



REPORTS AND ENQUIRIES

Regulation of Labour Conditions in Sugar Cultivation under the Agricultural Adjustment Act

by

William T. HAM

Principal Agricultural Economist, Agricultural Adjustment Administration

I.

To no group of employees in the United States have fewer benefits been extended by means of legislation or collective bargaining than the farm labourers. Excluded from the purview of most State labour laws, organised only in ephemeral local associations, they are able to do little to improve their status. It is, therefore, of interest that through an agency of the Federal Government an effort is being made in their behalf. Regulation of farm employments was not contemplated under the Agricultural Adjustment Act, approved on 12 May 1933.¹ When, however, the Jones-Costigan Act, signed on 9 May 1934, added sugar beet and sugar-cane to the list of "basic agricultural commodities", the Secretary of Agriculture was authorised to insert in all agreements entered into under it provisions designed to improve labour conditions. This constituted a decided innovation in the practice of the Department of Agriculture.

The circumstances which led to this action were as follows. During the hearings in August 1933, under the National Recovery Administration, on the subject of a Code for the Beet Sugar Industry, there was frequent reference to the distress of the labourers in the beet fields. No action affecting agricultural workers could, however, be taken by the National Recovery Administration. In accordance with a suggestion of the N.R.A. Administrator, the President authorised the appointment of a committee representative of the Departments of Labour

¹ The text of this Act is reproduced in : INTERNATIONAL LABOUR OFFICE : *National Recovery Measures in the United States* (Studies and Reports, Series B, No. 19 ; Geneva, 1933), pp. 23-50. For a general account of the agricultural situation in the United States and of the working of the Act, cf. *Social and Economic Reconstruction in the United States* (Studies and Reports, Series B, No. 20 ; Geneva, 1934), Chapter IX : "The Organisation of Agriculture".

and Agriculture and of the Federal Emergency Relief Administration "to take immediate steps to formulate, with representatives of the Beet Sugar Industry, the beet growers, labour, and the public, a plan for reorganisation of labour policies in the sugar beet fields." After a study of the situation, this Committee unanimously recommended that if sugar were made a basic commodity and benefits paid to farmers, the Secretary of Agriculture should be given power to fix minimum wages for sugar beet workers. The provision adopted by the Congress is as follows :

"In order more fully to effectuate the declared policy of this Act, as set forth in its declaration of policy, and to insure the equitable division between producers and/or growers and/or the processors of sugar beets or sugar-cane of any of the proceeds which may be derived from the growing, processing, and/or marketing of such sugar beets or sugar-cane, and the processing and/or marketing of the products and by-products thereof, all agreements authorised by this Act relating to sugar beets, sugar-cane, or the products thereof may contain provisions which will limit or regulate child labour, and will fix minimum wages for workers or growers employed by the producers and/or processors of sugar beets and/or sugar-cane who are parties to such agreements; and the Secretary, upon the request of any producer, or grower, or worker, or of any association of producers, or growers, or workers, or of any processor, of sugar beets or sugar-cane, is hereby authorised to adjudicate any dispute as to any of the terms under which sugar beets or sugar-cane are grown or are to be grown and/or marketed, and the sugar and by-products thereof are to be marketed. The decision and any determination of the Secretary shall be final."¹

In accordance with these terms, the following provisions, proposed by the Secretary of Agriculture and presented for discussion at hearings held in Michigan and Colorado in September 1934, were inserted in the Sugar Beet Production Adjustment Contract² :

"10. *Labour conditions.* To effectuate the policy of section 8 a (3) of the Act, as amended :

"(a) *Child labour.* The producer hereby agrees not to employ nor to suffer nor permit the employment by any other person, directly or indirectly, in the production, cultivation, and/or harvesting of sugar beets on this farm, any child under the age of 14 years, except a member of his own immediate family, whether for gain to such child or any other person; and he agrees not to so employ or permit such employment of a child between the ages of 14 and 16 years, inclusive, except a member of his immediate family for a longer period than eight hours each day.

"(b) *Fixing of minimum wages.* The Secretary shall have the authority (1) after due notice and opportunity for public hearing at a place accessible to producers and workers involved and (2) on the basis of a fair and equitable division among processors, producers, and workers of the proceeds derived from the growing and marketing of sugar beets, and the products thereof, to establish minimum wages for this factory district to be paid by producers to workers, and, where

¹ Section 8 a (3), Jones-Costigan Sugar Act, Public No. 213, 73rd Congress.

² Form Sugar 3, approved 16 October 1934.

necessary, the time and method of payment in connection with the production, cultivation, and/or harvesting of the 1935 and/or the 1936 crops of beets. The producer agrees to abide by the determination of the Secretary when such minimum wages and the time and method of payment have been established.

"To insure a fair and equitable division among processors, producers, and workers of the proceeds derived from the growing and marketing of the 1934 crop, the producer hereby agrees to pay promptly, or cause to be paid promptly, to the workers who work or have worked on this farm, all *bona-fide* claims for wages for said workers, arising in connection with the production, cultivation, and/or harvesting of the 1934 crop, and to provide to the Secretary, prior to the time of payment of the final 1934 crop payment under this contract, a certificate to the effect that such claims have been paid. The Secretary shall have the right, in his discretion, to refuse to make the final 1934 crop payment, due under this contract, to the producer, unless the producer shall submit additional evidence satisfactory to the Secretary that all of such wages have been paid.

"(c) *Adjudication of labour disputes.* The producer hereby agrees that he will abide by the decision of the Secretary with respect to any labour dispute involving the producer, in connection with the production, cultivation, and/or harvesting of sugar beets of the producer, when any such dispute has been presented to the Secretary by the producer or any other person and the Secretary has determined to adjudicate such dispute."

Labour provisions were included also in the sugar-cane production adjustment contracts for Louisiana, Puerto Rico, the Philippine Islands, Florida, and Hawaii, those for the last two areas permitting, in addition to the functions specified in the sugar beet contract, limitation of hours of work and extension of the scope of the provisions to the processing and marketing of cane.

II.

The sugar beet labourers whose conditions of employment gave occasion for the formulation of these labour provisions form a comparatively small part of the 2,732,972 farm wage workers reported by the 1930 census. According to an estimate of the United States Tariff Commission, in 1933 there were 159,394 hired labourers in the beet fields, of whom 13,671 were in California, 90,357 in the Mountain States, chiefly Colorado, and 54,929 in the Great Lakes region. Of the total, 110,354 were so-called "contract labourers"; 80,393 of these were males and 15,228 females over 16 years of age, while 14,743 were children.¹

The production of sugar beet requires more labour to the acre than is the case with most field crops in the United States, and of this more than two-thirds is performed by hand in (1) blocking and thinning, (2) several hoeings, and (3) pulling and topping.² Only 28 per

¹ Letters from John Lee COULTER to A. J. S. Weaver, dated 18 November and 19 December 1933. The imperfect character of these estimates is emphasised.

² UNITED STATES. DEPARTMENT OF AGRICULTURE: Bulletins Nos. 735, 760, 917, and 963.

cent. of the work is done by the farmers themselves, by their families, and by occasional wage hands, the rest being performed by the "contract labourers", working under an agreement with the grower which sets the terms of payment and the time and manner of doing the hand work on a specified number of acres.¹ The supply of these contract labourers has in the past usually been arranged for by the sugar companies, which, after enquiring as to the needs of the growers, sent agents to nearby States to find workers desiring jobs, and to arrange for their transportation to the areas where their services were in demand. Prior to 1920, the hiring of adult male labourers without families was common, but after that date it became customary for whole families of the beet labourers to be brought into the beet regions. Women and children made up a considerable part of the whole body of workers, their presence making it more likely that the men would remain during the entire season. Prior to 1915, a large part of the beet labour supply consisted of families of so-called "German-Russians" who, after 1875, emigrated in large numbers to the United States from the Volga district in Russia. With the failure of this source of immigration as a result of the war and of subsequent immigration restrictions, reliance was had upon Mexican and Spanish-American labourers, who, thenceforth, became the dominant element among the hand workers in sugar beet.

The acreage contracted by the individual labourer varies with the size of his family and the number of available hands. Ordinarily, it is said that a labourer of experience can handle 10 to 12 acres, an inexperienced man 9 acres, a woman 7 acres, and children in proportion.² In addition to wages, the labour contract usually specifies certain additional perquisites and services, varying with the locality, that are to be given free of charge to the labourer by the grower, such as a habitable house, a supply of water, tools, and transportation.

Data relating to wage rates are very scattered; some indication as to their course may be gathered from records relating to the major beet-producing State of Colorado. Prior to the entry of the United States into the World War in 1917, the rate per acre seems to have been in the neighbourhood of \$19 or \$20. Subsequently, the price rose until in 1920 it reached its all-time peak of from \$30 to \$35 per acre.³ In 1921 it fell to \$23.32, and in 1922 to \$19.61, but in 1923 it rose to \$22.45, giving a three-year average of \$21.97 for Colorado as compared with a similar average of \$23.02 for the United States as a whole.⁴ Thereafter, the data as to payment per acre are complicated by the introduction of the "bonus system" of paying a flat minimum rate per acre and a "bonus" for each ton above a certain yield per

¹ UNITED STATES. TARIFF COMMISSION: *Costs of Producing Sugar Beets*, Part X, p. 16. Washington, D.C., 1928.

² Paul S. TAYLOR: *Mexican Labour in the United States: Valley of the South Platte, Colorado*, p. 145. University of California Publications in Economics, Vol. VI, No. 2, 1929.

³ UNITED STATES. DEPARTMENT OF LABOUR, CHILDREN'S BUREAU: Publication No. 115 (1923): *Child Labour and the Work of Mothers in the Beet Fields of Colorado and Michigan*, pp. 61-62.

⁴ UNITED STATES. TARIFF COMMISSION: *op. cit.*, Part X, pp. 44-45.

acre. From 1924 to 1929, the flat rate seems to have averaged, in Colorado, about \$23.00 per acre; and the bonus to have been 50 cents a ton additional for every ton above 12 tons per acre. In 1930 wages rose somewhat; in 1931 they fell to an average of \$20.92 per acre.¹ Thereafter, they fell to still lower levels, reaching in 1933 an average rate per acre of \$12.37 for Colorado and of \$13.84 for the United States as a whole.² Rates as low as \$8.00 per acre were reported for Colorado.

What these rates of payment per acre meant in terms of yearly income from sugar beet is indicated by certain studies which have been made, none of them, unfortunately, of very recent date. In 1920, 33.8 per cent. of 331 families in Colorado from which data were secured received between \$800 and \$1,200 for the season's beet work and 29.6 per cent. received less than \$800. The median amount was \$1,025.50.³ This was the year when the rate per acre ranged from \$30 to \$35, the highest on record. In 1923 an investigation made in Nebraska showed that 297 families received annual incomes from beet labour averaging \$1,062.⁴ The year following, three studies were made in Colorado which showed average incomes per family from beet work of \$782.18.⁵ Prior to the depression, beet workers made a practice of adding to income received from beet by means of work on other crops or in industrial enterprises, such as the Colorado coal mines. During recent years, such opportunities have been rare.

It was the notable fall in wage levels which began with the crop season of 1931 that formed the basis for the wage provisions of the sugar beet production adjustment contract. By 1933 contract wages had fallen by from 40 to 45 per cent. from the 1930 levels. Prices of beet, in the meantime, had fallen from \$7.14 per ton in 1930 to \$5.13 in 1933 (United States average)⁶, a change which, while in itself considerable, does not altogether reflect the strength of the downward pressure upon wages, since it does not suggest the increased dependence of the grower upon the cash proceeds of the beet crop, due to the disappearance of practically every other source of agricultural income. Moreover, it does not indicate the influence of low beet yields owing

¹ IDEM: *Report to the President on Sugar*, pp. 182-183. Report No. 73, 2nd Series, 1934.

² W. Lewis ABBOTT: *Report for the Committee on Labour Conditions in the Growing of Sugar Beets*, pp. 3, 54. Washington, March 1934. (Mimeographed.)

³ UNITED STATES. DEPARTMENT OF LABOUR, CHILDREN'S BUREAU: Publication No. 115 (1923), p. 62.

⁴ NATIONAL CHILD LABOUR COMMITTEE: Publication No. 318 (1924): *Children Working in the Sugar Beet Fields of the North Platte Valley of Nebraska*, by Sara A. BROWN and Robie O. SARGENT, p. 44.

⁵ IDEM: Publication No. 327 (1925): *Children Working on Farms in Certain Sections of the Western Slope of Colorado*, by Charles E. GIBBONS and Howard M. BELL, p. 68; Publication No. 333 (1926): *Children Working in the Sugar Beet Fields of Certain Districts of the South Platte Valley, Colorado*, by Sara A. BROWN and others, p. 84; Publication No. 359 (1929): *Child Labour in Agriculture and Farm Life in the Arkansas Valley of Colorado*, by Bertram H. MAUTNER and others, p. 84. For a summary of Publication No. 333, cf. *International Labour Review*, Vol. XVI, No. 3, Sept. 1927, pp. 395-397: "Child Labour in the Colorado Beet Fields".

⁶ UNITED STATES. DEPARTMENT OF AGRICULTURE: *Yearbook*, 1935, p. 439.

to conditions of drought. Factors of price and yield, however, were not the only reasons for the drop in wages. One contributing factor was the cessation of effort on the part of some of the sugar companies to see to it that the rates of wages were such as to assure an adequate supply of labour.

The extent, though reduced, to which the income of the beet labourers was still due to the labour of children furnished the occasion for the child labour provision of the contract. For some years child labour in the beet-producing areas has been regarded, next to that of the cotton belt, as an outstanding example of child exploitation in agriculture. No complete estimates of the total number of children employed in raising beet are available. The Children's Bureau of the Department of Labour notes one estimate, for the year 1920, that about 6,800 children were at work in the beet fields of the State of Colorado.¹ According to tentative estimates of the Tariff Commission, in 1933, 9,541 boys and 5,292 girls under 16 years of age, members of contract workers' families, had worked in the beet fields of the United States.² The work required is declared by the Children's Bureau to be "probably the most exacting done by children anywhere, because of long hours, strained positions, intense heat, exposure to wet, and the speed required in certain operations".³ The most lasting ill effects of child labour in the fields come, however, not so much from physical hardship, as from loss of educational opportunities. Serious retardation of educational progress is characteristic.

Aside from the recent problem of relief and the more long-standing one of child labour, the features of beet production which have most frequently drawn attention have been the unsatisfactory living conditions of many contract beet workers, especially the Mexicans, and their social isolation. Families frequently dwell in rude shacks of wood, tar-paper, or tin, ill repaired, ill ventilated, and far from weatherproof. Overcrowding is characteristic, sanitation poor, and the water supply often inadequate and subject to contamination. In some areas in the Mountain States, the sugar companies have experimented with the building of small one- or two-room houses deemed suitable for beet labourers, but nowhere has this been carried very far. When erected as colonies at some distance from the rural towns, as is often the case, the beet workers' homes typify only too well the lack of association with community interests, which is ordinarily their lot.

III.

Although benefit payments, under the Sugar Beet Contract, were made on the 1934 crop, the labour provisions, save for the clause relating to unpaid wage claims, had to do with the conditions of pro-

¹ UNITED STATES. DEPARTMENT OF LABOUR, CHILDREN'S BUREAU: Publication No. 115 (1923), p. 2.

² Letter of John Lee COULTER already cited, dated 19 December 1923.

³ UNITED STATES. DEPARTMENT OF LABOUR, CHILDREN'S BUREAU: Publication No. 197 (1933): *Child Labour, Facts and Figures*, p. 31.

duction of the 1935 and subsequent crops of beets. This was due to the fact that at the time the Contract was approved, the 1934 crop had been delivered to the beet factories in California, and elsewhere was in process of being harvested.

The provision binding the contracting producer to pay all *bona-fide* wage claims arising out of work on the 1934 crop was adopted as the only practicable means of assisting the labourers in a difficult situation. Owing to a mistaken assumption that the Government would set wage rates for the 1934 season, many workers had neglected to sign contracts with their employers and thus were without means of enforcing their claims. Under these circumstances, the determination of what constituted a *bona-fide* wage claim was in many cases an affair of some difficulty. Instructions were given that all complaints were to be placed in the hands of the local control committees, made up of persons elected by the growers to assume responsibility for the local administration of the sugar programme. These committees secured settlements, in the great majority of cases. Those that remained were dealt with by an agent of the Agricultural Adjustment Administration. In all, some 1,424 cases were handled in this way.

The provision of the Contract giving the Secretary of Agriculture the right to establish minimum wages has been utilised upon only one occasion, albeit one which affected the major beet producing area of the United States. Having failed to induce the Secretary of Agriculture to establish a "fair wage" for beet work in the 1934 season, the labourers in the Mountain States area determined to force action in 1935. To this end they bombarded Washington with petitions. They endeavoured also to link together the scattered local associations of beet labourers; the Consolidated Beet Labourers Association claimed a membership of 35,000 in 43 local bodies in four States. The actual dues-paying membership was, however, inconsiderable. In March 1935, when it had become evident that the parties were unlikely to come to terms voluntarily, the Department of Agriculture held wage hearings in Colorado, Nebraska, and Montana. The labourers demanded a flat rate of \$23.00 per acre, save in Montana, where \$27.00 per acre was sought. The organised growers offered from \$12.00 to \$14.00 per acre in Southern Colorado, in Montana \$19.40 per acre. Elsewhere, no cash offers were forthcoming, save in the form so objectionable to the labourers of a 22½ per cent. share contract.

On 20 April 1935 the Secretary of Agriculture issued a "Determination *in re* Minimum Wage Rates for 1935 for Sugar Beet Workers in Eastern Colorado, Nebraska, Wyoming, and Montana", applicable to producers who had signed the Sugar Beet Production Adjustment Contract—which meant practically all the producers in the 28 factory districts affected. It set forth a scale of payment which, under conditions of normal yield, would give the labourers, for the season's work, a total of \$17.50 per acre in Southern Colorado, \$19.50 per acre in Northern Colorado and Nebraska, and \$21.50 per acre in Montana. Payment for harvesting was on a tonnage basis. The regional differences of payment were in accordance with differentials that had

been long established, and were commonly ascribed to such variations between regions as those in the sugar content of beet, the cost of importing labour, the cost of living, and opportunities for alternative employments. The sliding scale for harvest work was objectionable to the labourers; so also was the "hold-back" clause, permitting the grower to withhold from payment for bunching and thinning, until after the crop was harvested, one dollar per acre, as a guarantee of the faithful performance of the contract entered into by the labourer. On the other hand, the rates specified, while not equal to those demanded by the labourers' association, were considerably better than the rates paid in either 1934 or 1933.¹ A return, at one stroke, to rates paid in the years prior to 1930 seemed impracticable in view of the unfavourable condition of the labour market, crowded with labourers set free from their ordinary industrial employments. Moreover, to have enforced a higher minimum rate per acre, at the cost of loss of employment to the labourers because of unwillingness of growers to raise beet at those wage rates, could hardly have been regarded as an act friendly to the workers.

In addition to rates, the Determination also specified the time of payment for the various classes of work, with a view to eliminating the delay complained of by some labourers in previous years. It also required that, in addition to cash wages, the grower should provide the labourer, free of charge, with the perquisites customary in the district, such as a habitable house, suitable water, a garden plot, etc.

Upon the publication of this Determination, the question immediately arose as to the status thereunder of share labourer contracts, no mention of which was made therein. A supplementary statement on 4 May 1935 set forth that share contracts for beet labour might be entered into provided that the share cropper was guaranteed by the producer a total minimum income of not less than 90 per cent. of the amount which such share cropper would have received if employed on a cash basis under the rates specified in the Determination. It was required, in addition, that payments to the share cropper should be made at the times specified in the wage determination, save in the case of the payment for harvesting, which was to be made as and when the grower received his payment from the sugar company. Share croppers, of course, were to continue to receive their share of the benefit payments made to the grower by the A.A.A., as required by sections 24 and 25 of the Production Adjustment Contract. Under these provisions, the share labour contract declined greatly in popularity, since most of the features regarded with most favour by the growers—the lack of any flat minimum, the extended period over

¹ Maximum total rates per acre for all work, assuming normal yield, appear to have been as follows:

	1933	1934
Southern Colorado	\$12.00	\$15.00
Northern Colorado	\$13.50	\$18.00
Nebraska, Southern Wyoming	\$13.50	\$15.70
Montana, Northern Wyoming	\$15.00	\$19.20

which payments were made, etc.—and objected to most vigorously by the labourers, were removed.

The wage determination for the Mountain States area was the only one issued, since from the other beet or cane producing areas few or no requests for such action were received.

During the season of 1935, the first, as already mentioned, in which the labour provisions have been in effect, there have been no labour disputes in the sugar beet areas in connection with which it has been necessary for the Secretary of Agriculture to exercise his authority to adjudicate.¹ As to the provisions prohibiting child labour, reliance for enforcement has been placed upon the associations of producers and the local control committees, from which assurances have been received that every effort will be made to secure compliance. It should, perhaps, be noted that in so far as child workers in the beet fields are members of the family of a *bona-fide* producer—that is, one who has signed the contract as producer, or has supplied capital equipment and is actually in charge of farm operations—they remain unaffected by the terms of the Sugar Beet Production Adjustment Contract. It is the exploitation of the children of hired labourers that the contract is designed to prevent.

The labour provisions of the sugar production adjustment contracts will doubtless be extended to the 1936 season, provided that the contracts themselves remain in force. Their continuance, of course, is subject not only to the discretion of the Secretary of Agriculture and to assurance of co-operation on the part of producers of beet and cane, but also to a possible test of the constitutionality of the legislation under which the contracts have been formulated. At present, no movement is discernible to extend such provisions to labourers engaged in the production of other crops.

¹ In October 1934 a dispute over wages between growers and labourers at Scottsbluff, Nebraska, was made the subject of adjudication by the Secretary of Agriculture. This method of settlement, however, was undertaken by voluntary consent of both parties to the dispute, and was not carried on under the terms of the Sugar Beet Production Adjustment Contract, which, at the time of the disagreement, had not been placed in the hands of the growers. The Secretary of Agriculture declared, however, that the rates specified by him would constitute the minimum wages due under section 10 (b) of the Contract.