

## SHAPING THE PROGRESSIVE STATE: MINNESOTA FARMER–LABOR PARTY LAWMAKING IN THE 1930S

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### ABSTRACT

This article examines the legal and constitutional significance of Farmer-Labor Party governance in Minnesota during the 1930s, focusing on how state law was employed as an instrument of economic and social reform during the Great Depression. It argues that, despite the party’s radical rhetoric and socialist aspirations, its most enduring achievements lay in pragmatic legal innovation within existing constitutional frameworks rather than revolutionary transformation. Through analysis of progressive tax reform, mortgage relief legislation, labour law, and the promotion of co-operative enterprise, the article situates Minnesota’s experience within wider debates concerning state police powers, contractual freedom, and emergency governance. Particular attention is given to the Supreme Court’s decision in *Home Building & Loan Association v Blaisdell*, which validated Minnesota’s mortgage moratorium and reshaped Contract Clause jurisprudence. The article concludes that Farmer-Labor lawmaking anticipated key elements of New Deal constitutionalism and demonstrates the capacity of state governments to act as laboratories of legal and constitutional change in times of crisis.

**Keywords:** USA, Minnesota, Employment Law, Agriculture, History

### 1. Introduction

This article examines the legal and constitutional significance of Farmer-Labor governance in Minnesota during the 1930s, with particular emphasis on the ways in which law was deployed as an instrument of social and economic reform during the Great Depression. It argues that, despite the radical rhetoric often associated with the Farmer-Labor Party, its most enduring legacy lay not in revolutionary transformation, but in pragmatic legal innovation within existing constitutional frameworks. By analysing developments in taxation, mortgage relief, labour relations, and co-operative enterprise, the article situates Minnesota’s experience within broader debates concerning the scope of state police powers, the limits of contractual freedom, and the relationship between emergency conditions

and constitutional interpretation. In doing so, it demonstrates that Farmer-Labor lawmaking both anticipated and influenced key elements of New Deal jurisprudence, while also revealing the constraints imposed by legislative opposition, judicial scrutiny, and political realignment.

The left-wing Minnesota Farmer-Labor Party, which governed the State during the 1930s, is seen as the most notable and effective endeavour to establish a populist third-party movement in the United States of America.<sup>2158</sup>

John Fenton highlights that the Farmer-Labor platform was bluntly socialist. In the assertion of beliefs inserted into its constitution, it was declared that:

<sup>2158</sup> James Youngdale, *Populism: A Psychohistorical Perspective* (Kennikat Press 1975).

*“ . . . every person is entitled to an opportunity to earn a living, and should be secure in the enjoyment of fruits of his or her toils.’ To implement these rights, the following steps were advocated: (1) a union of ‘all persons in agriculture and other useful industry’ to promote the economic welfare of the wealth producers; (2) the abolition of private monopolistic privilege and its replacement by a system of public ownership to increase the total wealth of society and abolish unemployment.”*

The 1934 platform of the Farmer-Labor Party (FLP) most clearly articulated the party's socialistic aims and was, by a significant margin, the most radical platform of any major party in American political history. In State administration, however, the party was a reform-based organisation rather than a radical socialist entity.<sup>2159</sup>

In 1924, during his tenure as Hennepin county attorney, Floyd Bjornstjerne Olson had first campaigned for governor on the Farmer-Labor platform. However, he was defeated by Republican Theodore Christianson. In 1930, during his second gubernatorial race, Olson positioned himself along more moderate lines. Biographer George Mayer observed that his pragmatic problem-solving approach diminished conservative animosity. This enhanced his appeal. Olson and his faction triumphed in a three-candidate contest against a Republican and a Democrat. The Farmer-Labor Party would soon become the preeminent political entity in Minnesota.<sup>2160</sup> Upon Olson's ascension to the governorship in the early 1930s, he proclaimed "I am not a liberal, I am a radical." Countless discontented farmers and industrial labourers were resolute in their quest to rectify the injustices of nearly fifty years of

social inequity and exploitation.<sup>2161</sup> John Bosch, who was elected president of the Minnesota Farm Holiday Association went as far to declare that:

*“ The very foundations of government are trembling . . . our homes must be saved or there will be a revolution.”*<sup>2162</sup>

Olson was encircled by idealistic socialists, industrial trade unionists, and pragmatic 'co-operators,' who envisioned the establishment of a "co-operative commonwealth" as an alternative to unfettered capitalism.<sup>2163</sup>

During his tenure as Governor of Minnesota, Floyd B. Olson facilitated the enactment of various new laws that benefited both men and women throughout the state. The measures encompassed a progressive income tax, a social security program for seniors, equitable remuneration for women, the right to collective bargaining, unemployment insurance, and a minimum wage. He was, however, unable to enact legislation permitting state control of grain elevators, meatpacking facilities, public utilities, or iron mines. Olson's initiatives offered assistance to numerous residents during the peak of the Great Depression, even preceding several improvements implemented by U.S. President Franklin Roosevelt's New Deal.<sup>2164</sup>

Governor Olson also initiated a tripartite legislative agenda in early 1935. Initially, he advocated for a comprehensive "State New Deal," encompassing old-age pensions, an extension of the mortgage moratorium, a rural electrification effort, and the empowerment of the Rural Credit Bureau to take crop payments in lieu of currency. Secondly, Olson advocated for tax reform aimed at decreasing taxes on homesteads and agricultural properties, while

<sup>2159</sup> John Fenton, *Midwest Politics* (Holt, Rinehart and Winston 1966).

<sup>2160</sup> Eric Nathanson, 'Olson, Floyd B. (1891–1936)' (Minnesota Historical Society 17 October 2013) <<https://www.mnhs.org/mnopedia/search/index/person/olson-floyd-b-1891-1936>>.

<sup>2161</sup> Thomas E Blantz, *A Priest in Public Service: Francis J. Haas and the New Deal* (University of Notre Dame Press 1982).

<sup>2162</sup> Lowell K Dyson, *Red Harvest: The Communist Party and American Farmers* (University of Nebraska Press 1982).

<sup>2163</sup> Hyman Berman, 'Political Anti-Semitism in Minnesota during the Great Depression' [1976] *Jewish Social Studies*.

<sup>2164</sup> Paul Lubotina, 'The Minnesota Farmer-Labor Party: The Role of Third Parties in the Americanization of European Labor Radicals in the Great Lakes Region' (2016) 4 *Upper Country: Journal of the Lake Superior Region* <[https://commons.nmu.edu/cgi/viewcontent.cgi?article=1026&context=upper\\_country](https://commons.nmu.edu/cgi/viewcontent.cgi?article=1026&context=upper_country)>.

augmenting taxing on chain retailers, utilities, and substantial private enterprises. He advocated for enhanced dependence on the state income tax, proposing elevated rates for the top income groups through a graduated income tax system, with farm co-operatives exempt from these tax increases. Third, Olson suggested that a constitutional amendment be enacted to permit public ownership of significant entities, enabling the state to own and operate electricity production facilities, public utilities, packing plants, and other essential industries. Olson additionally suggested the establishment of a central state bank and indicated that iron mining could ultimately fall under state jurisdiction. Olson's suggestions represented his most aggressive initiative to date, yet, they were destined for failure due to the loss of control by the FLP of the State legislature.<sup>2165</sup>

## **2. Overview**

Floyd B. Olson was elected governor in 1930 on a Farmer-Labor platform that moderated the party's more extreme tendencies. Mayer said that in his inaugural address, the governor nearly extended an olive branch to all parties with his political discourse. Olson's moderate agenda encompassed an augmentation of highway development, reclassification of property taxes, and the implementation of a statewide pension statute for the elderly. By January 1933, circumstances in Minnesota and around the nation had significantly deteriorated. Unemployment was escalating, accompanied by an increase in farm mortgage foreclosures. According to certain estimates, almost 50 percent of employees on the Iron Range were either unemployed or engaged in employment for only a few days per month. In St. Paul, Mayor William Mahoney announced that his city faced economic and political challenges more severe than any before

encountered. These bleak circumstances served as the backdrop for Olson's second inaugural address on January 4, 1933. Abandoning the moderation of 1930, Olson adopted a comprehensive progressive and even radical program that his detractors on the right perceived as perilous and detrimental. Reinvigorated, Olson advocated for a comprehensive reorganisation of state government to transform it into a catalyst for social and economic reform. For example, Olson asserted that implementing change necessitated new revenue sources and asked the Legislature to institute a progressive income tax, which he claimed was more equitable than the existing unequal property tax structure.<sup>2166</sup>

## **3. Tax reform**

As Millard L. Gieske explained, numerous unemployed individuals and farmers lacked any earnings to cover their property taxes. Primarily driven by the Farmer-Labor Party, a further overhaul of the property tax framework was enacted as law. This involved launching the homestead property tax relief program in 1933,<sup>2167</sup> which reduced taxes for homeowners and farmers through a "homestead credit" where the state covered a portion of the bill. Additionally, a fresh tax category decreased the appraised values of homesteads, farm properties, and farming equipment, thereby cutting their tax burdens even more. From a political standpoint, members of the Farmer-Labor Party rejected the idea of a broad sales tax, partly due to its reputation as a "regressive" levy that burdened even those with minimal incomes (similar to how they paid for fuel and vehicle taxes), and partly because they favoured imposing taxes on the wealthy to shift resources toward lower-income groups. This narrowed options to the income tax as a substitute revenue stream to offset falling or diminished property taxes. While numerous

<sup>2165</sup> Philip Lloyd Darg, "The Farmer-Labor Party in Minnesota Politics: 1918-1948" (University of North Dakota 2015) <[https://commons.und.edu/cgi/viewcontent.cgi?params=/context/theses/article/2887/&path\\_info=Darg\\_und\\_0156D\\_10806.pdf](https://commons.und.edu/cgi/viewcontent.cgi?params=/context/theses/article/2887/&path_info=Darg_und_0156D_10806.pdf)> accessed 25 December 2025.

<sup>2166</sup> Eric Nathanson, "Gov. Olson, 80 Years Ago, Proposed Progressive Taxes and Unemployment Insurance" (MinnPost 10 January 2013) <<https://www.minnpost.com/minnesota-history/2013/01/gov-olson-80-years-ago-proposed-progressive-taxes-and-unemployment-insuran/>>.

<sup>2167</sup> Minnesota Legislature, Laws of Minnesota 1933 ch 132; ch 359 (property tax classification and homestead relief).

other states on the brink of financial collapse implemented sales taxes, Minnesota held off until 1967. These developments paved the way for the enactment of Minnesota's 1933 income tax legislation.<sup>2168</sup> Wisconsin had pioneered such a tax in 1911. In Minnesota, it was first suggested in 1891, debated in the legislature in 1910, and received more positive than negative votes from residents in 1920, and once more in 1932, yet it failed to achieve the required constitutional threshold based on the total number of participants in the autumn general elections. (Not casting a vote on a constitutional change effectively registers as opposition.) Despite this obstacle, the 1933 legislative body, leveraging the powers granted by the 1906 'Wide-Open' amendment,<sup>2169</sup> approved the inaugural statutory income tax law for the state. At the outset, Minnesota's income tax functioned as targeted policy aimed at burdening the affluent, or "soaking the rich." The 1933 and 1937 tax laws were directed solely at roughly the top five percent of adults, aligning ideologically with Farmer-Labor principles and making it politically appealing, and even widely favoured, among the majority of the electorate.<sup>2170</sup>

Writing in 1934, Henry Rottschaefer points out that the income tax statute of 1933 imposed two forms of taxation that were clearly distinct in their legal character. The tax imposed on corporations by section 2 was a privilege tax, measured for any given taxable year by the corporation's taxable net income for that year. In the case of a Minnesota corporation, the tax was levied on the privilege of existing as a corporation during any part of a taxable year. The state could not tax a foreign corporation on that privilege, as such a corporation did not derive it from the state. Instead, the tax imposed on a foreign corporation was based on the privilege, conferred by the state, of conducting local business within its borders during any part

of a taxable year. The tax was not imposed merely for the grant of that privilege. Section 4(a) expressly provided that liability for the tax imposed by section 2 arose on the first day of the taxable year in which the corporation exercised any of the privileges specified in section 2. This provision therefore implied that, for foreign corporations, the exercise of the privilege of transacting local business was a condition precedent to tax liability. Consequently, a foreign corporation that had qualified to conduct local business within the state, but whose activities during a particular taxable year consisted exclusively of interstate or foreign commerce, or both, was not taxable under section 2, even though the statute could have been drafted to tax the mere grant of the privilege to conduct local business without violating the federal Commerce Clause.

Rottschaefer also notes that Section 2 defined the nature of the tax imposed on corporate taxpayers conducting local business within Minnesota in all cases except those governed by section 8. The statute was approved and came into force on 21 April 1933. Section 9(a) required taxpayers to compute taxable net income on the basis of their annual accounting period, and section 7(b) provided that the first taxable year of a taxpayer using a fiscal year basis was the fiscal year ending during the calendar year 1933. It was therefore likely that some taxpayers had fiscal years, and thus first taxable years, that ended before the statute took effect. A tax imposed on the exercise of a privilege by legislation enacted after that privilege had been fully exercised could have been regarded as so arbitrary as to violate the Due Process Clause of both the state constitution and the Fourteenth Amendment to the United States Constitution. By contrast, the imposition of a tax directly on net income received or accrued from the beginning of a year, pursuant to a statute enacted during that year but after its commencement, had been held not to violate due process. The state constitution contained no provision expressly prohibiting retrospective legislation that was

<sup>2168</sup> Laws of Minnesota 1933, Chapter 405 - "An Act Imposing Income Taxes and Franchise or Privilege Taxes Measured by Income."

<sup>2169</sup> Minnesota Simplify Taxing Provisions, Amendment 1 (1906)

<sup>2170</sup> Millard L Gieske, Perspectives on Minnesota Government and Politics (Burgess Intl Group 1985).

neither ex post facto nor impaired contractual obligations. As a result, judicial decisions based on specific constitutional prohibitions against retrospective legislation - where such prohibitions prevented the taxation of income received or accrued before the effective date of an income tax law - were not applicable. The income tax statute demonstrated a clear intention to reach income received on or after 1 January 1933. Considerations of fairness required that, if constitutionally permissible, the same commencement date should apply to all taxpayers, irrespective of the happenstance of their accounting periods. To achieve this result for corporations taxable under section 2 whose accounting periods and first taxable years had already ended when the Act came into force, the legislature adopted the method of taxing them directly on their net income received or accrued between 1 January 1933 and the end of their first taxable year.<sup>2171</sup>

In 1933, the State of Minnesota implemented an income tax for people and corporations, twenty years subsequent to the adoption of the federal income tax. The identical progressive rate schedule was utilised for both taxes, segmented into \$1,000 increments, with the minimum rate set at 1% for the initial \$1,000 of taxable income and the maximum rate at 5% for taxable income exceeding \$10,000. Despite numerous modifications to the individual income tax over the decades, its fundamental structure remained mostly the same from 1933 to 1985. A federal income tax deduction was permitted from 1933 until 1985, after which it became optional, accompanied by a schedule of elevated tax rates applicable if the federal tax was deducted. Beginning in 1933, Minnesota permitted the exclusion of an employer's contributions to an employee's pension plan from the employee's federal gross income. In the same year, workers' compensation payouts, interest from Minnesota state and local bonds, as well as life insurance and annuity funds were

excluded. Additional exclusions for farmers and issues such as capital gains tax were also incorporated.<sup>2172</sup>

As the Depression reached its most severe stage, desperate farmers nationwide resorted to violence and intimidation to prevent the eviction of their peers. In Minnesota, the Farm Holiday Association obstructed foreclosure sales by mobilising large groups of supporters to attend sheriff's auctions and deter potential buyers from bidding on the foreclosed properties. Olson's audacious actions at the commencement of his second term would significantly enhance his reputation as an activist governor who utilised the authority of his office to address the economic and social devastation inflicted by the Great Depression in Minnesota. In February 1933, Olson promulgated an executive order suspending mortgage foreclosures within the state. The temporary suspension, set to continue for several months, aimed to provide relief for individuals confronting sheriffs' sales and to compel the Legislature to devise a more enduring strategy for addressing foreclosures. Recognising his precarious legal position, Olson asserted that he was not instituting a foreclosure moratorium, despite the resultant implications of his actions. The executive order pertained to both urban homesteads and agricultural land; however, the governor's statement emphasised the rural consequences of the widespread forced evictions occurring throughout the state. Subsequently, the Legislature would offer additional assistance to distressed farmers and homeowners by prolonging the mortgage redemption period until May 1, 1935.<sup>2173</sup>

It was during this period, from early 1933 to mid-1934, widespread foreclosures on urban and rural properties led twenty-seven states to enact mortgage moratorium laws aimed at

<sup>2171</sup> Henry Rottschaefer, "The Minnesota State Income Tax '(1934) 18 Minnesota Law Review <<https://scholarship.law.umn.edu/mlr/1475/>> accessed 25 December 2025.

<sup>2172</sup> State of Minnesota Tax Expenditure Budget '(Minnesota Department of Revenue Tax Research Division 1993) <<https://www.lrl.mn.gov/docs/pre2003/mandated/930302.pdf>> accessed 25 December 2025.

<sup>2173</sup> Eric Nathanson, 'In 1933, a Governor Moved Boldly to Halt Foreclosures' (MinnPost4 June 2008) <<https://www.minnpost.com/politics-policy/2008/06/1933-governor-moved-boldly-halt-foreclosures/>> accessed 25 December 2025.

helping homeowners keep their homes and stabilise the economy. Financial institutions strongly opposed these measures, claiming they breached the Constitution's Contract Clause, which prohibits states from passing laws that impair contractual obligations. These moratorium laws directly challenged the traditional view that contracts and private property rights should remain inviolable, even in times of economic crisis. Many state courts initially struck down such legislation. The tension between protecting contractual rights and preventing widespread economic hardship was ultimately settled by a landmark case, which upheld Minnesota's mortgage moratorium law.<sup>2174</sup>

#### **4. Case Law: Home Building and Loan Association v. Blaisdell (1934)**

*Home Building and Loan Association v. Blaisdell* (1934)<sup>2175</sup> was a closely divided 5–4 Supreme Court decision that upheld a Minnesota mortgage moratorium law passed during the Great Depression and highlighted deep disagreements on the Court about how to respond to the economic crisis. The case concerned Minnesota's 1933 Mortgage Moratorium Act,<sup>2176</sup> which allowed courts to temporarily delay foreclosures to protect struggling homeowners, particularly farmers. John and Mrs Blaisdell used the law to extend their mortgage redemption period, and Minnesota courts ruled in their favour. The lending association appealed, arguing the law violated the Constitution's Contract Clause and the Fourteenth Amendment. Chief Justice Charles Evans Hughes, writing for the majority, held that the Contract Clause was not absolute and that states could reasonably intervene to protect the public welfare during emergencies. He argued that while emergencies do not create new powers, they can justify the use of existing ones to balance private rights with broader economic stability. In dissent, Justice

George Sutherland insisted on a strict reading of the Contract Clause, warning that allowing states to alter contracts even in emergencies threatened constitutional limits and the sanctity of contracts. His view reflected the broader resistance of the Court's conservative justices to New Deal-era economic reforms.<sup>2177</sup>

As Valelly describes, Olson had signed the Minnesota Mortgage Moratorium Act on April 18, 1933, and the Minnesota attorney general, also elected as a Farmer-Laborite, subsequently engaged in the defence of the Minnesota Mortgage Moratorium Act when the U.S. Supreme Court agreed to hear an appeal originating from the Supreme Court of Minnesota, which had affirmed the act. The Minnesota attorney general significantly contributed to the case's presentation by elucidating the extent of economic hardship in Minnesota, the resulting distortion of mortgage contracts executed at various times, and the public interest in reinstating order and confidence in property rights. The U.S. Supreme Court was convinced to deviate from the longstanding history of rigorous interpretation of the contract clause. The Chief Justice authored an opinion for the Court that upheld the judgement of the Minnesota Supreme Court. The Court's ruling endorsed the several moratoria implemented nationwide. It is currently a fundamental foundation of governmental regulation. Indeed, its concept regarding what constitutes constitutional official conduct under a state's police power in emergency situations serves as a significant precedent, for better or for worse.<sup>2178</sup>

#### **5. Impact of the Minnesota Mortgage Moratorium**

As documented by the Center for the Study of Federalism, the U.S. Supreme Court ruling, which

<sup>2174</sup> John Fliter, *Fighting Foreclosure: The Blaisdell Case, the Contract Clause, and the Great Depression* (University Press of Kansas 2012).

<sup>2175</sup> *Home Building and Loan Association v. Blaisdell* [1934] 290 U.S. 398

<sup>2176</sup> Minnesota Mortgage Moratorium Act [1933] (also referred to as the Mortgage Moratorium Act)

<sup>2177</sup> Kermit Hall and James Ely (eds), *The Oxford Guide to United States Supreme Court Decisions* (2nd edn., Oxford University Press 2009) <<https://www.oxfordreference.com/display/10.1093/oi/authority.20110803095942753>>.

<sup>2178</sup> Richard M Valelly, 'Minnesota Farmer-Labor Party', *The Encyclopedia Of Third Parties In America* (2000) <<https://works.swarthmore.edu/cgi/viewcontent.cgi?article=1139&context=fac-poli-sci>>.

upheld the Minnesota Mortgage Moratorium Act 1933, was perceived as signalling the conclusion of the Contract Clause's role as a constraint on the governments' police power. Evans determined that during emergencies, governments may undertake actions that are prohibited in ordinary circumstances. This was one of those initiatives, and the Contract Clause of the Constitution was not violated since the mortgages remained payable.<sup>2179</sup>

In 1934, the U.S. Congress also passed the Frazier-Lemke Farm Bankruptcy Act.<sup>2180</sup> This legislation modified the existing Bankruptcy Act of 1898<sup>2181</sup> by postponing foreclosure on insolvent farmers for five years, during which they could either consent to repurchase the property at its prevailing appraised value over six years at a 1 percent interest rate, or retain possession as a paying tenant if the mortgagor declined to dispose of it.<sup>2182</sup>

In 1935, in the case of *Louisville Joint Stock Land Bank v. Radford*,<sup>2183</sup> the U.S. Supreme Court deemed the Frazier-Lemke Farm Bankruptcy Act of 1934 unconstitutional, which sought to establish this federal moratorium; but, in 1937, it sanctioned a revised version. The federal farm-credit agencies implemented the more effective strategy of refinancing mortgage debts, a program that aided lenders by offering necessary cash, while allowing debtors to avoid foreclosure. The federal government implemented analogous measures in urban mortgage finance.<sup>2184</sup>

In *Louisville Joint Stock Land Bank v. Radford* (1935), the U.S. Supreme Court unanimously held that the Frazier-Lemke Emergency Farm

Mortgage Act unconstitutionally took property from secured creditors in violation of the Fifth Amendment. The case arose when Radford, a Kentucky farmer who had defaulted during the Great Depression, sought relief under the Act, which allowed bankrupt farmers to stay foreclosures, retain possession of mortgaged farms, and ultimately purchase them at court-appraised values below the outstanding debt, without the mortgagee's consent. Writing for the Court, Justice Brandeis concluded that, although Congress has broad power under the Bankruptcy Clause, it may not destroy substantive property rights of mortgagees without just compensation, including the rights to retain a lien until full payment, to force a judicial sale, to control the timing of that sale, to protect their interests by bidding, and to control the property during default. By compelling lenders to surrender these core rights in existing mortgages, the Act effected an uncompensated taking, and could not be justified even by the urgent public interest in preventing farm foreclosures during the Depression.<sup>2185</sup>

However, in 1937, the Supreme Court unanimously upheld the constitutionality of the revised Frazier-Lemke Farm Bankruptcy Act (the Farm Mortgage Moratorium Act 1935<sup>2186</sup>) in *Wright v. Vinton Branch of the Mountain Trust Bank*,<sup>2187</sup> distinguishing it from the earlier statute invalidated in *Radford*. Writing again for the Court, Justice Brandeis held that Congress had successfully removed the features that previously effected an uncompensated taking by preserving key mortgagee rights and by conferring broad discretion on bankruptcy courts to supervise the farmer's possession, require reasonable rental payments, terminate the stay, and order a sale if creditor interests

<sup>2179</sup> Home Building and Loan v. Blaisdell (1934) '(Center for the Study of Federalism 2006) <<https://federalism.org/encyclopedia/no-topic/home-building-and-loan-v-blaisdell-1934>> accessed 26 December 2025.

<sup>2180</sup> Frazier-Lemke Farm Bankruptcy Act [1934]

<sup>2181</sup> Bankruptcy Act [1898] (existing federal law modified by the Frazier-Lemke Act)

<sup>2182</sup> Frazier-Lemke Farm Bankruptcy Act '(Dictionary of American History - Blackwell Reference Online 1997) <[https://web.archive.org/web/20111003184338/http://www.blackwellreference.com/public/tocnode?id=g9781577180999\\_chunk\\_g9781577180999\\_ss1-175](https://web.archive.org/web/20111003184338/http://www.blackwellreference.com/public/tocnode?id=g9781577180999_chunk_g9781577180999_ss1-175)> accessed 25 December 2025.

<sup>2183</sup> Louisville Joint Stock Land Bank v. Radford [1935] 295 U.S. 555

<sup>2184</sup> Mortgage Relief Legislation '(Dictionary of American History) <<https://www.encyclopedia.com/history/dictionaries-thesauruses-pictures-and-press-releases/mortgage-relief-legislation>> accessed 25 December 2025.

<sup>2185</sup> Bankruptcy Decisions of the US Supreme Court '(American College of Bankruptcy) 280 <<https://www.americancollegeofbankruptcy.com/file.cfm/19/docs/panel%202-bankruptcy%20decisions%20of%20the%20u.s.%20supreme%20court.pdf>> accessed 26 December 2025.

<sup>2186</sup> Farm Mortgage Moratorium Act [1935] (revised version of the Frazier-Lemke Farm Bankruptcy Act)

<sup>2187</sup> Wright v. Vinton Branch of the Mountain Trust Bank [1937] 300 U.S. 440

were threatened. The revised law allowed a bankrupt farmer to retain possession for up to three years under court control, with payments applied to taxes, upkeep, and creditor claims, and to redeem the property at its appraised value, but did not impose an absolute moratorium or permanently strip secured creditors of their remedies. Emphasising analogy to corporate reorganisation and the practical advantages of leaving farmers in possession during economic rehabilitation, the Court concluded that, when construed in light of congressional intent and administered with judicial oversight, the statute was a valid exercise of Congress's bankruptcy power and did not violate the Fifth Amendment, while cautioning that unconstitutional applications could still arise in individual cases.<sup>2188</sup>

## 6. Employment Policy & Law

During his first stint as governor, Olson enacted an executive order establishing a minimum wage of 45 cents per hour for all state employees, implemented a framework for unemployment insurance, and mandated equal pay for women. His perspectives at that time were deemed radical, and his adversaries labelled him a Communist. "I do not mind being called a 'red,'" Olson famously stated, adding that "I would prefer it to the term 'yellow.'" There would be subsequent changes at the federal level that would impact Minnesota. In 1937, President Franklin D. Roosevelt advocated for a federal minimum wage statute, and the following year he enacted the Fair Labor Standards Act (FLSA).<sup>2189</sup> The legislation prohibited child labour, established a minimum wage of 25 cents per hour, and capped the workweek at 44 hours.<sup>2190 2191</sup>

The magnitude and brutality of the February 1934 truckers' strike in the city of Minneapolis, Minnesota, together with labour conflicts in San Francisco, California, and Toledo, Ohio, compelled Congress to enact the National Labour Relations Act (NLRA) in 1935. The NLRA provided the national legislative framework for the recognition of unions and collective bargaining between employers and unions that persists today. The National Labour Relations Board was created to supervise union elections and enforce regulations against unfair labour practices by the employers or unions. However, agricultural workers, excluded from NLRB safeguards, had been susceptible to exploitation. Minnesota enacted policies, legislation and executive orders which ultimately led to a minimum wage, overtime agreements, and additional protections to farm labourers.<sup>2192 2193</sup>

During the summer of 1935, a major round of strikes disrupted Minneapolis again. In mid-July, a union branch orchestrated a strike at the Flour City Ornamental Iron Works, supported by secondary boycotts and sympathy strikes from another branch. Ironically, it was the socialist Thomas Latimer, a labour attorney and the newly elected Farmer-Labor mayor of Minneapolis, who utilised police forces against the strikers. Latimer had been uncomfortable with the militant approach of some union organisers in the city. He later announced that police would only be deployed against strikers not affiliated to AFL unions. Latimer also announced the establishment of a local Employer-Employee Board to augment the federal labour bureaucracy. The board, consisting of representatives from trade unions and employers selected by the mayor, was empowered to adjudicate industrial disputes

<sup>2188</sup> New Farm Mortgage Law Upheld 'The New York Times (30 March 1937) <<https://www.nytimes.com/1937/03/30/archives/new-farm-mortgage-law-upheld-revision-saves-frazierlemke-act.html>> accessed 26 December 2025.

<sup>2189</sup> Fair Labor Standards Act (FLSA) [1938]

<sup>2190</sup> Briana Bierschbach, 'Minnesota's Troubled Past with the Minimum Wage: From Leader to Outlier' (MinnPost6 February 2014) <<https://www.minnpost.com/politics-policy/2014/02/minnesota-s-troubled-past-minimum-wage-leader-outlier/>>.

<sup>2191</sup> C. Snowden Stieber, 'Minimum Wage Laws: A Brief History and Overview' (2018) <[https://citizensleague.org/wp-](https://citizensleague.org/wp-content/uploads/2018/06/Min-Wage-background-presentation.pdf)

[content/uploads/2018/06/Min-Wage-background-presentation.pdf](https://citizensleague.org/wp-content/uploads/2018/06/Min-Wage-background-presentation.pdf)> accessed 25 December 2025.

<sup>2192</sup> Randy Croce, 'The History of Labor Organizing in Minnesota' (MinnPost5 September 2023) <<https://www.minnpost.com/mnopedia/2023/09/the-history-of-labor-organizing-in-minnesota/>>.

<sup>2193</sup> Ehsan Alam, 'Minneapolis Teamsters' Strike, 1934' (Minnesota Historical Society2 July 2015) <<https://www.mnhs.org/mnopedia/search/index/event/minneapolis-teamsters-strike-1934>>.

and deem any work stoppage illegal. Faced with pressure from the labour movement and the Minneapolis FLP establishment, Latimer endeavoured to negotiate a peaceful resolution to the strike wave. The mayor ordered the closure of the Flour City plant through the Employer-Employee Board. Flour City management was compelled to acknowledge the union and acquiesced to requests for wage augmentations and overtime compensation, therefore concluding a nearly three-month-long strike.<sup>2194</sup>

In 1939, the Minnesota State Legislature enacted the Minnesota Labor Relations Act (MLRA),<sup>2195</sup> modelled after the National Labor Relations Act (NLRA).<sup>2196</sup> It encompassed employees at small, private sector firms excluded from federal legislation.<sup>2197</sup> It was established as a method for amicably resolving conflicts arising from the expanding size and influence of Minnesota's labour movement. The Act acknowledged that a robust economy is supported by a positive labour-management relationship. The legislature established the Division of Conciliation to implement the Act, which served as the predecessor of the State's current Bureau of Mediation Services. The Division was tasked with four functions: conciliation/mediation, arbitration, determination of bargaining units, and certification elections for bargaining units.<sup>2198</sup> However, it ought to be important to note that neither the Minnesota Labor Relations Act nor the National Labor Relations Act pertained to public employment.<sup>2199</sup>

The Minnesota Labor Relations Act (MLRA), codified in sections 179.01 to 179.17 of the Minnesota Statutes, governs relations between private-sector employers and employees. It addresses several key areas, including employees' rights to organise, the establishment of bargaining units and the selection of exclusive representatives, the negotiation of collective agreements, and the regulation of strikes and lockouts. The Act also identifies certain employer and employee actions as unfair labour practices, violations of which may give rise to legal consequences. The MLRA applies broadly to employers and employees within Minnesota, though some are specifically excluded. An employer is defined as any person who employs others or acts on behalf of an employer. Exceptions include the state, its subdivisions, individuals covered by the Federal Railway Labor Act,<sup>2200</sup> and employees such as agricultural labourers, domestic workers in private homes, or those employed by a parent or spouse. Under the MLRA, employees have the right to form or join labour organisations to engage in collective bargaining. They may participate in union activities or assist co-workers, provided these actions comply with Minnesota law. Employees also have the right to refrain from joining or supporting unions, and any agreement requiring them to join, or not join, a union is unenforceable.

The law protects this right by making it a criminal offence for employers to interfere with union membership. It is prohibited for employers to pressure employees into signing agreements to avoid union membership, to collude with other employers to prevent hiring or cause dismissal, or to maintain blacklists of former employees. Additionally, it is an unfair practice for employers to discriminate against employees based on union membership or activity. Similarly, employees and labour organisations may not coerce individuals into joining or leaving a union through threats or

<sup>2194</sup> Kristoffer Smemo, 'The Politics of Labor Militancy in Minneapolis, 1934-1938' (2011)

<<https://scholarworks.umass.edu/server/api/core/bitstreams/cc9f7a01-ea6d-43af-ab42-e81f541d856b/content>>.

<sup>2195</sup> Minnesota Labor Relations Act (MLRA) [1939]

<sup>2196</sup> National Labor Relations Act (NLRA) [1935]

<sup>2197</sup> Barb Kucera, 'Chronology of Minnesota Workers and Their Organizations' (University of Minnesota 2019)

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<sup>2198</sup> Bureau of Mediation Services - About Us' (Minnesota.gov) <<https://mn.gov/bms/about/>>.

<sup>2199</sup> Editorial Board, 'Collective Bargaining Agreements and the Minnesota Public Employer' [1960] Minnesota Law Review <<https://scholarship.law.umn.edu/cgi/viewcontent.cgi?article=3767&context=mlr>>.

<sup>2200</sup> Federal Railway Labor Act

interference with persons, families, or property. The MLRA also bars certain employer practices that undermine employee rights and unions' effectiveness. Employers may not spy on employees or their representatives, terminate or discriminate against employees for raising labour-standard concerns, blacklist union members to limit employment opportunities, or hire workers at rates below those mandated by existing union contracts for comparable work. Negotiations over pay, hours, and other employment terms must be conducted in good faith. Bargaining is triggered when an exclusive representative submits written notice demanding negotiation or renegotiation of a collective agreement, or when an employer notifies of intended changes. Both parties are required to engage seriously in resolving the issues raised in such notices. If an agreement is not reached within ten days of notice, either party may petition the Commissioner of Mediation Services to assume jurisdiction over the dispute. The commissioner may facilitate negotiations or draft a settlement agreement. Strikes or lockouts cannot occur until at least ten days after a petition has been filed, and any action must be initiated within 90 days of that filing. Once a collective bargaining agreement is in effect, violating its terms is unlawful for any employer, employee, or labour organisation. During its term, the employer is not required to negotiate with any other union regarding the employees covered by that agreement.<sup>2201</sup>

As discussed in a feature article by the 'Minnesota Law Review,' it was hoped that the Minnesota Labor Relations Act would achieve the objectives identified by the governor, marking a new legal approach to stabilising labour relations and promoting industrial peace that might serve as a national model. It asserted that the extent to which the Act fulfilled these aims depended largely on how its provisions were interpreted and applied in the

future. The article also noted, however, that the Act contained multiple components designed to curtail more hardline union activity. For example, the Act contained several provisions regulating labour picketing. Section 11(d) made it unfair to picket a place of employment during a strike unless a majority of the pickets were employees of that workplace. This provision appeared to be directed at preventing the use of so-called "foreign" pickets who lacked a direct interest in the dispute. Unlike similar measures invalidated in other jurisdictions, it neither prohibited picketing by a minority of employees nor excluded non-employees altogether, but merely required that employees constitute the majority of any picketing group. Although judicial interpretation remained outstanding, the provision appeared to be a reasonable exercise of the state's police power and was closely aligned with the objective of promoting peaceful labour relations. Section 11(e) further regulated picketing by declaring it unfair for more than one person to picket a single entrance to a workplace where no strike was in progress. This provision implied that picketing was permissible even in the absence of a strike, subject to reasonable regulation. Legislative history reinforced this interpretation, as proposals to prohibit all such picketing were expressly rejected. The provision therefore regulated, rather than prohibited, picketing and was unlikely to be regarded as unreasonable. Section 13 made it unlawful to interfere with the free use of public roads or to obstruct access to places of employment. Although broadly framed, the provision was more plausibly construed as prohibiting only unreasonable interference with public movement rather than all picketing conducted on public ways. This narrower construction was consistent with other provisions of the Act and with the legislative intent to protect the movement of agricultural products. So interpreted, section 13 appeared to fall within constitutional limits.

The Act also drew a distinction between conduct described as "unfair" and that expressly declared "unlawful". Certain unfair

<sup>2201</sup> Anita Neumann, "The Relationship between Federal and State Labor Relations Law" (2008) <<https://www.house.mn.gov/hrd/pubs/prvlabor.pdf>> accessed 25 December 2025.

practices by employees and employers were designated as unlawful, as were violations of notice requirements, waiting-period provisions, and section 13. The legislative history suggested that the use of the term “unlawful” was intended to carry criminal consequences, and breaches of the specified provisions were therefore likely to constitute misdemeanours under Minnesota law. The designation of particular conduct as unlawful also raised the possibility of liability under statutes governing unlawful assembly and riot where the requisite elements were present. Moreover, there was substantial authority for the proposition that breach of a criminal statute enacted for the protection of a defined class could give rise to civil liability. As the Act was designed to protect both employers and employees, violations of its unlawful provisions were likely to expose offenders to civil claims for resulting harm. Sections 6 and 7 imposed temporary delays on strikes and lockouts in order to facilitate the peaceful resolution of labour disputes. Although innovative in the context of state labour legislation, similar approaches existed in other jurisdictions. These provisions required the parties to attempt conciliation or arbitration in good faith but did not compel agreement, leaving them free to strike or lock out once the prescribed period had expired. They therefore appeared to constitute reasonable regulation rather than prohibition of industrial action. Where a dispute affected the public interest, section 7 permitted further delay and investigation by a commission appointed by the governor. Public interest was defined by reference to the essential nature of the service and the potential impact of a work stoppage on public safety, health, or wellbeing, with official guidance emphasising that the decisive consideration was the effect on the public rather than the number of workers involved. Although section 10(a) recognised a right to refrain from collective activity, other provisions of the Act supported the validity of closed shop agreements. Section 12(c) exempted voluntary collective bargaining agreements from

restrictions on discriminatory practices, while section 16(a) made representatives chosen by the majority the exclusive bargaining agents for all employees in the unit. Read together, these provisions indicated that closed shop agreements were permissible and binding on minority employees, an interpretation reinforced by official statements that the right to refrain from collective activity was collective rather than individual.

Finally, section 15 denied the benefits of the Act to any party who violated its provisions, reflecting the equitable principle that relief was unavailable to those with unclean hands. While such violations did not negate the criminal character of unlawful acts, they could preclude civil recovery or procedural advantages, such as notice or injunctive relief, until the offending party had made genuine efforts to resolve the dispute by peaceful means.<sup>2202</sup>

### **7. Public Ownership and Co-operative Law**

The Farmer-Labor Party formulated a political ideology that was more progressive than both the New Deal of the 1930s and the Democratic Party of the early 2000s. FLP activists advocated for a more equitable distribution of wealth through an economy centred on small enterprises, co-operatives, and public ownership.<sup>2203</sup> The Co-operative Commonwealth platform, established in St. Paul on March 29, 1934, represented the pinnacle of this extensive civic movement. It was and continues to be a revolutionary manifesto, addressing the fundamental issues it recognised. Proclaiming that “capitalism has failed,” it advocated for prompt measures to establish a restructured society where natural resources and essential industries are publicly owned and managed democratically for the

<sup>2202</sup> Editorial Board, ‘History and Provisions of the Minnesota Labor Relations Act’ [1939] Minnesota Law Review <[https://nationalaglawcenter.org/wp-content/uploads/assets/bibarticles/editorial\\_minnesota.pdf](https://nationalaglawcenter.org/wp-content/uploads/assets/bibarticles/editorial_minnesota.pdf)> accessed 25 December 2025.

<sup>2203</sup> Tom O’Connell, ‘Minnesota Farmer-Labor Party, 1924–1944’ (Minnesota Historical Society 8 July 2016) <<https://www.mnhs.org/mnopedia/search/index/minnesota-farmer-labor-party-1924-1944>>.

benefit of all. The provisions encompassed land security for farmers, minimum hours and wages, state ownership of extractive industries, utilities, transportation, and banking entities not operated on 'bona fide' co-operative principles, government-administered health, life, social, and disaster insurance, and initiatives guaranteeing comprehensive educational opportunities for all. Numerous co-operative ly managed enterprises, credit unions, childcare facilities, museums, theatres, recreational centres, and various other initiatives that flourished throughout the state.<sup>2204</sup>

In April 1934, the 'New York Times' reported that Olson was the one who raised the radical threshold, facilitating the acceptance of the concepts of State socialism outlined in the program.<sup>2205</sup>

On May 11, 1935, President Franklin D. Roosevelt enacted Executive Order 7037<sup>2206</sup> to establish the Rural Electrification Administration (REA), a public assistance initiative of the New Deal. The initiative allocated \$1 million for federal financing to provide electric supply to remote regions. It transformed life in rural Minnesota and elsewhere. On September 13, 1935, the Meeker Co-operative Light and Power Association (MCLPA) was established as the inaugural REA co-operative in Minnesota. Almost seven hundred farmers registered at five dollars per share within twenty-seven days of incorporation. In the subsequent February, the co-operative obtained a loan of \$450,000, and by November 28 of that year, it activated the inaugural REA lines in the state. Inspired by an electric farm initiative in the eastern United States, the MCLPA established a demonstration farm on Charles Ness's property. Manufacturers

of appliances and agricultural equipment provided sixty-seven units to disseminate the advantages of electricity among local farmers. On June 12, 1937, the Ness family welcomed 2,000 guests for the farm's grand opening. In a span of two years, over 34,000 individuals visited the farm from both the United States and other locations. The Douglas County Co-operative Light and Power Association, subsequently known as the Runestone Electric Association, was established in November 1935 as an early Minnesota REA co-operative . Farmers contributed \$2.50 per share for membership. On July 1, 1936, the co-operative obtained a \$50,000 REA loan at an interest rate of 2 percent to construct fifty-six miles of electricity lines. Electricity was supplied to the initial forty-five farms, including Senator Shipstead's cottage, in September 1937. The program's initial success led Congress to enact the Rural Electrification Act on May 20, 1936.<sup>2207</sup> This action established the REA as a permanent agency. Three years later, the REA was incorporated into the Department of Agriculture. Rural electrification has significantly influenced Minnesota's agricultural economy and the quality of life in rural areas. Electricity has numerous applications on farms that enhance production, augment farm income, and stimulate the local economy. Electric motors powered milking machines, facilitating farmers in managing larger herds and enhancing milk production. Motorised pumps facilitated irrigation, hence enhancing agriculture yields and promoting crop diversification. Electric illumination enhanced chicken farms by markedly augmenting egg production. Enhanced lighting on the farm contributed to the reduction of accidents.<sup>2208</sup>

Despite the federal government's establishment of the REA, electricity companies remained hesitant to provide service to rural Minnesotans.

<sup>2204</sup> Trygve Throntveit, 'Minnesota Showed in the '30s That Radical Change Can Be Cross-Partisan and Systemic Reform Can Be Citizen-Led ' (MinnPost29 March 2019) <<https://www.minnpost.com/community-voices/2019/03/minnesota-showed-in-the-30s-that-radical-change-can-be-cross-partisan-and-systemic-reform-can-be-citizen-led/>> accessed 25 December 2025.

<sup>2205</sup> Herbert Lefkowitz, 'Farmer-Laborites Now Openly "Red "'New York Times (8 April 1934) <<https://www.nytimes.com/1934/04/08/archives/farmerlaborites-now-openly-red-dominant-party-in-minnesota-wants.html>>.

<sup>2206</sup> Executive Order 7037 [1935] (establishing the Rural Electrification Administration)

<sup>2207</sup> Rural Electrification Act [1936]

<sup>2208</sup> Linda A Cameron, 'Power to the Farmer: Minnesota and the Rural Electrification Administration ' (MinnPost27 February 2017) <<https://www.minnpost.com/mnopedia/2017/02/power-farmer-minnesota-and-rural-electrification-administration/>> accessed 25 December 2025.

To surmount this challenge, Minnesota agricultural communities circumvented them and initiated the formation of these co-operatives to obtain REA funds and manage the electrification process. By 1940, primarily due to REA-funded co-operatives, 30% of farms in Minnesota had access to central-station electricity.<sup>2209</sup>

In an address to parliamentarians at the State Capitol, President Franklin D. Roosevelt commended co-operatives and the positive impact of New Deal initiatives such as the Agricultural Adjustment Act,<sup>2210</sup> rural electricity (REA), reciprocal (flexible tariffs) trade policy, as well as political cordiality between the Democrats and the Farmer-Labor Party.<sup>2211</sup>

So great was the growth of the co-operative economic model, that, in 1951, the Minnesota Legislature adopted a joint resolution (No. 11 – H, F. No. 655) memorialising the President of the United States, the Secretary of the Treasury, and the Congress to oppose any measures that would alter the tax status of co-operatives. The resolution stated that business enterprises consisted of several forms of organisation, including proprietorships, partnerships, corporations, and co-operatives, all of which had contributed significantly to economic activity within the state. It emphasised that the *largest volume of co-operative business in the USA had been conducted in Minnesota*, and that the people of the state, particularly those in rural areas, had greatly benefited from co-operative enterprises through the many services they provided. The resolution further noted that the tax position of co-operatives had been thoroughly investigated by the United States Congress over a long period of time, and that these investigations had shown that co-operatives operating in accordance with the principles and regulations under which they

had been organised were appropriately treated under existing law. It warned that any alteration of the present tax status of co-operatives would have seriously hampered and restricted the services performed by farmers 'co-operatives within Minnesota. Accordingly, the Legislature resolved to request that the President and the Congress of the United States oppose any measures intended to change the tax status of co-operatives. It further directed the Minnesota Secretary of State to transmit copies of the resolution to the President of the United States, the Secretary of the Treasury, the President of the Senate, the Speaker of the House of Representatives, and each member of Congress representing the State of Minnesota.<sup>2212</sup>

## **8. Conclusion**

Though the party had made considerable breakthroughs, the effectiveness of the Farmer-Labor Party in Minnesota from 1931 to 1939 was significantly diminished by its inability to dominate the state legislature, regardless of its accomplishments during that period. Except for 1933 and 1937, when the Liberal caucus appointed the speaker of the House of Representatives and organised that body, the Farmer-Labor party lacked a majority in both houses of the legislature. The party held little authority over either the House or the Senate between the sessions of 1931 and 1935, and possessed control of only the House in 1933 and 1937.<sup>2213</sup>

In 1944, the Democratic-Farmer-Labor Party's gubernatorial candidate, Barney Allen, traversed Minnesota, galvanising citizens to vote with assertions such as: "Third parties are essential and necessary whenever the two major parties, at times, offer too little divergence in programs and advocacy..." and "The two-party system is preferable, and a

<sup>2209</sup> Minnesota Libraries Publishing Project, 'Minnesota's Greatest Generation during the Great Depression, 1929-1941' (mlpp.pressbooks.pub) <<https://mlpp.pressbooks.pub/mnhist/chapter/minnesotas-greatest-generation-depression-war-and-boom/>>.

<sup>2210</sup> Agricultural Adjustment Act

<sup>2211</sup> Millard L Gieske, *Minnesota Farmer-Laborism: The Third-Party Alternative* (University of Minnesota Press 1979).

<sup>2212</sup> Session Laws of Minnesota for 1951 '(1951) <<https://www.revisor.mn.gov/laws/1951/0/Session+Law/Resolution/11/pdf/>>.

<sup>2213</sup> Arthur Naftalin, 'The Failure of the Farmer-Labor Party to Capture Control of the Minnesota Legislature '(1944) 38 *The American Political Science Review* 71 <<https://www.jstor.org/stable/1949424>>.

multiple party system is to be avoided.” These views starkly contrasted with the impassioned orations of Olson, who vehemently criticised the affluent and condemned capitalism. The speech, authored by political science student and junior adviser Arthur Naftalin, illustrates what historians see as a significant transformation in electoral political mentality from grassroots, movement-driven politics in the 1930s to the post-war centralised, bureaucratic political style. The speech is notably intriguing and affecting as it represents an attempt by intellectual liberals to elucidate to Minnesota residents how the two-party system, supported by an attentive federal government, might effectively achieve the objectives of the former Farmer–Labor Party.<sup>2214</sup>

In legal terms, the Farmer–Labor experiment in Minnesota illustrates the capacity of state governments to act as laboratories of constitutional change during periods of crisis. Measures such as the income tax reforms, mortgage moratoria, and labour legislation tested the elasticity of doctrines surrounding property, contract, and economic liberty, and in several instances reshaped them. While the party ultimately failed to entrench long-term political dominance, its legislative programme left a durable imprint on Minnesota law and contributed to a broader recalibration of constitutional understandings at both state and federal levels. The Farmer–Labor experience therefore occupies an important place in American legal history: not as an unrealised socialist make-over, but as a demonstration of how radical objectives could be partially realised through cautious, legally grounded reform within a democratic constitutional order.

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