of the "directors of the six commodity divisions, . . . the heads of the Finance, Planning, and Information Divisions, the Consumers' Counsel, the Solicitor of the Department, the Chief of the Federal Extension Service, the Chief of the Bureau of Agricultural Economics, the Secretary of Agriculture and the Under-Secretary." It operated both as a planning agency and as a formulator of ordinary administrative rules and regulations.[46] Thus, it can be seen that the same officials were participating in the

drafting of commodity adjustment programs as were concerned with the making of the broad administrative rules and regulations designed to guide state and local committees in putting the programs into operation.

State and local committees participated in the rule-making process in three ways: (1) Once a program had been drafted in tentative form on the national level, the committeemen were furnished with copies of the program and invited to make suggestions and criticisms.[47] It was within the discretion of the national officials, however, to accept, modify, or reject such recommendations. Once the program had been promulgated, the local committeemen were obliged to observe its provisions. (2) Local committeemen were encouraged to make suggestions at any time as to ways of improving internal administrative methods and arrangements.[48] (3) Within their own jurisdictions, of course, local committees had some degree of discretion in deciding whether to interpret and apply administrative regulations rigidly or flexibly.

But their degree of discretion was considerably narrowed by the fact that all contracts negotiated by them had to meet rather rigid legal and administrative tests before the Corn and Hogs Section of the National Administration would certify the contracts for payment. This meant that careless work or uncooperative attitudes on the part of these committeemen might jeopardize their own positions, since (a) farmers whose contracts had not been certified for payment

would tend to take an uncharitable attitude toward efforts of their committeemen to gain re-election, and (b) the administrative expenses of the committeemen had to be paid by farmers out of deductions made from their A.A.A. payments. If the farmers' contracts were not certified, the committeemen received no pay. Thus, "no local agency would defy the Corn and Hogs Section, for it controlled the purse of the corn-hog program."[49]

The administrative organization within counties varied from one extreme to another throughout the nation. "At one extreme of administrative practice was the type of county control association which through its officers and committees took full responsibility for action, subject only to control [and direction] from Washington. The county agent and other Extension officers or employees served merely as passive sources of information and advice."[50] This was the situation, for example, in Story County, Iowa, and in many other counties of Iowa almost from the inception of the programs.[51] "At the opposite pole were counties in which the farm adviser or demonstration agent was in fact the local administrator working under the State Extension Director, who was in fact a state administrator, appointing committees of the several grades and using them as their field force, taking or even asking advice only as they saw fit." It will be recalled that this was assuredly not the administrative situation in Iowa, where producer representatives both on the county and state levels assumed more

and more of an active administrative role, "proportionately reducing that assumed by the state Extension Director, his specialists, and the county agents."[52]

The administrative and rule-making establishment of the Agricultural Adjustment Administration, however, was a "dualistic system." "The line of centralized administrative control" passed "from the Secretary of Agriculture down through the Administrator, the commodity division, the particular commodity section [Corn and Hogs], the state committee, county committees, and community committees to the individual grower."[53] Administrative and rule-making authority, it must be emphasized, were centralized in the national organization. Reasons for this centralization include the following: (1) Since the program had to be voluntary, it also had to be attractive to farmers. This necessitated considerable uniformity and centralized formulation. (2) "No local agency," as has been indicated, "would defy the Corn and Hogs Section, for it controlled the purse of the corn-hog program." (3) "The requirement that members of all township and county committees be participants in the program had a further centralizing effect." (4) Administrative procedure was imposed by the Corn and Hogs Section.[54]

> The corn-hog contract was drafted in its final form at that point and submitted to the field. The section possessed authority to alter the contract by administrative rulings and interpretations within the bounds of due process of law. It drafted and required adherence to all procedure in the lower brackets of the administration. It ultimately

> reviewed for approval all administrative operations in the field, both in results (the contract) and in procedure.[55]

(5) In addition, administrative personnel above the county level were selected (and were removable) by the national administration.[56]

Within the state, administrative authority, as was indicated in Chapter III, was concentrated on the state level. Notwithstanding the fact that authority, at least at the beginning, was functionally dispersed to different agencies, a great deal of concentration of authority was accomplished in practice, at least in Iowa, because of the following factors: (1) All state committee personnel were selected and removable by the national administration.* Thus, each owed his office to the same source. (2) There was considerable duplication of committee personnel. The Iowa Corn-Hog Committee, which supervised the sign-up campaign and the organization and operation of the county control associations, the Director of Extension, who supervised the educational aspects of the program for the Corn-Hog Committee, the State Board of Review, which adjusted and reviewed production allotments, and the State Compliance Director, who supervised the administration of compliance—all

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*National selection of state A.A.A. personnel was certainly the case in a formal sense. However it appears that most state offices were in fact filled by state residents recommended by County Democratic chairmen. This brought a measure of local control over the appointment of state personnel. See footnote 56, Chapter III.

members of these Iowa administrative agencies were either members of or had close relationships with the Iowa Corn-Hog Committee. In effect, therefore, the Corn-Hog Committee became a plural executive in control of all aspects of the production program within the State. (3) All of these agencies shared the same office space.

Soil Conservation Programs, 1936-40

The decision of the Supreme Court in the case of U. S. v. Butler, January 6, 1936, temporarily halted efforts at production control. Even before this decision outlawing the production adjustment and processing tax provisions of the A.A.A., however, the evolution of the programs "reflected an effort to move toward long-time objectives. At first emphasis was placed on the price of commodities in the national and international markets, on the income of a farmer to be derived from these prices and to be supplemented by various forms of subsidies, and on the effects of marketing agreements."[57] It was believed that the financial situation of agriculture could be improved and "parity" for agriculture could be achieved through the reduction of farm production, in order that supply of agricultural commodities could more nearly equal market demand at home and abroad.

In 1936, however, a shift in emphasis was undertaken. Congress passed the Soil Conservation and Domestic Allotment Act, "which, as an escape from the Supreme Court, provided for an open

or unilateral offer on the part of the Secretary to replace the contracts with farmers under the unconstitutional Act; conditional payments replaced benefit payments; direct appropriations replaced processing taxes, and the emphasis was shifted from acreage control to soil conservation and upbuilding."[58] The emphasis was shifted from "the emergency aspects, with the resulting concentration on the prices of selected commodities, to a policy based upon more fundamental considerations of adjustment of farming to the best use of the land." These tendencies antedated, but were greatly accelerated by, the decision in the Butler case.

> This change was approached through a research program of the Program Planning Division [of the A.A.A.], which included studies of land use undertaken by farmer county committees and the state agricultural experiment stations, studies of food needs undertaken by the Bureau of Home Economics, and experiments [beginning in 1937] with more flexible and comprehensive farm-management plans based upon best use of the land in selected counties. [Tama County, Iowa, became one such county in 1937.][59]

Sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, provided the statutory authority for subsequent agricultural conservation programs and for the research and planning in connection with these programs. Thenceforth, under these sections payments were made for acreage reduction in corn simply because corn was one of a group of soil depleting crops. Since the emphasis was avowedly upon soil conservation practices, and only secondarily upon increasing farm income, no programs directly concerned with reducing hog production and

marketing were ever put into effect after 1935.

Section 8 (b)[60] of the Conservation Act provided the following legislative standards by which the Secretary was to be guided and limited in exercising the authority conferred upon him: He:

> shall have power to carry out the purposes specified in clauses (1), (2), (3), and (4) of Section 7 (a) [which included the '(1) preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; (4) the protection of rivers and harbors against the results of soil erosion.' Clause (5) provided for the restoration and maintenance of 'parity' for agriculture, on the average 1909-1914 basis] by making payments or other grants in aid to agricultural producers, including tenants and sharecroppers, in amounts, determined by the Secretary to be fair and reasonable . . . , and measured by, (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion, (2) changes in the use of their land, (3) a percentage of their normal production of any one or more agricultural commodities designated by the Secretary which equals that percentage of the normal national production of such commodity or commodities required for domestic consumption, or (4) any combination of the above. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made.

As was indicated in Chapter I, the Agricultural Adjustment Administration was made responsible for executing the powers conferred upon the Secretary in Sections 7 to 17 of the Conservation Act. This was in accordance with Section 13[61] of that Act, which authorized the Secretary to designate the A.A.A. to execute

these powers. Shortly after the Conservation Act was approved, the commodity divisions were replaced by 5 (later 6) geographical divisions (with headquarters in Washington), each of which was organized to deal with the major commodity in its region. "On the state level were state agricultural conservation committees appointed by the Secretary of Agriculture and state offices [working under the committees] clearing to the regional directors." Within counties the old township and county committee arrangements were retained, but they were re-named community and county agricultural conservation committees.[62]

"The basic procedure" under "the new soil-conservation approach" was characterized by "the payment of cash benefits to farmers to offset the cost of soil conservation practices." This arrangement enabled farmers "to engage in cooperative conservation." Inducements in the form of money were offered "to those taking land out of soil-depleting crops, increasing the acreage of soil-building and soil-conserving crops, and following practices helping to check erosion and reduce the depletion of soil fertility." The major steps involved in the rule-making process and in the administration of this program were as follows:

> (1) Classifying crops as soil-depleting and soil-conserving, and designating the soil-building practices to be encouraged; (2) determining the usual or normal acreages upon which these different types of crops are grown as the standard by which to measure changes; and (3) establishing the conditions under which payments would be made, and the rates of these payments.[63]

Soil-depleting crops under the 1936 program in the North Central Region were defined by the A.A.A. as those "which permanently remove large amounts of plant food from the soil, or are tilled in rows or by other methods that expose the soil to severe erosion."[64] Such crops included corn, (field, sweet, broom, and popcorn), cotton, tobacco, Irish potatoes, sweet potatoes, rice, sugar beets, hemp, cultivated sunflowers, commercial truck and canning crops, melons, strawberries, grain and sweet sorghums, small grains harvested for grain or hay (wheat, oats, barley, rye, buckwheat, flax, speltz, and grain mixtures), annual grasses and annual legumes harvested for grain or hay, and all idle crop land in 1936 (unless otherwise recommended by the State Committee and approved by the Secretary).[65]

Soil-conserving crops were classified as annual, biennial, and perennial legumes, perennial grasses, and crop acreage planted to forest trees after January 1, 1934.[66] Soil-building crops were those annual, biennial, and perennial legumes and forest trees which were planted in 1936. Both categories thus included crops "which protect the soil from erosion and which, growing or turned under as green manure, store up plant food in the soil." Soil-building practices were defined as those which prevented soil erosion, "such as terracing, contour plowing, and strip cropping, and stimulating the growth of soil-conserving crops by applying lime and superphosphate."[67]

There was also a neutral classification, which was not

to be counted in establishing crop-acreage bases. It was composed of vineyards, tree fruits, small fruits, nut trees (not interplanted), idle cropland, cultivated fallow land, wasteland, roads, lanes, lots, yards, and woodland not planted after January 1, 1934.[68]

The 1936 North Central Regional Bulletin No. 1, which was amended from time to time during the year but never substantially altered, provided that a soil-depleting base acreage for each farm should be recommended by the county committees for the approval of the Secretary. "Such base acreage" was to "represent a normal acreage of soil-depleting crops for the farm determined" in the following manner: the soil depleting base acreage was to "be the acreage of such crops harvested in 1935," subject to certain "adjustments." The first of these adjustments was that "there shall be added to the 1935 acreage of soil depleting crops the number of 'rented', 'contracted', or 'retired' acres under 1935 commodity adjustment programs from which no soil depleting crops were harvested in 1935." This provision was intended to benefit participants in the 1935 commodity adjustment programs by increasing their total soil-depleting acreage figure, so that they could receive larger payments for participation in the 1936 program by engaging in soil-conserving or soil-building practices on this additional acreage.[69]

The second adjustment specified that "Where, because of unusual weather conditions, the acreage of soil depleting crops

harvested in 1935 was less than the number of acres of such crops usually harvested on such farm, such acres will be increased" to the normal figure. Third, "Where the 1935 acreage of soil depleting crops for any farms, adjusted, if necessary, as indicated above, is materially greater or less than such acreage on farms in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, such adjustment shall be made as will result in a base acreage for such farm which is equitable as compared with the base acreage for such other similar farms."

The Bulletin also provided that from available statistics the Agricultural Adjustment Administration should establish for each county a "county ratio of soil depleting crop acreage to all farm land." "The average of the ratios . . . which are established for all farms in any county shall conform to the ratio for such county" set by the A.A.A., "unless a variance from such ratio is recommended by the State Committee and approved by the Agricultural Adjustment Administration." In addition, it was provided that a "separate base acreage shall be established for . . . cotton, tobacco, flax, and sugar beets."[70]

Soil-building payments were authorized in 1936 for planting "soil building crops on crop land" and for "carrying out soil building practices on crop land or pasture" in conformity with such

conditions and rates as were "recommended by the State Committee for such state and approved by the Secretary." However, no payment could "exceed an amount equal to $1.00 for each acre of crop land on the farm used . . . for soil conserving . . . and soil building crops," nor an amount in excess of "$10.00 for each farm, whichever is the larger."[71]

Payment was also authorized "with respect to each acre of the base acreage for the farm of any soil depleting crop [or group of such crops] which . . . is used for the production of any soil conserving crop or any soil building crop, or is devoted to any approved soil conservation or building practice." Such a payment was called a soil conserving payment. "The amount of such payment" for any farm was to be computed in the following manner:[72]

Soil depleting crop.	Payment for each acre of the base acreage used in 1936 in the manner specified above.	Maximum acreage with respect to which payment will be made.
All soil depleting crops except cotton, tobacco, sugar beets, and flax [for which special conditions and rates were prescribed.]	An average for the United States of $10 per acre, varying among states, counties, and individual farms, as the productivity of the crop land used for these crops varies from the average productivity of all such crop land in the United States.	15 percent of the base acreage for the farm of all such soil depleting crops except cotton, tobacco, sugar beets, and flax.

No payment was authorized with respect to any farm unless the total acreage of soil conserving and soil building crops equaled or exceeded "either (a) 20 percent of the base acreages of all soil depleting crops for the farm, or (b) the maximum acreage with respect to which soil conserving payment could be obtained." Moreover, the rates of payment as specified in this North Central Regional Bulletin were subject to adjustment up or down to a maximum of 10 percent. Specified rates were "based upon an estimate of available funds and an estimate of approximately 80 percent participation by farmers." If either of these estimates should subsequently prove erroneous, farmers must expect pro rata reduction or increase in their payments.[73] The rate of payment per acre for Story County, Iowa, for instance, which was established by the A.A.A. for diversion on any farm from the general soil depleting bases to soil conserving crops, was $14.60.[74] Corn, of course, was the "principal soil depleting crop" in Story County.

Soil conserving and soil building payments were to be divided "between the owner and share-tenant in the same proportion as the principal soil depleting crop, or the proceeds thereof, [are] divided under their lease or operating agreement." Grants of money might also be made to farmers interested in planting soil conserving or building crops or in engaging in soil conserving or building practices. Applications for grants had to be filed with the county

committee, and each applicant was "required to show: (1) that work sheets had been executed covering all the land in the county owned, operated, or controlled by him; (2) the extent to which the conditions upon which the grant /was/ to be made /had/ been met. Any applicant who owns, operates, or controls land in more than one county in the same State /might/ be required to file in the State office a list for all such land."[75]

The North Central Agricultural Conservation Program of 1937 followed the main lines of the 1936 program. Officials in the Agricultural Adjustment Administration, however, wrote that the 1937 program possessed "greater flexibility and increased adaptability to new and changing conditions, national, regional, and on individual farms." They believed that:

> This increased adaptability was obtained in three ways: (1) By permitting greater latitude to individual farmers in choosing among measures they might adopt in cooperating in the program, (2) by widening the provisions of the program to apply to a greater range of conditions, and (3) by changing the emphasis among certain phases of the program.[76] /The main change under number (3) was that greater emphasis was placed on developing 'more definite and positive' tests of full performance./[77]

In the North Central Agricultural Conservation Program of 1938, payments were made under the Soil Conservation and Domestic Allotment Act for soil conservation, soil building, and, in addition, for acreage adjustments in corn. Payments for acreage adjustments in corn (and in wheat, cotton, and rice) were authorized under Title

I of the Agricultural Adjustment Act approved February 16, 1938, which amended the Soil Conservation and Domestic Allotment Act. Section 101 (c) (1) provided that national, state, and county acreage allotments in corn and wheat should "be apportioned annually on the basis of the acreage seeded for the production of the commodity during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined." In addition, adjustments from this figure were to be undertaken for acreage which was "diverted under previous agricultural adjustment and conservation programs," and "for abnormal weather conditions and trends in acreage during the applicable period." The corn acreage allotment to any county was to "be apportioned annually by the Secretary, through the local committees, among the farms within such county on the basis of tillable acreage, type of soil, topography, and crop-rotation practices."[78]

Parity payments were authorized for producers of corn, wheat, cotton, rice, or tobacco by the Agricultural Adjustment Act of 1938, though such payments in the case of corn were not made until 1939. These corn payments were to "be in addition to and not in substitution for . . . other payments" for soil conservation, soil building, and corn acreage reduction. They were to be made to corn producers "in proportion to the amount by which" the farm income from corn "fails to reach the parity income."[79]

As will be recalled from Chapter I, the establishment of marketing quotas on corn, tobacco, cotton, rice, and wheat was authorized in Title III of the Second Agricultural Adjustment Act. In the case of corn, the Secretary was authorized to conduct a referendum among corn producers in any area on the question of whether a marketing quota should be imposed whenever from available statistics such a marketing quota seemed necessary. The part of the Act dealing with marketing quotas for corn, like that dealing with each of the other basic commodities, opened with a declaration of "Legislative finding of effect upon interstate and foreign commerce and necessity for regulation." This, according to one writer, was an illustration "of the new art of statute writing," in which "meticulous definitions of terms are set out" and in which Congress "aims at fully advising the courts" of the necessity for regulation.[80] (However, marketing quotas on corn under the Agricultural Adjustment Act of 1938 were never put into effect.)

The North Central Agricultural Conservation Programs of 1938, 1939, and 1940, therefore, combined a number of approaches to the problems of agricultural adjustment and conservation. The soil conservation and soil building payments authorized under the Soil Conservation and Domestic Allotment Act of 1936 were made at rates and under conditions similar to those outlined in the 1936 program.[81] Payments for acreage adjustments in corn were made from

1938 on (through 1943). Here, the methods employed in making acreage allotments were similar to those used under the commodity adjustment programs of 1934 and 1935. A striking difference, however, was that no contract between the producer and the Secretary was involved; individual acreage allotments were established by county committees (subject to final adjustment at higher levels of administration), and the farmer was obliged merely to demonstrate full compliance with his allotment in order to receive payment. And for 1939 and 1940 (as well as for 1941, 1942, and 1943), parity payments were made to eligible corn producers in addition to the other payments.

Beginning in 1939 there was "a shift in emphasis" discernible "in adjustment from single-commodity treatment to a comprehensive farm-management program for each farm that would give greater consideration to land-use principles, including soil conservation. The real driving force among farm groups, however, continued to be the desire for subsidies or for any measures that would increase their financial returns."[82]

The major examples of contingent legislation in the Agricultural Conservation Programs in the North Central region from 1936 through 1940 were two in number. Neither, however, was authorized until the Agricultural Adjustment Act of 1938 was approved. They were as follows: (1) The Secretary was directed to make parity payments on each of the basic commodities until such

time as he should determine from availalbe statistics that income from a commodity had achieved parity with such income in the base period. (2) The marketing quota provisions for corn and the other basic commodities authorized the Secretary to establish marketing quotas (subject to disapproval by affected producers) whenever from available statistics and in his judgment such quotas became necessary to avoid price-depressing surpluses. As has been indicated, however, the Secretary never acted with regard to corn under either of these statutory provisions.

The remainder of the rule-making powers of the Secretary and the Agricultural Adjustment Administration were supplementary (and, within this class, interpretative) in character. These included the power to classify crops and land, to establish bases, to specify the rates and conditions of payment, to furnish other definitions not provided by statute, and to make provisions respecting internal administrative procedures, use of forms, and personnel.

The quasi-legislative activities of the Agricultural Adjustment Administration may be grouped for convenience in analysis into planning and administration. On the national level, primary responsibility for planning conservation programs was placed in the Program Planning Division. In 1939, this Division was merged with the reorganized Bureau of Agricultural Economics, which thenceforth was given responsibility for conducting research on programs

and plans for all of the line agencies of the Department.[83]

In addition, "on July 12, 1937, the Secretary designated an officer to serve as coordinator of land-use planning with responsibility for integrating the Department's land-use activities and for facilitating cooperation between the Department's action agencies and the state and local agencies." In 1938 "the Office of Land Use Coordination was established as a permanent part of the Secretary's Office."[84] Of course the A.A.A. was represented in this Land-Use Office. Also, a liaison Board, "consisting of one representative from each land use agency within the Department, . . . worked with the Land Use Coordinator in an effort to coordinate the various action programs of the Department."[85]

The Office of Land Use Coordination took the lead, beginning in 1938, in encouraging the establishment of county and state land-use committees whose function it was to give advice and to coordinate the land-use action programs of the Department on the local level. "The majority of the members of the new committees were farmers," with the President of the County Conservation Association of the A.A.A. usually a member on the county level. "The county agent usually [served] as nonvoting secretary," and other "local officials of national agricultural programs were included." "Thus, planning proceeded with action, and the individual, through his community committee, might be encouraged to influence policies affecting important phases of his economic

life."[86]

The "analysis and planning" which engaged the members of these local committees were transfused, "by successive correlations," from the community and county levels to those of the state and national. This "presupposed planning by the Department as well as by local and state committees." Thus, the Office of Land Use Coordination concentrated on developing "a process of integrating the general planning and program-building activities of the Department and a method of bringing state and local plans to the Department in usuable form."[87]

It can be said, therefore, that the local and state committees of the Agricultural Adjustment Administration, both through participating in land use planning activities for the Department and through the opportunity to make recommendations concerning the development of A.A.A. soil conservation programs, had a greater voice in making policy than they had enjoyed under the commodity adjustment programs before the Butler decision. But so far as discretionary power in the administration of existing soil conservation programs was concerned, the local and state committees were bound as they had been under the earlier programs either to apply or to ignore the detailed regulations from the National Administration. The lines of authority and responsibility--running from the Secretary to the Administrator, to the Director of the North Central Division, to the state and finally to the county

and local committees--were, it is true, much more simple and direct than they had been under the old arrangement. But this factor served only to emphasize the responsibility of the local and state units to the higher level of policy-determination and administration.

Thus, the conclusion may be drawn that, in the administrative rule-making process, the state and local committees of the A.A.A. participated rather extensively (though only in an advisory capacity) in the formulation of soil conservation and farm management programs, but that in the implementation of such programs they had relatively little discretion so far as the rule-making aspect was concerned. This may be asserted in spite of the occasionally expressed opinion that the power to execute is the power to interpret. Though this is in some circumstances true, it is not necessarily so, at least in any absolute sense. Certainly these local committeemen did not possess any considerable discretionary power in administering the programs. One observer of the operations of the A.A.A. in Iowa during this period wrote in 1941, for instance, that "there is still insufficient discretion vested in [the state and local] officers for creative decentralization."[88] He did not go on to suggest what he would consider evidence of sufficient discretion for creative decentralization, but the implication is clear that he believed local committeemen possessed too little quasi-legislative power.

On the national level, the officials of the A.A.A. had

extensive rule-making (discretionary) power between 1936 and 1938. The Soil Conservation and Domestic Allotment Act of 1936 merely provided a number of general criteria to be used by the A.A.A. in formulating programs. But the Adjustment Act of 1938, which in its amendatory aspects served to ratify already existing policies and administrative relations, laid down such detailed definitions of terms and statements of purpose that thenceforth the A.A.A. was in some respects restricted to employing former devices which had now received Congressional blessing. The provisions of this Act, then, served to restrict the scope of the A.A.A.'s discretion. Administrative innovations in principle and method would thenceforth prove more difficult.

Marketing Agreements, Licenses, and Orders

To provide further elaboration of the administrative rule-making process as it related to the activities of the Agricultural Adjustment Administration during the period under consideration, it may prove helpful to give some indication of the rule-making process under the marketing agreement, license, and order provisions of the relevant statutes.

The first Adjustment Act, especially "those provisions dealing with (1) acreage adjustment, (2) commodity loans, and (3) surplus removal operations, complemented by the so-called processing tax, dealt with specified basic agricultural commodities." Two

parts of the Act, however, "dealt with all farm commodities and products." The first, Section 8 (2), "authorized the Secretary of Agriculture to enter into marketing agreements with persons engaged in the handling, in the current of interstate commerce, of any agricultural commodity.". The second, Section 8 (3), empowered "the Secretary . . . to issue licenses regulating the handling of such commodities."[89]

Both of those authorizations were granted "for the express purpose of removing a disparity between the prices of agricultural and other commodities . . . and for the purpose of balancing production and consumption so as to re-establish agriculture prices on a pre-war [1909-1914] basis." Licenses were customarily issued "in two types of cases: first, where there is already a marketing agreement and there is still a part of the industry which has not signed, and second, where there is no marketing agreement at all, and the license power is used as a coercive measure to effectuate the declared policy of the act."[90]

These licenses, however, were unlike typical licenses. For one thing, they were not issued upon request, but were imposed as a general regulation. For another, they were not issued to individuals, but were blanket regulations operative on a class. Third, the Secretary of Agriculture had unqualified discretion in issuing them, since he could take the initiative in determining whether a license should be issued, and his preliminary determina-

tion of necessity for regulation was unrestricted. Fourth, "the license mechanism . . . is in effect a prolongation of the statute. When used, it is in effect a filling in of details to effectuate the policy of the Act." And lastly, "the license power" here "delegated" was "a regulative power."

Consequently, the Secretary of Agriculture was exercising a "delegated quasi-legislative power in issuing a license under section 8 (3)". No advance notice and opportunity of hearing were required, therefore, in the issuing of licenses.[91]

The Agricultural Adjustment Act of 1935[92] amended the licensing provisions of the Adjustment Act of 1933 by "eliminating the word 'license' and substituting therefor the word 'order'." In addition, the applicability of orders was limited to designated agricultural commodities, which were: milk, certain fruits, tobacco, certain vegetables, soybeans, and naval stores, and products of certain of the designated commodities.[93] The substitution of orders for licenses meant that,

> instead of putting all handlers of a commodity under license to observe the terms of a marketing agreement under the direction of the local control committee, there must in future be a general Secretary's order directing these handlers to comply with the terms of the marketing plan set forth in the marketing agreement. This may be an agreement drawn prior to or contemporaneously with the formulation of the Secretary's order or one which would be prepared subsequently if the Secretary issued his order under the 'reserve power'.[94]

Marketing agreements under the Adjustment Act of 1935 were to come into effect whenever at least fifty percent of the handlers of a commodity desired such an agreement. Notice and hearing were to be afforded by the Secretary to interested persons on the terms of proposed agreements. If fifty percent or more of the handlers of a commodity did not favor a proposed marketing agreement, "whereas two-thirds of the producers of the commodity desire a marketing plan, the Secretary may upon their request and with the approval of the President issue an order setting forth such marketing plan as he may formulate with the advice of producers and such handlers as are willing to participate."[95] As in the case of marketing agreements and licenses, the formulation of orders was an exercise of a quasi-legislative power.

The Butler decision did not affect the validity of the marketing agreement and order provisions of the amended Agricultural Adjustment Act of 1933. But in order to clear up any doubts, Congress reaffirmed and amended these provisions in the Agricultural Marketing Agreement Act of 1937. The policy declared in the 1937 Act was the reestablishment, as rapidly as possible, of the pre-war income status of farmers and the pre-war purchasing power of agricultural commodities. To effectuate this policy, the Secretary was authorized to determine at his discretion whether such a purchasing power was "being realized by farmers. When he finds that their present purchasing

power is not equivalent to the statutory standard, the regulatory provisions of the Act are to be effective."[96]

The methods which might be used, under different circumstances, to carry out the declared policy comprised the following: (1) The voluntary achievement of the statutory objectives through marketing agreements. These might be negotiated after notice and hearing for processors, producers, and handlers of a commodity. They could be executed for any commodity.[97] (2) After notice and hearing to affected parties, and a finding of fact, mandatory orders could be issued which would be applicable to specified commodities or their products. (3) Disputes between milk cooperative associations and purchasers, distributors, handlers, or processors over the sale of milk or its products could be mediated or arbitrated by the Secretary of Agriculture. If necessary to settle a dispute, the Secretary could fix milk prices.[98]

Thus, the Agricultural Marketing Agreement Act of 1937 provided for both quasi-legislative and quasi-judicial proceedings. Quasi-legislative proceedings were required "before the issuance of . . . the regulatory order or marketing agreement when executed without an order." The proceeding was "directed toward no particular individual but toward all persons who might be affected . . . ; and the result of the proceeding, after notice and hearing, [was] a regulatory order having the force and effect of law."[99] Quasi-

judicial proceedings might, on the other hand, "be instituted by individuals affected by a marketing order." The proceeding could begin only after an order had been issued, and it would be "directed toward the effect of such an order upon an individual rather than toward the formulation of a general regulation." Such a proceeding would be quasi-judicial and adversary in character, with the Secretary of Agriculture acting as a judge, rather than as an administrative official. If a handler should be dissatisfied with a decision, he might "have a review of the ruling by a court."[100]

Most of the quasi-legislative powers conferred upon the Secretary of Agriculture (and, secondarily, upon the Division of Marketing Agreements of the A.A.A.) by the marketing agreement, licensing, and order provisions of these several statutes were supplementary in character. The powers were used to give detail and substance to the generalized provisions of the Acts, and to effectuate the statutory objectives. However, there were two examples of contingent rule-making power conferred upon the Secretary. One was in the provision of the Agricultural Marketing Agreement Act which specified that, if the purchasing power of a particular commodity during the regular base period (1909-1914) could not be satisfactorily ascertained from available statistics, the Secretary could use another base period within the years from 1919 to 1929 (after a suitable finding and proclamation) for determining the

relative purchasing power of such a commodity. An exercise of this quasi-legislative power by the Secretary was upheld as constitutional by a Circuit Court of Appeals in the case of United States v. Wrightwood Dairy Company (1942).[101]

The other example (closely related to the first) of a contingent quasi-legislative power conferred upon the Secretary was in the provision of the Act of 1937 which specified that when the Secretary determined that the purchasing power of a designated commodity was not equivalent to the statutory standard, he should declare that the regulatory provisions of the Act were in operation.[102]

Summary

The Agricultural Adjustment Administration was given responsibility by Congress between 1933 and 1940 for the formulation and execution of various agricultural programs involving the exercise of extensive quasi-legislative powers. The extensiveness of the discretion of A.A.A. officials was most marked between 1933 and the approval in 1938 of the second Agricultural Adjustment Act. It can be said of the whole period, however, that Congress provided broad statements of purpose and methodology, and then authorized the Agricultural Adjustment Administration to establish the time, place, and conditions under which the methods should be employed to effectuate the statutory objectives.

The officials on the national level of the A.A.A. exercised the bulk of the rule-making power. The planning and execution of commodity adjustment and soil conservation programs were directed and presided over by these national officials. Local A.A.A. committees (state, county, and community), it is true, had some voice in the formulation of new programs. This was especially true after the establishment in 1937 of local land-use planning committees with power to advise and recommend means of integrating Departmental programs on the local level. But these committees had very little discretion in the administration of programs. Centralized direction was so specific and detailed that, in general, local units could choose only whether to apply the rules and regulations rigidly or flexibly within their jurisdictions. And even here they were more or less bound to apply those regulations with the laxity or stringency demanded by those on the higher levels, since the higher officials had various effective means of enforcing conformity. These officials controlled the purse, drew up the programs, imposed administrative procedures, checked farmers' and committeemen's compliance with administrative regulations and procedures, and selected (and removed) administrative personnel above the county level.

The individual farmer, the subject of all this activity, was permitted to participate in the quasi-legislative process in two ways: (1) Since the programs were required to be voluntary, he

could cause alterations in their provisions, theoretically, by refusing to participate. This was on the assumption, of course, that great numbers of farmers should refuse to cooperate. In practice, farmers were in no position to reject the financial rewards extended to those who did participate, and between 80 and 95 per cent of Iowa farmers, for example, signed up each year from 1934 through 1940. (2) Participating farmers were permitted to elect community and county committeemen from among their own number. Therefore, to the extent that these committees participated in the rule-making process, farmers could feel assured that their interests were being represented. As a matter of practice, also, farmers were frequently appointed to state committees and to positions within the National Administration.

In addition, farmers were afforded notice and hearing in situations where they felt themselves aggrieved. This aspect of the administrative review process of the A.A.A. will be discussed in the following chapter.

FOOTNOTES

Chapter IV

1. Kenneth Culp Davis, Administrative Law, Ch. 1.

2. James Hart, An Introduction to Administrative Law, p. 310.

3. Ralph F. Fuchs, "Procedure in Administrative Rule-Making," 52 Harv. L. Rev. 259 (1938), p. 265; On the distinction between the quasi-legislative and quasi-judicial functions, see also C. Perry Patterson, "The President as Chief Administrator," The Journal of Politics.

4. James Hart, An Introduction to Administrative Law, p. 310.

5. John Preston Comer, Legislative Function of National Administrative Authorities, p. 26.

6. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, p. 32.

7. Forrest Revere Black, "Does Due Process of Law Require an Advance Notice and Hearing Before License is Issued Under the Agricultural Adjustment Act?," 2 Chi. L. Rev. 270 (1935), p. 279.

8. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, p. 33.

9. Ibid., p. 38.

10. Ralph F. Fuchs, "Procedure in Administrative Rule-Making," 52 Harv. L. Rev. 259 (1938), p. 273.

11. Ibid., p. 276.

12. Ibid., pp. 276-278.

13. Agricultural Adjustment, 1933-34 (Annual Report of the Administrator of the Agricultural Adjustment Administration), p. 119.

14. Ibid., p. 120.

15. Ibid., pp. 123-126.

16. Ibid., p. 128.

17. Ibid., pp. 128, 129.

18. Ibid., p. 129.

19. Ibid., pp. 129, 130.

20. Ibid., p. 130.

21. Ibid., p. 130.

22. Ibid., p. 131.

23. Ibid., pp. 130, 131.

24. Ibid., p. 131.

25. Ibid., p. 131.

26. Ibid., p. 132.

27. Ibid., p. 132.

28. See, on the extensive and detailed character of national administrative rulings, the bulletin "1935 Corn-Hog Contract Administrative Rulings" (Nos. 101 to 133), C. H. 107, Issued December 6, 1934, Commodities Division, Corn and Hogs Section, 23 p.

29. Agricultural Adjustment, 1933-34, pp. 135, 136.

30. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, pp. 88-90.

31. Ibid., p. 104.

32. May 12, 1933, ch. 25, Title I, Sec. 13, 48 Stat. 39.

33. John Preston Comer, Legislative Function of National Administrative Authorities, p. 30.

34. Ibid., p. 29; James Hart, An Introduction to Administrative Law, pp. 310, 311.

35. John Preston Comer, Ibid., Footnote, p. 30.

36. Ralph F. Fuchs, "Procedure in Administrative Rule-Making," 52 Harv. L. Rev. 259 (1938), p. 267. See also John M. Gaus, "A Theory of Organization in Public Administration," in John M. Gaus, Leonard D. White, and Marshall E. Dimock, The Frontiers of Public Administration, Ch. V.

37. Ralph F. Fuchs, Ibid., p. 271.

38. F. R. Black, "Does Due Process of Law Require an Advance Notice and Hearing Before License if Issued Under the Agricultural Adjustment Act," 2 Chi. L. Rev. 270 (1935), p. 271.

39. Ibid., p. 273.

40. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, pp. 52, 53.

41. Ibid., p. 56.

42. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 107.

43. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, p. 56.

44. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 107.

45. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, p. 57.

46. Ibid., pp. 58, 59.

47. Opinion expressed by Thomas G. Lundy, Chairman, Story County, Iowa, Committee, 1933-38, in an interview with the author on September 28, 1951.

48. Ibid.

49. Richard Hale Roberts, "The Administration of the 1934 Corn-Hog Program in Iowa," p. 113.

50. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, Footnote, p. 69.

51. Statement by Thomas G. Lundy to the author, September 28, 1951.

52. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, Footnote, p. 69.

53. Ibid., pp. 69, 70.

54. Richard Hale Roberts, "The Administration of the 1934 Corn-Hog Program in Iowa," pp. 112, 113.

55. Ibid., p. 114.

56. Ibid., p. 116.

57. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 105.

58. George W. Rightmire, Federal Aid and Regulation of Agriculture and Private Industrial Enterprise in the United States, "A Survey," p. 23.

59. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 78. See also discussion of A.A.A. objectives by Bushrod Allin (of the Program Planning Division), "Soil Conservation—Its Place in National Agricultural Policy," May, 1936, A.A.A., pp. 24-27, referred to by Gaus and Wolcott, Ibid., p. 78.

60. February 29, 1936, ch. 104, Sec. 8, 49 Stat. 1149.

61. February 29, 1936, ch. 104, Sec. 13, 49 Stat. 1151.

62. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, pp. 104, 105.

63. Agricultural Adjustment, 1937-38, p. 30.

64. Ibid., p. 30.

65. "1936 Soil Conservation Program," North Central Regional Bulletin No. 1, F. R. Doc. 221—Filed, April 7, 1936; 1:00 p.m. (vol. I, pp. 140-144), p. 142. (Hereafter referred to as NCR-B-1.)

66. Ibid., p. 142.

67. Agricultural Adjustment, 1937-38, pp. 30, 31.

68. NCR-B-1, F. R. Doc. 221, p. 142.

69. Ibid., p. 141.

70. Ibid., p. 141.

71. Ibid., p. 140.

72. Ibid., p. 141.

73. Ibid., p. 141.

74. NCR-B-3, F. R. Doc. 1131—Filed, July 7, 1936; 12:02 p.m. (vol. I, pp. 751-753), p. 753.

75. NCR-B-1, F. R. Doc. 221, p. 143.

76. Agricultural Adjustment, 1937-38, p. 34.

77. Ibid., p. 35.

78. February 16, 1938, ch. 30, Title I, Sec. 101, 52 Stat. 32.

79. February 16, 1938, ch. 30, Title III, Sec. 303, 52 Stat. 45.

80. February 16, 1938, ch. 30, Title III, Sec. 321, 52 Stat. 48; George W. Rightmire, Federal Aid and Regulation of Agriculture and Private Industrial Enterprise in the United States, "A Survey," pp. 26, 27.

81. For the North Central Agricultural Conservation Program of 1937, see Agricultural Adjustment, 1937-38, pp. 33-51; for that of 1938, see Agricultural Adjustment, 1938-39, pp. 39-43; for those of 1939 and 1940, see Agricultural Adjustment, 1939-40, pp. 77-80 (also see Appendix A, pp. 105-131, for the 1939 Agricultural Conservation Program Bulletin), and Report of the Administrator of the Agricultural Adjustment Administration, 1941, pp. 52-55.

82. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 105.

83. Ibid., p. 80.

84. Ibid., p. 155.

85. L. V. Howard, "Recent Developments in the Field of Federal-State Cooperation in Agriculture," The Journal of Politics, p. 207.

86. John M. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 158.

87. Ibid., p. 158.

88. John Albert Veig (Iowa Agricultural Experiment Station), "Working Relationships in Governmental Agricultural Programs," Public Administration Review, p. 141.

89. Ashley Sellers and Jesse E. Baskette, Jr., "Agricultural Marketing Agreement and Order Programs, 1933-1944," The Georgetown Law Journal, vol. 33, no. 2, January, 1945, p. 126.

90. F. R. Black, "Does Due Process of Law Require an Advance Notice and Hearing Before License is Issued Under the Agricultural Adjustment Act," 2 Chi. L. Rev. 270 (1935), p. 279.

91. Ibid., pp. 282, 283.

92. August 24, 1935, ch. 641, Title I, 49 Stat. 750; 7 U.S.C. Sec. 608a (7) (1940).

93. Ashley Sellers and Jesse E. Baskette, Jr., "Agricultural Marketing Agreement and Order Programs, 1933-1944," The Georgetown Law Journal, vol. 33, no. 2, January, 1945, p. 127.

94. Edwin G. Nourse, Marketing Agreements Under the A.A.A., pp. 264, 265.

95. Ibid., Footnote, p. 265.

96. Agricultural Marketing Agreement Act, approved June 3, 1937, ch. 296, 50 Stat. 246, which merely reaffirmed the validity of Sec. 8e of the Agricultural Adjustment Act approved August 24, 1935, ch. 641, Title I, 49 Stat. 762; Ashley Sellers and Jesse E. Baskette, Jr., "Agricultural Marketing Agreement and Order Programs, 1933-1944," The Georgetown Law Journal, vol. 33, no. 2, January, 1945, p. 129.

97. Ashley Sellers and Jesse E. Baskette, Jr., "Agricultural Marketing Agreement and Order Programs, 1933-1944," The Georgetown Law Journal, vol. 33, no. 2, January, 1945, p. 129.

98. Ibid., p. 130.

99. Ibid., p. 131.

100. Sec. 8c 15 (A)(B) of the Agricultural Adjustment Act of 1935, ch. 641, Title I, 49 Stat. 760; reaffirmed in Agricultural Marketing Agreement Act of 1937, ch. 296, (e), 50 Stat. 246; See 7 U.S.C. 608c (15)(A)(8) (1940); Ashley Sellers and Jesse E. Baskette, Jr., "Agricultural Marketing Agreement and Order Programs, 1933-1944," The Georgetown Law Journal, vol. 33, no. 2, January, 1945, p. 132.

101. United States v. Wrightwood Dairy Co., May 4, 1942, F. 2d 907 (C.C.A. 7, 1942); Sec. 8e, A.A.A. of 1935, August 24, 1935, ch. 641, Title I, 50 Stat. 762. The basic constitutionality of the Agricultural Marketing Agreement Act of 1937 was upheld in two decisions: U. S. v. Rock Royal Cooperative Inc., 307 U. S. 533; 59 Sup. Ct. 993 (1939); and H. P. Hood and Sons v. U. S., 307 U. S. 588 (1939).

102. Sec. 8c, 7 U.S.C. Sec. 608c (1940).

Chapter V

ADMINISTRATIVE REVIEW

The nature of the administrative review process connected with the administration of the production control and soil conservation programs of the A.A.A. from 1933 through 1940 was quite similar to the process of administrative adjudication. However, it was not identical to that process. Blachly and Oatman, in their book entitled Administrative Legislation and Adjudication, differentiate between administrative review and true administrative adjudication. According to these authorities, the latter "means the investigation and settling of a dispute, on the basis of fact and law, by an administrative agency which may or may not be organized to act solely as an administrative court."[1] The work of an agency loses its character of simple administration and assumes that of administrative adjudication when "an interested person objects that some administrative act, finding, or decision invades his legal rights in any way." Such an objection necessitates the making of an investigation and the rendering of a decision by the agency "on the points of controversy." This process "has the special purpose of deciding a controverted question of right." This process is administrative adjudication.[2]

The administrative review activities of the A.A.A. connected with production control and soil conservation did not assume the

character of administrative adjudication for the reason that farmers who objected to these activities in any way did not do so on the basis of legal rights. The payments they received for reducing corn acreage or for practicing soil conservation were benefits and privileges, not rights, extended to them by the Federal Government. Thus, the Government was authorized to prescribe the conditions under which these benefits should be granted, and even to reduce or withdraw them under certain circumstances determined by the statute and by the administrative authority itself.

Otherwise, however, a process very much like administrative adjudication was involved when the farmer objected to the A.A.A.'s interpretation of the statute or of the rules and regulations as they were applied to his situation, when he objected to the conduct of the investigation covering certain relevant facts of his production, or when he objected to the decision either granting or refusing his request. What differentiated the resulting process from administrative adjudication proper was that the farmer had no legal right to a payment, even though he had complied with all administrative requirements. Nowhere in this process was he entitled, for example, to make an appeal to a regular judical court.[3]

Thus, "the distinguishing characteristics of administrative review," according to Blachly and Oatman, "are its simplicity and its non-controversial nature. The administration merely considers the question whether its decision was mistaken or faulty, and takes

action accordingly."[4] The process of administrative review in the production control and soil conservation programs of the A.A.A. between 1933-40 was merely incident to the administrative and quasi-legislative functions involved in these programs. "In every administrative department, the performance of day-by-day functions and duties must give rise to dissatisfaction on the part of a certain proportion of the individuals affected. Some of these individuals bring their complaints informally to the administrators themselves, with a request for the correction of an error or the reconsideration of a determination. The action taken by the administrators upon these complaints and requests is not administrative adjudication."[5] It is administrative review. Only when there is a dispute involving legal rights does the process assume the character of administrative adjudication.

Process of Administrative Review, 1933-35

The Agricultural Adjustment Act of 1933 provided merely that production control of corn and hogs should be administered by the Secretary of Agriculture through the Agricultural Adjustment Administration and "State and local committees, or associations of producers." He and the A.A.A. were "authorized, with the approval of the President, to make such regulations with the force and effect of law as may be necessary to carry out the powers vested in him."[6] Hearings were not authorized or required by the statute in

connection with production control.

It would appear from the evidence that the A.A.A. did not attempt a priori to construct hard and fast rules of conduct concerning the administrative review process. Apparently it preferred to develop standards and criteria from case to case rather than to attempt regulation in advance. At any rate, the author could discover no evidence of such advance regulations for the corn and hog programs of 1934 and 1935. Instead, rules and regulations were made and promulgated by the National Administration to guide local committees in the establishment of individual allotments, the use of the contract and related forms, and the checking of producer compliance with contracts. This quasi-legislative and administrative process was discussed in Chapter IV. But where administrative review--a very important part of the administrative process--was concerned, state and local committees were apparently left relatively free to experiment on a trial-and-error basis within the limits provided by the national regulations and rulings.

In 1934, for example, a letter was sent to all county chairmen and secretaries in Iowa by the Secretary of the State Corn-Hog Committee in which he undertook to answer some of their inquiries regarding the administrative review process. First of all, he wrote, "we must . . . remember that all of these producers have a right to a hearing and that in all instances they should be treated very courteously. The program grants to each and every producer, fair

and honest consideration. No undue pressure should be brought upon any producer in regard to trying to compel him to sign the contract (final signature) on a certain day."[7] If the author may interpolate, the producers to whom the Secretary made reference were those who were disputing the allotment as established for their farms by the community and county committees. Apparently the A.A.A. had already indicated that producers who desired a review of their allotment should have an administrative right to a hearing before their county allotment committee, though the author has not found such a regulation in the A.A.A. records which are available to him for this 1933-35 period. Notice could be interpreted as having been supplied to cooperating producers by the letters mailed to each producer by the county committee informing him of his allotment, and stating that any question he might have in regard to his allotment or the amount of his payment could be taken up with the county committee. Notice of a kind was also supplied by virtue of the fact that the farmer retained a duplicate copy of the contract form for his farm, in which copy the allotment figure was indicated.

The State Corn-Hog Committee Secretary continued his letter by stating that "If the producer does not desire to sign the contract on the date of signing, then he should be granted a few days time to think it over and if he is not satisfied with his adjustments as entered in the contract, he has the right to appeal from the Allotment

Committee's decision providing he has not signed the contract."[8] It will be recalled that adjustments in the original allotment and estimated payment figures established for a farm could be made on two bases: (1) the county committee, the State Board of Review, or the Corn and Hogs Section of the A.A.A., or all of them, could revise individual allotment figures up or down to bring them into conformity with a particular farm's equitable share of the established county allotment;[9] (2) Estimated payment figures could and would be scaled down in order that a producer might contribute his share to the administrative expenses of the local committees.[10] Both of these adjustments had the effect of provoking some farmers to wrath. In addition, of course, some farmers objected on various grounds to the original determination of their allotments by the community and county committees. Some objected, for instance, that their allotment had not been computed accurately, or that it was based on irrelevant, false, or inadequate data of past and/or present production.[11] For all of these reasons, and more, farmers were likely to request administrative review of their situations by county committees. If their grievances were not satisfied here, some were anxious, according to the Iowa Corn-Hog Committee Secretary, to appeal their cases.

The Committee Secretary wrote that county chairman and secretaries should inform the farmers dissatisfied with their adjustments of the appeal procedure "on the signup date." The procedure was as

follows:

> The producer should file a written notice with the Chairman and Secretary of the Allotment Committee asking that a date be set when he may take his appeal from the Allotment Committee's decision to the Board of Directors of the County Corn-Hog Association. This Board of Directors is required to have a meeting when these appeals may be heard. The Chairman and Secretary should so notify the producer stating the date, hour and place when he would be granted a hearing. At this hearing the producer may submit a written statement and appear in person, stating the conditions and facts bearing upon his case.[12]

But if the producer should still feel dissatisfied with the decision of the County Board of Dir ctors, he would be permitted to appeal to the State Board of Review. In that case, he should write to the Review Board's Chairman for an appointment.

"However, it is our opinion that if the producer signs the contract . . . he cannot take an appeal. It is also our opinion that it is impossible for an appeal to be taken after the contracts have been signed, typed and forwarded to Washington."[13]

Such, in outline, was the administrative review process as it was worked out for the production control programs in Iowa for 1934 and 1935. It would appear that no farmer was permitted to carry an appeal to the National Corn and Hogs Section, though certainly the state and local committees themselves appealed to the Section for its rulings in special situations where answers could not be readily and definitely ascertained from existing regulations.[14]

For the first year or two of the A.A.A. programs, according

to the Chairman of the Story County, Iowa, Corn-Hog Committee, a considerable number of protests were lodged by farmers with the county committee. The community committees apparently had little or no administrative power to make adjustments in allotment figures. Producers who wished to have changes made in their cases took their requests and grievances to the county committee. These protests were verbal rather than written; thus, there is no record of them. A farmer would either write to the committee for an appointment or call in person at the committee's office. The committee secretary would then make a note of the farmer's name and the nature of his complaint, and all such farmers would be informed later by letter of the date and hour they were to appear before the committee. According to the Story County chairman, around thirty farmers would appear before the committee at one such time, though this number decreased considerably after 1934. There was one such meeting approximately each month of the year. Most of the protests would be dealt with satisfactorily by the committee, though of course some farmers would carry appeals to the State Board of Review.[15]

That more farmers protested to various features of the program in 1934 than in subsequent years can be attributed to the fact that they—and the administrative personnel, too, for that matter—were unfamiliar with the content and procedures of the program. Later, of course, everyone had more experience, and precedents had been

developed.

A curious fact about this administrative review process was that the Board of Directors of the County Associations was almost completely bypassed. Appeals from the county committee were taken directly to the State Board of Review, in violation of the procedure recommended in the Iowa Corn-Hog Committee Secretary's letter.[16] This phenomenon appears less curious, however, when it is recalled that the county committee chairman was President of the Board of Directors of the county association, and that all voting members of the county committee were also members of the Board of Directors. In view of the duplication in membership, it could have been expected that the recommendations of the county committeemen would carry great weight with themselves and their less influential colleagues sitting as the Board of Directors. Therefore, perhaps the county committee was wise in permitting farmers to bypass the Board of Directors in making appeals.

Though it is not possible to make a definite assertion, it would appear that the State Board of Review and the county committees worked almost hand-in-glove with each other in the consideration of producer protests. These two groups were in constant contact with each other, and the farmer with sufficient determination to carry his appeal to the State Board could expect that the members of that Board had already been fully advised of the reasons for the stand taken on his case by the county committee. The farmer's problem, therefore, was

to convince the State Board that the interpretion of his case presented by the county committee was erroneous or unfair.[17] Since communication between his county committee and the State Board was more often verbal than written, he was in a poor position from which to challenge the committee's representation of the facts in his case. Moreover, even if the views of the county committee should be enclosed in a letter, the farmer was not given an opportunity to see that letter.[18] Consequently, all he could do was to state his case as realistically as possible, and hope that the members of the State Board would show him leniency.

As a matter of fact, the members of the State Board did make exceptions from the general rules in situations in which they felt that the facts of a case justified special treatment. The same held true of the county committees. These men were administrators, but they were also farmers; and as farmers, helping to administer a farmers' program, they sometimes violated the letter of the national regulations in order to do a good turn for a fellow farmer in particularly poor financial circumstances. Though such instances were undoubtedly infrequent, they did occur.[19]

Process of Administrative Review, 1936-40

The Soil Conservation and Domestic Allotment Act of 1936 did not specify the procedure by which administrative review within the soil conservation programs would be afforded. This was left to

the discretion of the Agricultural Adjustment Administration.

A bulletin issued by the Director of the North Central Division of the A.A.A. (NCR - 7a)[20] in May of 1936 dealt with the process of administrative review for the North Central Region's Soil Conservation Program of 1936. The provisions for administrative review were comprehensive and detailed, as will be seen. Apparently the officials of the National Administration believed that it was now possible and desirable to formalize a process which had hitherfore been provided only on a highly informal and trial-and-error basis.

At any rate, this Regional Bulletin provided that "a notice must be sent to each operator and each owner" of any farm after preliminary soil depleting bases had been recommended for it by the county committee. This notice was to be prepared in duplicate, so that the original could be sent to the owner or operator and the copy could be retained in the committee's office files. The notice was to include the following information: statements that such owner's or operator's soil depleting bases had been adjusted to bring them into conformity with the county limits, that such recommended bases were listed in this notice, and that "If you have reason to believe that any of the preliminary soil depleting bases for any farm listed herein is not equitable for such farm and you have facts substantiating your belief, you may submit an appeal in writing to the county committee setting forth such substantiating facts." However, the farmer

was to be informed in this notice that because of the necessity of observing "the county limits, appeals will be considered only for the purpose of establishing equitable bases as between farms." In case the farmer should wish to be present when his appeal was being considered by the county committee, he was to be informed that "such desire should be indicated in writing" in his appeal. "Upon consideration of an appeal the county committee may, if the facts warrant such adjustment, adjust the preliminary soil depleting bases under consideration either upward or downward." The farmer should also be directed to make any appeal within seven days after the date upon which the notice was mailed to him.[21]

The county committee was directed to begin the consideration of appeals the day following the final date for filing such appeals. Farmers making appeals were to be informed of the day on which they were to appear before the county committee. Then, after the committee had acted on an appeal, the appellant was to be notified of that action. The duplicate of this notice was to "be attached to the original of the appeal and filed in the county office." Once all appeals had been considered, "the listing sheets," without any committee adjustments as a result of the hearing, "and the form entitled 'List of Appeals and Action Thereon' should be transmitted to the State [Agricultural Conservation] Committee." Then the State Committee was authorized to "make necessary revisions" in disputed "soil deplet-

ing bases in order that such bases will conform with the county limits." Thus, it was not necessary for the county committee to make such revisions even though its decisions in appeal cases resulted in increasing the county preliminary soil depleting bases above the county limits. On the form entitled 'List of Appeals and Action Thereon' the county committee was required to state its reasons for the action it had taken. This listing was to be done in triplicate, and the original and one copy were to be sent to the State Committee and the remaining copy was to be filed in the county office.[22]

"Each appellant" was to "be notified of the determination made upon his appeal. If the appellant's contentions are not upheld in whole or in part, he must be notified that he may submit an appeal in writing direct to the State Committee." (Thus, the Board of Directors of the County Association was officially bypassed as a reviewing agency after 1935.) The notice to the appellant was to include the following:

1. A statement that the appeal has been denied in whole or in part.
2. A statement that the appellant may submit an appeal in writing to the State Committee.
3. The name and address of the chairman of the State Committee.
4. A statement that the appeal must be received by the State Committee within a certain date. Such date will be seven days from the date of mailing such notice.
5. A statement that if the appellant appeals to the State Committee notice of this fact must be given to the County Committee within the time for filing such appeal.[23]

When the county committee received a statement from an

appellant that he was carrying an appeal to the State Committee, the county committee was directed to "submit the appeal originally filed with the County Committee to the State Committee, together with a complete statement of their reasons for the determination made upon the appeal." After the State Committee had received all this information, it was authorized, "if the nature of the case warrants," to "send a representative . . . to the office of the County Committee for the purpose of hearing the appellant and the County Committee concerning his appeal." In addition, "the State Committee" might, "in its discretion, review the determination made by a County Committee upon any appeal, notwithstanding that no notice of appeal to the State Committee was filed." Then, if a soil depleting base as finally established and approved by the State Committee were "less by more than one percent than the corresponding preliminary soil depleting base, notice in writing of such change" was to be given by the county committee to the appellant.[24]

It is worth remarking at this juncture that for the soil conservation programs in the North Central Region for 1936 and 1937, in connection with which the administrative review procedure indicated above was applicable, appeals were permitted only for the purpose of contesting the preliminary determination of soil depleting bases for a farm. Of course this establishment was undoubtedly the most important single aspect of the programs, since the amount of a

farmer's soil conserving and/or soil building payment was determined on the basis of his soil depleting bases and the degree to which he conformed to them in his farming operations for the year. In addition, of course, he could not make an appeal after he had given his final signature, since that signature indicated his willingness to abide by the terms of the program drawn up for his farming unit. He had seven days after a notice indicating his preliminary soil depleting bases had been mailed to him by the county committee in which to file an appeal. If he failed to act within that period, it appears that he was bound irrevocably by the county committee's determination.

The administrative review procedure was modified considerably following approval of the Second Agricultural Adjustment Act in 1938. This modified version was retained without alteration through the following years of 1939 and 1940. In the first place, under the new review procedure, the farmer was permitted fifteen days after receipt of notice from the county committee of its determinations with respect to his farm in which to "request the county committee in writing to reconsider its recommendation or determination." In addition, the farmer could request review not only of his preliminary soil depleting bases, but also of the questions of his "eligibility to file an application for payment," his acreage allotment for corn, the division of payment between him and any other person or persons sharing in the income from the farm, or "any other matter affecting

the right to or the amount of his payment with respect to the farm." For the years 1939-42, he could also protest concerning his eligibility for and the amount of the parity payment for corn in connection with his farm.[25]

The county committee was directed to notify the appellant "of its decision in writing within 15 days after receipt of such written request for reconsideration." Then, if the person should be "dissatisfied with the decision of the county committee," he might, "within 15 days after such decision is forwarded to or made available to him, appeal in writing to the State Committee." The appellant was then to be informed in writing of the State Committee's disposition of his appeal "within 30 days after the receipt of the appeal" by the Committee. "If such person is dissatisfied with the decision of the State Committee, he may, within 15 days after such decision is forwarded to or made available to him request the regional director to review the decision of the State committee."[26]

Such was the formal procedure for administrative review in the North Central Region's Agricultural Conservation Programs of 1938 through 1940. One criticism which might be directed against this procedure was that the appellant who carried his appeal as far as the Director of the North Central Division could hardly afford to suspend his farming operations while awaiting final determination in his case. It is apparent that such final ruling might not be secured

until weeks after the crop season had begun. Therefore, regardless of the outcome in his case, he was practically obliged to plant his crops in accordance with the plan originally approved by the county and state committees.

Summary

The provisions for administrative review in the A.A.A. production control and soil conservation programs in Iowa from 1933 through 1940 were originally highly informal, but they became increasingly formalized as time went by. From 1933 through 1935, it appears that local and state committees were given wide latitude with respect to establishing procedures for administrative review. The A.A.A. officials on the national level apparently insisted only that every farmer should be given notice and, if he desired, a hearing before the county and state review committees. Otherwise, procedural details could be established within the discretion of state and local agencies. Although at no time during these and later years did the farmer have anything but an administrative right (rather than a legal right) to be heard, he was given great freedom during this earlier period to come before the county committee, and even to go on to the State Board of Review, in order to voice any grievances he might have about the programs or the committees' administration of them. Stated succinctly, he was permitted to blow off all the steam he wished to the local and state review committees. Procedural formality was the

keynote.

After 1935, however, the procedures for administrative review were established by A.A.A. officials on the national level. Apparently they felt that it was necessary to make the new procedures more uniform and more formal than they had been from 1933 through 1935. Though this is purely conjectural, possibly they had reason to believe that it would be hazardous to let local units continue to prescribe review procedures. Perhaps procedures under the earlier programs had varied so much from state to state and even from county to county that they believed that uniform procedures must be established if farmers in different administrative jurisdictions were to be given anything approaching equality of opportunity to make their requests and grievances known. At any rate, in 1936 the national officials made provision for every procedural detail for handling appeals from the local through the national levels. Appeals were required to be in writing, written notice was to be afforded at each step in the appeal process, and maximum time limits were imposed within which action had to be taken.

The changes in procedure introduced by national officials in 1938 were actually only two in number. The first was that the maximum period within which the farmer and the review authority were required to act was increased from seven to fifteen days. Though it would be difficult to justify this change from the farmer's point of view, since it merely prolonged the period during which he could not

be certain of the final determination, perhaps it was justified from an administrative point of view. The officials in charge of administrative review may have felt that they needed more time in which to consider appeals, though the author has never encountered such an opinion in his research. The second change introduced in 1938 was to the effect that appeals could be carried to the national level of the A.A.A., in this case to the Director of the North Central Division, for final review. This was at least a theoretical advantage over earlier procedural provisions, though there is no evidence that it was utilized by farmers or that it would have benefited them if they had.

A question which is pertinent to this discussion is this: Did the local and state committees as a matter of fact follow the prescribed procedures for administrative review from 1936 through 1940? For an answer, the author is forced to rely on the hearsay evidence and opinions of those who were within the A.A.A. during this period and with whom he has been in contact. The consensus among such persons is that, generally speaking, these committees did in fact abide by the review procedures established on the national level.[27] However, this can hardly be stated as a general rule or a known truth.

What percentage of those farmers participating in the programs was dissatisfied with its treatment to the extent of utilizing the appeal process? Again, no precise figure can be

provided, but in Story County, Iowa, according to the chairman of the county committee from 1933-38, the number of farmers who appealed dropped off sharply after the first year, and from 1935 on the number of official complaints was probably less than 2-5 per cent of those farmers participating in the programs.[28] It is not clear whether after 1934 farmers generally did not appeal because they had no real grievances, or because their experience with the appeal process in 1934 had convinced them that nothing was to be gained from making an appeal.

This raises the question of whether those farmers who appealed their cases received satisfaction for their efforts. In general, according to the chairman of the Story County Committee, the committee was inclined to make adjustments to satisfy a farmer's requests or demands only where: (1) he could show that some factor which bore directly on his case had been ignored or overlooked by the community or county committee when it made its preliminary determinations. An example of such a factor would be his evidence that the community committeeman who had inspected his farm and computed his allotment or soil depleting bases had been mistaken or negligent in reporting his past and/or present production of a given commodity. (2) The committee decided that leniency was required in a case. This would be done only in exceptional circumstances where, for instance, a farmer's precarious financial position might seem to warrant a

suspension of ordinary regulations. After the first year such exceptions were rarely made, probably on the ground that the farmer had no excuse for being unaware of the requirements for his participation in the programs.[29]

The administrative review process outlined in this chapter would seem at once to have been workable from an administrative point of view and reasonable in its treatment of the farmer. The informal hearing and the notice of administrative determinations in his case to which he was entitled appear to have been effective means for the protection of his personal interests.

FOOTNOTES

Chapter V

1. Frederick F. Blachly and Miriam E. Oatman, Administrative Legislation and Adjudication, p. 91.

2. Ibid., p. 100.

3. For example, see the Agricultural Adjustment Act of 1933, May 12, 1933, ch. 25, 48 Stat. 31. Also, for background, see Frederick F. Blachly and Miriam E. Oatman, Administrative Legislation and Adjudication, pp. 91-100.

4. Frederick F. Blachly and Miriam E. Oatman, Administrative Legislation and Adjudication, p. 105.

5. Ibid., p. 144.

6. Agricultural Adjustment Act of 1933, Sec. 10 (a), (b), (c).

7. Letter to all County Chairmen and Secretaries from Ralph W. Smith, Secretary, Iowa Corn-Hog Committee, Room No. 2, U. S. Courthouse, Des Moines, Iowa, 1934.

8. Ibid.

9. See Chapter IV.

10. The statutory authorization for this was in the Agricultural Adjustment Act of 1933, Sec. 8(1).

11. Statement made by Thomas G. Lundy, Chairman, Story County, Iowa, Committee, 1933-38, inclusive, in an interview with the author, September 28, 1951.

12. Letter by Ralph W. Smith, Secretary, Iowa Corn-Hog Committee, Room No. 2, U. S. Courthouse, Des Moines, Iowa, 1934.

13. Ibid.

14. This interpretation is based on a reading of the numerous letters in Mr. Lundy's personal file, which he gave to the author in September of 1951.

15. Based on the author's interviews with Mr. Thomas G. Lundy and Mr. James A. Croker, Community Committeeman in Story County,

1933-43, and now Chairman of the Story County PMA Committee, September 28 and 29, 1951.

16. Ibid.

17. Ibid.

18. Ibid.

19. Ibid.

20. F. R. Doc. 646 - Filed, May 12, 1936; 12:48 p.m. (vol. I, pp. 402-404), NCR-7a (Issued May 11, 1936).

21. Ibid., p. 403.

22. Ibid., p. 403.

23. Ibid., p. 403.

24. Ibid., p. 403.

25. 7 CFR 700.20 "Appeals" (1938 Edition)--Source: ACP-1938-3, February 19, 1938, 3 F. R. 487.

26. Ibid.

27. Based on the author's interviews with Mr. Lundy and Mr. Croker, September 28 and 29, 1951.

28. Interview with Mr. Lundy, September 28, 1951. Apparently no attempt was made to keep an accurate account of the number of appeals each year. At any rate the author could find no such record.

29. Ibid.

PART IV. SUMMARY AND CONCLUSIONS

Chapter VI

THE A.A.A.: ITS EFFECTIVENESS IN MAKING AND EXECUTING POLICY

A rather detailed analysis has been presented in the foregoing chapters of the formulation and administration of the production control and soil conservation programs of the Agricultural Adjustment Administration in 1933-40, with special attention given to those programs as they related to the control of corn production in the State of Iowa. In this last section answers will be attempted for the following questions which concern the formulation and execution of these programs: (1) What were the primary objectives of acreage allotments, as indicated by Congress in the agricultural adjustment and soil conservation acts? (2) How effectively were these acreage allotment programs formulated and executed within the A.A.A.? (3) In view of the foregoing analysis, what conclusions can be drawn with respect to the appropriateness of acreage allotments as a method of accomplishing the statutory objectives?

It will be recalled that the use of acreage allotments was only one of the methods of agricultural adjustment employed during this period. Other methods included marketing agreements, licenses (replaced with orders in 1935), the removal of surpluses, the processing tax (from 1933 until the beginning of 1936), loans on agricultural commodities to stabilize market supply and to insure against shortages,

and, beginning in 1938, marketing quotas on certain basic agricultural commodities, (never applied to corn), crop insurance (on wheat), and the storage of surpluses. Each of these methods has been discussed in general terms, but of course primary consideration has been given to the principal method of agricultural adjustment used, acreage allotments.

Objectives of Acreage Allotment Programs

The Agricultural Adjustment Act of 1933 set forth a new policy with regard to agriculture. Congress declared the statutory objectives to be the establishment and maintenance of such a balance between the production and consumption of agricultural commodities as would make the purchasing power of farmers equal to that of the base period 1909-1914, the realization of such equality as rapidly as current consumer demand in foreign and domestic markets would permit, and the protection of the interests of consumers by readjusting production to bring prices of agricultural commodities up to, but not above, the base period. The Act authorized the Secretary of Agriculture to establish an Agricultural Adjustment Administration in the Department of Agriculture and to provide for the establishment of state and local committees of producers to help him administer the Act's provisions. He was given great discretion in deciding how and to what extent each of the methods of agricultural adjustment authorized by Congress should be employed in accomplishing the

statutory objectives. These methods included the negotiation of marketing agreements, the issuance of licenses (later changed to orders), the negotiation of acreage reduction contracts with producers, the imposition of processing taxes to defray the expenses of making benefit and rental payments, the removal of surpluses in agricultural commodities, and the issuance of commodity loans.

In administering the provisions of the Act, the Agricultural Adjustment Administration placed primary emphasis upon acreage allotments as a means of accomplishing the statutory objectives. In the case of corn specifically, the use of this method involved the establishment of national, state, county, and individual producer acreage allotments. The purposes of these acreage allotments, as stated or implied in the Adjustment Act, were three in number: (1) "to curtail production, and thus raise farm prices and income"; (2) "to reduce misuse of the soil"; and (3) to serve "as a basis for making government payments to farmers for participation in the program."[1] The first purpose was given principal emphasis until at least 1936.

Thus, in the words of John M. Gaus and Leon O. Wolcott,

> The production control features of the new program represent an extremely significant shift in national policy /in relation to agriculture/. For the first time an extensive direct-action program was based upon the use to which the farmer put his land. Pecuniary inducements were offered in exchange for adjustments in acreage and restrictions of crop plantings by the owners and operators of all the privately owned agricultural land in the nation.[2]

The administration of the production control provisions of

the Act involved the negotiation of a contract with every producer who offered to participate. Cooperating farmers were given an acreage allotment for corn based on a uniform percentage reduction from the average corn acreage figure during a certain previous period, usually the two years before, designated as the base period. The allotment figure also included any adjustment required in order to bring it into conformity with the county allotment limits. Benefit payments were based upon the degree to which the farmer abided by the terms of the contract.

The production control and processing tax provisions of the Agricultural Adjustment Act were declared unconstitutional by the Supreme Court in 1936 in the case of U. S. v. Butler. Congress answered the Supreme Court by passing the Soil Conservation and Domestic Allotment Act. Again the Secretary of Agriculture was authorized to administer conservation programs calling for voluntary acreage reductions in corn and other commodities. The primary objective now, according to Congress, was the protection and conservation of soil. But of course the establishment and maintenance of parity of agricultural income on the 1909-1914 level still remained, though now as a secondary objective. Farmers wishing to participate in the program were required to conform to plans for soil conservation based on their past production. The plans covered the whole farm and dealt with all crops. These crops were divided into soil depleting (such as corn), soil conserving, soil building, and neutral

classifications. The farmer was given a soil depleting acreage allotment; he was paid in accordance with the degree to which he stayed within the soil depleting acreage allotment and conformed to the over-all soil conservation plan drawn up for his farm. No contract was involved; the farmer merely applied for payment and then received it if an inspection showed that he had complied with his plan. Thus, acreage allotments were again used for the three purposes before mentioned, except that now the primary purpose, ostensibly, was to reduce misuse of the soil, and only secondarily to curtail production as a means of raising farm prices and income and of serving as a basis for making government payments to participating farmers.

During the years 1936 and 1937 Congress and the Agricultural Adjustment Administration, (whose officials drafted the Soil Conservation Act, as well as all other important legislation during the period 1933-40), reasoned that both major objectives could be achieved under the soil conservation approach. First, this approach would bring about a much greater emphasis upon conservation of dwindling soil resources than had previously been the case. Secondly, since those crops of which there was still a price depressing surplus in production were also those classified as soil depleting, farm income could undoubtedly be increased by the requirement that, as a condition of securing benefit payments, farmers must reduce their acreage of such soil depleting crops.

The Second Agricultural Adjustment Act was passed in 1938.

But no new objectives were added. This Act merely authorized the use of additional methods in order to achieve the prevailing objectives. The new methods or criteria for making payments included, in the case of corn, the storage of corn in government bins (the ever-normal granary plan) to keep it off the market during surplus production periods; the imposition of marketing quotas on corn where such imposition seemed necessary to maintain stable market prices and where producers agreed to such quotas; the making of payments for acreage adjustments in corn, such payments to be in addition to those for soil conservation; and the making of parity payments on corn in addition to all other payments. As has been indicated previously, the ever-normal granary program was begun in 1938, special payments for acreage adjustment were made for corn from 1938 through 1943, and parity payments on corn were made from 1939 through 1942. Marketing quotas were never put into effect on corn. Thus, with the passage of the Second Agricultural Adjustment Act, "the A.A.A. went back to a kind of middle way, stressing both soil conservation and the curtailment of crops."[3]

To summarize this section, the primary objective of agricultural adjustment from 1933-35 was the establishment and maintenance of agricultural income on the high 1909-1914 basis. A secondary objective was the conservation of soil resources. Between 1936 and 1938, soil conservation became the primary objective and achieving parity of agricultural income became secondary. Beginning in 1938

both objectives apparently became equally important. So far as corn was concerned, the primary methods used to realize these objectives included (1) acreage allotments for participating farmers and (2) the issuance of corn loans (to increase farmers' incomes and to keep corn on the farm or in government granaries to avoid flooding the market). Marketing agreements and orders (which replaced licenses in 1935) were never used as methods of agricultural adjustment with respect to corn—neither were marketing quotas as authorized in the Second Agricultural Adjustment Act. Thus, the device of acreage allotments was the main method of controlling production and conserving soil used in connection with corn from 1933 through 1940.

Administration of Acreage Allotment Programs

The Agricultural Adjustment Administration was created as an agency in the Department of Agriculture pursuant to the provisions of the Agricultural Adjustment Act of 1933. As originally established, it was composed of an Administrator directly responsible to the Secretary of Agriculture, the Administrator's personal staff, the Production Division (which supervised the formulation and execution of production control programs), the Processing and Marketing Division, the Division of Information and Publicity, and the Finance Division. By 1934 it also included the offices of General Counsel, Consumers' Counsel, and Comptroller as separate divisions. The production control program on corn and hogs was administered on the top level in the Corn

and Hogs Section of the Production Division.

In January of 1934, however, the Production Division and the Processing and Marketing Division were merged in a new Commodities Division, on the ground that both the administration of production control and of marketing agreements were different aspects of the same problem, namely, the achievement of increased market prices for agricultural commodities. In addition, a Program Planning Division was created to act as an over-all planning agency. This agency reorganization was also accomplished in order to simplify lines of authority and responsibility and to decrease the administrator's span of attention.

A second revision was accomplished in February of 1935, and this time the A.A.A. was divided into nine divisions. Thenceforth until 1936 the administration of production control and of marketing agreements was divided. The nine divisions were the following: Information; Program Planning; Finance; Consumers' Counsel; Livestock and Field Grains (of which the Corn and Hogs Section was one part); Grains; Cotton; Marketing and Marketing Agreements; and Tobacco, Sugar, Rice, Peanuts, and Potatoes.

After the processing tax and production control features of the Agricultural Adjustment Act of 1933 were declared unconstitutional in early 1936, the Agricultural Adjustment Administration was drastically reorganized. Under the Soil Conservation and Domestic Allotment Act the approach was different from what it had been under the earlier

act. Now, instead of single commodity treatment, all crops were classified as soil depleting, soil conserving, soil building, or neutral. Consequently, the A.A.A. was reorganized according to major geographical areas. The North Central Division, for example, was created to supervise the administration of the soil conservation programs in its area. In this area corn was the major soil depleting crop. Since the primary objective of acreage allotments was now presumed to be the conservation of soil resources, North Central Programs dealt not only with corn, but also with all other crops grown in the area. Consequently, it was no longer feasible to organize the A.A.A. on a single commodity basis.

Except for the elimination of the commodity divisions and the substitution of geographical divisions just mentioned, the organization of the A.A.A. after the decision in U. S. v. Butler remained virtually unchanged. The other changes which occurred between 1936 and the end of 1940 were accomplished for administrative reasons, not because the objective of agricultural adjustment had altered. These administrative changes included the transfer of the Program Planning Division from the A.A.A. to the reorganized Bureau of Agricultural Economics in 1938, and the transfer, also in 1938, of the Division of Marketing Agreements from the A.A.A. to a position of bureau status within the Department.

The production control programs on corn and hogs from 1933-35 were administered on the national level of the A.A.A. by the Corn and

Hogs Section. Originally, this Section was a part of the Production Division. From January 1934 to February 1935 it was a part of the Commodities Division. During 1935 it was in the Livestock and Feed Grains Division. After the decision in U. S. v. Butler, between 1936 and the end of 1940 soil conservation and production control programs involving corn as one of a group of soil depleting crops were administered, so far as corn in Iowa was concerned, under the Director of the North Central Division. No program dealing directly with hogs was formulated after 1935.

Other agencies of the Department of Agriculture which gave direct assistance to the Agricultural Adjustment Administration in the formulation and execution of production control and soil conservation programs from 1933-40 included the following: (1) The Agricultural Extension Service, which took care of many of the educational aspects of these programs. Extension Service officials educated farmers and farmer committeemen concerning the purposes, the methods, and the administrative procedures of the programs. (2) The Bureau of Agricultural Economics, which assisted in the collection of production statistics and in the establishment of national, state, county, and farm acreage allotments and bases. In 1938 the Bureau of Agricultural Economics was reorganized to act as an over-all planning agency for all direct-action programs of the Department.

The production control programs on corn and hogs were administered on the Iowa State level from 1933-35 under the general supervision

of the State Corn-Hog Committee. This Committee was composed ordinarily of three or four farmers and the State Extension Director. All members of this and other state administrative units were appointed by the Secretary of Agriculture and were responsible to him and to the Corn and Hogs Section of the National Administration. The State Board of Review, composed of the head of the Iowa office of the Crop and Livestock Estimates Division of the Bureau of Agricultural Economics, the Chairman of the Iowa Corn-Hog Committee, and a soils specialist of the State Extension Service, adjusted and reviewed county, township, and producer allotments. The state office of the Crop and Livestock Estimates Division was designated to gather the statistical data for the use of the Review Board in determining these allotments. Such statistics were also used to supplement and corroborate the data gathered directly from farmers. The State Compliance Director, who was also Chairman of the Iowa Corn-Hog Committee, headed the State Compliance Unit. This office supervised the checking and auditing of all producer contracts before they were sent to Washington for payment. The State Extension Service, working under the Federal Extension Service, trained farmer personnel in state and local agencies and educated farmers in general with respect to the objectives, methods, and procedures of the production control programs. The county agents represented the State Extension Service on the county level, and these agents usually served, at least during

the first year, as nonvoting secretaries of the county allotment committees.

On the local level participating farmers belonged to the county association. They elected a township committee each year from among themselves, the chairman of which also served as a member of the Board of Directors of the county association. The members of the county committee were elected by the Board of Directors from its membership. The county committee, composed of a chairman and from three to five additional members, supervised all aspects of the corn-hog programs within the county. This committee was responsible both to the state administrative units and to the Corn and Hogs Section in Washington.

The shift in the objectives of agricultural adjustment in 1936 brought changes in organization on the state level as well as on the national level. The State Agricultural Conservation Committee replaced the old Corn-Hog Committee, the Compliance Director, and the Board of Review. Thenceforth this single committee supervised the administration of soil conservation programs in the state. It was directly responsible to the Director of the North Central Division, and, like its predecessors, its members were appointed by the Secretary of Agriculture. On the county and township levels, however, administrative organization remained unchanged from 1933 through 1940.

To summarize these few paragraphs, the organizational framework of the A.A.A. was on the whole well constructed. As might have been expected, considerable difficulty was encountered in the early stages in establishing an effective organization. There was undoubtedly much duplication and overlapping of functions between units before the first reorganization in January of 1934. But this reorganization, together with the reorganization of February, 1935, resulted in "much simplification of structure." From February, 1935, until January 6, 1936, the organization on the national level combined effective "functional and commodity specialization through nine division heads."[4] And from 1936 through 1940 the A.A.A. was organized on functional and regional bases. Changes which occurred from 1938-40 were accomplished for the purposes of further administrative simplification and of improved functional division within the whole Department.

Administrative organization on the state and local levels during these years was also well planned. From 1933 through 1935, of course, state administration was supervised, under the Corn and Hogs Section, by the State Corn-Hog Committee. This plural agency actually controlled the other units on the state level, for the reasons previously indicated. After January 6, 1936, the State Conservation Committee was placed in official charge of all administration within Iowa. Where administration within counties was concerned, the

county committee remained the active administrative head throughout the period. Thus, the township committees were responsible to the county committees, the county committees to the state committee, the state committee to the Corn and Hogs Section (and the North Central Division), the Corn and Hogs Section (and North Central Division), to the Administrator of the A.A.A., he responsible to the Secretary, and the Secretary responsible to the President and Congress. From the point of view of structure, it would appear that the span of attention on any level within the A.A.A. was not too broad. In Iowa, for example, the existence of 100 county committees, each responsible to the state agency, did not operate to destroy effectual supervision, since the state committee used the device of appointing fieldmen, each of whom supervised and assisted a certain limited number (usually 8) of county committees.

The Agricultural Adjustment Administration was given great responsibility by Congress from 1933-40 for the formulation and execution of various agricultural adjustment programs involving the exercise of extensive discretionary power. Under the Agricultural Adjustment Act of 1933 the A.A.A. was authorized to determine the relative emphasis to be placed upon each of the prescribed methods in achieving the statutory objectives. The same was true under the Soil Conservation and Domestic Allotment Act when taken in conjunction with the Agricultural Marketing Agreement Act of 1937.

"The A.A.A. Act of 1933" and the Soil Conservation Act gave "the Secretary of Agriculture considerable administrative discretion in determining acreage allotments. It was not until the Act of 1938," however, "that Congress began to circumscribe the Secretary's powers by making the parity-price goal much more binding upon the actions of the administrative agencies in agriculture."[5] For the first time, Congress sought to "'spell out' the details of adjustment plans and to incorporate specific formulas of action in the basic laws . . . conditions are 'frozen' for approximately a year in advance in ways which may preclude a flexible and responsive program." In addition, "the adoption of a set formula of procedure diverts the local committee from planning activities which will effect the basic economic and technical adjustment of individual and regional plans of farm operation to efforts designed to secure its community the largest amount of compliance or benefit payments."[6]

It must not be forgotten, however, that it was the officials of the A.A.A., and not Congress, who took the lead in drafting the Agricultural Adjustment Act of 1938. Congress did not bind them as much as they bound themselves. Moreover, under this Act, though not as much as under earlier agricultural legislation, the A.A.A. still retained a good deal of discretionary power to determine the time, place, and conditions under which the prescribed methods should be employed to effectuate the statutory objectives.

The national officials of the A.A.A. exercised most of the rule-making power. As was indicated in Chapter IV, the planning and execution of commodity adjustment and soil conservation programs were presided over by these national officials. This is not to say, of course, that state and local committees had no voice in the formulation and execution of programs. As a matter of fact, these committees were given an opportunity to make recommendations concerning newly formulated programs before they were put into operation. And in formulating the first program for 1934, representatives of corn and hog producers were invited to participate and to make suggestions and recommendations. But state and local committees were actually administrative units designed to execute policy. Even in the area of policy execution national direction was so specific and detailed that, in general, local units could choose only whether to apply the rules and regulations rigidly or flexibly within their jurisdictions. Moreover, they were more or less bound to apply those regulations with the stringency or laxity demanded by those on the higher levels. National officials controlled the purse, drew up the programs, prescribed and imposed administrative procedures, checked farmers' and committeemen's compliance with regulations and procedures, and selected (and removed) administrative personnel above the county level.

At its inception the A.A.A. was forced to turn to other

regularly established bureaus of the Department for assistance in drafting commodity adjustment programs. It lacked adequately trained staff personnel. Therefore, it utilized the research and statistical facilities (including personnel) of the Bureau of Agricultural Economics. The Bureau of Plant Industry assisted in the formulation of programs dealing with control of crop production, and the Bureau of Animal Industry contributed similar information in the formulation of programs for the control of livestock production. The educational facilities of the Agricultural Extension Service were utilized in formulating programs and in educating farmers and line personnel concerning existing programs. Many of these bureaus served the A.A.A. in similar capacities during the whole period from 1933-40.

Within the A.A.A. itself, an Administrative Council was established in 1933 for the purpose of over-all planning and coordination. It was composed of the major staff and line personnel. It functioned until November of 1933. In January of 1934 the Program Planning Division was created for the purpose of making studies and recommendations concerning long-time programs. (This Division operated as a planning unit of the Administration until its transfer in 1939 to the reorganized Bureau of Agricultural Economics. This reorganized Bureau, beginning that year, served as an over-all planning agency for all of the bureaus of the Department concerned with direct-action programs.) Following the A.A.A. reorganization of

February, 1935, an Operating Council, composed of division heads, the Administrator, and the Secretary, was created to serve as a clearing house in the coordination of administrative operations and in the formulation of new programs. Like its predecessor, however, it soon ceased to function because of "the press of other business."

With the shift of emphasis which followed the decision in U. S. v. Butler, the A.A.A. (as well as other agencies) was forced to give increased attention to the question of the long-time objectives of soil conservation. For this purpose the Secretary of Agriculture established an Office of Land Use Coordination as a permanent part of his Office in 1938. The A.A.A. was represented in this Office. A Liaison Board, composed of one representative from each land use agency within the Department, worked with this Office in coordinating the various land use programs of the Department. This Office of Land Use Coordination functioned from 1938 through 1940. In 1938 county and state land-use planning committees were established in order that the field office personnel of Departmental agencies concerned with soil conservation might have an opportunity to make suggestions as to means of correlating Departmental land-use programs in their jurisdictions. Of course local officials of the A.A.A. participated in the discussions of these advisory committees. But it cannot be said that participation in these Departmental activities added anything to the powers of these local units where the formulation and administration of A.A.A. soil conservation programs were concerned. They

were still obliged to take orders from the national A.A.A. officials.

Nor can it be asserted that the programs and activities of all the direct-action and land-use agencies of the Department were well coordinated on the local administrative level simply because officials of each agency took part in the deliberations of these local land-use advisory committees. John Albert Veig, writing of his observations on the Iowa level in 1941, expressed the opinion that effective coordination between agencies had not yet been developed at that time.

> There are five major (and several minor) national action agencies operating in Iowa: Headquarters for A.A.A. are in Des Moines, for F.S.A. [Farm Security Administration] and S.C.S. [Soil Conservation Service] in Ames, for F.C.A. [Farm Credit Administration] in Omaha, and for R.E.A. [Rural Electrification Administration] in Washington. Each agency has a fairly specific task to perform and its staff ordinarily manages to handle that task 'on its own'. Accordingly they get along well enough, but . . . quite as much through working apart as through working together . . . the state and local agricultural planning committees are not convinced that the efforts of the action agencies are as well correlated as they might be, notably on the local level.

The individual farmer, the subject of all this planning and administrative activity, had relatively little chance to participate in it. He helped elect the township and county committeemen, but these men had no real opportunity to take part in the formulation of over-all plans or of administrative regulations and procedures. Besides, apparently these committeemen had more immediate and far-reaching responsibilities to the higher levels of the A.A.A. than to him. He was powerless to exert any real influence on the officials

who drafted and administered the production control and soil conservation programs. At the same time, however, there were enough farmers serving as officials of the A.A.A. on all levels to insure that the farmer-viewpoint would not be ignored. And of course he was not compelled to participate in the programs. Theoretically, at least, he was entirely free to accept or reject them.

It would seem from a purely administrative point of view that the organizational apparatus maintained by the A.A.A. for policy-formulating purposes might have been adequate, but it was surely nothing more. Many improvements could have been made. Such improvements probably should have included the following: (1) The device of the Administrative and Advisory Councils should have been utilized at all times. Instead, it was used for short periods at two different times from 1933 through 1935, and then apparently abandoned entirely. With a little extra work, it could have been made to function effectively as a means of coordinating general policies and activities. (2) The Program Planning Division probably should have been transferred to the Bureau of Agricultural Economics as early as 1936. This Bureau should have functioned even before 1938 as an over-all planning agency for the Department. As it was, the Program Planning Agency was forced to rely heavily on the statistical data and other information available in the Bureau of Agricultural Economics in the formulation of all agricultural adjustment programs between 1933 and

1938. Perhaps their facilities should have been merged at the earlier date. (3) There seems reason to believe that the activities of the Office of Land Use Coordination in the Secretary's Office and those of the Bureau of Agricultural Economics should have been combined in one agency in 1938. Such a merger would have facilitated the tasks of coordinating over-all planning activities with those of policy administration. (4) Though it might have been impractical from an administrative point of view, it seems a shame that the local A.A.A. committees were not assigned a larger and more continuous role to play in the drafting of programs and especially in the drafting of administrative procedures. As it was, these committees acted only as vehicles for the execution of national policies.

(Any conclusions as to the effectiveness and appropriateness of A.A.A. program planning from the point of view of policy rather than of organizational apparatus must be deferred until the discussion of how appropriate acreage allotments were as a method of achieving the statutory objectives.)

Another important criterion by which the effectiveness of the production control and soil conservation programs must be judged is the adequacy of the A.A.A.'s provisions for administrative review. Though admittedly none of the farmer's legal rights were involved, he certainly had good reason for wishing to be heard concerning a matter as vital to his financial welfare as, for instance, the amounts

of his allotment and of his benefit payment. Consequently, the A.A.A. gave every farmer an administrative right to advance notice of his allotment or bases and to a hearing before the officials sharing responsibility for the determination of his allotment or bases.

The provisions for administrative review were quite informal from 1933 through 1935. National officials insisted that every farmer be given notice and a right to a hearing, but the exact procedures to be followed were left within the discretion of state and local units. The State Board of Review supervised the establishment and review of allotments and bases. However, this desirable separation of review from other administrative functions on the state level was nullified in practice by virtue of the fact that the Review Board was composed of officials also engaged in active administrative work as members, for example, of the Iowa Corn-Hog Committee. On the county level, of course, there was never any doubt that the county committee, which served as the review board of first instance, was also the active administrative head in the county. Therefore, both on the state and on the county levels, those officials who established producer allotments and bases also judged whether a farmer's requests concerning such allotments and bases should be granted or refused. After the decision in U.S. v. Butler, the State Committee was the only administrative unit on the state level, so of course it functioned formally as a board of review. Farmers were not authorized to appeal to the national

level until 1938, when it was provided that appeals could be taken to the Director of the North Central Division.

Administrative review provisions became increasingly formalized beginning in 1936. The National Administration assumed the task of prescribing uniform review procedures, probably on the ground that uniformity in procedure was required if farmers were to be given equal or near equal treatment in different counties and states. State and local units seemed to observe the increasingly formal requirements as to notice and hearing with considerable fidelity.

The number of farmers who came before the county committees to ask review of their allotments and bases was quite large during the first year, but it fell off sharply after 1934. The reasons for this are not clear. Either farmers in general were satisfied with their allotments and bases or they felt that appeal to the county and state committees would accomplish nothing. Those farmers who did appeal could as a rule get the review agency to accede to their requests and demands only if they could produce some "vital" fact which had been overlooked in establishing their allotments or bases, or if the review board decided that the circumstances of a particular case warranted the suspension of the ordinary regulations.

On the whole, however, the administrative review process of the A.A.A. from 1933-40 was fair and reasonable. Farmers were

given an administrative right to notice and hearing. There is no evidence that farmers were discriminated against in the review process.

Effectiveness of Acreage Allotments as a Method of Achieving the Objectives

The primary objective of agricultural adjustment from 1933 through 1935 was "to curtail production, and thus raise farm prices and income." A degree of control over total production and market supplies of the respective commodities was desired. Only secondarily did the objectives of conserving soil and of making government payments to farmers play a part. (In fact, the objective of making government payments to farmers for participation in the programs ostensibly remained secondary throughout the whole period 1933-40.)

Thus, in the initial phases of A.A.A. activity, at least, "the goal was to reduce output as drastically as possible until . . . excess supplies should be absorbed."[8] The primary method employed to accomplish this goal was the use of acreage allotments. In the case of corn, for instance, it was believed that production could be reduced to equality with market demand by requiring contracting farmers to restrict their corn acreage. Since no marketing agreement was ever negotiated with respect to corn, acreage allotments were relied upon as the foremost means of reducing the market supply of corn.

"The extent of producer participation," according to Edwin G. Nourse, Joseph S. Davis, and John D. Black in their book entitled Three Years of the Agricultural Adjustment Administration (1937), "constitutes the most obvious factor governing the effectiveness with which production may be regulated through any contract procedure."[9] They state that "large numbers of farmers signed contracts," but that, while the number of sign-ups secured was important in controlling production, "The manner in which participants comply with the terms of their contracts and the actions of non-signers also effect the degree of control obtained." These writers maintain that in the first three years "compliance with the contract provisions relating to acreage and production of the commodity to which the particular program applied was generally carefully checked." Violation of contracts was more often accidental and unintentional than deliberate. Unfortunately, however, such unintentional violations were unavoidable, and, more important, they were fairly widespread in certain areas. Of course, this tended to reduce the effectiveness of production control.[10] Similarly, "conditions which make it advantageous for an individual to stay out of a program to restrict production, such as a prospect for increased prices, also furnish him an incentive to increase his production, thereby tending to offset the adjustment made by those who participate." But since the programs were designed to be 'voluntary', there was nothing much to be done to prevent non-

participation except to make them more attractive. The extent of non-participation was relatively small in Iowa, but it was much greater "outside the areas of most concentrated [corn] production."[11]

How much did the A.A.A. accomplish in reducing corn production from 1933-35? Nourse, Davis, and Black contend that it is difficult to say. However, they do credit the A.A.A. program of 1934 with having reduced the harvested acreage of corn by an estimated 7.5 per cent under the figure for 1933. But they state that adverse weather conditions and poor yields brought about much greater reduction than was accomplished by acreage allotments. In 1935, according to them, it was "an exceedingly complicated task" "to estimate what would have been produced . . . in the absence of any A.A.A. program."[12] "Presumably, however, the net reduction [in acreage] attributable to the A.A.A. was much larger than in 1934."[13] But actual production (in terms of bushels of corn) was almost as great in 1935 as in 1933, before control of production had ever been attempted.[14]

Nourse, Davis, and Black conclude that the A.A.A. experience with production control measures in 1933-35 "furnishes inadequate basis for definitive conclusions on many significant points." But they state that "A few tentative generalizations . . . seem to be justified."[15] Among those generalizations are the following: (1) Farmers who intended to "reduce their scale of operations" regardless of the A.A.A. programs were "likely to take part" in those programs, "while those who are

most disposed to maintain or expand tend not to participate." (2) "Substantial compliance with the provisions of the program may be obtained with the type of supervision which was employed by the A.A.A. Although a considerable number of violations may appear, in practice the majority of these are likely to be unintentional." (3) "With the sign-ups which are possible and the degree of compliance which may be obtained, the voluntary contract procedure would seem to furnish an effective means of imposing a degree of acreage restriction or at least restraining expansion."[16] (4) But the "effectiveness" of production control efforts "would tend to decline rather sharply as such efforts were continued year after year."[17] The evidence does not indicate that farmers would be "willing to accept such control on a continuing basis."[18] (5) Even if they were willing to accept continuous control, "its practical usefulness is limited. Actual experience with corn and wheat demonstrated that it was quite beyond the power of the A.A.A. to set a production goal in terms of bushels which it could anywhere near attain in a particular year."[19] (6) Thus, the "effectiveness" of the device of acreage allotments is not "such as to make /it/ practicable" except "in emergency periods." And even then its practicality and effectiveness are questionable.[20]

A change in the relative importance of the objectives of A.A.A. activity occurred in 1936. Thenceforth, at least until 1938, chief emphasis was placed upon encouraging the conservation of soil

resources. Only secondarily, according to A.A.A. officials, was the A.A.A. interested in curtailing production in order to raise farm prices and income. Although participating farmers were undoubtedly more interested in the financial rewards than in making provision for soil conservation on their farms, there seems to be no doubt that the A.A.A. "'contributed'" for 1936 through 1940 "'in a very substantial way to advancements in soil conservation and crop practice. It is without question a most potent force for implementing soil and crop science.'"[21] "The A.A.A. occasioned a kind of increased returns by forcing a recombination of /productive/ factors and the introduction of newer and better farming practices."[22]

Another shift in the objectives of agricultural adjustment occurred with the passage of the Second Agricultural Adjustment Act of 1938. The provisions of the 1939 soil conservation program, according to John M. Gaus and Leon O. Wolcott, "may be viewed as a compromise between the emphasis on distribution of income to commodity producers and the need for improving farm-management practices in the light of land use and soil conservation." They write that acreage allotment measures had frequently been criticized on the ground that they tended "to 'freeze' an existing land use in what may be inefficient ways at the cost of encouraging a 'natural' evolution of commodity production on better-adapted lands and more efficient methods."[23] Another writer, Theodore W. Schultz, echoes this same criticism in his

contention that "a misuse of [soil] resources . . . came as a result of farmers' acquiring a vested interest in their acreage allotments, owing to the fact that sizable benefit payments were distributed in accordance with the acres allotted to the farm and the per acre output of the land. Consequently, shifts among crops that normally take place during a span of years have been arrested."[24] Apparently, then, this was a situation in which a conflict had developed between the objectives of preventing misuse of soil resources and of raising agricultural income. This conflict had been produced by the use of acreage allotments as the principal method of achieving both objectives. Gaus and Wolcott would have resolved the conflict by shifting the emphasis "from acreage allotment, on an historical base in terms of a particular commodity, to a plan for each farm that [stressed] adaptation to best use, including security for soil fertility."[25] But even through 1940 the A.A.A. continued to use acreage allotments both as a means of promoting the conservation of soil and of increasing agricultural income. Both objectives remained equally important; the means for achieving them also remained the same.

What did A.A.A. acreage allotments do to corn acreage? (It is necessary in answering this question to supplement the conclusions drawn by Nourse, Davis, and Black concerning the years 1933-35 with information covering the whole period from 1933 through 1940. The answers to this and to the following question will have great

bearing on the conclusions which may be ventured as to the effectiveness of acreage allotments as a method of achieving income parity for agriculture.) According to Schultz, there was a reduction of 20 per cent in the number of acres of corn between the 1931-33 average (without A.A.A. allotments) and the 1940-42 average (with A.A.A. allotments). But he estimates that "nearly half" that reduction can be ascribed to the severe drought conditions for several years in Nebraska, Kansas, Missouri, and South Dakota. Otherwise, he concludes that the remaining half (about 10 per cent) of the reduction in number of acres in corn "may be ascribed to the crop-control features of the A.A.A." Acreage allotments were especially effective in controlling corn acreage in Iowa, he writes, because (1) the droughts were not so severe in Iowa, and (2) the great majority of Iowa farmers participated in the control programs.[26]

But of course the crucial question is: What did acreage allotments do to corn production? Again according to Schultz, corn production (in bushels) actually increased 5 per cent between 1931-33 and 1940-42. This meant that even though acreage allotments and adverse weather conditions accomplished a 20 per cent reduction in the numbers of acres of corn between these periods, the total quantity of corn produced had increased. Therefore, it would appear that a reduction in the number of acres was not in this case effective in reducing total production. Schultz explains this lack of correlation by saying that "Acres of land are plainly only one of several inputs

that a farmer employs in growing crops. If one of the inputs is rationed (in this case the amount of land allotted for a crop), he has several alternatives open to him should he want to maintain, or even increase production." These alternatives, in the words of Schultz, are the following:

> (a) He may remove from production his poorest acres . . . . (b) He may intensify the use of the land planted in the restricted crop by applying more capital and labor resources (namely, by using improved seed, more fertilizer, improved tillage, and more labor). [Incidentally, one factor which undoubtedly made for an increase in corn production between 1931-33 and 1940-42 was the widespread adoption of hybrid seed (which was much superior in productive capacity to open-pollinated seed) in the commercial corn producing area in the intervening years.] (c) On the acres restricted by the A.A.A. allotment he may produce substitute crops (for example, such crops as alfalfa, sorghum, and soybeans may under certain circumstances produce even more feed than corn). (d) He may substitute future outputs for present output by investing in soil resources (for example, by adopting crop rotation and cropping practices that will build up his soil).[27]

The fact that corn production actually increased in spite of the A.A.A. acreage allotment programs indicates that many farmers must have practiced these methods of substitution even while participating in the acreage reduction programs. And of course there were no provisions in the programs which could have been used to prevent such substitutions.

The impracticability of acreage allotments as a means of achieving the two objectives of decreasing production to raise market prices and of bringing about the use of soil conservation practices is thus revealed by the fact that farmers could help achieve the

goal of soil conservation at the same time that they helped prevent the attainment of increased market prices. All four of the means suggested above for maintaining or increasing production when acreage must be reduced will tend to defeat, to the extent that they are practiced, any attempt to raise market prices and thus raise farm income. But their practice will also tend to fulfill the goal of conserving soil. Consequently, it is apparent that the two primary objectives of agricultural activity during these years, and especially between 1936 and 1940, were in essential conflict when acreage allotments were employed as the chief method of achieving both. The use of the device of acreage allotments to gain both objectives produced a conflict between the objectives. Both could not be attained by the use of acreage allotments.

Moreover, it must be concluded that neither objective could be accomplished in full by the A.A.A. acreage reduction programs. So far as control of production was concerned, Schultz argued that:

> There has been enough of the substitution of the type described to have made the crop acreage allotments, ruling out the vagaries of weather, ineffective in regulating production. Drastic cuts in acreage do reduce output the first year or two, but . . . it appears that within a few crop seasons the total output recovers remarkably even in the face of a [20] per cent cut in acreage.
>
> Our tentative conclusion, therefore, is that acreage allotment as practiced by the A.A.A. is not a satisfactory means for regulating production.[28]

Where the goal of soil conservation was concerned, it will be remembered that Schultz and others agreed that the use of acreage

allotments caused "a misuse of /soil/ resources" because participating farmers acquired "a vested interest in their acreage allotments, owing to the fact that sizable benefit payments were distributed in accordance with the acres allotted to the farm and the per acre output of the land. Consequently, shifts among crops that normally take place during a span of years have been arrested."[29]

Acreage allotments were practicable only as a basis for making government payments to participating farmers. These payments increased farmers' incomes, of course, but they made no direct contribution to the objective of reducing production to a point equal to effective market demand. Though acreage allotments promoted the goal of soil conservation by compelling many farmers to practice improved farming methods in order to maintain production and still qualify for government payments, acreage allotments also had the contrary tendency "to 'freeze' an existing land use in what may be inefficient" or soil depleting "ways."[30]

The A.A.A. acreage allotment programs on corn from 1933-40 were on the whole effectively administered. Furthermore, it must be concluded that their administration was especially effectual in the State of Iowa. National, state, and local officials were in most instances conscientious in their desire to administer the provisions of the programs efficiently, honestly, and fairly. In most instances they were dedicated to the goals of restoring farmers' economic position and of conserving soil resources. And, as a

matter of record, agriculture did recover, and a great deal of soil conservation was achieved. However, it would appear that (1) economic recovery in the nation as a whole had much more to do with agricultural recovery than did the A.A.A. acreage allotment programs designed to bring about that agricultural recovery, and (2) the goal of soil conservation could have been much more effectively promoted by some method other than acreage allotments. Apparently acreage allotments were not the best method of realizing the statutory objectives. No matter how efficient the administrative organization and techniques, no objective can be realized by the use of an inappropriate method.

If acreage allotments were ineffectual as a means of achieving the organizational objectives, why is it that the A.A.A. did not add or substitute other methods? The reasons are not at all clear. If the goals of raising market prices on agricultural commodities and of bringing about the widespread employment of sound soil conservation practices were the primary goals of A.A.A. activity during these years, those officials who formulated and approved programs which involved the continued use of allotments as the main method of adjustment and conservation obviously were not effective in their planning. On the other hand, if the underlying basis for the use of acreage allotments was the aim of subsidizing farm income through government payments, then a program calling for acreage adjustments was as effectual in raising the income level of those participating

in the program as any other method would have been. However, if this was the actual purpose for acreage allotment programs, why then did the officials of the A.A.A. continue to believe that raising market prices and conserving soil were the primary objectives?

What methods would have been more effective in fulfilling these purposes? It must not be assumed, as A.A.A. officials apparently did assume, that the objectives of raising farm prices by removing surpluses and of conserving soil are necessarily compatible; even if they were, both purposes would not necessarily be accomplished by the use of identical methods. So, considering each objective separately, it appears that surpluses could have been removed and market prices raised only by means of a rather far-reaching attempt to control the amount of any commodity marketed. The adoption of such a method would have posed almost insuperable problems of supervision and administration, to say nothing of the difficulty of attracting farmers to participation in such a program (assuming that the object would have been to keep farmer participation "voluntary"). To have had beneficial effect, a marketing quota would have been required on each and every commodity which a participating farmer intended to market during the year. In the case of corn, this would have required control not only of the amount of corn sold on the market, but also control of the quantity of livestock fed on corn--livestock which the farmer sold on the market. The state and local committees of the

A.A.A. could have checked participating farmers' production of all commodities, to see if farmers were complying with their quotas. To insure marketing compliance with the quotas, the A.A.A. could have appointed "watchers" at all of the principal markets, and each time a farmer sold his quota of any commodity at any market, or made any sale whatsoever, that information could have been dispatched to the "watchers" at all other markets.

Under such a scheme, acreage allotments could have been abandoned entirely. Financial inducements would have had to be very large, and even then perhaps many farmers would have refused to cooperate. But, other factors remaining constant, market prices could have been raised to the extent that farmers did cooperate. Indeed, the evidence indicates that the only effective man-made means of curtailing total supply of agricultural commodities to a point anywhere near equal to effective market demand during the 1933-40 period would have been the employment of some such comprehensive marketing control program.[31]

The objective of soil conservation could have been better promoted during this period, especially from 1936-40, by an approach which stressed the use to which a farmer put his land. Instead of being given soil-depleting and soil-conserving acreage allotments, participating farmers could have been given soil-building and soil-conserving goals. A plan could have been drawn up for each farm by soil conservation experts. Each farmer would have been paid in

accordance with the degree to which he engaged in sound conservation practices like crop rotation, strip farming, terracing, irrigating, and soil fertilization of all kinds. Acreage allotments would have had no part in such a scheme. (As will be seen, this is the approach which is being employed in the soil conservation programs of today.)

Such marketing control and soil conservation programs as have been outlined could have been separate programs; in fact, separating them would have increased their effectiveness. A farmer could have been eligible to participate in either or both. Thus, emphasis could have been placed on the method of attaining whichever objective was of paramount importance at any one time. Each program would have offered benefit payments for participation and would have been as attractive financially to the individual farmer as were the payments under the acreage allotment programs. It must be concluded, therefore, that their adoption by the A.A.A. from 1933-40, especially during the 1936-40 period, would have promoted the achievement of the existing statutory and organizational objectives much more satisfactorily than did the use in this case of acreage allotments for corn. The means must in all cases be appropriate to the ends before those ends can be realized.

Even today the Agricultural Conservation Programs Branch of the Production and Marketing Administration, which in 1945 succeeded the A.A.A.,[32] does not utilize comprehensive marketing controls as a

method of maintaining and stabilizing the present high level of agricultural prices. However, in recent years it has practically abandoned the use of acreage allotments, either as a means of affecting prices or of bringing about increased soil conservation. Under the P.M.A. program, a comprehensive land use program is worked out for each participating farmer's land. Soil building goals and practices are recommended, and the farmer is paid in accordance with the degree of his conformity to the provisions of his farm plan.[33] Acreage allotments are not a feature of these programs.

Presumably, however, the top policy-making officials of the Agricultural Conservation Programs Branch would resort to the use of acreage allotments in an attempt to curtail production if agriculture should be threatened with another economic recession anything like the Depression of the Thirties. Curtailing production is not necessary now, when the nation and the western world stand ready to consume nearly everything that American agriculture can produce. Therefore, acreage allotments have not been used, except sparingly and for limited periods, since the early years of the 1940's. But there is no indication that the Agricultural Conservation Programs Branch has given up the idea of using acreage allotments in recessionary periods. It is true that in such periods great curtailment of agricultural production is necessary to maintain and stabilize commodity prices. The question is: Are acreage allotments an

effective means of curtailing production? The answer has already been given: No. In that case, why is it that Congress and the P.M.A. have not abandoned the idea of acreage allotments for the idea of comprehensive marketing control in periods when agricultural production far exceeds effective consumptive demand? Since statistics and other data on total production during the 1933-40 period, when acreage allotment programs were in full operation, have long been available to top agricultural officials, surely they cannot be unaware of the fact that the acreage allotment device cannot be used to reduce production.

Assuming that they are aware of this fact, why is it, again, that they have not substituted the idea of comprehensive marketing control for that of acreage allotments as an emergency device? Possible explanations include the following: (1) Their fear that such a substitution of methods, even if approved by Congress, might be rendered nugatory by the courts on the ground that it would constitute federal regulation of an activity beyond federal competence; (2) Their lack of concern about the possibility of another agricultural emergency and, consequently, about the need of planning for that contingency; and (3) Their fear that farmers would not cooperate in such a program even if it were adopted.

Of these possible explanations, it seems to the author that (1) might be a justifiable fear, since there is no certain knowledge of how the courts would react; but there is every reason to believe

that Congress would approve such a method of control, especially in an emergency period. After all, Congress approved the first Agricultural Adjustment Act, and it was thought at the time to be a far-reaching agricultural "control" device. The second explanation, if true, simply reveals these officials' lack of understanding of the basic and thus far always recurring problem of American agriculture: the problem of overproduction. The fear expressed in the third explanation is based on a point of view which overlooks the very obvious fact that in periods of agricultural depression most farmers are (or have been) willing to try any scheme which seems to promise recovery.

Regardless of the reasons advanced for it, it is unfortunate that top agricultural officials have not sought to develop more effective means of dealing with the contingency of another agricultural depression. But apparently they have not. Consequently, this fact serves to emphasize the importance of the reminder that, in the words of Edwin G. Nourse, "it is not possible to devise for any branch of economic life a scheme of organization which in any mere mechanical sense assures high effectiveness combined with a proper amount of restraint." That "high effectiveness" and "proper amount of restraint" depend both on the appropriateness of the means employed to gain the objectives of the organization and perhaps even more "on the conscious philosophy of those who are directing and participating in it."[34]

FOOTNOTES

Chapter VI

1. Theodore W. Schultz, Agriculture in an Unstable Economy, p. 167.
2. John W. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, pp. 194, 195.
3. Theodore W. Schultz, Agriculture in an Unstable Economy, p. 170.
4. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, p. 250.
5. Theodore W. Schultz, Agriculture in an Unstable Economy, 170.
6. Edwin G. Nourse, Government in Relation to Agriculture, pp. 947, 948.
7. John Albert Veig, "Working Relationships in Goveromental Agriculture Programs," Public Administration Review, p. 146.
8. Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, p. 115.
9. Ibid., p. 117.
10. Ibid., p. 121.
11. Ibid., p. 123.
12. Ibid., pp. 129, 130.
13. Ibid., p. 130.
14. Ibid., p. 129.
15. Ibid., p. 146.
16. Ibid., p. 147.
17. Ibid., p. 148.
18. Ibid., p. 149.
19. Ibid., pp. 149, 150.

20. Ibid., p. 150.

21. M. A. McCall, "The Relation of the National Agricultural Program to Agronomic Betterment," Journal of the American Society of Agronomy, March, 1938, p. 178, quoted in John W. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 109.

22. Theodore W. Schultz, Agriculture in an Unstable Economy, p. 174.

23. John W. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 106.

24. Theodore W. Schultz, Agriculture in an Unstable Economy, p. 174.

25. John W. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 106.

26. Theodore W. Schultz, Agriculture in an Unstable Economy, p. 171.

27. Ibid., p. 172.

28. Ibid., pp. 173, 174.

29. Ibid., p. 174; See also John W. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 106.

30. John W. Gaus and Leon O. Wolcott, Public Administration and the United States Department of Agriculture, p. 106.

31. It might be remarked that the commodity loan and storage programs of the A.A.A. during the period 1933-40 did not answer the need for comprehensive marketing control, since they were not designed to reduce production, but merely to keep surplus production of the designated commodities temporarily off the market. They did not prevent surplus production; indeed, they actually encouraged it by guaranteeing the farmer a high price with no chance of loss for any corn, for instance, produced in excess of his current feeding needs.

Full implementation of the marketing quota provisions of the Second Agricultural Adjustment Act would also have been inadequate. Since these provisions applied only to certain designated commodities, there would have been no way to prevent cooperating farmers from feeding surpluses in such commodities to livestock, which was not covered, and, consequently, later marketing a surplus in livestock. In addition, they could have switched from production

of crops covered by marketing quotas to production of other crops, thus producing a surplus in the crops not covered by quotas.

The only means of controlling production and marketing of agricultural commodities would have been through the imposition of marketing (and producing) quotas on all commodities produced for market.

32. The PMA (Production and Marketing Administration) was established by order of the Secretary of Agriculture on August 18, 1945, to consolidate the activities of a number of agencies, including the A.A.A., the Agricultural Marketing Administration, and the Commodity Credit Corporation. The PMA Agricultural Conservation Programs Branch succeeded the A.A.A.; its functions and organization are in most respects identical to those of the A.A.A. On the state and local levels, for example, the organizational structure is identical to that of the period 1936-40.

33. For instance, see the Report of the Administrator of the Production and Marketing Administration, 1950, pp. 66, 67.

34. Edwin G. Nourse, Government in Relation to Agriculture, p. 942.

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