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***Government  
Project***

BY EDWARD C. BANFIELD

FOREWORD BY REXFORD G. TUGWELL

***The Free Press, Glencoe, Illinois***

To  
*Sam Hamburg*  
WITH GRATITUDE AND AFFECTION

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## Foreword

IN THE SPRING OF 1935, at what might be called the apogee of the New Deal, President Roosevelt signed an Executive Order establishing the Resettlement Administration. The condition of the low-income folk in the rural areas of America was very much on his mind. It had been on his mind for some time as can be seen from his public statements on the subject when he was Governor of New York State. As Governor he had appointed an Agricultural Advisory Commission and on its advice had done what a Governor could do to mitigate rural poverty and forward a program of conservation. During these years he had, moreover, held steadily to the belief that sub-marginal lands ought to be retired from use and that rural communities ought to be established to which many of the unemployed in the cities might be moved. One of his life-long interests had centered in conservation. He loved well-tended farm lands, forests and parks. He thought our farm lands were misused and that our forests, parks and streams were ill-managed and not so extensive as they ought to be.

As for me, who was named Administrator in the Executive Order, I had my own reasons too. My impulse, like President Roosevelt's, went back to my earliest days. He had been a boy on an estate in Dutchess County of New York and had gone to a private school in New England; but he had seen plenty of eroded farms and hard-scrabble farmers. He had travelled widely and seen the contrasts between high- and low-income folk everywhere in our land and in Europe as well. Also he had followed closely the attempts of Theodore Roosevelt to organize the conservation movement; and he had been a friend of that great pioneer forester, Gifford Pinchot. I had not had those contacts and advantages. I had come, some years later, into some consciousness of the relation between poor land and poor people;

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but it had been a realistic experience. For the New York County in which I had been born and had lived my early years had been Chautauqua, the most western of the southern tier counties of New York. That region had passed its period of prosperity during my boyhood and, as a consequence of deforestation, erosion and competition from new farming areas in the West, had begun to decline. The prosperous farms I had known as a boy and the great families of my neighborhood were by the time of my adolescence, falling into neglect and poverty.

It was thus natural, although our circumstances had contrasted greatly, that we should agree on trying to do something to better the situation of rural people and to improve the face of the land. Resettlement was the product of this agreement. It was not the first effort; it was merely more intensified than the ones that had been tried before. The Civilian Conservation Corps had been organized at the very beginning of President Roosevelt's Administration, relief was being extended to rural as well as to urban areas and a program for retiring submarginal land from cultivation was under way. These efforts were all brought together in Resettlement with the idea of better coordination and more effective administration; and, also, the Division of Subsistence Homesteads, set up in the Department of the Interior under the authority of the National Recovery Act was transferred to it.

So that when the Executive Order was signed on 1 May, I found myself the Administrator of several organizations already in being with many thousands of employees and a huge task to be accomplished. The effort had not been specifically authorized by the Congress; but the funds for operating it beyond the first year were dependent upon appropriations by that body. We were not very favorably regarded by several powerful interests with considerable legislative influence. The larger farmers were more interested in having the prices of their products raised than in extending assistance to their poorer neighbors; and those who were economy-minded grudged the funds for our work. As a result much of my effort and that of my immediate assistants had to be devoted to simple perpetuation of the organization

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against objections which grew as recovery occurred. Besides this, the notion of agricultural communities seemed somehow—or was made to seem—a radical departure from American practice.

A nice division of effort had to be made in Washington between merely keeping alive and the work of creating and maintaining an organization devoted to the policies outlined in the Executive Order. The task proved to be too formidable a one. We neither overcame the opposition in the Congress nor conveyed to the furthest reaches of our agency the policies necessary to its success. As it was first conceived, Resettlement only survived two years, although much of the work it undertook went on for a good deal longer.

Casa Grande, as Mr. Banfield tells its story, is the history of a failure—one of many. It was a noble failure, perhaps, but that nobility was small comfort to those who had hoped for its success. As the Administrator, I had hoped that our experiment would find its own sources of strength and gain support as the necessity for this kind of thing was demonstrated. Instead of that, support very rapidly leaked away. The sources of this unfriendliness were very broadly and deeply characteristic of American life; and as I look back now after almost two decades it seems to me that we were doomed to failure from the start. We did all we could. The administration was not inefficient, considering the difficulties; there was always a priceless enthusiasm in the organization; but those who had to do the work were always conscious, necessarily, of moving in an atmosphere of disapproval.

It is one of the penalties of a large organization that its Administrator has always to deal with problems of policy at the center and that he has a constant burden of paper-work whose end result he can never see. It is only now, as I read Mr. Banfield's account of Casa Grande, that I can really visualize the meaning of many Washington conferences and many reports and documents with which I had to deal. But I was always conscious of dissatisfaction.

It is not a nice story. Our simple impulse to better the eco-

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omic situation of a few almost hopelessly poverty-stricken folk in the Southwest came to grief not because the conception was bad or because the technique was mistaken but because the people there could not rise to the challenge. It was character which failed. And that was not because the human stock was feeble; it was because the environment was hostile to the development of character. Mr. Banfield would have had a different end for his story if Americans had approved what was being tried at Casa Grande; since they did not approve, how could a few families—who were Americans too—wrestle successfully with that impalable hostility?

This account is as complete as it could well be made. We see these few families being taken from the hovels and ditch-bank squatting places so characteristic of the depression years; we see them settled into decent homes with incomes adequate to their support; we see them approach something like prosperity; and then we see them disintegrate, returning to what they were before. Our troubles in Washington prevented us from knowing enough of what went on in what we called "the field," but there was no other decisive inadequacy in Washington. Funds did not fail; and administrators were available who did what could have been done to check the disintegration. We should not have allocated more funds or had better administrators in any case.

Mr. Banfield finds that we were too exclusively preoccupied with the material circumstances of success--and that we neglected the psychological. But improvement of economic circumstances was all we had set out to do, and, as I still think, all we could do. A rural rehabilitation project--or many of them--could not make any large contribution to general change; and it was a general sickness which was at work here. I was made aware from the very first that there were very powerful forces which opposed helping the unfortunate, especially when the unfortunate were encouraged to organize cooperatively to better themselves. The maleficent and the friendly impulses in all of us are incessantly at war. Sometimes we see startling evidences of irrepressible kindness; sometimes, we see deplorable exhibitions of selfishness; both we

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recognize as natural, even characteristic. When the unkindness can find a rationale--when for instance it is presented as patriotic, moral, generally the approved thing--we have an added tendency to give way to it. It was given way to during the depression on an almost destructive scale.

We know how constant the struggle was during that time to remind Americans of their neighborly duty to the unemployed and the rural poor. The struggle was a hard one because government, through which neighborliness had to be expressed, is a large concern, and because balancing the budget, or some other excuse, could always be resorted to and could be presented as a superior value. It is difficult for ordinary people to function as they otherwise would in circumstances like these. We are far from being fundamentally accustomed to the projections necessary to finding our duty and doing it in modern society.

The people at Casa Grande were not different from the rest of us except that they were on the receiving end. They were probably instructed by the press and the pulpit that President Roosevelt was wicked when he did not balance the budget, when he was accused of boondoggling, and of pauperizing the unemployed. They shared the hostilities built up in the very careful campaigns of those days to all that was going on. Imagine, if that was so, the conflict which must have been going on within themselves when they considered their own situations. The impulse to resolve the conflict must have been irresistible. Well, it has been resolved now. They are again members of the general public, no better and no worse, and also, no more favored, than we. I sometimes wonder how they look back at the manner of their escape from the intolerable--whether they ever consider that they might have made a success of Casa Grande. But I know well enough the rationalizations they will have made. The other fellow will have been to blame, and circumstances will have made any other reaction than the ones taken impossible.

At any rate here is the full case history. We can see in it many lessons if we will.

*Rexford G. Tugwell*

## *Introduction*

THIS IS AN ACCOUNT OF

an attempt by one of the biggest, most efficient, and most democratic of governments—that of the United States—to remake the lives of a few of its citizens by establishing a cooperative farm at Casa Grande in the Arizona desert. These few citizens (at no time were there more than 57 families) were among the most desperately poor and disadvantaged in the nation. The government made an elaborate effort to help them, an effort which was sustained for seven years, which involved the investment of more than \$1,000,000, and which required the almost constant attention of several officials. Without wishing to prejudice the case (for the author wants the reader to judge for himself) it is fair to say that the government's effort was administered honestly, zealously, and—by the standards of one of the most efficient of governments—efficiently. Nevertheless the cooperative farm was a failure. It collapsed at the very moment when to all outward appearances its chances for prosperity and success were greatest.

This book is intended to describe what happened at Casa Grande in such a way as to give some insight into *why* it happened. There are a number of reasons why it seems worthwhile to make such a study. The story of Casa Grande should have, at the least, a practical value to anyone who may again set out to establish a cooperative farm under similar circumstances; there is a long history of attempts to establish cooperative farms and model communities in the United States and it would be foolish to suppose that Casa Grande will prove to be the last of these. There are other reasons, however, for telling the story. Disadvantaged people like those whom the government tried to help at Casa Grande are still with us. The problem they represent has been obscured by the events of recent years and it is in some



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ways changed, but it is still awaiting solution. The government, also, although much has been learned about some matters in the last decade, is probably no better prepared to deal directly and intimately with human problems than it was in the 1930's. Perhaps something can be learned from the depression-time experience at Casa Grande that will help to make the government more effective in its next approach to the same and to similar problems.

But of course problems of poverty are only a special category of the problems that government is expected to solve today, and government, although much the largest, is only one of the institutions by which behavior is regulated. The most characteristic feature of modern society, perhaps, is the great and increasing role of formal organizations of all kinds. Primitive societies were (and are) held together chiefly by the non-logical bonds of custom and tradition; in modern society the relations of individuals are to a large extent consciously and deliberately organized by the use of intelligence and the rules of logic; our society is engaged in deliberate, reflective adaption to change, in other words, in planning. As Thomas and Znaniecki observed at the beginning of their great work on *The Polish Peasant in Europe and America*, "One of the most significant features of social evolution is the growing importance which a conscious and rational technique tends to assume in social life. We are less and less ready to let any social process go on without active interference."

This attempt to organize society along rational lines is a stupendous experiment. Nothing in history promises that it will succeed. But like Faust we are bound by our bargain, and so the study of formal organization and planning—of the techniques by which control may be exerted deliberately and intelligently—is a matter of profound importance. If it is placed in the widest possible framework, then, *Government Project* may be regarded as a study of one of mankind's countless recent efforts to take command of its destiny.

The author is himself very much interested in the wider implications of the story and in the concluding chapter he endeavors to interpret it with reference to them. In telling the story, how-

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ever, he has thought it best not to press an hypothesis or a particular theory upon the reader; instead the attempt is to understand the Casa Grande people, both the settlers and the officials, not in terms of some doctrine (not in terms of culture, or psychoanalysis, or economic determinism, or behaviorism!), but as sensitive and perceptive people generally try to understand other people, and to tell what happened in a reasonably detached manner. So far as it succeeds in its intention the approach is what Charles H. Cooley called the "life study method":

"The aim of a descriptive technique in rural sociology should be, I take it, so to picture the essential functional behavior of rural persons and groups that their life can be understood in as much of its dramatic reality as possible. It seeks to give 'revealing instances' about which the reader may build a lifelike and just conception of what is going on. This involves a judicious selection of those events that *are* essential, that reveal the critical functions, the high spots as it were. There must be nothing lax or superficial in scientific description, any more than in a play. Only the indispensable must be shown; but that must be shown so deliberately and graphically as to be convincing."

Something needs to be said of the circumstances which caused the government to establish a cooperative farm in the Arizona desert.

Motives are always mixed. There were some in the government who had the itch to create a real, live Utopia and there may have been others who supposed that capitalistic agriculture would be overthrown by the mere example of a successful collective. These people were anxious to try their ideas at Casa Grande. But the motives that were really decisive were of a much more practical and prosaic kind: the cooperative farm was invented as an expedient way of helping people who were destitute. Ever since 1933, when the New Deal discovered that there were more than

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a million poverty-stricken farm families, government officials had wrestled with the problem of finding practical and permissible ways of alleviating suffering and of finding some permanent solution for the chronic rural poverty which stared them in the face on every side. The Casa Grande project was one of a long line of these emergency endeavors.

The earliest ancestors of the cooperative farm were called subsistence homesteads. These homesteads represented the culmination of a drive by certain lovers of country life and country virtues (including Bernarr Macfadden, Henry Ford, Ralph Borsodi, and Governor F. D. Roosevelt) to launch a back-to-the-farm movement for the purpose of relieving urban unemployment and distress. In 1933 an amendment to the National Industrial Recovery Act authorized creation of a revolving fund of \$25,000,000 to set up subsistence homesteads for the "redistribution of the over-balance of population in industrial centers." One of the early proponents of this legislation and, as director of the Subsistence Homesteads Division of the Interior Department, its first administrator was M. L. Wilson, a former Montana wheat farmer and Land Grant College economist. Wilson, as director of the subsistence homesteads program, advocated experiments with farm colonies, but he gave the principal emphasis to subsistence projects for industrial workers, including particularly stranded miners. The homestead movement, he said, was "laying the basis for a new civilization in America."

The legislative authorization for the subsistence homesteads program was allowed to expire in 1935 and the Resettlement Administration was then created by executive order. Financed from the Emergency Relief Act of 1935 and then from later relief acts, the Resettlement Administration had three main functions: to make loans and grants to needy farm people; to carry on erosion, flood control and land retirement projects; and "to administer approved projects involving resettlement of destitute or low income families from rural and urban area, including the establishment, maintenance and operation, in such connection, of communities in rural and suburban areas."

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The Resettlement Administration inherited 83 projects which had been initiated by Wilson's Division of Subsistence Homesteads and, in addition, 34 somewhat similar projects which had been set up by the Federal Emergency Relief Administration. By this time the projects had already run into serious trouble. It had become clear that communities would not attract industries, as Wilson had expected and as was necessary if the homesteaders were to have a cash income. One possible solution was to establish government-owned factories in these communities, but this was ruled out by Congress in 1934 on grounds that it would put the government into competition with private enterprise. Rexford G. Tugwell, the head of the Resettlement Administration, did not believe in the philosophy or economics of the back-to-the-land movement. He had the projects on his hands, however. The only hope of making them work, it seemed to him, was to enlarge their land base sufficiently to give the settler families an opportunity to produce farm products for sale as well as for use. For this purpose group operation of the land seemed to him to be a "sheer necessity"; it was for this reason, rather than because of any theoretical or ideological interest in cooperation or the cooperative movement, that the cooperative form of organization was adopted.

The Resettlement Administration, although its leaders did not favor attempts to move city people to the land, was also engaged in making projects. Resettlement projects were intended to provide opportunities in better land areas for farm families who would move from "submarginal" land that was purchased by the government for retirement from depleting uses. These projects were of two types. The "infiltration" type consisted of individual farms scattered through existing farm districts. The other type included group projects in which the farms, although individually operated, were contiguous and in which certain community services such as schools, neighborhoods, canneries and the like were provided as part of the project. At the end of its first year the Resettlement Administration had completed or planned 51 infiltration-type projects and 35 community-type projects. Five

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of these latter differed from the others; on these five all farming operations were to be carried on not by individual farmers but by cooperative associations. In its second annual report the Resettlement Administration indicated that it did not intend to move far in the direction of this communal farming; "greater emphasis," the report said, "has been laid upon the development of resettlement projects of the infiltration type or individual farm as opposed to rural communities."

In September 1937 the Farm Security Administration was created as the successor to the Resettlement Administration. FSA's main business was making operating and farm purchase loans to low-income farm families. (It loaned nearly a billion dollars to nearly a million families before it was merged into the Farmers Home Administration in 1946). The management of the projects created by its predecessor agencies and the completion of some projects planned by the Resettlement Administration were activities of secondary importance for FSA. By 1938 there was loud opposition to the project idea in the press and in Congress. It became clear, finally, that no new projects would be undertaken. By this time FSA was managing 195 projects, only eight of which it had itself developed. Ninety-seven percent of all the project units (the resources attributable to the support of a single family were counted as a unit) were operated on an individual, family-farm basis. In addition to projects which consisted mainly of individual farms, there were nine cooperatively-operated farms. Only four of the projects were given over solely to cooperative farming. The Casa Grande Valley Farms, Inc. was one of these four.

The sources upon which the author drew in the making of this book were mainly three. The chief source was the files of the Farm Security Administration at the project, in San Francisco and in Washington. These files contained the numerous versions of the project proposals and plans, the family selection records, minutes and financial reports of the cooperative farm association and of the community council and a great deal of correspondence

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between FSA officials at various levels, between officials and members of the association, and between officials and outsiders, including for example, members of Congress.

A second important source of information was notes made by Dr. Bernard Bell, a social scientist who visited the project for the Bureau of Agricultural Economics in 1941. Bell spent a month at Casa Grande. He interviewed thirty of the settlers and a number of project officials and townspeople of Coolidge and Florence, keeping notes which were almost verbatim records of the interviews. Because Bell did his work with skill and insight and because his visit to the project coincided with an acute crisis in the life of the community, these interview records have been drawn upon heavily, especially in Chapters 6, 7, 8, 9 and 10. Many of the quoted statements attributed to the settlers in these and other chapters are taken directly from these interviews. The author's interpretation of the material may have been considerably influenced by the questions Bell asked the settlers, by his understanding of their replies, and by his general impression of the project.

The third important source of information was the author's own direct observation of the project during two visits there in 1943, and numerous interviews he had with FSA officials whose association with the project was long and intimate. Several years experience as an Information Specialist for FSA gave the author the advantage of familiarity with the ways of bureaucracy in general and with FSA projects and FSA administrators in particular. Subsequent experience and analysis, including the writing of this book, have not changed the author's opinion that these administrators, taken as a group, are men of devotion and competence.

The names of the settlers (but not of any others) have been changed. Source materials for each chapter are cited in detail at the end of the book.

In addition to the acknowledgements made above, the author wishes to express appreciation to the following: in the Farm Security Administration (now the Farmers Home Administration),

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### CHAPTER

### ONE

## *Beginnings*

### THE GOVERNMENT PRO-

ject at Casa Grande would later be described as "a modern Brook Farm," "a little Soviet that washed the window-panes of life," "a peon camp," an experiment "without parallel in history," "a rather unusual farm," and "an experiment designed to interest private capital in large-scale farming." It would turn out to be in some sense most of these things, but none of them was intended when the Resettlement Administration set about optioning 3,600 acres of land in Pinal County, Arizona. The Resettlement Administration was in fact acting in a hallowed American tradition. Americans had always wanted land, and the government had always given it to them. The Preemption Act, the Homestead Act, the Desert Land Act, and the Reclamation Act were links in a chain that stretched back nearly a hundred years. And now, in the winter of 1935-36, the Resettlement Administration, an independent agency established by executive order and supplied with funds from a relief appropriation in 1935, was adding another link to the traditional land policy.

One might better say that it was repairing an old link. All of the old laws were intended to distribute land ownership widely among working farmers; all contained specific limits on the amount of land any one settler might claim, for Americans have always believed that to distribute the ownership of land widely among independent farmers is to guarantee the preservation of free institutions, and Americans have always hated and feared land monopolies. In Pinal County, as in many other places, the laws favoring the small, independent farmer had failed miserably.

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The Resettlement Administration, which proposed to buy 3,200 acres in the Casa Grande Valley between the towns of Coolidge and Florence some 65 miles southeast of Phoenix and to divide it into 80 separate farms of 40 acres each for sale to individual settlers, meant to do what the American land policy had been attempting for a century or more.

In the Casa Grande Valley the failure of the traditional land policy had been quick and complete. Most of the land there had been patented under the Homestead Act or purchased from the State (which got it from the Federal domain) only 20 or 30 years before. Both the Homestead Act and the Arizona land law limited the individual purchaser to not more than 160 acres. Moreover, two-thirds of the land taken up under these two laws was irrigated by a \$10,500,000 Federal reclamation project from which (if the reclamation laws had been enforced) a single owner could obtain only enough water to irrigate 160 acres. Yet despite these three laws—any one of which should have prevented land monopoly—two-thirds of the Valley was farmed in units of 480 acres or more, and one-twelfth of the farmers owned 41 per cent of the cultivated land. The laws had been passed to help the working farmer own his land, but here in the Casa Grande Valley three-fourths of the land was operated by tenants and nearly half of it was owned by people who lived outside the county—in Arizona, and in 19 other states, Hawaii, and Mexico as well. Pinal County offered an extreme example of a tenure pattern which had spread over much of the irrigated West; it was, therefore, a logical place to make a test of reform.

The Resettlement Administration dealt with only nine owners when it optioned a tract of 2,482 acres near the town of Coolidge. Only one of these owners—a widow—lived on her land. Two lived elsewhere in Pinal County, four lived elsewhere in Arizona, and two lived in California. All but one of the owners leased their lands to tenants, and some of the tenants were absentees themselves who operated the land through salaried managers. One of these non-resident tenants rented 13 other farms as well as his Casa Grande holdings.

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"At the time the options were taken, in the winter of 1935-36, only seven families were living on the entire 3,600 acres, although all of the land had been in cultivation," Dr. Walter F. Packard, who had been Regional Director and then chief of the Resettlement Division of the Resettlement Administration, later told a Congressional committee. "Four of the farms were wholly unoccupied during the cotton-picking season as many as 85 families lived in temporary camps on a single holding. During the balance of the year these seasonal laborers migrated elsewhere.

"Housing on the project was wretched. The foreman for one of the large tenant operators lived in a shack valued at \$300, while the labor on that farm lived under conditions of unbelievable squalor. Eight families occupied a shed, divided by chicken wire into compartments measuring 18 by 24 feet, with dirt floors. Other families lived in sheds made of old box wood and cardboard, tin cans flattened out, and a few boards and sheets of galvanized iron, gathered from various sources. . . . These hovels had no floors and were located next to the stables. One well and one privy were the only facilities of this camp, where over 100 people lived during the peak of the season.

"Five of the farms had no buildings at all. The laborers and sharecroppers either lived in town or in temporary camps. There was one fairly good seven-room house on the property, which 50 years ago was one of the finest houses in Arizona, but in 1935 it was in a dilapidated condition. This was occupied by a hired foreman of one of the larger farms. None of the houses on the project had electric lights. Only one had running water, a bathtub, and inside toilet. None had telephones."

Many causes had conspired to frustrate the American land policy in the Casa Grande Valley. One was Nature herself—it took a very large investment to level and irrigate this land. Machinery—the Diesel tractor especially—was another cause; what was a large farm for a man and two mules under the blazing Arizona sun was only a small patch for the skinless Diesel. A third and very important cause was the abundance of cheap labor which the big farmer could draw upon from day to day as

