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TARIFF POLICY, 1934-1940.

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ECONOMIC NATIONALISM OR INTERNATIONALISM:  
UPPER MIDWESTERN RESPONSE TO NEW DEAL  
TARIFF POLICY, 1934-1940

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ECONOMIC NATIONALISM OR INTERNATIONALISM:

UPPER MIDWESTERN RESPONSE TO NEW DEAL

TARIFF POLICY, 1934-1940

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## PREFACE

In the years between 1890 and 1930 congressmen and senators representing various interests groups had fought bitter battles over the McKinley, Wilson-Gorman, Payne-Aldrich, Simmons-Underwood, Fordney-McCumber, and the Smoot-Hawley tariff bills. The years immediately after the passage of the Smoot-Hawley act witnessed a continuing concern by many people over the tariff; however, the Great Depression with its unemployment, business failures, low farm prices and bank closings forced the issue into the background. Yet, despite the overriding importance of such domestic problems, the tariff question did receive serious consideration. Those who related the depression to previous tariff policies called for a different approach to tariff policy which, they believed, would stimulate international trade and help to restore prosperity both at home and abroad. Their idea was to inaugurate a broad program of reciprocal trade agreements.

During the initial days of his administration, President Franklin D. Roosevelt turned his back on the international depression in order to concentrate on restoring America's prosperity. However, as time passed he became

convinced that complete recovery by the United States was unlikely in the face of prolonged world-wide depression. As the year 1934 unfolded, the President decided to seek a "middle way" between extreme economic nationalism on one hand and internationalism on the other.

The current conduct of international trade threatened to obstruct any solution to the world economic crisis. Since the late 1920's world trade and, even more so, United States trade had experienced a serious drop. The adoption of nationalistic economic policies by a number of nations played a significant role in this collapse. Ever-increasing tariff walls, import quotas, monetary controls, sanitary restrictions, and myriad other practices impeded the flow of world trade. During the period 1929 to 1933 world exports decreased 64.6 percent while those of the United States fell 75.2 percent. The American export industries, including agriculture, quickly felt the effects of disappearing world markets. Consequently, the Roosevelt administration sought to enhance the revival of international trade in order to stimulate recovery of the American export industries in particular and the entire economy in general.

With this thought in mind, in March 1934, President Roosevelt proposed a major change in United States tariff policy--a change designed to attack the economic nationalism which he believed was currently stifling the flow of international commerce. The Reciprocal Trade Agreements

Act sought to lower trade barriers by giving the President authority to conclude trade treaties with other nations without congressional approval. Roosevelt's proposal sparked a great deal of interest in the six upper mid-western agricultural states of North Dakota, South Dakota, Minnesota, Nebraska, Iowa and Kansas. By 1934 many farm spokesmen in the Upper Midwest had become convinced that the previous tariff policies had done little to further the interests of agriculture. The trade agreements program seemed to offer a method to reopen foreign markets which they considered essential to agricultural prosperity.

While many farmers and their spokesmen in the Upper Midwest initially saw great potential in the reciprocity program, not all midwesterners shared their enthusiasm. By 1938 the New Deal tariff program had become, as the American Farm Bureau Federation Official News Letter said, "one of the most controversial issues ever debated by farmers." The economic and political discussion prompted by the Roosevelt tariff policy assumed a nationalist versus internationalist character as people in the six states of the Upper Midwest, as well as elsewhere, debated the program's objectives and accomplishments. Those of an internationalist persuasion maintained that the United States must seek to lower tariff barriers in order to reopen foreign markets to American farm surpluses. The nationalists, on the other hand, contended that the days of prosperous

foreign markets were gone and they demanded that the Roosevelt administration pursue a nationalistic tariff policy which would guarantee the entire American market to United States producers.

An examination of midwestern editorial comment in newspapers and farm journals, correspondence and public statements of congressmen and the activities of the major farm organizations which had a large midwestern constituency reveals the hopes, fears and convictions of the midwestern farmer and his representatives as they evaluated the performance of the reciprocal trade agreements program. While regional in the sense that it deals with only a six-state area, this study discloses the feelings, attitudes and actions of midwestern agriculture in general, and its response to one important segment of the New Deal.

The author would like to express appreciation to the many individuals and staffs who offered assistance during the research travel which covered 16,000 miles and many libraries and historical societies. A special word of thanks to Mr. Robert Richmond and his staff at the Kansas State Historical Society and the staffs of the Library of Congress, the National Archives and the Franklin D. Roosevelt Library.

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ECONOMIC NATIONALISM OR INTERNATIONALISM:

UPPER MIDWESTERN RESPONSE TO NEW DEAL

TARIFF POLICY, 1934-1940

CHAPTER I

MIDWESTERN AGRICULTURE AND THE TARIFF

The announcement of the Reciprocal Trade Agreements program in March 1934 opened a new chapter in the growing dialogue on the state of international trade and the relationship of United States tariff policy to that trade. The Midwest with its heavy reliance on agriculture had been vitally interested in tariff policy ever since the Civil War, but the relation of the tariff to overall agricultural prosperity had come in for closer scrutiny after the post-World War I recession. During the 1920's and early 1930's, the emphasis of tariff discussions experienced several changes, but it never diminished as agriculture failed to achieve full prosperity. With the beginning of the New Deal and the subsequent reciprocity proposal, the discourse became more vocal and controversial.

During the 1920's there was very little criticism of the extreme protectionism afforded by the Fordney-McCumber

Act of 1922 in the increasing discussion of the tariff. Rather, the main emphasis was on how to include agriculture effectively within the framework of protection. According to James Conner, the major farm organizations were united in the belief that farmers stood to benefit immensely if agriculture could attain the same benefits from high tariffs as industry.<sup>1</sup> In fact, some suggested that if agricultural tariff rates were boosted to the level of the manufacturing interests, the farmer could get back on the road to recovery. Only in isolated instances did the American Farm Bureau Federation, the Farmers Union or the Grange raise the question that perhaps all tariffs were too high.

In addition to the battle to attain higher agricultural tariff rates, farm representatives supported another attempt to further the interests of agriculture within the protectionist framework. The McNary-Haugen bills sought to make the tariff effective for agricultural products by establishing a government corporation to remove farm surpluses from the domestic market so that prices could rise behind a tariff wall. The movement failed to recognize the fact that nationalistic, protectionist policies of the United States and other nations were contributing substantially to the agricultural depression by

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<sup>1</sup>James R. Conner, "National Farm Organizations and United States Tariff Policy in the 1920's," Agricultural History, XXXII (January, 1958), 32-43.

closing off their markets to foreign producers, and that dumping surpluses on world markets would bring economic retaliation and trade restrictions. The defeat of McNary-Haugenism in 1928, however, did not signal the end to the midwestern interest in tariff policy.

In contrast to the earlier period, a considerable number of midwesterners began to question the value of protectionism after 1930. The growing division in the Upper Midwest over the tariff issue was indicated by the changing midwestern vote on the major tariff bills between 1922 and 1930. Over the eight-year period midwestern congressional delegations steadily reduced their support for high tariffs. In 1922, 46 of 49 congressmen representing the upper plains states voted in favor of the Fordney-McCumber Tariff and the protectionist philosophy it embodied.<sup>2</sup> Eight years later twenty-three congressmen, or nearly half of the representatives from that area, opposed the Smoot-Hawley Tariff bill. Significantly, seventeen of those opposing the tariff act were Republicans.<sup>3</sup>

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<sup>2</sup>The congressional delegation in the six Upper Midwest states in 1922 included fifty Republicans and one Democrat. Two men did not vote. U.S. Congressional Record, 67th Cong., 1st Sess., July 21, 1921, p. 4197, and 2d Sess., August 19, 1922, p. 11627.

<sup>3</sup>In 1930 the congressional delegation numbered fifty-three. Seventeen Republicans, four Democrats and two Farmer-Labor voted against the tariff bill, while thirty Republicans voted for it. Ibid., 71st Cong., 1st Sess., May 28, 1929, p. 2106, and 2d Sess., March 24, 1930, p. 6015.

After 1930 midwestern congressmen on several occasions debated the issue on the floor of Congress. Even though they represented similar constituencies in western Kansas, Republican Clifford Hope and Democrat Randolph Carpenter offered contrasting opinions on the tariff issue. Hope remarked that he was not "one of those who believe that our past tariff policy has been responsible for the world decline in foreign trade." Rather, he attributed the world trade decline to the lower level of prices, quota systems, permits, licenses, exchanges controls and "other export schemes for stopping up the channels of trade."<sup>4</sup> Senator L. J. Dickinson of Iowa agreed with Hope and noted that he and others "had been fighting for a good number of years here to try to get agricultural products under the protective tariff system. . . ." He believed that liberalization of the tariff would wash out all the "gains" made by agriculture under the protective system.<sup>5</sup>

Representative Carpenter argued, on the other hand, that the high tariff policy was "the root of all evil in this country from an economic standpoint." After acknowledging that the tariff was a key issue in his district, he outlined several evils of the present tariff system. The high protective tariff undoubtedly was responsible for the

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<sup>4</sup>Ibid., 73rd Cong., 2d Sess., March 28, 1934, p. 5635.

<sup>5</sup>Ibid., May 31, 1934, p. 10104.

disappearing world market, he said. Even more important, Carpenter pointed out that the present tariff wall had caused American industries to relocate in foreign countries in order to get around retaliatory tariffs erected by those countries in response to American legislation. Then these industries competed with industries in the United States.<sup>6</sup> Nebraska Representative Ashton Schallenberger declared that agriculture had made no gains at all under the protective shield of the Smoot-Hawley and previous high tariffs. In fact, such tariffs had resulted in "destruction of world trade, idled factories, abandoned farms, unemployment for millions of men, and tremendous losses to the national income."<sup>7</sup>

Anti-protectionists in the Midwest related the disappearing world agricultural markets to the nationalistic, protectionist world atmosphere fostered by the Fordney-McCumber and Smoot-Hawley tariffs. They offered considerable documentation to support this contention. During the decade prior to the Great Depression, American farm exports had averaged over \$1.8 billion dollars a year. By 1933 this export trade had dropped off 62.5 percent.<sup>8</sup> In the

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<sup>6</sup> Ibid., March 28, 1934, p. 5658.

<sup>7</sup> Ibid., March 24, 1934, p. 5335.

<sup>8</sup> The dollar value and percentages were figured from statistics presented in U.S. Department of Agriculture, Agriculture's Interest in America's World Trade (Washington, 1935), p. 7.

Midwest wheat growers in particular felt the effects of an increasingly restrictive world market. From 1920 to 1924 the United States exported an average of 31.5 percent of its total wheat crop, while in 1933 only 7 percent left the country.<sup>9</sup> Exports of hog products, another important midwestern commodity, also experienced a serious drop. During the period 1920 to 1924, the United States exported an average of 17.5 percent of its total pork products. In 1933 less than 1 percent was exported.<sup>10</sup>

In light of the disappearing world market and the continuing agricultural depression, anti-protectionists gained increasing support. More and more midwesterners charged that the farmer had been "taken" on the tariff issue. The Des Moines Register informed its readers that the high-tariff crowd had worked long and hard to mold the "illusion" that high tariffs "were created and maintained primarily for the benefit of farmers." The Register happily reported that "Illusion No. 1" had been blasted down in recent days.<sup>11</sup> Clifford Gregory, editor of the Prairie Farmer, told a gathering of farm leaders that "in the Middle West we were suckers for a long time. In fact, I was twenty-one years old before I learned that the protective tariff was not one of the Ten Commandments."

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<sup>9</sup>Ibid., pp. iv, v.

<sup>10</sup>Ibid.

<sup>11</sup>Des Moines Register, March 13, 1934.

Reflecting a new understanding of the tariff, he added that the farmer must seek to "have the tariff so adjusted that it will contribute to the enlargement of the foreign markets for our products, rather than standing as a barrier in the way of those markets."<sup>12</sup>

While more and more farm spokesmen in the Midwest agreed that they had not profited from the previous tariff policies, no consensus evolved as to the evils of the past or recommendations for the future. Writing in 1931, Wallace's Farmer echoed the opinion of many when its editor suggested that the present tariff committed two major "injustices." First, rates on industrial products were about twice as high as those of agricultural commodities. Secondly, the entire rate structure was "so high that foreign nations that owe us money can't pay us in goods and can't trade goods for our unwanted surplus."<sup>13</sup>

Numerous other midwesterners echoed the criticism that high tariff rates discriminated in favor of the manufacturing interests. The editor of the South Dakota Union Farmer complained that "the industrial tariff rates have made the wall a skyscraper."<sup>14</sup> H. G. Keeney of the Nebraska Farmers Union agreed that the high tariff wall was costing

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<sup>12</sup>American Farm Bureau Federation, Minutes of the Annual Meeting, December 10-12, 1934 (Nashville, Tennessee), pp. 34-35.

<sup>13</sup>Wallace's Farmer, LVI (September 5, 1931), 4.

<sup>14</sup>Nebraska Union Farmer, XVII (August 27, 1930), 2.

America its export trade and pointed to another evil inherent in the tariff rate structure. The high tariff wall enabled "manufacturers to boost the prices that farmers must pay for supplies far out of proportion to any increase in income derived by farmers from duties on farm products. . . ." <sup>15</sup>

Farm editors and leaders were not the only midwesterners who had become vitally interested in the tariff question by the early 1930's. From his farm in Danbury, Iowa, Ray Mathews attacked the high tariff system in a most graphic way. He informed Secretary of Agriculture Henry Wallace that there "had been a farm problem ever since the first tariff law was enacted." In Mathew's mind, the cause for the continuing agricultural depression stuck out like "a carbuncle on the end of a man's nose" and the remedy was "as plain to be seen as the noonday sun in a cloudless sky." The cause was the obstruction of trade by high tariff walls. <sup>16</sup> Another midwestern farmer also pointed an accusing finger at high tariffs and offered the Secretary of Agriculture a quota system plan to aid in reduction of excessive tariff rates. <sup>17</sup>

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<sup>15</sup> Ibid., XVII (June 25, 1930), 4.

<sup>16</sup> Ray Mathews to Henry Wallace, February 27, 1934, National Archives, Washington, D.C., Record Group 16, Records of the Secretary of Agriculture. Cited hereafter as NA, RG 16.

<sup>17</sup> Carl Axelson to Henry Wallace, November 4, 1934, NA, RG 16.

Convention platforms and resolutions reveal that the tariff was a prominent issue within many state and regional farm organizations in the Midwest. Most agreed that agriculture had not been adequately served by past policy. However, a number of these organizations believed that the protectionist philosophy would probably continue and thus agriculture must strive to protect and further its interests within that framework. The Iowa Farm Bureau in 1932 resolved that "as long as the American protective system is maintained, we favor such tariff rates as will insure the American market to the American farm, and further insist that tariff schedules must be immediately revised to a basis of equalization between agriculture and all other industries."<sup>18</sup> The Nebraska Farmers Union "condemned the Smoot-Hawley tariff act as not giving equality to agriculture," and demanded "that all industrial schedules be reduced to the schedules of the Fordney-McCumber act."<sup>19</sup>

The National Farmers Union echoed the demand that agriculture "be placed on an equality with industry in the matter of tariffs." According to the National Farmers Union, the interest of agriculture should be furthered by

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<sup>18</sup>Iowa Farm Bureau Federation, Resolutions of the Annual Meeting, January 1932 (Des Moines).

<sup>19</sup>Nebraska Farmers Union, Resolutions of the Annual Meeting, November 1931 (Omaha).

the government immediately placing "an embargo against foreign importation of agricultural products which this country produces more than enough for home consumption."<sup>20</sup>

Even though more and more midwesterners were questioning the propriety of continued high tariffs, considerable sentiment still existed for protectionism. The editor of the Nebraska Farmer, after citing the low average price of foreign agricultural products, suggested that "the tariff on agricultural commodities is a real bulwark to the American farmer." Without it, he said, these lower priced foreign products would, in many instances, offer serious competition to American domestic growers. A higher tariff or even an embargo might be necessary to prevent some farm products coming in over the tariff wall.<sup>21</sup>

The dairy industry in particular voiced the belief that agriculture had not been well served by past tariff laws. The Dairy Record was suspicious of any proposal to lower the tariff. If tariff reductions were necessary or possible, the editor argued, it was time that these reductions came from some industry other than agriculture.<sup>22</sup> The Land O'Lakes creamery chain supported The Dairy Record's position and resolved "to unanimously and emphatically go

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<sup>20</sup> National Farmers Union, Resolutions of the Annual Meeting, November 20-22, 1933 (Omaha, Nebraska).

<sup>21</sup> Nebraska Farmer, LXXIII (March 14, 1931), 8.

<sup>22</sup> The Dairy Record, XXXV (June 13, 1934), 10.

on record as demanding a revision upward rather than downward in agricultural tariffs."<sup>23</sup>

The reference to an "American standard of living" revealed the divergence of opinion in the Midwest over the correct tariff policy. The Dakota Farmer questioned the propriety of lowering the tariff wall in view of the "great difference in wages here and abroad." "How can we maintain the 'American standard of living' in such conditions?" asked the editor.<sup>24</sup> On the other hand, the Nebraska Union Farmer dismissed any apparent threat to the American standard of living. The editor of this journal labeled such arguments "utter fallacy." "The standard of living in a country is determined by internal conditions, not by the standards of the peoples with whom it trades."<sup>25</sup>

Thus, a general examination of midwestern sentiment during the 1920's and early 1930's reveals that the tariff was indeed a live issue among farmers and their representatives. Both protectionists and low tariffs supporters had adherents in the Midwest. However, most midwesterners fully believed that their interests had not been properly served by the tariff laws then on the statute books. They

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<sup>23</sup>Resolutions of the Annual Convention of Land O'Lakes Creameries, Land O'Lakes News, XIV (March, 1934), 24.

<sup>24</sup>The Dakota Farmer, LIV (August 18, 1934), 360.

<sup>25</sup>Nebraska Union Farmer, XXI (July 11, 1934), 4.

were looking for a change of policy, but there was no agreement on just what the change should be. Franklin D. Roosevelt in his proposal for a reciprocal trade agreements program offered a new alternative which had received very little consideration in the Midwest between 1929 and 1932. Would this program open foreign markets as promised and in general profit agriculture? Or, would the "eastern manufacturing interests" again be the main beneficiary of the tariff system while agriculture languished? These were the questions which faced midwestern farm interests in 1932.

## CHAPTER II

### RECIPROCAL TRADE AGREEMENTS PROGRAM ENACTED

Although the Democrats had vacillated on tariff policy in the campaign of 1928, four years later they came out four-square for reducing trade barriers. The Democratic platform of 1932 criticized the Smoot-Hawley tariff for creating international economic hostility, destroying international trade, and robbing the American farmer of his foreign markets, and called for a new and better day in tariff policy. The Democrats called for restoration of international trade through "reciprocal tariff agreements with other nations."<sup>1</sup>

During the campaign Franklin D. Roosevelt hammered hard at high tariffs and demanded reduction of what he called the "outrageously excessive rates" of the Smoot-Hawley law. At the same time, in several speeches delivered in the Midwest, he sought to assure farmers that agricultural interests would be protected. In an apparent contradiction to his earlier statements, Roosevelt suggested that it would be "absurd to talk of lowering tariff

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<sup>1</sup>New York Times, June 30, 1932, p. 15.

duties on farm products." He went on to promise "to endeavor to restore the purchasing power of the farm dollar by making the tariff effective for agriculture, and raising the price of farmers' products. I know of no effective excessively high tariff duties on farm products. I do not intend that such duties shall be lowered."<sup>2</sup>

Despite considerable discussion of the tariff in 1932, Roosevelt made no concrete move to deal with the international trade situation until the second year of his administration. Finally, in March 1934 the President sent a message to Congress asking authorization "to enter into executive commercial agreements with foreign nations."<sup>3</sup> After referring to the startling decline in world trade, he pointed out that numerous other nations were adopting the reciprocal approach which provided for "rapid and decisive" negotiation of trade agreements. According to Roosevelt, unless the American government received authorization to bargain in a similar manner, the agricultural and industrial sectors stood to lose their "deserved place" in international trade. He emphasized the administration's

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<sup>2</sup>Ibid., September 30, 1932, p. 12; October 26, 1932, p. 10; November 5, 1932, p. 5.

<sup>3</sup>U.S., Congress, Message from the President of the United States Transmitting a Request to Authorize the Executive to Enter into Executive Commercial Agreements with Foreign Nations, 73d Cong., 2d Sess., March 2, 1934, House Doc. No. 273, p. 1.

belief that complete domestic recovery depended "in part upon a revived and strengthened international trade."<sup>4</sup>

Several weeks later, Representative Robert Doughton of North Carolina introduced the reciprocal trade agreements measure in Congress and elaborated on the proposed objectives of the bill. Once again, as in the 1932 campaign, the administration sought to reassure agriculture that such a program was in its best interests. Doughton pointed out that the United States must seek "to reopen the markets of the world to the products of American farm and factories, or otherwise face the prospect of adopting as permanent the policy of curtailing acreage. . . ." Even more important to the farmer, the administration promised to use the program to "exchange the surpluses which we have built up for surpluses which other countries have accumulated of commodities which we do not produce."<sup>5</sup>

Prior to consideration of the reciprocity proposal by Congress, both the House Ways and Means Committee and the Senate Finance Committee held hearings. The testimony given in these first hearings was based on theory and supposition rather than on fact or experience. Several high administration officials explained and defended the program. Secretary of State Cordell Hull and Secretary of

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<sup>4</sup>Ibid., p. 2.

<sup>5</sup>U.S., Congressional Record, 73d Cong., 2d Sess., March 23, 1934, p. 5260.

Agriculture Henry Wallace provided the administration's main line of defense.

Secretary of State Hull was the first administration witness to testify. A long-time advocate of lower tariffs, Secretary Hull stressed the United States commitment to international leadership in trade policy.<sup>6</sup> He characterized the proposal as an "emergency measure" designed to attack an emergency situation. In answering the critics of the bill, Hull suggested that once the present crisis passed, there would be time to review and re-examine programs such as the Reciprocal Trade Agreements Act so necessary in this time of crisis.<sup>7</sup>

Secretary of Agriculture Wallace's testimony included reassurances to agricultural representatives that their interests would not be sacrificed in the negotiated agreements. At the same time, Wallace expressed criticism of "inefficient industries." He pointed out that "as producers, those who produce for the export market would be beneficially affected by this bill; those which are so inefficient that they cannot meet foreign competition would, in case the powers of this bill were exercised to lower the tariff, be perhaps unfavorably

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<sup>6</sup>U.S., Congress, House of Representatives, Committee on Ways and Means, Hearings on Reciprocal Trade Agreements Act on H.R. 8430, 73d Cong., 2d Sess., (March 8-14, 1934), p. 3. Cited hereafter as House Hearings, 1934.

<sup>7</sup>Ibid., p. 6.

affected."<sup>8</sup> Several midwestern representatives viewed Wallace's statement as a veiled threat to their sugarbeet and livestock interests. In response to questioning by Harold Knutson of Minnesota, Wallace admitted that he considered the sugarbeet industry to be inefficient. He added that he did not "think the beetsugar industry should be allowed to extend further, because if it is expanded further, it is doing it at the expense of our export agriculture; it is robbing the wheat farmers of a market for flour in Cuba; it is robbing the hog farmer of a market for lard in Cuba."<sup>9</sup>

In Wallace's estimation, midwestern agricultural interests stood to profit considerably from the program. Through reciprocal agreements, the United States would be able once again to move wheat abroad. The Secretary suggested that there were "a number of European countries that have extraordinarily high tariffs on wheat and those same European countries have goods which they would like to send into this country."<sup>10</sup> Wallace expressed confidence that new foreign markets would be created. He indicated that it would be quite possible to increase Germany's purchasing power for American pork products since that country at one time had been the leading consumer of American lard. If the United States could entice Germany

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<sup>8</sup>Ibid., p. 46.    <sup>9</sup>Ibid., p. 60.    <sup>10</sup>Ibid., p. 56.

to lower its sixteen cent tariff on lard, a new market for midwestern hog growers would be opened.<sup>11</sup>

Anticipating the concern of many agricultural leaders, Secretary Wallace discussed the question of competitive agricultural imports. He assured all present that no tariff reductions in any industry would be made without serious study. He added that efficient industries had nothing to worry about and that agriculture in general stood to benefit from increased imports of a select nature. The Secretary insisted that unless imports were increased and foreign purchasing power enhanced, it would be necessary to continue and even expand the acreage restriction program of the Agricultural Adjustment Act. Wallace estimated that, in the long run, forty or fifty million acres of crop land would have to be permanently retired if extreme protectionism continued.<sup>12</sup> Secretary of Commerce, Daniel Roper, who testified after Wallace also related the loss of foreign markets to the need for acreage restriction. He suggested that the reciprocal trade agreements program would open the needed markets and thus alleviate the need "to put half of our cotton farmers and a fifth of our wheat farmers on the unemployment rolls."<sup>13</sup>

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<sup>11</sup>Ibid., p. 59.

<sup>12</sup>Ibid., pp. 46-51.

<sup>13</sup>Ibid., pp. 62-63. During the initial period of the trade agreements program, administration officials continually reminded farmers that expanded foreign markets, achieved through reciprocity, would lessen the need for

The announcement of congressional hearings on the reciprocity measure evoked little response from the major agricultural organizations representing midwestern interests. At that time, most farm groups had not held formal discussions on the program and thus had not adopted definite policy positions. However, the dairy and livestock industries did send delegations to testify. The dairy industry expressed particular concern about the importation of cocoanut oil and other vegetable and animal oils. When the Senate Committee on Finance met to consider the reciprocity bill, dairy representatives appeared and proposed several amendments aimed at exclusion of competitive dairy products.<sup>14</sup>

The American National Live Stock Association, which later emerged as a major critic and opposition lobby,

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acreage restriction. U.S., Department of Agriculture, Farmers and the Export Market (Washington, 1935), pp. 6-7; U.S., Department of State, Bargaining America's Way to Export Markets, Commercial Policy Series, No. 8 (Washington, 1935), pp. 3-4.

<sup>14</sup>Charles Holman of the National Cooperative Milk Producers Federation with affiliates in Iowa, Minnesota, and Nebraska endorsed the following amendment. "No proclamation shall be made reducing any import duty on any farm-produced commodity of which . . . was produced in the continental United States in sufficient quantity to supply seventy percent or more of the quantity thereof consumed in the United States. . . ." U.S., Congress, Senate, Committee on Finance, Hearings on Reciprocal Trade Agreements on H.R. 8687, 73d Cong., 2d Sess., (April 26, 27, 30 and May 1, 1934), pp. 318, 344. Cited hereafter as Senate Hearings, 1934.

presented the most vigorous testimony. The repeated reference to "inefficient" industries during the hearings particularly disturbed the cattlemen. Their representatives emphasized the substantial differences in cost of production and living standards between the United States and the principal competing foreign countries. Such differences, they contended, justified tariff protection.

At the hearings, the cattlemen made it clear they expected lower tariffs and increased beef imports if the trade agreements bill passed. F. E. Mollin, Secretary of the A.N.L.A., testified that "cattle are accumulating in Northern Mexico with the hope of entering the United States when the bars are lowered."<sup>15</sup> Mollin objected specifically to the wording of the reciprocity proposal. Part 2 of Section 1 gave the President authority "to proclaim such modifications of existing duties and other import restrictions . . . appropriate to carry out any foreign trade agreement. . . ."<sup>16</sup> Due to the inclusion of the phrase, "other import restrictions," Mollin indicated that the President could lift the present sanitary restrictions provided for in the Smoot-Hawley act.<sup>17</sup> The Committee

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<sup>15</sup>Ibid., p. 288.

<sup>16</sup>U.S., Congressional Record, 73d Cong., 2d Sess., March 27, 1934, p. 5533.

<sup>17</sup>Argentina and several other foreign nations periodically experienced hoof-and-mouth disease among their cattle. American producers pushed to have all dressed and

assured Mollin that no such intent was anticipated, and the wording remained the same. Nevertheless, the livestock representatives left the hearings still expressing doubts about the merits of the bill.

Due to strong administration pressure and partisan support, the proposal received a favorable recommendation from both the House Ways and Means and the Senate Finance Committees. However, Minnesota's Representative Knutson and several others issued a strong minority report which offered twenty-four objections to the bill. The minority cautioned against going on a "wild-goose chase" in search of export markets that did not exist. Referring to the Wallace testimony on "inefficient industries," the minority suggested that Roosevelt would "destroy one industry in an attempt to find a foreign market for the surplus products of another."<sup>18</sup>

During the three-month debate on the floor of Congress, representatives from the agricultural Midwest lined up both for and against the proposal. The substantial midwestern support for the trade agreements bill can be attributed to several factors. By 1934 the Democratic party had

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live cattle from such areas excluded, supposedly for sanitation reasons. The foreign nations involved continually suggested that this was simply an excuse to exclude imports of competing beef.

<sup>18</sup>U.S., Congress, House of Representatives, Committee on Ways and Means, Report to Accompany Bill to Amend the Tariff Act of 1930: Reciprocal Trade Agreements, 73d Cong., 2d Sess., Report No. 1000, p. 28.

captured twenty-one congressional seats in the six states of the Upper Midwest, and these individuals generally supported the early New Deal legislation. Those supporting the measure claimed a new and more sophisticated understanding of the tariff and its relationship to export trade. Also, the prospect of reducing the acreage restriction program appealed to many.

On the other hand, both economic and political factors contributed to the opposition of several midwestern congressmen. A number of commodities such as beef, sugarbeets and dairy products required the protection of a high tariff. Thus, the reciprocal trade program designed to lower tariffs caused deep concern among producers of these commodities and their spokesmen in Congress. However, political considerations were probably more important. Conservative Republicans opposed the measure as part of the New Deal legislative program devised by impractical brain trusters who knew little about agriculture or the Midwest.

Shortly after Representative Doughton introduced the administration's reciprocity proposal, two veteran Republicans, L. J. Dickinson, the senior senator from Iowa, and Minnesota Representative Harold Knutson, emerged as the most vociferous midwestern critics of the legislation. Staunch protectionists, the two had supported the

Fordney-McCumber and Smoot-Hawley tariffs, and they were not prepared to reverse their previous position.<sup>19</sup>

Both men, joined by Kansas Representative Harold McGugin and Clifford Hope, and Senator Thomas Schall of Minnesota, questioned the bill's constitutionality. In their estimation, the measure enabled the Executive to circumvent the constitutional requirement of senatorial advice and consent of all treaties and also infringed upon the congressional authority to regulate foreign trade.<sup>20</sup> Senator Dickinson labeled President Roosevelt a "domestic trade dictator" and cautioned against a "revision" of the Constitution enabling him to become an "international dictator."<sup>21</sup> Echoing Dickinson's sentiments, Knutson pictured the proposed executive tariff-making authority as a "hysterical" grant contrary to the Constitution.<sup>22</sup> Thus, it is evident that to many of the midwestern Republicans, the reciprocal trade agreements

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<sup>19</sup>Knutson entered Congress in 1917 and Dickinson in 1919.

<sup>20</sup>Section 8 of Article I gives Congress the power to lay and collect taxes, duties, imports and excises and also to regulate commerce with foreign nations. Section 2 of Article II specifies senatorial advice and consent of all treaties. Henry S. Commager, ed., Documents of American History (New York, 1963), pp. 141, 143.

<sup>21</sup>New York Times, January 3, 1934, p. 8.

<sup>22</sup>U.S., Congressional Record, 73d Cong., 2d Sess., March 24, 1934, p. 5344.

act represented yet another step in the extension of executive power by the New Deal.

When challenging the economic feasibility of the measure, midwesterners frequently pointed to the possible importation of competing agricultural products. According to Dickinson, most of the countries likely to negotiate reciprocal trade agreements with the United States would offer only agricultural products in return for American manufactured goods.<sup>23</sup> Consequently, he insisted that reciprocity offered little to the midwestern farmer.

Because of the nature of their particular farm constituencies, North Dakota's Representative William Lemke and Terry Carpenter of Nebraska concurred with those who feared agricultural imports. Both the Nebraska sugar interests and the North Dakota ranchers and flax farmers produced costly commodities which benefited from tariff protection. Lemke expressed concern about the already "excessive" importation of agricultural goods--especially of farm animals and meat products. He suggested that reciprocal trade agreements would serve only to increase competition for the domestic market.<sup>24</sup> Lemke pointed to the \$600 million worth of agricultural imports in 1933 as evidence. He failed to add that only slightly over 50

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<sup>23</sup>Ibid., May 31, 1934, pp. 10107-108.

<sup>24</sup>Ibid., March 28, 1934, pp. 5633-634.

percent of the imported products competed with those produced on the American farm.<sup>25</sup>

Terry Carpenter, the fiery Nebraskan who blasted precedent by appearing on the floor of the House in shirt-sleeves, was the only midwestern Democrat to vote against the Reciprocal Trade Agreements bill. Carpenter lost little time rising to the defense of his constituents' sugar-beet industry. He pointed out that sugarbeet growers incurred a high cost of production and thus needed tariff protection. He criticized Secretary of Agriculture Henry Wallace's earlier statement that the American sugar industry was "inefficient" and did not deserve extensive tariff protection.<sup>26</sup> Carpenter charged that Secretary Wallace would use the trade agreements program to destroy the domestic sugar industry. He concluded that, "if they are going to trade something off in this country, I am willing to have them trade something off that you men have, but they will not trade off the beet-sugar industry that I represent, except over my dead body."<sup>27</sup>

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<sup>25</sup>In 1933 the United States imported agricultural products valued at \$743 million dollars; however, only \$377 million were competitive. Also, if imported sugar is discounted only \$269 million dollars worth were competitive. U.S., Department of Agriculture, The Significance of Agricultural Imports, 74th Cong., 2d Sess., Senate Doc. No. 263 (Washington, 1936), p. 3.

<sup>26</sup>U.S., Congressional Record, 73d Cong., 2d Sess., March 24, 1934, p. 5338.

<sup>27</sup>Ibid.

Representative Lloyd Thurston of Iowa supported Lemke and Carpenter in their assertion that the American farmers' cost of production put him at a disadvantage in competition with foreign imports. Thurston presented a series of detailed charts which analyzed differences in wage levels and freight costs. He maintained that any tariff reduction would pose a serious threat to American domestic producers because of "the vast differences that exist in the wage levels" between the United States and foreign nations.<sup>28</sup> Foreign nations benefited not only from a favorable wage level, he said, but also from lower freight costs. Thurston pointed out that products could be shipped from Australia or South America to "our Atlantic seaboard for a lesser charge than a like article can be transported from the State of Iowa, in the center of the Upper Mississippi Valley, to an Atlantic port."<sup>29</sup> If the reciprocal trade agreements program was implemented, Thurston predicted increased importation of industrial and agricultural products from the nations with low costs of production.

Senator Dickinson, in a brief statement on the economic effects of the program, captured the plight of many in the Midwest as they sought to evaluate the possible

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<sup>28</sup>Ibid., March 28, 1934, pp. 5664-665.

<sup>29</sup>Ibid., p. 5664.

results of the program. Dickinson suggested that the reciprocity proposal posed somewhat of an economic paradox for much of the Midwest. He pointed out "that the best corn section of Iowa is also the sugar-beet-producing section of Iowa."<sup>30</sup> Therefore, if the United States were to buy more sugar from Cuba in order to sell more lard produced by corn-hog farmers, it would severely hurt the sugar-beet growers in Iowa. Corn and hogs were much more important than sugar-beets, but this fact would be of little consolation to the sugar-beet growers who would be driven out of business by cheap imports. A similar situation existed with wheat growers and cattlemen in the same area. In fact, as Clifford Hope remarked, about two-thirds of the farmers in his district produced both cattle and wheat.<sup>31</sup>

Underlying much of the midwestern congressional opposition to the reciprocity proposal, was a basic distrust of "powerful eastern interests." According to these midwesterners, agriculture had always fared second best to manufacturing interests in tariff policy. Now the eastern concerns sought to use reciprocal trade agreements to serve their own welfare. Minnesota Senator Thomas Schall remarked that the International Bankers Association had

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<sup>30</sup>Ibid., May 21, 1934, p. 9132.

<sup>31</sup>Clifford Hope to the author, March 22, 1968.

loaned some \$15,000,000,000 in foreign countries. Now, he said, this eastern establishment sought to regain its investment by encouraging foreign importations through trade agreements.<sup>32</sup>

Harkening to the Populist era, William Lemke envisioned a "brain trust-devised" conspiracy against the American farmer. He intimated that Roosevelt's advisers would negotiate the trade agreements and in the process "barter away the domestic market of the farmers in the interest of our international manufacturers."<sup>33</sup> After expressing "fear for the independence, the freedom, the protection, and the prosperity of the American farmers . . . ," Lemke concluded that the brain trust was "more interested in the welfare of foreign than of our own people."<sup>34</sup>

Several congressmen from the Midwest opposed the bill for partisan reasons alone. Clifford Hope of Kansas, for example, represented a wheat-growing area which in all probability would profit from reciprocal trade agreements. In fact, a number of wheat grower associations in Kansas expressed support of the reciprocal idea, yet Hope actively attacked the proposal.<sup>35</sup> Espousing a nationalistic outlook,

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<sup>32</sup>U.S., Congressional Record, 73d Cong., 2d Sess., May 29, 1934, p. 9832.

<sup>33</sup>Ibid., March 28, 1934, p. 5632.      <sup>34</sup>Ibid.

<sup>35</sup>House Hearings, 1934, pp. 284-85.

he maintained that any export market presently available to wheat growers would offer prices "far below the cost of production in this country."<sup>36</sup> Instead, he suggested the United States momentarily forget "the illusion of foreign markets" and "arrange to protect the American farmer in what he can produce for consumption in this country."<sup>37</sup>

Republican opposition to the bill aroused the cry of "partisanship" from the Democrats. However, Republican Harold McGugin quickly returned the charge. He referred to the tariff debate in 1930 and quoted several speeches from the Congressional Record which defined the Democratic position at that time on the provision to grant tariff-making powers to the President.<sup>38</sup> According to McGugin, the Democrats in 1930 based their opposition on the claim that the proposed grant was transferring too much power from the Congress to the President. Now, he said, they had reversed their position and supported such a grant of power to a Democratic president. McGugin agreed with the 1930 Democratic position and called for limitations on the Presidential power to negotiate agreements. In McGugin's view Congress should insert in the bill a provision "that

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<sup>36</sup>U.S., Congressional Record, 73d Cong., 2d Sess., March 28, 1934, p. 5636.

<sup>37</sup>Ibid., p. 5637.

<sup>38</sup>Ibid., March 24, 1934, pp. 5364-365.

trade agreements shall go into effect immediately and remain effective unless within 60 legislative days after the execution of such trade agreements the House or the Senate shall by a majority vote decide against any specific trade agreement."<sup>39</sup> It was evident that some of the opposition to the Reciprocal Trade Agreements Act stemmed from congressional fears of excessive presidential powers.

The majority of the Midwest delegation did not concur with the nationalistic outlook supported by Hope, Lemke and several other Republicans.<sup>40</sup> Although not as vocal as the opposition, Republicans Arthur Capper and George Norris, joined by several midwestern Democrats, offered qualified support for President Roosevelt's trade agreements proposal. Most of the congressmen who favored reciprocity, chided the advocates of the nationalistic interpretation of future world markets. Ignoring the possibility of additional agricultural imports, Iowa's Otha Wearin enthusiastically supported the measure and suggested that the United States had "only scratched the surface" of the world markets.<sup>41</sup> And if the markets were there, Ashton Shallenberger was certain that "the most

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<sup>39</sup>Ibid., p. 5365.

<sup>40</sup>All the Republicans with the exception of Arthur Capper, Peter Norbeck and George Norris.

<sup>41</sup>U.S., Congressional Record, 73d Cong., 2d Sess., March 28, 1934, p. 5655.

efficient [farmers] in the world," those of the United States, could win them back through the implementation of reciprocal trade agreements.<sup>42</sup>

Wearin repeated the arguments advanced years before by Henry Clay and William McKinley. He reminded his colleagues that the Midwest's prosperity was linked to that of the industrial East. If reciprocal trade agreements expanded markets for industrial products, then employment would rise, consumer purchasing power would increase, and the laborer would once again be in a position to purchase numerous products from the American farm.<sup>43</sup>

George Norris and Arthur Capper, the two senior Republican Senators from the Upper Midwest, expressed only qualified support for the bill. Yet, due to their stature in agricultural circles, this support was important. After reaffirming his belief in the protective tariff, Capper conceded that the United States should make every possible effort to revive world trade. He questioned the likelihood of completely restoring previous United States export markets but agreed that the reciprocity proposal offered the best possibilities.<sup>44</sup> Senator Norris revealed his hesitancy by acknowledging that many legitimate arguments could

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<sup>42</sup> Ashton Shallenberger represented Iowa. Ibid., March 24, 1934, p. 5335.

<sup>43</sup> Ibid., March 28, 1934, p. 5655.

<sup>44</sup> Ibid., June 4, 1934, pp. 10378-380.

be lodged against the bill. He added that under normal conditions the bill would be unacceptable to him also. However, in light of the emergency situation prompted by the depression, extraordinary measures such as executive tariff-making powers were a "necessity."<sup>45</sup>

Early in the congressional debate Representative Magnus Johnson of Minnesota questioned the advisability of the President's proposal and expressed the concern of his constituents. "Many have been writing me from my own state, and they seem to be afraid the President will not take care of the farmers under this measure."<sup>46</sup> However, several days later he spoke on behalf of the bill and voiced confidence that the President would see that farmers got a "square deal."<sup>47</sup> Although he apparently had some reservations about the program, Johnson seemed willing to trust the President.

Early in June, after three months of intermittent debate, the administration forces in the Senate began to push for a vote on the President's proposal. In response to these efforts, the opposition attempted a brief filibuster which included the introduction of a number of amendments. Several midwestern Senators presented amendments pertaining specifically to agriculture. All met

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<sup>45</sup>Ibid., May 30, 1934, p. 9955.

<sup>46</sup>Ibid., March 24, 1934, p. 5337.

<sup>47</sup>Ibid., March 28, 1934, p. 5653.

defeat. In essence, all the agricultural amendments were the same as that presented by Senator Thomas Schall of Minnesota which stated that "no reciprocal tariff treaties or agreements made pursuant to the provisions of this act shall reduce existing tariff duties on products of agriculture imported into the United States in competition with like products grown or produced in the United States."<sup>48</sup>

Senators in the Upper Midwestern states voted seven to five in favor of the amendments. Senator Capper and Norbeck were the only two advocates of the amendments who later voted in favor of the trade agreements bill despite the exclusion of any specific protection for agriculture. Before casting his ballot for the reciprocity measure, Capper expressed regret that the amendment insuring protection to agriculture against tariff reductions had not been included.<sup>49</sup> In the final vote on the Reciprocal Trade Agreements Act, the Upper Midwest voted twenty-seven to seventeen in favor of the measure and the prospect of lowering the tariff wall.

Presented as an amendment to the Smoot-Hawley Tariff Act of 1930, Roosevelt's trade agreements proposal transferred with some limitations the tariff-making power

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<sup>48</sup>Ibid., June 4, 1934, p. 10345.

<sup>49</sup>Ibid., p. 10380.

from the legislative to the executive branch.<sup>50</sup> It empowered the President to enter into negotiations with foreign nations and to increase or decrease existing tariff duties 50 percent without congressional consent or without regard to any specific guidelines.<sup>51</sup> It was anticipated that the President would seek to lower tariff duties in exchange for mutual concessions to United States exports. He could not transfer articles between the dutiable and free list, and any trade agreement concluded under the act could be terminated at the end of three years.<sup>52</sup>

During the course of the congressional debate on the reciprocity proposal, several important amendments were attached. The President's authority under the act would extend for only three years, and then the Congress

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<sup>50</sup>The Executive Commercial Policy Committee, composed of officials from the Departments of State, Treasury, Commerce and Agriculture, the A.A.A., N.R.A., and Tariff Commission drew up the administration's reciprocity measure. Whitney H. Shepardson, "Nationalism and American Trade," Foreign Affairs, XII (April, 1934), 414.

<sup>51</sup>After considerable interdepartmental discussion the administration decided to employ the principle of unconditional most-favored-nation to all reciprocal trade agreements. This choice illustrates the freedom that the administration had to mold the program. Francis Sayre to Henry Grady, November 2, 1934, National Archives, Washington, D.C., Record Group 59, State Department Central File, 611.0031/1332; Henry Grady to Herbert Feis, March 7, 1935, ibid., 611.0031/1404-1/2. Cited hereafter as NA, RG 59.

<sup>52</sup>For a comparison of the original proposal with the one finally approved by Congress see: U.S., Congressional Record, 73d Cong., 2d Sess., March 27, 1934, p. 5533; U.S., Statutes At Large, IIL, Pt. 1, pp. 943-45.

would consider the renewal of the program. Also, the President was instructed to "seek information and advice" from the Tariff Commission, the Departments of State, Agriculture, and Commerce and other "appropriate" sources. Lastly, after considerable debate, Congress specified that public hearings were to be held before the conclusion of any trade agreement.<sup>53</sup>

Once the bill passed Congress, the administration quickly fashioned the working structure for its new tariff policy. The overall conduct of the program was to be supervised by the Executive Committee on Commercial Policy. Most important, in accordance with the public hearings amendment, Roosevelt created by executive order the Committee for Reciprocity Information.<sup>54</sup> Any person or persons desiring to register their views on a proposed trade agreement were instructed to present them to this Committee. In the administration's words, the Committee was to "provide a central point of contact between the public and the inter-departmental trade agreements organization."<sup>55</sup>

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<sup>53</sup>Ibid., pp. 944-45.

<sup>54</sup>President, Executive Order, Public Notice and Presentation of Views in Connection with Foreign Trade Agreements, June 27, 1934, No. 6750, p. 1. Cited hereafter as Executive Order, 1934.

<sup>55</sup>U.S., Department of State, How Trade Agreements Are Made, Commercial Policy Series, No. 47 (Washington, 1938), p. 4.

Roosevelt's executive order specified that at least thirty days before any trade agreement was concluded the State Department was to issue a notice of intention to negotiate with a particular country.<sup>56</sup> At that time interested parties could file a written brief or schedule oral testimony before the Committee for Reciprocity Information. Once the necessary data was collected, a secret and "strictly nonpartisan" committee would negotiate the final agreement. The membership of this Trade Agreements Committee included high officials from the Departments of State, Commerce, Treasury and Agriculture, the Tariff Commission and the Agricultural Adjustment Administration.<sup>57</sup> In the course of the implementation of the program, midwesterners were to become thoroughly familiar with the above committees and procedures.

As mentioned previously, President Roosevelt's announcement of a new foreign trade policy generated widespread interest in the Upper Midwest. Discontented midwesterners, disturbed by the continuing depressed state of agriculture, analyzed the proposal and attempted to predict

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<sup>56</sup>Originally the notice was to be issued to the press and published in Press Releases of the Department of State, the Treasury Decisions and Commerce Reports. However, after a short time the State Department supplemented this with the compilation of a mailing list of interested parties. Executive Order, 1934, p. 1.

<sup>57</sup>U.S., Department of State, How Trade Agreements Are Made, Commercial Policy Series, No. 47 (Washington, 1938), p. 5.

what the President would do with the new executive power and what it would mean to their particular area. In contrast to the congressional debate with its sharp political overtones, the opinions expressed in the distant Midwest reflected a serious concern for the future of that area's embattled residents.

Editors of several leading farm journals and mid-western newspapers came out in support of reciprocal trade agreements. Among other things, the editors related high tariffs to the disappearance of foreign markets previously open to products from the American farm.<sup>58</sup> They repeatedly emphasized that trade was based on the interchange of goods, and thus the United States must accept imports in order to create a foreign market for its own surplus commodities. In their mind, reciprocal trade agreements would be employed to re-negotiate tariffs and thus open foreign markets. According to H. G. Keeney, President of the Nebraska Farmers Union, the extraordinary executive powers embodied in the proposal would enable the President to open these markets in the shortest possible time.<sup>59</sup>

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<sup>58</sup>Kansas City Star, April 30, 1934; Nebraska Union Farmer, XXI (July 11, 1934), 4; Bureau Farmer, IX (September, 1934), 7; Kansas Farmer, LXXII (June 5, 1934), 5; Wallace's Farmer, LXI (January 30, 1934), 5; Omaha World-Herald, March 10, 1934; Dodge City Daily Globe, January 13, 1934; Topeka Daily Capital, April 29, 1934; Minneapolis Tribune, May 21, 1934.

<sup>59</sup>Nebraska Union Farmer, XX (March 14, 1934), 5.

The loss of foreign markets for farm products was not the only evil midwesterners attached to high tariffs. By excluding foreign competition from the domestic market, high rates enabled American industrialists to charge exorbitant prices for manufactured products needed by the farmer.<sup>60</sup> A continuation of high tariffs would impede efforts to achieve parity for the farmer. Consequently, farmers suffered from a cost-price squeeze with farm prices going down as foreign markets disappeared while domestic industrial prices remained relatively high behind a tariff wall.

To many in the Midwest, the trade agreements proposal offered a possible alternative to the crop-restriction program of the A.A.A.<sup>61</sup> Faced with the prospect of continued low prices and cognizant of the starvation in the world and even in the United States, farmers looked with little favor upon the government's efforts to restrict agricultural production. According to H. G. Keeney, President of the Nebraska Farmers Union, the New Deal's decision to pursue a policy of economic nationalism with the accompanying "artificial, arbitrary, and bureaucratic" regimentation of agriculture could be tolerated only as a temporary

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<sup>60</sup> Lincoln (Nebraska) Star, March 2, 1934; Nebraska Union Farmer, XX (March 28, 1934), 4.

<sup>61</sup> The administration viewed the reciprocal trade agreements program as a compliment to the A.A.A. rather than as an alternative. They reasoned that even after markets opened up some crop limitation would still be necessary.

measure.<sup>62</sup> The prospect of an extensive reorganization of agriculture in order to bring production permanently in line with the domestic market threatened to impose a serious hardship on thousands of farmers. In the words of one Kansas editor, the government should seek to generate foreign markets instead of placing agriculture in a "strait-jacket."<sup>63</sup>

The Des Moines Register, a leading midwestern newspaper, conducted a vigorous editorial campaign in support of the reciprocal trade agreements proposal. The Register pictured Congress as "incapable of framing a tariff based on national considerations."<sup>64</sup> In contrast to the position of several midwestern congressmen, the editor expressed the belief that no "startling departure from constitutional precedent" was involved in the granting of tariff-negotiation powers to the President. Even if such a departure did exist, "there would be plenty of reason now to adopt extraordinary measures to recover some of our lost export market."<sup>65</sup> The Register called upon Republicans to drop all partisanship and line up in support of the bill.<sup>66</sup>

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<sup>62</sup>Nebraska Union Farmer, XX (September 13, 1934), 4.

<sup>63</sup>Dodge City Daily Globe, January 18, 1934.

<sup>64</sup>Des Moines, Register, March 2, 1934.

<sup>65</sup>Ibid., March 18, 1934.

<sup>66</sup>Ibid., March 4, 1934.

Even though editorial opinion in general favored the reciprocity proposal, the response was by no means unanimous.<sup>67</sup> North Dakota and South Dakota editors in particular attacked the trade agreements proposal. One South Dakota editor wrote repeatedly about the present "alarming" rate of agricultural imports and predicted a virtual flood of imports if the reciprocity bill became law.<sup>68</sup> According to the editor, in light of the "present emphasis upon factory employment in Washington, agriculture may be forgotten while such deals are being negotiated. Devious methods will be employed to silence the farmers by promises of something in the future."<sup>69</sup> When President Roosevelt signed the bill into law, the editor bemoaned that "it is a measure that moves sharply in the direction of dictatorship. It is contrary to the ideals of democracy. History will record this step as one of the most drastic in the New Deal."<sup>70</sup>

The Fargo Forum printed a series of editorials charging that reciprocal trade agreements would inevitably result in importations of agricultural products.

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<sup>67</sup> Editors of the Sioux Falls (South Dakota) Argus-Leader, Fargo (North Dakota) Forum, Grand Forks (North Dakota) Herald, The Nebraska Farmer, Sioux City Journal, and The Leader (Bismarck, N.D.) in particular opposed the proposal.

<sup>68</sup> Sioux Falls Argus-Leader, January 3, 1934.

<sup>69</sup> Ibid., March 21, 1934.      <sup>70</sup> Ibid., June 6, 1934.

According to this editor, "eastern industrialists are going to bend every possible effort to get this country to chiefly open up the way for the importation of foreign agricultural products in exchange for a foreign market for manufactured goods."<sup>71</sup> He dwelled on the probable importation of products basic to North Dakota's economy such as beef, flax and rye. If the United States sought trade agreements with such countries as Argentina, Canada and Russia, it would have no choice but to accept such agricultural imports.<sup>72</sup>

As evidenced by the varied editorial comment, the appearance of the Reciprocal Trade Agreements Act engendered a mixed reaction in the Midwest. This divided attitude contrasted sharply with the earlier near unanimous support of the Fordney-McCumber Tariff act. Undoubtedly, party factors in Congress contributed to the great variance of attitudes by 1934. The newly elected Democrats in the Upper Midwest supported H.R. 8687 as part of Roosevelt's New Deal program, while many of the Republicans remained true to the traditional protectionist principles of their party.

Yet, political considerations assumed less importance than economic matters. The division in the Upper Midwest on reciprocity reflected the recently emerging

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<sup>71</sup>Fargo Forum, April 19, 1934.

<sup>72</sup>Ibid., March 19, 30, April 1, 1934.

tariff dilemma facing certain economic interests in the Midwest. In contrast to the 1920's, many were now associating high tariffs with the disappearing world markets. Thus, to those agriculturalists in the Midwest who depended heavily on export markets the protectionist position was no longer tenable. However, those engaged in industries with high production costs and which produced little or no surplus such as ranching and dairying had every reason to retain their support for protection. In general, the first installment of the midwestern discussion of the reciprocal trade agreements reflected what people thought or hoped the program would do for them. As the administration began to implement the program, the resulting political and economic controversy gathered momentum throughout the Midwest.

### CHAPTER III

#### ORGANIZATIONAL RESPONSE TO THE RECIPROCAL TRADE AGREEMENTS PROGRAM

Farmers were an important element in the political coalition which Roosevelt began to mold together early in his administration. Consequently, the President viewed with keen interest the initial reaction of the principal farm organizations to the reciprocal trade agreements program, as well as to other legislation affecting farmers. During the 1930's, the American Farm Bureau Federation, the Farmers Union, the Grange and the American National Live Stock Association were all active in the Midwest, and the trade agreements program evoked a varied and somewhat uncertain response from each of these organizations. Almost immediately after its implementation, the trade agreements program became a very lively issue within the American Farm Bureau Federation and the American National Live Stock Association. Both groups worked vigorously to make their positions known and felt in Washington. However, when confronted with the new tariff policy, the Grange and the Farmers Union did little more than offer policy statements through resolution.

Louis J. Taber, a staunch protectionist from Ohio, presided over the Grange and that organization's early reaction to the trade agreements program reflected Tabor's personal philosophy. Meeting in Hartford, Connecticut, in November 1934, the Grange delegates noted the recent passage of the reciprocity measure and expressed some concern that the Department of State was presently negotiating trade pacts with several South American countries.<sup>1</sup> In the convention's view, any agreements with these agricultural nations would undoubtedly lead to imports of competitive farm products. In view of this possibility, Taber called for a protective policy that would "insure the American market to the American farmer."<sup>2</sup>

By 1936 the Grange had become even more disenchanted with several aspects of the trade agreements program. Specifically, the Grange criticized the unconditional most-favored-nation principle which had been employed in negotiating the trade agreements. Under this principle, the concessions granted by the United States to a particular country were extended to all other nations affording the United States most-favored-nation status. According to Tabor, the "entire" unfavorable position of agriculture under the tariff could be attributed to the unconditional

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<sup>1</sup>National Grange, Proceedings of the Annual Meeting, November 14-22, 1934 (Hartford, Connecticut), p. 106.

<sup>2</sup>Ibid.

most-favored-nation clause.<sup>3</sup> In addition to reiterating its traditional demand of the "American market for the American farmer," the Grange called for Senate ratification of trade agreements before they became effective.<sup>4</sup>

Much like the Grange, the National Farmers Union paid scant attention to the trade agreements issue during 1934 and 1935. Delegates at the 1934 convention recorded their opposition to the negotiation procedure, complaining that agricultural interests had been unable to secure official information as to the progress of the negotiations or as to the manner in which they should present their cases when farm commodities were affected.<sup>5</sup> The delegates did not attack the philosophy of high tariffs, but rather asked that agriculture be placed on equality with industry. If necessary to achieve this equality, an immediate embargo should be imposed "against foreign importations of agricultural products in which this country produces more than enough for home consumption."<sup>6</sup>

While the trade agreements program stirred little interest among officials of the national Farmers Union,

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<sup>3</sup>Ibid., November 11-19, 1936 (Columbus, Ohio), p. 18.

<sup>4</sup>Ibid., Resolutions of the Annual Meeting, November 11-19, 1936 (Columbus, Ohio), pp. 155-56.

<sup>5</sup>National Farmers Union, Resolutions of the Annual Meeting, November 20-21, 1934 (Sioux Falls, South Dakota), p. 6.

<sup>6</sup>Ibid., p. 4.

the state organizations in the Upper Midwestern states were viewing the program with considerable interest and some alarm. The North Dakota Farmers Union with a large constituency of ranchers, sugarbeet growers and flax farmers bemoaned the prospect created by the reciprocity program. The Dunn County Farmers Union complained that the "secrecy with which negotiations for trade pacts . . . have been and are being conducted is injurious to agricultural industries dependent upon tariff protection for their very existence."<sup>7</sup> They called for less secrecy and a minimum 90-day period for all affected interests to prepare their case for presentation to the Committee for Reciprocity Information.<sup>8</sup>

In contrast to the North Dakota group, the Nebraska Farmers Union suggested that farmers take a broad, positive view of the trade agreements program. "Some of these treaties may contain injustices to agriculture; but it is a beginning in opening trade channels. This will not only give us wider markets, but it will curb the profiteering of domestic trusts."<sup>9</sup> Thus, the initial implementation of the trade agreements program prompted widespread interest but little consensus among the midwestern Farmers Union.

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<sup>7</sup>Dunn County Farmers Union, Resolutions of the Annual Meeting, November 9, 1934 (Dunn Center, North Dakota).

<sup>8</sup>Ibid.

<sup>9</sup>Nebraska Union Farmer, XXII (May 3, 1935), 4.

In contrast to the Grange and Farmers Union, the American Farm Bureau Federation considered the trade agreements act highly important almost from the beginning. The Nation's Agriculture and the News Letter, major publications of the A.F.B.F., followed the program's progress closely with informational articles and editorial comment. From 1933 onward tariff policy discussions occupied a major role at the Federation's national conventions. Secretary of Agriculture Wallace and Secretary of State Hull appeared before the conventions several times to explain and defend the progress of the trade agreements program.

By the mid-1930's the A.F.B.F. under the leadership of Edward A. O'Neal had emerged as the leading farm pressure group.<sup>10</sup> In light of its superior organization and large membership among midwestern farmers, the A.F.B.F. position on reciprocal trade agreements stood to influence greatly the attitude of many midwesterners. President O'Neal was one of the strongest supporters of the program, and he did all in his power to sell it to the midwestern elements of the Farm Bureau. A Democrat, a southerner, and a close friend of President Roosevelt, O'Neal had always believed in and supported efforts to enhance freer

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<sup>10</sup>Stuart Chase, Government Under Pressure: Special Interests vs The Public Welfare (New York, 1945), pp. 96-98.

international trade.<sup>11</sup> He viewed the reciprocal trade agreements program as a major step in the right direction.

It was apparent from the beginning that not all within the Farm Bureau shared O'Neal's enthusiasm for the reciprocity program. Delegates to the 1933 national convention in Chicago sanctioned a resolution which at best offered cautious approval.

While we appreciate the possibilities of reciprocal trade agreements with foreign countries, we must not minimize their dangers. The welfare of the American producers of dairy, cereal, livestock . . . and other agricultural products must not be sacrificed in any efforts to expand industrial markets abroad. No power should be delegated by act of Congress to negotiate and put into effect reciprocal executive trade agreements with foreign countries that would be detrimental to agriculture.<sup>12</sup>

Not discouraged by the hesitant expression of the convention, O'Neal met with Roosevelt and Secretary Wallace several months later and then announced his support for the reciprocity program. O'Neal explained to the press that "agriculture demands a foreign outlet for a certain portion of its surplus commodities as an economic necessity. We have the President's assurance that he will give proper protection to American agriculture. I agree with the philosophy of Secretary Wallace that . . . a greater outlet

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<sup>11</sup>Christiana M. Campbell, The Farm Bureau and the New Deal (Urbana, 1962), pp. 58, 142; Edward O'Neal to Marvin McIntyre, December 6, 1938, Franklin D. Roosevelt Papers, P.P.F. 1011.

<sup>12</sup>A.F.B.F., Resolutions of the Annual Meeting, December 13, 1933 (Chicago, Illinois).

for our surpluses, offers a sound and constructive attack on the farm problem."<sup>13</sup> A short time later, the A.F.B.F. News Letter carried an editorial from Wallace's Farmer which outlined how the reciprocal trade treaties would help agriculture.<sup>14</sup>

Despite President O'Neal's enthusiasm for the program, A.F.B.F. members in the Midwest continued to express reservations. On August 15, 1934, leaders of the Midwest State Farm Bureaus met in Chicago and sent the following resolution to Secretary of State Hull: "We believe in development of foreign trade and in retention of the home market for the producers of our farm crops; we are not in favor of developing foreign trade and at the same time losing the home market."<sup>15</sup> The State Department immediately reassured the group that agricultural interests would not be sacrificed during the negotiations of any trade pacts.<sup>16</sup> The Department pointed out that all interested parties would be given a chance to present their views at public hearings.<sup>17</sup> At approximately the same

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<sup>13</sup>A.F.B.F., Official News Letter, April 3, 1934, p. 12.

<sup>14</sup>Ibid., November 13, 1934, p. 2.

<sup>15</sup>Chester H. Gray to Cordell Hull, August 21, 1934, NA, RG 59, 600.1115/787.

<sup>16</sup>Francis B. Sayre to Chester H. Gray, September 8, 1934, NA, RG 59, 600.1115/787.

<sup>17</sup>Ibid.

time, the A.F.B.F. Executive Committee met and issued a statement calling for the "proper assurances" that agriculture would be fully protected in the negotiation of trade pacts.<sup>18</sup> Thus, in the initial period the A.F.B.F. expressed interest in the program's possibilities but refused to wholeheartedly endorse it. Undoubtedly, the midwestern element within the A.F.B.F. prevented a complete endorsement.

The Roosevelt administration was well aware of the reservations expressed by some members and officials of the A.F.B.F. With this in mind, President O'Neal arranged for Secretary of State Hull to address the opening session of the 1934 national convention. In an address entitled "Agriculture and Foreign Trade Agreements" Hull emphasized the recent collapse of foreign trade.<sup>19</sup> He reminded his listeners that much of agriculture's prosperity was tied to foreign markets. In view of this fact, the trade agreements program offered an excellent opportunity to regain foreign markets for staple agricultural products such as cotton, tobacco, hog products and wheat.<sup>20</sup> However, Hull cautioned that if the United States failed "to rise to

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<sup>18</sup>A.F.B.F., Minutes of the Board of Directors, June 6, 1935, FDR Papers, O.F. 1350.

<sup>19</sup>U.S., Department of State, Agriculture and Foreign Trade Agreements, Commercial Policy Series, No. 5 (Washington, 1935), pp. 1-7.

<sup>20</sup>Ibid., p. 8.

this opportunity, similar and generally inferior products of agriculture will be sold by other countries to meet the needs of populations not producing them at all or in satisfactory quantities or qualities."<sup>21</sup>

The Secretary also touched on the controversial question of increased agricultural imports. He suggested that increased imports would be "stimulated on the basis of causing the least possible disturbance to domestic production." However, he reassured the delegates that "careful and scientific study" by experts would precede any tariff reductions.<sup>22</sup> Hull portrayed the reciprocal trade agreements program as a moderate tariff proposal. The administration could reduce rates only 50 percent, and in light of the present extremely high tariff rates, the program, even if fully applied, could not be drastic.<sup>23</sup> Hull concluded his address with several remarks about the recently negotiated trade pact with Cuba. He emphasized the trade concessions made to United States by Cuba included lard products, wheat flour, cottonseed oil and other agriculture products.<sup>24</sup> The Secretary suggested that if agriculture demonstrated faith in and support for the program, future trade agreements would offer even more to agriculture.

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<sup>21</sup>Ibid.

<sup>22</sup>Ibid., p. 9.

<sup>23</sup>Ibid.

<sup>24</sup>Ibid., pp. 11-14.

Following Secretary of State Hull's speech, the A.F.B.F. delegates discussed at length the tariff situation. The possibility that manufacturers would again dominate this tariff program weighed heavy on the minds of many delegates. Clifford Gregory pictured the reciprocity proposal as the crucial element in agriculture's future position within the tariff system. In his estimation, agriculture stood to benefit in the long run, but only if its representatives battled for the rights which farmers deserved.

Before we really get anywhere, before we really develop a foreign market of any volume, any volume adequate to take care of our agricultural surpluses in this country, we must face this fact squarely, that the only way that can be done is to reduce the tariff walls that protect our highly monopolized great interests of this country. . . . If we are to attack the tariffs on those highly monopolized industries we have a real battle, and that is why I say that I think in going down this road American agriculture is undertaking the greatest battle of its whole history.<sup>25</sup>

The tariff resolution adopted by the convention echoed Gregory's attack on industrial tariffs and reiterated the demand that agricultural interests be offered specific protection.

We are in accord with the purpose of reciprocal trade treaties which is, primarily, to restore agricultural exports by judicious lowering of industrial tariffs, thus admitting more goods into this country and making it possible for us to sell more of our farm products abroad. We insist that

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<sup>25</sup> A.F.B.F., Proceedings of the Annual Meeting, December 10-12, 1934 (Nashville, Tennessee).

this purpose be adhered to in framing reciprocal trade treaties and that there be no reduction that would have the effect of holding or reducing domestic price levels below parity on such products.<sup>26</sup>

The resolution also called for a farm representative to be on the committee which negotiated the trade agreements.

The proposed reciprocal trade agreements program also evoked a guarded, nationalistic response from the various state branches of the Farm Bureau. The editor of the Kansas Bureau Farmer asked for "approval of the proposed tariff bargaining bill, but with adequate safeguards to agriculture. . . ." <sup>27</sup> However, delegates at the annual state convention expressed no reservations and recommended that foreign markets be developed "by means of trade agreements including tariff reciprocities. . . ." <sup>28</sup> Iowa Farm Bureau members favored "fair reciprocal trade agreements," but reiterated the demand for "adequate tariff protection" against the importation of all fats, oils, and other competing agricultural products. <sup>29</sup> The Nebraska and Minnesota Farm Bureaus made no mention of reciprocal trade agreements but urged the administration to bar foreign agricultural products from the American market. <sup>30</sup>

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<sup>26</sup> A.F.B.F., Resolutions of the Annual Meeting, December 10-12, 1934 (Nashville, Tennessee).

<sup>27</sup> Bureau Farmer (Kansas edition), IX (June, 1934), 3.

<sup>28</sup> Kansas Farm Bureau, Resolutions of the Annual Meeting, October 27, 1934 (Atchison).

<sup>29</sup> Iowa Farm Bureau, Resolutions of the Annual Meeting, January, 1934 (Des Moines).

<sup>30</sup> Nebraska Farm Bureau, Resolutions of the Annual

For the next two years, O'Neal campaigned within the A.F.B.F. to build up greater support for the reciprocal trade program. In addition to public appearances, he published several articles in The Nation's Agriculture reminding midwesterners that agriculture's welfare was closely tied to the reestablishment of foreign markets--markets which could be opened through reciprocal trade agreements.<sup>31</sup> However, an increasing number of complaints about agricultural imports filtered out of the Midwest.<sup>32</sup> The implication was that the reciprocal trade agreements program had prompted this increase. To counter this criticism, O'Neal contacted Secretary of State Hull and requested information on the import situation. The State Department prepared a special memorandum which attributed the increased imports to drought conditions rather than to the reciprocal trade agreements program. The report concluded that such imports eased the farmer's plight rather than injured it.<sup>33</sup> Moreover, the State Department claimed that most of the imports were not competitive with those

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Meeting, 1934 (Lincoln); Minnesota Farm Bureau, Resolutions of the Annual Meeting, January 18, 1934 (St. Paul).

<sup>31</sup>The Nation's Agriculture, X (April, 1935), 2, 13.

<sup>32</sup>U.S., Congressional Record, 74th Cong., 1st Sess., March 11, 1935, pp. 3384-385; Land O'Lakes News, XV (April, 1935), 8; Nebraska Farmer, LXXVII (September 14, 1935), 4; Greenwood County Farm Bureau to Henry Wallace, November 16, 1935, NA, RG 16.

<sup>33</sup>Herbert Feis to Edward O'Neal, November 5, 1935, NA, RG 59, 611.0031/1945.

of the American farm.<sup>34</sup> O'Neal also requested information of a positive nature--statistics concerning increases in agricultural exports due to reciprocal trade agreements and the possibilities for expanding agricultural exports in exchange for concessions on needed industrial products.<sup>35</sup> In response to this request, the State Department hurriedly prepared for A.F.B.F. distribution a pamphlet entitled "Agricultural Exports and the Trade Agreements Program."<sup>36</sup>

Throughout 1935 and early 1936 O'Neal worked to provide the entire membership with positive information on the reciprocity program. He also continued his efforts to get unqualified endorsement from the A.F.B.F. leadership. Many Executive Committee meetings were highlighted by lively discussions on the program's effectiveness. To reinforce his arguments at these meetings, O'Neal asked the administration early in 1936 to work up a memorandum which would "show improvement in trade as a result of our trade agreements program."<sup>37</sup> Due to the short time the program had been in affect and to a number of other

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<sup>34</sup>The State Department memorandum broke down the imports to classifications under drought-caused, seasonal, and non-competitive. Ibid.

<sup>35</sup>W. R. Ogg to William Phillips, April 28, 1936, NA, RG 59, 611.0031/2158.

<sup>36</sup>Cordell Hull to W. R. Ogg, May 8, 1936, NA, RG 59, 611.0031/2158.

<sup>37</sup>William Phillips to Francis Sayre, February 28, 1936, NA, RG 59, 611.0031/2339.

variables, the State Department was unable to produce a document which would substantiate such a conclusion.

The announcement and subsequent negotiation of a trade agreement with Canada in late 1935 revealed that O'Neal's efforts had not been entirely successful. As the first pact with a major agricultural nation, the Canadian treaty generated a great deal of discussion in the Midwest. Farm representatives watched closely to see what concessions would be exchanged by the two nations. Chester Gray, Washington representative of the A.F.B.F., used the public hearings on the pact as a forum to express the "official" Farm Bureau position on the reciprocity program.<sup>38</sup> Gray stated that the A.F.B.F. was arriving at the conviction "that the reciprocity treatment is not that complete cureall for regaining foreign trade in farm products, which it was thought to be a year ago. . . ."<sup>39</sup> According to Gray, "a reciprocity spasm comes along about every twenty years in our nation. This is not the first one we have had."<sup>40</sup> He went on to state that Tariff Commission studies had revealed "that in the former eras of reciprocity no substantial good

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<sup>38</sup>Committee for Reciprocity Information, Stenographic Report of the hearings before The Committee for Reciprocity Information in connection with the negotiation of a reciprocal trade agreement with Canada, March 18-21, 1935 (Washington, 1935), p. 622. Cited hereafter as Canadian Hearings, 1935.

<sup>39</sup>Ibid.

<sup>40</sup>Ibid., p. 637.

has come either to American agriculture or to American industry."<sup>41</sup> Gray informed the Committee for Reciprocity Information that the A.F.B.F. was "holding in abeyance our final determination on this matter. . . ."<sup>42</sup>

Several months after the public hearings concluded in March 1935 the Canadian trade pact was finalized. Among the concessions granted by the United States were tariff reductions on several classifications of cattle, potatoes, cream and several other products produced in substantial quantity in the Midwest.<sup>43</sup> Before long the agreement drew considerable fire from several midwestern agricultural spokesmen. Elements of the protectionist-minded North Dakota Farmers Union, joined by a Minnesota group, telegraphed a protest to President Roosevelt and Secretary of State Hull.<sup>44</sup> The two groups complained that once again the administration had traded the farmers' interests for those of domestic manufacturers and foreign agricultural producers. More important the critics claimed, the Canadian agreement set a dangerous precedent for additional trade pacts with agricultural nations.<sup>45</sup>

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<sup>41</sup>Ibid., p. 638.

<sup>42</sup>Ibid., p. 643.

<sup>43</sup>U.S., Department of State, Reciprocal Trade Agreement Between The United States of America and the Dominion of Canada, Executive Agreement Series, No. 91 (Washington, 1936).

<sup>44</sup>Farmers Union to Franklin D. Roosevelt, December 9, 1935, NA, RG 59, 611.4231/1487.

<sup>45</sup>Ibid.

A. J. Olson, President of the Minnesota Farm Bureau, agreed that the Canadian treaty established a dangerous precedent and remarked that if it was "the purpose of the Administration to trade a lower tariff on agricultural products for trade in manufactured articles then farmers and stockmen should be on their guard."<sup>46</sup>

L. S. Herron of the Nebraska Farmers Union viewed the new agreement in a different light. Herron pictured the pact as part of the process of "whittling the tariff mountain." While acknowledging that some of the pact's provisions might not be fair to United States farmers, he suggested that on the whole, it was "probably about as fair as any negotiated trade treaties we could expect."<sup>47</sup> Aware of the fact that the pact was unpopular in the Midwest, the administration used the A.F.B.F. national convention as a forum to explain and defend the trade agreements in general and the Canadian agreement in particular.

At O'Neal's suggestion, Secretary of Agriculture Henry Wallace was invited to deliver a major address to the annual convention in December 1935. Prior to his appearance at the A.F.B.F. convention, Wallace solicited

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<sup>46</sup> Minnesota Farm Bureau, Proceedings of the Annual Meeting, January 6-9, 1936 (St. Paul).

<sup>47</sup> Nebraska Union Farmer, XXII (December 11, 1935), 4.

suggestions from Clifford Gregory of The Prairie Farmer. In particular, Wallace asked the midwestern editor what points in the Canadian pact most troubled the farmers. Gregory informed the Secretary that the treaty threatened "to create the first definite rift between farmers and the present administration."<sup>48</sup> He urged Wallace to make every effort to reconcile the increasing volume of farm imports with the crop adjustment program of the A.A.A. In Gregory's view, the general feeling among farmers was "that the only policy that is compatible with the agricultural adjustment program is a policy of reserving the home market exclusively for the farmers of this country in the case of the products which they can produce efficiently and in sufficient amount." He added that farmers were upset because the pacts negotiated to date had not lowered the tariff rates of the highly monopolized industries. He urged Secretary Wallace to give concrete answers in clear and understandable language.<sup>49</sup> After carefully evaluating the suggestions posed by Gregory, Wallace admitted that many farmers were ready to rebel over the Canadian pact and that the administration had better move to reassure them.<sup>50</sup>

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<sup>48</sup> Clifford V. Gregory to Henry A. Wallace, November 27, 1935, NA, RG 16.

<sup>49</sup> Ibid.

<sup>50</sup> Henry Wallace to Harvey Ingham, December 12, 1935, NA, RG 16.

Once before the convention, Wallace devoted the majority of his address to a discussion of the Canadian trade treaty. He cautioned farmers to take a careful and objective look at the agreement. Although Canada was a major exporter of agricultural commodities, a flood of such products, he said, would not be permitted to enter the American market and wreck farm prices.<sup>51</sup> Wallace pointed out that most of the concessions were limited by quota restrictions.<sup>52</sup>

Speaking in more general terms, the Secretary warned against a policy of exclusion. If imports were excluded, then the United States stood to lose its export markets. Those areas once producing for the export market would be forced to change crops and move into competition with other producers within the United States.<sup>53</sup> He then related agricultural prosperity to industrial prosperity. Wallace maintained that midwestern farmers would "unquestionably gain from the increased exportation of manufactured products to Canada."<sup>54</sup> He pointed to studies indicating that "an increase of \$150 million dollars in United States factory pay rolls have added from \$4 to \$6 million dollars to the income of farmers in Minnesota, Nebraska

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<sup>51</sup>U.S., Department of Agriculture, Farmers and the Export Market (Washington, 1935), p. 8.

<sup>52</sup>Ibid., pp. 9-10.

<sup>53</sup>Ibid., p. 13.

<sup>54</sup>Ibid., p. 12.

. . . and Iowa."<sup>55</sup> In conclusion, Wallace asked the farmers to take the long view of reciprocal trade agreements as a link in the overall chain to restore prosperity.

Thus, in the initial phase of the trade agreements program, the administration with O'Neal's assistance used the A.F.B.F. as a forum to explain and defend to farmers the reciprocal approach to tariff adjustments. At the same time, however, discussion continued within the A.F.B.F. as to the program's merits. Certainly, many in the state Farm Bureaus of the Upper Midwest did not share President O'Neal's enthusiasm."<sup>56</sup>

While the administration worked with the American Farm Bureau Federation to promote the trade agreements program, another agricultural organization with strong ties in the Midwest actively opposed it. From the outset, the American National Live Stock Association criticized the principle and implementation of reciprocal trade agreements. Upon announcement of the proposal, ranchers immediately equated trade agreements with a lowering of tariff rates on beef imports. At the 1934 national convention, President Charles Collins voiced the concern of his industry. "Our ambassadors of good will are touring South

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<sup>55</sup>Ibid.

<sup>56</sup>Minnesota Farm Bureau, Resolutions of the Annual Meeting, January 17, 1935 (St. Paul); Kansas Farm Bureau, Resolutions of the Annual Meeting, November 1936 (Topeka).

America and preaching the glories of reviving foreign trade by lowering the tariff. It is a beautiful theory, but it has never been satisfactorily demonstrated just how the cattlemen would benefit by increased automobile sales to the Argentine, if these sales are to be paid for in dressed beef. . . ."57

The livestock industry vigorously defended its right to and need of a high protective tariff. Its representatives pointed to the high cost of operation which confronted ranchers in the United States. This high cost of production made it exceedingly difficult for American cattlemen to compete for the domestic market with the cheaper-produced foreign beef imports such as those from Argentina and Canada. Secretary Wallace's repeated comments concerning "inefficient industries" did little to calm their fears. The Executive Committee of the American National Live Stock met in July 1934 and issued a reply to Wallace's statements on "inefficient industries."58 "While an attempt has been made to class as inefficient any industry which exists only because of tariff protection," the Executive Committee explained,

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<sup>57</sup>Materials cited from the American National Live Stock Association are located in the collection of that organization's records at the University of Wyoming. A.N.L.A., Proceedings of the Annual Meeting, January 10, 1934 (Albuquerque, New Mexico).

<sup>58</sup>A.N.L.A., Resolutions of the Executive Committee Meeting, July 21, 1934 (Denver, Colorado).

"we maintain that the protective tariff policy is fully justified by differences in costs of production and living standards between this country and the principal competing foreign countries."<sup>59</sup>

The announcement of the proposed trade pact with Canada in November, 1935, triggered a tremendous reaction within the livestock industry, especially when it was revealed that some concessions to Canadian beef imports would be made.<sup>60</sup> The American Cattle Producer, the principal organ of the A.N.L.A., issued a stinging attack on the trade agreement. The editor informed his readers that "a storm of protest, nationwide, has met the announcement of the agreement."<sup>61</sup> According to the editorial, the United States had granted substantial tariff reductions on Canadian surplus agricultural products, while Canada reciprocated with some "chickenfeed reductions" on fruits and vegetables. Once again, according to the editor, the

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<sup>59</sup>Ibid.

<sup>60</sup>The Canadian trade agreement called for a reduction in the United States duty from three cents a pound to two cents a pound on animals weighing 700 pounds or more. However, this reduction applied to only 155,795 head each year. The United States also granted a reduction from 2-1/2 cents to 1-1/2 cents a pound on calves weighing less than 175 pounds. This reduction applied to 51,933 head a year. U.S., Department of State, Reciprocal Trade Agreement Between the United States of America and the Dominion of Canada, Executive Agreement Series, No. 91 (Washington, 1936), pp. 19-20.

<sup>61</sup>The American Cattle Producer, XVII (December, 1935), 23.

automobile and manufacturing interests had been the major beneficiaries of the tariff while agriculture had lost.<sup>62</sup>

The writer in The Producer declared that even more important than the granted concessions was the dangerous precedent established by the treaty. "Already announcement had been made that Mexico and Argentina will push for negotiation of trade agreements long under consideration but not at an active stage."<sup>63</sup> The editor went on to predict that the trade pact would not remain in force very long. "Secretly arrived at, with only farcial opportunity given American producers to appear in their own interests, and with our official cabinet representative an ardent advocate of foreign trade, American agriculture will rise up and demand that the American market be preserved for the American producer. . . ."<sup>64</sup>

At the 1936 convention of the American National Live Stock Association in Phoenix, Arizona, the Canadian Trade Agreement emerged as the focal point of discussion. M. L. Wilson, Assistant Secretary of Agriculture, addressed the delegates and defended the administration's decision to seek an agreement with Canada. He assured the assembled ranchers that the Department of Agriculture and others involved had carefully studied the proposed tariff reductions on cattle and had concluded that the agreement would

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<sup>62</sup>Ibid.      <sup>63</sup>Ibid., p. 24.      <sup>64</sup>Ibid.

not "significantly" affect the cattle industry.<sup>65</sup> Wilson also reiterated the oft-repeated administration argument that "the cattle industry would benefit through increased purchasing power in industrial centers resulting from the agreements."<sup>66</sup>

President Collins acknowledged that the agreement might not seriously cripple the cattle industry because the total number of cattle permitted to enter at the reduced rates was not large.<sup>67</sup> However, he quickly added that the United States did not need the imports no matter how small they were. Collins again suggested that the real "menace" contained in the Canadian agreement was the "precedent" it established. In his words, "agriculture can no longer depend upon the protection it has formerly enjoyed, but must operate with the threat constantly hanging over it of further tariff cuts as treaty after treaty is being negotiated."<sup>68</sup> At the close of the convention, the delegates passed a resolution officially condemning the rate reductions in the Canadian pact, and criticized the dangerous precedent it established. Also,

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<sup>65</sup>A.N.L.A., Proceedings of the Annual Meeting, January 7-9, 1936 (Phoenix, Arizona), p. 32.

<sup>66</sup>Ibid.

<sup>67</sup>President Collin's address to the convention was recorded in the association's journal. The American Cattle Producer, XVII (January, 1936), 11.

<sup>68</sup>Ibid.

the convention urged that "all future tariff or trade agreements be ratified by the Senate."<sup>69</sup>

It is readily apparent that in 1935 and early 1936 the reaction of the major farm organizations in the Midwest ranged from uncertainty and indecision to outright opposition. The Roosevelt administration was certainly aware of this situation and reacted quickly to counteract the criticism. Members of the Departments of Agriculture and State worked vigorously to explain the program's general goals and meet the specific complaints which arose. Yet, much indecision remained and by mid-1936 the reciprocity program in general and competitive imports in particular had emerged as a major political issue in the Midwest. As November approached more and more Republicans struck out at the program in an attempt to win the agrarian vote of the Midwest.

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<sup>69</sup>A.N.L.A., Resolutions Adopted at the Annual Meeting, January 9, 1936 (Phoenix, Arizona).

## CHAPTER IV

### NEW DEAL TARIFF POLICY AND THE ELECTION OF 1936

As mentioned previously, during the 1932 political campaign Franklin Roosevelt made a number of promises to agriculture including assurances that tariff rates on agricultural products would not be reduced. However, several of the early trade agreements such as those with Canada and Cuba had included some concessions on agricultural products. The administration explained that most of the concessions pertained to non-competitive products and those of a competitive nature were limited by quota. In spite of the administration's explanations and justifications, the question of increased agricultural imports deeply troubled many farm leaders in the Midwest. A great deal of confusion surrounded the import issue, and farmers were uncertain as to whether the imports actually damaged their industry or were of little consequence as the administration claimed. Also, the precise relationship of the reciprocal trade agreements program to the increased imports remained unclear. The Republican party sought to convert this uncertainty and concern into political gain.

The division and uncertainty in the Midwest over the effects of the trade agreements program was reflected by the lack of editorial consensus among the leading farm journals. Several of these journals offered considerable critical comment on the "increase" of agricultural imports and related this increase to the reciprocal trade agreements program. The Dakota Farmer portrayed the "deadly reciprocal trade treaties" as a guise under which foreign agricultural products could be imported into the United States.<sup>1</sup> This "immense increase" was graphically illustrated with a series of charts outlining the increased imports of beef and cheese products. The editor attributed these increases to the 1935 Canadian trade pact. The administration admitted that the cattle market experienced a price drop in early 1936; however, it attributed this "recession" to "heavy domestic marketings of fat cattle" and not to Canadian imports.<sup>2</sup> The Dakota Farmer informed its readers that Washington showed little concern over the import issue. Inquiries were either ignored or "passed

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<sup>1</sup>The Dakota Farmer, LVI (April 25, 1936), 222.

<sup>2</sup>For the period January to June, the 1936 cattle imports from Canada amounted to 158,000 head compared to 72,000 head in the first six months of 1935. With respect to Cheddar cheese, 478,000 pounds entered the United States during the first six months of 1935 compared to 3,826,000 pounds in the same period in 1936. The 1936 total was equivalent to 1.63 percent of domestic production. U.S., Department of State, The Midwest and the Trade Agreements Program, Commercial Policy Series, No. 27 (Washington, 1936), pp. 59-61.

along to someone else 'for attention.'" "Why should this great country," asked the editor, "equipped as is no other with manpower, intelligence, lands and crops to produce all meat and meat products required for its own consumption" permit foreign nations to profit at the expense of the American farmer.<sup>3</sup>

The influential Kansas publication, Capper's Farmer, unequivocally attributed the increased agricultural imports to the trade agreements program and suggested that such imports did indeed compete with produce from the American farm.<sup>4</sup> According to the editor, corn imports jumped from 347,627 bushels in 1932 to 43,242,296 bushels in 1935. Oat imports increased from 58,786 to 10,106,903 bushels, while wheat imports soared from 10 to 27 million bushels. Cattle imports rose from 95,407 to 364,623 head.<sup>5</sup> In contrast to administration statements that drought conditions had necessitated the majority of the imports, Capper's Farmer suggested that the American farmer could produce

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<sup>3</sup>The Dakota Farmer, LV (March 14, 1936), 138.

<sup>4</sup>Capper's Farmer, XLVII (October, 1936), 18.

<sup>5</sup>The wheat imports equaled 3.6 percent of domestic production. The Agriculture Department attributed corn imports to the drought loss of 1,003,336,000 bushels in 1934. U.S., Department of Agriculture, Agricultural Imports: Their Significance to American Farmers (Washington, 1936), p. 6. There were no tariff reductions on the grain products mentioned. Corn paid 25 cents a bushel, oats 16 cents, and wheat 42 cents a bushel. U.S., Department of Agriculture, The Drought and Current Farm Imports (Washington, 1935), p. 9.

sufficiently to meet the domestic need.<sup>6</sup> These editors tried to leave midwestern farmers with no doubt that they were being victimized by the reciprocity program.

The Nebraska Farmer's editorial staff also questioned the worth of the trade agreements program and took Secretary of Agriculture Wallace to task for defending agricultural imports. "The Secretary produces an array of figures in defense of his contention that imports are chiefly an imaginary devil, without tails, horns or pitchforks. Mr. Wallace might have a hard time to convince cattle feeders that this is so. . . ." <sup>7</sup> The editor belittled administration suggestions that the present volume of imports was too small to appreciably affect farm prices. To the contrary, he pointed out that even a small volume of a cheap product could significantly affect the market. "When there is a surplus above the normal requirements, the depressing influence on price is out of proportion to the number involved, creating a buyers market." <sup>8</sup>

These farm journals with wide circulation in the Midwest did very little to clarify the tariff issue and in fact contributed to the controversy which surrounded

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<sup>6</sup>Capper's Farmer, XLVII (October, 1936), 18.

<sup>7</sup>The Nebraska Farmer, LXXVIII (May 23, 1936), 4.

<sup>8</sup>Ibid.

the trade agreements program. The editors made no attempt to analyze the program carefully or to define its precise relationship to agricultural imports and farm prices. The publication of certain figures and charts without qualification or explanation tended to offer a one-sided, unfavorable image of the trade agreements. Such presentation made it extremely difficult for the individual farmer or businessman to evaluate the program objectively.

In addition to the editorial criticism of the program a number of controversial exhibits, illustrating increased agricultural imports, appeared throughout the Midwest at fairs and farm gatherings.<sup>9</sup> The banner over one such exhibit read, "This exhibit proves conclusively that we are taking the American farmer and stockman out of the foreign market and putting the foreign farmers in the American market."<sup>10</sup> Many of the exhibits included displays of foreign imports such as Canadian wheat, corn from Argentina and barley from Holland.<sup>11</sup>

Thus, it was apparent in 1936 that many midwesterners had not abandoned their economic nationalism and insisted that the entire domestic market should be retained for the American farmer. This nationalistic

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<sup>9</sup>Wallace's Farmer, LXI (September 12, 1936), 5; Nebraska Union Farmer, XXIII (September 9, 1936), 3.

<sup>10</sup>The Kansas Stockman, XX (July 1, 1936), 4.

<sup>11</sup>Ibid.

sentiment manifested itself in an Import Conference held in Sioux City, Iowa, in April 1936. Sponsored by the Sioux City Chamber of Commerce, delegates from Illinois, Kansas, Minnesota, Nebraska, North Dakota, South Dakota, Missouri and Iowa attended. The announced intention of the meeting was to "protest against importations of agricultural products and their substitutes which we believe do now and will in the future seriously affect prices of American agricultural products."<sup>12</sup> Several midwestern farm leaders including H. G. Keeney, President of the Nebraska Farmers Union, South Dakota Governor Tom Berry, J. C. Hohler, Secretary of the Kansas State Board of Agriculture and George N. Peek endorsed the meeting.<sup>13</sup> The administration refused to acknowledge the meeting, and Secretary of Agriculture Wallace declined an invitation to attend.

After a series of seminars and general convocations, the Conference adopted a number of resolutions attacking the New Deal tariff policy and the administration's permissive attitude toward agricultural imports. The delegates called for farmers and farm organizations to unite in an effort to induce Congress to enact legislation leading to a new tariff policy.<sup>14</sup> Above all, Congress

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<sup>12</sup>Sioux City Journal, April 12, 1936.

<sup>13</sup>Ibid., April 14, 1936.

<sup>14</sup>Ibid., April 15, 1936.

should be encouraged to repeal the trade agreements act and abrogate all trade agreements previously negotiated under that act. At the same time, imports of all raw materials should be restricted "in order that American producers of all goods, materials and commodities may profit in full measure by adequately developing the potentialities of the great domestic market."<sup>15</sup> To round out the proposed program, Congress was urged to "affect an immediate, adequate and upward revision of tariffs on raw materials . . . to the extent that there shall be tariff parity between raw materials and manufactured goods. . . ."<sup>16</sup>

The positions expressed by the Import Conference did not go unchallenged in the Midwest. The Nebraska Farm Bureau in its publication Nebraska Agriculture and the Des Moines Register declared that the Import Conference was a hoax. In their opinion, the meeting was "staged" in order to "give the appearance of violent agricultural opposition to reciprocal trade pacts and to the gradual lowering of tariffs."<sup>17</sup> The Register's editor intimated that "eastern" interests and representatives of the manganese industry had staged the conference to further

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<sup>15</sup>Ibid.

<sup>16</sup>Ibid.

<sup>17</sup>Nebraska Agriculture, V (May 14, 1936), 1; Des Moines Register, April 19, 1936.

their protectionist desires.<sup>18</sup> The editors suggested that the meeting certainly did not represent a genuine expression of midwestern sentiment.

In addition to the Des Moines Register and the Nebraska Agriculture, a number of other midwestern farm journals and organizations defended the trade agreements program and supported the necessity of limited agricultural imports. O. O. Wolf, President of the Kansas Farm Bureau, cautioned farmers to be on guard "against propaganda about farm imports when the purpose of this propaganda is to prejudice the farmer. . . ." <sup>19</sup> Before they condemned the program in its initial stages, Wolf asked farmers to consider the fact that the total value of agricultural imports in 1935 was approximately one-half of the 1929 total and also less than the 10- and 20-year averages. He concluded that the present small volume of imports did not necessitate the extreme protective measures advocated by some.<sup>20</sup>

The Nebraska Union Farmer and The Prairie Farmer also sought to discount the importance of the agricultural imports. The Nebraska publication related the imports to the administration's attempts to increase foreign purchasing

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<sup>18</sup>Des Moines Register, April 19, 1936.

<sup>19</sup>The Nation's Agriculture (Kansas edition), XV (November, 1936), 6.

<sup>20</sup>Ibid.

power so necessary before foreign farm markets essential to the agricultural industry could be reopened.<sup>21</sup> The editor of The Prairie Farmer explained that the drought was responsible for the increase of corn and grain imports so severely criticized by Capper's Farmer. In view of the fact that livestock men needed additional grain for feed purposes, it was "only fair to permit grain imports to come in to make up partially for the shortage and to keep grain prices from going much higher."<sup>22</sup> The editor assured midwesterners that the additional imports would not force down the domestic price level because they would have to come in over the tariff wall. Thus, livestock men stood to benefit, and the grain growers would not be hurt in view of the continued high prices. The import situation, according to the editor, was temporary and next year's crop would more than fill domestic needs.<sup>23</sup>

Wallace's Farmer, a usual administration supporter, questioned the motives behind the attack on agricultural imports. The editor accused the "high tariff crowd" of trying to trick the farmer with an old type of shell game.<sup>24</sup> "The tariff shell game, in which the farmer is

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<sup>21</sup>Nebraska Union Farmer, XXII (August 14, 1935), 10.

<sup>22</sup>The Prairie Farmer, CVII (January 19, 1935), 6.

<sup>23</sup>Ibid.

<sup>24</sup>Wallace's Farmer, LX (March 30, 1935), 2.

the perennial victim, consists in getting the farmer excited about imports of farm products, so that he can be persuaded to agree to high tariffs all the way down the line. Such high tariffs are usually worth a nickel or less to farmers, but are worth millions to industrial beneficiaries."<sup>25</sup> Farmers were cautioned to examine import figures carefully. Isolated figures might sound impressive, but when compared to total domestic production their significance diminished considerably. The journal's editorial staff also implied that the Republican party was encouraging the import controversy with the hope it would pay dividends in the November election.<sup>26</sup>

Without doubt, the reciprocal trade agreements program and agricultural imports had emerged as a leading political issue in the Midwest. In fact, shortly after the program was initiated in 1934, several midwestern Democrats acknowledged that the reciprocity proposal was a touchy issue and one which could have unfavorable political consequences for the party in power.<sup>27</sup> Republican leaders in the Midwest had quickly sensed the concern over agricultural imports and the uncertainty about the

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<sup>25</sup>Ibid.

<sup>26</sup>Ibid., LXI (September 12, 1936), 5.

<sup>27</sup>Edward C. Eicher to Cordell Hull, August 27, 1934, NA, RG 59, 611.0031/1013; Harry B. Coffee to Cordell Hull, July 16, 1935, NA, RG 59, 611.423 Cattle/30.

trade agreements program. The national Republican platform of 1936 "condemned the secret negotiation of reciprocal trade treaties without public hearing or legislative approval."<sup>28</sup> If placed in office, the Republicans promised to repeal the reciprocity law. Mindful of the import controversy, the platform called for protection for the American farmer against importation of all livestock, dairy, and agricultural products, substituted therefor, and derivatives therefrom, which will depress American farm prices."<sup>29</sup>

The Republican Congressional Committee distributed a number of press releases, pamphlets and broadsides in the Midwest in an attempt to discredit the New Deal tariff policies. One pamphlet announced that "Roosevelt the Importer" had "torn down the tariff walls, lowered tariff rates all along the agricultural line, and almost wrecked the country's great dairy industry."<sup>30</sup> The pamphlets contained page after page of isolated figures with no qualification or explanation--the implication being that all the enumerated products now came in duty free because of the reciprocal trade agreements program. For example, one pamphlet decried the great loss in wheat exports without

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<sup>28</sup>Henry S. Commager, ed., Documents of American History (New York, 1963), p. 356.

<sup>29</sup>Ibid.

<sup>30</sup>Republican Congressional Committee, Roosevelt the Importer (Washington, 1936), p. 3, Drawer 175, Agriculture Folder, Francis Case Papers.

mentioning the drought and its relationship to wheat production.<sup>31</sup> The Republican brochures were particularly critical of the most-favored-nation clause. The implementation of this principle allowed many nations to profit from tariff concessions while making no concessions to the United States.<sup>32</sup>

The Republican Congressional Committee concentrated much of its criticism on the Canadian trade treaty. Several press releases detailed the "disaster" within the cattle industry due to the agreement. According to this announcement, the pact had unleashed a "flood of foreign cattle" into the United States which had wrecked prices.<sup>33</sup> The dairy industry stood to lose almost \$380,000,000 while the beef cattle industry faced losses approaching \$650 000,000.<sup>34</sup> The Republicans insisted that additional imports of pork and cheese products further compounded the farmers' plight.

Pamphlets distributed by Republicans in the Midwest featured statements by Minnesota Representative August H. Andresen. Andresen suggested to his fellow midwesterners that the New Deal tariff policy was "giving our American market to foreign farmers."<sup>35</sup> Andresen attributed three

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<sup>31</sup>Ibid., p. 2.

<sup>32</sup>Ibid., p. 5. Press Release by Republican Congressional Committee, Agriculture Folder, Drawer 175, Case Papers.

<sup>33</sup>Ibid.

<sup>34</sup>Ibid.

<sup>35</sup>Ibid.

domestic problems to the administration tariff policy. First, the large quantity of agricultural imports depressed and reduced the price level on domestically produced farm commodities. He also suggested that the trade agreements program as implemented by the New Deal was inconsistent with administration efforts to reduce domestic production. Andresen pointed out that American farmers had retired forty million acres of farm land, but on the other hand foreign farm imports equaled production from twenty-five to thirty million acres abroad.<sup>36</sup> Lastly, the Minnesota Republican equated imports with domestic unemployment. According to Andresen, a translation of agricultural imports for 1935 into persons employed disclosed that from 2,500,000 to 3,000,000 persons could have been employed in the United States in the production and processing of the imported products had they been produced in the United States.<sup>37</sup>

Once the political campaign of 1936 commenced, Republicans flooded farmers in the Upper Midwest with materials highly critical of the trade agreements program. Political dialogue on the tariff issue was particularly prominent in Iowa, Nebraska and South Dakota. In Secretary Wallace's home state of Iowa, the trade agreements program received widespread attention during the campaign.

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<sup>36</sup>Ibid.

<sup>37</sup>Ibid.

The state's two major newspapers, the Sioux City Journal and the Des Moines Register split over the issue. The Journal had opposed the measure in 1934 and now carried Republican attacks on the program.<sup>38</sup> The Des Moines Register, despite its traditional Republicanism, supported the Roosevelt proposal and criticized the Landon ticket for adopting an anti-trade agreements plank.<sup>39</sup>

The Iowa Republican platform sternly criticized the administration's tariff policy, and the Republican congressional candidates discussed the program at length on the campaign trail.<sup>40</sup> Fred Biermann, Democratic candidate for the House of Representatives in the Fourth District, acknowledged that the Republicans were winning votes on the tariff issue. In a letter to Secretary of State Hull, Biermann encouraged the administration to step up its defense of the program and also to counter the Republican Congressional Committee by providing material in defense of the reciprocal tariff policy.<sup>41</sup>

While the Fourth District race stirred a great deal of interest in northeast Iowa, the eyes of the entire

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<sup>38</sup>Sioux City Journal, March 31, 1934.

<sup>39</sup>Des Moines Register, October 5, 1936.

<sup>40</sup>Ibid., July 11, 1936; Sioux City Journal, May 12, October 8, 21, 1936.

<sup>41</sup>Fred Biermann to Cordell Hull, July 18, 1936, Folder 17, Box 5, Fred Biermann Papers.

state were on the battle between incumbent Republican Senator L. J. Dickinson and Democrat Guy Gillette of Cherokee. Both men were well known in Iowa political circles, especially Dickinson who had emerged as an outspoken critic of the New Deal. Dickinson had represented Iowa since 1919--first as a congressman and after 1930 in the Senate. In 1934 when the Roosevelt administration introduced the reciprocity proposal, Dickinson lead Midwest opposition to the bill. After voting against the measure, he had constantly criticized the program and the agricultural imports that it supposedly permitted. Gillette on the other hand, had voted for the bill as a congressman in 1934 and had continually supported the administration's efforts to reopen world trade through reciprocity.

At every opportunity Dickinson lashed out at New Deal tariff policy. On many occasions he quoted figures and percentages which, without qualification, appeared very startling. In an article for The Rotarian, Dickinson suggested that the wheat imports for the first ten months of 1935 represented an increase of 59,700 percent over 1932 and seriously threatened the American farmer.<sup>42</sup> He failed to mention the drought or to show that

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<sup>42</sup>A copy of the original manuscript for Dickinson's article, along with a number of radio speeches dealing with the reciprocal trade agreements program are in the Dickinson Collection. Folder 103, Box 6, L. J. Dickinson Papers.

imported wheat had to clear the tariff wall and thus did not significantly affect the domestic price level. He also implied that the trade agreements program had thrown open United States markets to Argentine grain, livestock and dairy products despite the fact that no trade agreement had been negotiated with that country.<sup>43</sup>

Wallace's Farmer endorsed Gillette and took Dickinson to task for his "irresponsible" statements about New Deal tariff policy. According to the editor, by his support of the Smoot-Hawley tariff bill and opposition to the reciprocity program, Dickinson had opposed every constructive effort by Washington to regain foreign markets essential to agricultural prosperity.<sup>44</sup> While it received much attention, it is impossible to estimate the effect of the trade agreements issue on the outcome of the election. But for whatever reasons, Gillette ousted the Republican incumbent in a close race.

The Republicans may have emphasized the trade agreements issue even more in Nebraska than in any other midwestern state. In Nebraska, as in the other midwestern states, the Republican National Committee publicized the position of George Peek. Pamphlets reminded farmers that the former administrator of the Agricultural Adjustment

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<sup>43</sup>Ibid.

<sup>44</sup>Wallace's Farmer, LXI (April 25, 1936), 4; (June 2, 1936), 5.

Act opposed the New Deal's tariff policy and believed that the trade agreements program was "breaking down the American market for American agriculture and industry" and was "contributing to the prolongation of the farm crisis."<sup>45</sup>

The livestock industry was very important to Nebraska's economy and the Republicans were well aware of cattlemen's concern over the reciprocity program.<sup>46</sup> With this concern in mind, the Republican publicity releases dwelled at length on the Canadian trade treaty. Charts and figures detailed the recent increase in livestock imports and related them to the Canadian pact.<sup>47</sup>

Nebraska Democrats expressed the fear that the trade agreements issue would cost them votes in November. In an attempt to counter Republican criticism, Democratic leaders and candidates discussed the New Deal tariff policy in general terms and emphasized the overall gains for agriculture under the New Deal. Farmers were reminded that foreign markets could not be reopened if the United States refused to accept any imports in return.<sup>48</sup> Democratic

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<sup>45</sup>Political Parties, Campaign Material Distributed in Nebraska. Folder 29, Box 2, MSS 497, Nebraska Historical Society.

<sup>46</sup>Representative Harry Coffee stated that 72 percent of Nebraska's gross farm income was derived from the sale of livestock or livestock products. Canadian Hearings, 1935, p. 399.

<sup>47</sup>Political Parties, Campaign Material Distributed in Nebraska. Folder 29, Box 2, MSS 497, Nebraska Historical Society.

<sup>48</sup>Ibid.

advertisements dealt at length with the question of agricultural imports. The Democrats maintained that these imports were largely non-competitive. In the case where incoming agricultural products might have been competitive, quotas imposed sufficient restrictions. In response to Republican statements on corn and wheat imports, the Democrats informed Nebraskans that no tariff reductions had been granted on either product, and whatever the case, the amount of corn and wheat that came over the tariff wall was insignificant. In 1935 wheat imports amounted to less than 4 percent of the domestic crop. Total corn imports equaled an amount that could be grown in one Nebraska county.<sup>49</sup>

In order to counter the Republican criticism of livestock imports, the Democrats published several pamphlets dealing with the state of the livestock industry under the New Deal, and the effect of imports on prices. One publication noted that, despite the Canadian trade pact, cattle imports in 1936 would be smaller than in 1935 and, more important, well under the years prior to the "Hoover Depression."<sup>50</sup> While de-emphasizing imports, the pamphlets pointed to increases in farm income since 1933. For example, during the first six months of 1933 the United States imported only 460 head of cattle and farm income from beef cattle totaled \$175,792,000. However,

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<sup>49</sup>Ibid.

<sup>50</sup>Ibid.

in the first six months of 1936 the United States imported 158,000 head of Canadian cattle, but farm income from beef cattle totaled \$382,357,000.<sup>51</sup>

Nebraska Democrats offered farm income figures to support a basic Democratic contention that in times of higher prices imports were always going to be greater than during periods of low prices. Nebraska cattlemen were told that the "tariff-monopoly gang has its errand boys and clackers among the western cattlemen and their associations. They are misrepresenting the Canadian Trade Agreement to serve political ends, in an attempt to obscure the real and unprecedented support the Roosevelt administration has given the cattle industry."<sup>52</sup>

During the course of the campaign, several leading Republicans came to Nebraska to support congressional candidates. Michigan Senator Arthur Vandenberg and Arthur Capper of Kansas made several appearances and concentrated on New Deal tariff policies.<sup>53</sup> Capper acknowledged that he had voted for the trade agreements program in 1934, but now opposed it because it had not provided the foreign markets promised. Instead, Capper contended that the American farmer was losing his own domestic market to the foreign importer.<sup>54</sup>

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<sup>51</sup>Ibid.      <sup>52</sup>Ibid.

<sup>53</sup>Scottsbluff Republican, September 13, 1936; Beatrice Daily Sun, October 14, 1936.

<sup>54</sup>Beatrice Daily Sun, October 14, 1936.

Capper's political appearances sparked substantial editorial comment. The Lincoln Star suggested that Capper's reversal on the trade agreements program represented political considerations rather than a conscientious evaluation of the program's merits.<sup>55</sup> The Kansas Senator had not been deceived as he claimed, said the editor; rather, Capper voted for the measure knowing that it was right and beneficial to agriculture. When the Republican party adopted an anti-trade agreements position, however, Capper was then forced to reverse his position or not remain a "regular" within the party.<sup>56</sup> The Norfolk Daily News defended Senator Capper and echoed his criticism of the reciprocity program. According to the editor, Capper and others in the Midwest "did not understand that the administration was about to open our markets to the cattle, wheat, corn and dairy products of Canada."<sup>57</sup> Development of foreign trade was desirable, but the editor suggested that many midwesterners questioned the reciprocal approach.<sup>58</sup>

The 1936 election in Nebraska produced few surprises and neither party gained or lost congressional representation. George Norris, the dominant political

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<sup>55</sup>Lincoln Star, October 16, 1936.

<sup>56</sup>Ibid.

<sup>57</sup>Norfolk Daily News, October 22, 1936.

<sup>58</sup>Ibid., October 13, 1936.

figure in Nebraska, supported Roosevelt's reciprocal trade agreements program, but he said little about it during the campaign.<sup>59</sup> Norris had become such a political institution that he easily defeated the Democratic candidate and the regular Republican candidate, Robert Simmons, who had devoted much of his campaign to an attack on the trade agreements program and agricultural imports.<sup>60</sup>

As in Nebraska and Iowa, South Dakota Republicans sought to turn concern over the trade agreements program into votes in November. This issue caused grave concern among Democrats. Democratic Governor Tom Berry, a rancher, on several occasions publicly expressed his concern over agricultural imports and requested that President Roosevelt look into the matter.<sup>61</sup> The Democratic State Central Committee urged Secretary of Agriculture Wallace to come to the Midwest and "put away the bogey" of agricultural imports.<sup>62</sup> Committee Chairman Herbert E. Hitchcock informed the administration that South Dakota

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<sup>59</sup>Hastings Daily Tribune, October 23, 1936.

<sup>60</sup>Norfolk Daily News, October 21, 1936; Omaha World Herald, October 28, 1936; Chadron Journal, October 16, 1936.

<sup>61</sup>Thomas Berry to Franklin D. Roosevelt, April 4, 1935, R.L., O.F. 61-A.

<sup>62</sup>Herbert Hitchcock to Roscoe Retich, May 18, 1936, NA, RG 16.

Republicans had launched "the most intensive system of propaganda the Corn Belt has ever witnessed. Every import from a pint of Scotch or a gill of cream to a ship load of Argentine corn has been duly recorded over the radio through local Chamber of Commerce speakers and through local political sources."<sup>63</sup> In Hitchcock's estimation, if the administration did not strongly present its case in the Midwest, the issue could result in political disaster for the Democrats.

The pleas from midwestern Democrats did not go unheeded. In fact, the Roosevelt administration was fully aware of the midwestern concern over the trade agreements question long before the summer of 1936. As early as June 1934 the State Department had suggested that the public might have to be educated on the merits of the program.<sup>64</sup> Shortly after Congress passed the reciprocity measure, the State Department and the Department of Agriculture began to issue a series of pamphlets designed to explain the program. Later, these memoranda dealt with specific problems such as agricultural imports and the drought.<sup>65</sup> As November of 1936 approached, New

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<sup>63</sup>Ibid.

<sup>64</sup>Henry Grady to Francis Sayre, June 28, 1934, NA, RG 59, 611.0031/785.

<sup>65</sup>The publications in the first 2-1/2 years included: U.S., Department of Agriculture, Farmers and the Export Market (Washington, 1935); U.S., Department of

Deal spokesmen undertook a concerted effort to sell the trade agreements program in the Midwest. Over a period of several months, President Roosevelt, Secretary of State Hull and Secretary of Agriculture Wallace all toured the Midwest and vigorously defended the reciprocity program.

Early in May 1936, Secretary Wallace traveled to Lincoln, Nebraska, to address a gathering of farmers. The main part of his speech dealt with the tariff. Speaking in generalities at first, Wallace warned the farmers "that they would be sold down the river if they accept a high tariff policy as a 'cure-all for agriculture.'"<sup>66</sup> He reminded the audience that manufacturing concerns and not agriculture had always profited the most from the high protective tariff.

Cognizant of the concern in the livestock industry, Wallace sought to calm the fears of Nebraska cattlemen. He declared that there was no reason for livestock raisers to fear that the Canadian pact would allow the importation of enough cattle to depress the domestic market. In fact, Wallace explained that "the new markets which the pact is

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Agriculture, Agriculture's Interest in America's World Trade (Washington, 1935); U.S., Department of Agriculture, Agricultural Imports: Their Significance to American Farmers (Washington, 1936); U.S., Department of Agriculture, The Drought and Current Farm Imports (Washington, 1935); U.S., Department of State, The Midwest and the Trade Agreements Program, Commercial Policy Series, No. 27 (Washington, 1936).

<sup>66</sup>Lincoln Star, May 4, 1936.

creating for manufactured goods in the eastern part of the United States is improving conditions there and enabling those people to buy more livestock, dairy and farm products from Nebraska farmers."<sup>67</sup> The Secretary was also careful to discredit reports that agricultural imports in general were greatly damaging the domestic market. He estimated that imports of wheat, corn, beef and pork products did not affect Nebraska farm production more than \$10,000 a year one way or another.<sup>68</sup>

The Republicans, however, kept attacking the reciprocity program. When Republican candidate Alfred M. Landon toured the Midwest he repeatedly attacked trade agreements. On September 25 in Minneapolis, Landon delivered a major address on trade agreements entitled "Sold Down the River."<sup>69</sup> He informed his audience that he did not oppose the principle of reciprocity, nor did he favor a policy of isolation.<sup>70</sup> However, for several reasons the Roosevelt approach to reciprocity was damaging the interests of the American farmer. According to Landon, the administration had chosen the wrong countries with which to negotiate trade agreements. To deal with major agricultural nations such as Canada meant certain concessions on competing agricultural commodities.<sup>71</sup>

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<sup>67</sup>Ibid.      <sup>68</sup>Ibid.

<sup>69</sup>Vital Speeches, III (October 15, 1936), 23.

<sup>70</sup>Ibid., p. 24.      <sup>71</sup>Ibid., p. 25.

Landon also questioned the method of negotiating the treaties. In his view, the whole process was a "star-chamber proceeding," and the public hearings amounted to little more than window dressing. Commodities under consideration were not enumerated and thus a witness might be wasting his time and that of the Committee. In addition, Landon suggested that the administration paid scant heed to the statements of the "little fellow" once he did offer testimony.<sup>72</sup>

The Republican candidate viewed the unconditional most-favored-nation principle as another major shortcoming within the program. He conceded that the principle might have some merit if the other nations would employ it also.<sup>73</sup> But most nations did not, and thus the United States was making concessions without receiving anything in return. Finally, Landon questioned the original congressional grant of tariff-making power to the President.<sup>74</sup>

As Landon indicated, the New Deal's decision to employ the unconditional most-favored-nation principle caused some concern in the Midwest and this concern mounted as the number of agreements increased. The critics reasoned that such a policy enabled nations to obtain concessions from the United States without granting reciprocal concessions of their own. The administration answered the

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<sup>72</sup>Ibid.

<sup>73</sup>Ibid.

<sup>74</sup>Ibid.

criticism with several arguments. First, Secretary of State Hull maintained that it was the responsibility of the United States to take the lead in fostering a spirit of goodwill and cooperation in international trade. Second, and most important, the administration pointed out that in most cases the United States limited its duty concessions to those products of which the negotiating country was the "principal supplier." That is, should Russia be the major international producer of manganese, the United States would seek to reach a concession settlement on manganese with that nation. Administration spokesmen suggested that by pursuing the "principal supplier" policy the United States limited the advantages gained by other nations through the most-favored-nation clause and thus, this country retained its bargaining position with other nations.

Shortly after Landon's speech, President Roosevelt visited the Midwest and replied to Landon's charges. In speeches at Minneapolis and Omaha, the President accused the Republicans of harboring a narrow, nationalistic view of world trade. Roosevelt referred to figures reflecting increased consumption and better farm prices as proof that "the New Deal reciprocal tariff program was benefiting American industry and agriculture."<sup>75</sup> He reminded his

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<sup>75</sup>Minneapolis Tribune, October 10, 1936; Omaha World Herald, October 11, 1936.

listeners that prior to the reciprocity program, national tariffs, embargoes, and import quotas had dropped farm prices throughout the world to their lowest point in history. This condition had by no means been completely eliminated; however, the trade agreements program had begun to reopen the foreign markets so vital to agricultural prosperity.<sup>76</sup> To abandon the program at this time, would mean the loss of all gains made in the past several years. In the closing weeks of the campaign, Secretary Hull and Secretary Wallace followed up Roosevelt's visits and re-enforced his defense of the reciprocity program.<sup>77</sup>

The tariff had become a vital issue in the Midwest during the 1936 campaign. However, the impact of this issue on the outcome of the election is difficult to assess. Roosevelt carried the six upper midwestern states by a margin of 774,416 votes which represented a loss of approximately 70,000 votes from his 1932 margin.<sup>78</sup> He suffered his greatest losses in North and South Dakota. In 1932 Roosevelt gathered 69.6 percent of the vote in North Dakota, but slipped to 59.6 percent in 1936. In South Dakota his 1932 percentage of 63.6 percent fell to 54 percent in 1936.<sup>79</sup>

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<sup>76</sup>Ibid.    <sup>77</sup>Des Moines, Register, October 30, 1936.

<sup>78</sup>Edgar E. Robinson, They Voted for Roosevelt: The Presidential Vote, 1932-1944 (Stanford, 1947), pp. 43-44.

<sup>79</sup>Ibid.

While Roosevelt's overall loss in the six states was not dramatic, an examination of a number of county returns indicates that many ranchers and dairymen had become disenchanted with the New Deal. In northeastern Iowa, the four counties of Allamakee, Howard, Mitchell and Winneshiek housed a substantial dairy industry. In 1932 Roosevelt carried these four counties by over 8,000 votes. However, in 1936 his margin slipped to less than 2,000. In the southern section of the state, many ranchers also deserted the New Deal camp. In one five-county area, Roosevelt's 1932 margin of 6,000 votes was reduced to 1,500.<sup>80</sup> The same pattern existed in the ranching areas of Nebraska and South Dakota.<sup>81</sup>

No dramatic change in the congressional delegations occurred. Despite the fears of some midwestern Democrats, the Republicans gained only three seats.<sup>82</sup> While no great political turnover transpired, the campaign did demonstrate

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<sup>80</sup>Ibid., pp. 89-93.

<sup>81</sup>In seven ranching counties of Fall River, Harding, Haakon, Jones, Meade, Perkins and Ziebach in western South Dakota, Roosevelt carried the 1936 vote by 646 after winning by a margin of 3345 in 1932. The same was true in a ten-county section of western Nebraska where Roosevelt's 1932 margin of 3497 was reduced to 973 in 1936. Ibid., pp. 123-37, 151-54.

<sup>82</sup>In Minnesota, the Republicans lost 3 seats to the Farmer-Labor party; however, in the other five states the Republicans gained a total of three seats at the expense of the Democrats. C. B. Deane, comp., Congressional Directory, 75th Cong., 1st Sess. (Washington, 1937).

some rather deep hostility in the Midwest toward the trade agreements program. Midwesterners were certainly carefully watching the progress of the program. Should the administration negotiate another agreement with a major agricultural nation such as Canada, and farmers become convinced that the program was not in their best interests, the next election might reveal a more marked political turnover.

## CHAPTER V

### TRADE AGREEMENTS PROGRAM RENEWED

With a convincing mandate from the people, Franklin Roosevelt returned to Washington to begin his second term. The reciprocal trade agreements program emerged as one of the most important pieces of administration legislation before the new Congress. The trade agreements act required congressional renewal at the end of every three years; thus, early in January the Roosevelt administration mapped its strategy to insure renewal for the program. In a letter to Robert Doughton, Chairman of the House Ways and Means Committee and administration floor manager for the reciprocity bill, President Roosevelt outlined the program's merits and the need for its continuation. He pictured the fifteen trade agreements already negotiated as a great step forward in the movement to liberalize world trade.<sup>1</sup> According to Roosevelt, only through "painstaking effort had the administration been able to improve the

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<sup>1</sup>U.S., Congress, House of Representatives, Committee on Ways and Means, Hearings on H. J. Res. 96: Extending Reciprocal Foreign Trade Agreement Act, 75th Cong., 1st Sess. (January 21, 22, 23, 25, and 26, 1937), p. 2. Cited hereafter as House Hearings, 1937.

American export market while at the same time "scrupulously" protecting the interests of producers in the domestic market. Roosevelt expressed satisfaction with the program's accomplishments, but emphasized that the overall task was far from complete. In order to sustain this "favorable and promising trend toward a normalization and expansion of international trade," the President urged Congress to extend the trade agreements program.<sup>2</sup>

While acknowledging the important economic ramifications, Roosevelt emphasized even more the program's potential contributions to the maintenance of world peace. "Economic strife," he explained, "resulting from inordinate or discriminatory trade barriers is one of the most fruitful sources of political animosity of military conflict. A policy designed to reduce excessive trade barriers and to establish equality of trade rights is a powerful instrument of economic appeasement and stability. It thus serves to strengthen the foundations of world peace."<sup>3</sup>

Again as in 1934, the Senate Finance Committee and House Ways and Means Committee held hearings on the tariff act concurrent with the congressional debate. Several midwestern congressmen and farm organizations figured prominently in the congressional floor debate and the hearings. The House Ways and Means Committee commenced its hearings

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<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

late in January with the Senate Finance Committee beginning in mid-February. Secretary of State Hull headed the delegation of administration witnesses appearing before the Committees to defend the program. Secretary Hull stressed the United States role in international leadership and the positive contributions of the reciprocity program to world peace. He expanded upon Roosevelt's message to Congress by relating such domestic ills as unemployment, low living standards, and "general economic distress within nations" to the nationalistic, protectionist policies predominant in the past.<sup>4</sup> Hull also reiterated his 1934 contention that an emergency situation as now faced the nation necessitated emergency measures such as the trade agreements program--the implication being that in normal times such a grant of power to the President might not be necessary or even admissable.<sup>5</sup>

During the course of his testimony, several Committee members asked the Secretary to evaluate the relationship of the trade agreements program to the agricultural industry. Not fully equipped to do so, Hull replied mostly in generalities. Concerning the question of agricultural imports, he suggested that the increased imports signaled a rise in farm prosperity rather than a threat to that prosperity. He pointed out that at the height of the

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<sup>4</sup>Ibid., p. 5.

<sup>5</sup>Ibid., p. 6.

Depression imports had been reduced to a dribble; however, at the same time the farmer was getting practically nothing for the commodities he produced for the captive market.<sup>6</sup> Now, in spite of the increased imports, the farmer received higher prices even though he produced more. According to Hull, the increased farm income of \$3,000,000,000 was much more significant than the limited imports so loudly denounced by some.<sup>7</sup>

Hull's general remarks on the import issue aroused Minnesota Representative Harold Knutson. A constant critic of agricultural imports and the trade agreements program, Knutson requested and received permission to enter a list of import-export figures in the record. Knutson's quotations referred to the period 1934-1936, the first three years of the reciprocity program. In an attempt to relate an increasingly unfavorable balance of trade to the trade agreements program, Knutson pointed out that American exports had increased 7 percent, but at the same time imports had expanded 24 percent.<sup>8</sup>

The Hull-Knutson exchange mirrored the larger dialogue on the issue of imports taking place in the Midwest. By 1937 a virtual war of words had commenced as both sides bandied about numbers and percentages in an attempt to justify their position. The opponents of reciprocity

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<sup>6</sup>Ibid., p. 10.

<sup>7</sup>Ibid., p. 11.

<sup>8</sup>Ibid., p. 14.

tried to show how much imports were increasing to the detriment of midwestern farmers by stressing the increase in bushels or pounds of a particular commodity. On the other hand, supporters of the program attempted to show how insignificant agricultural imports were by using percentages of total United States production.

The discussion of wheat and corn imports by the administration and the critics provides a case in point. Referring to wheat, the critics, using specific amounts, claimed that the United States had imported over twenty-seven million bushels in 1935. This seemed like a frightening figure to farmers who were not getting over 60 cents a bushel for wheat. The administration, on the other hand, tended to discount the wheat imports. While acknowledging that there had been an increase, the administration stressed that the imports represented only 3.6 percent of domestic production. This was an obvious effort to make wheat imports appear inconsequential. The same was true with corn. Opponents of reciprocity informed midwestern farmers that over forty-three million bushels had entered the United States in 1935, while administration officials pointed out that the corn imports equaled only 2 percent of domestic production. There is no doubt but that the war of figures confused many farmers, as well as others, and made it difficult

for supporters and opponents of the program to reach any common understanding.<sup>9</sup>

The conclusion of a major trade agreement with Canada introduced a new element into the import controversy as the subject of quotas arose. Administration spokesmen noted that tariff concessions to Canadian livestock amounted to only slightly over 1 percent of domestic production or some 207,000 head. However, the critics pointed out that in 1936 a total of 399,113 head entered the United States. While not all of this larger total was eligible for the tariff concession, the critics maintained that the increased imports had a depressing effect on the domestic market price. In order to illustrate the magnitude of the increase in livestock imports, the critics pointed out that the 1936 total of 399,113 compared with the 1934 figure of 57,679.<sup>10</sup> While the administration tended to minimize the imports, to the midwestern farmer, struggling to stay in business and operating on a marginal basis, any competitive imports appeared threatening and senseless.

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<sup>9</sup>Report of the Republican Agricultural Committee. Agricultural Committee Folder, Box 477, Hope Papers; U.S., Department of Agriculture, Agricultural Imports: Their Significance to American Farmers (Washington, 1936), pp. 1-14.

<sup>10</sup>Report of the Republican Agricultural Committee. Agricultural Committee Folder, Box 477, Hope Papers; U.S., Department of State, The Midwest and the Trade Agreements Program, Commercial Policy Series, No. 27 (Washington, 1936), pp. 56-60.

Hull refused to engage Knutson in a statistical debate and accused the Minnesota Representative and the other critics of being short-sighted. He remarked that he had "not heard a single gentleman who has been looking for some little temporary change or trend of exports or imports whisper the word 'peace' or show the slightest interest in carrying forward a program such as we have for that purpose, or offer one himself."<sup>11</sup> Hull claimed that the increased importation referred to by Knutson had not been prompted by the trade agreements program. Hull offered the administration argument that the majority of the foreign imports could be attributed to the recent drought conditions and thus the imports stood to enhance rather than threaten farm prosperity.<sup>12</sup>

In addition to the import issue, Representative Knutson questioned the administration's decision to employ the most-favored-nation principle. He implied that the trade agreements program had been utilized as a diplomatic lever by the State Department.<sup>13</sup> He referred specifically to negotiations with Great Britain. According to Knutson, a possible trade pact with the British was contingent upon a United States promise not to pass mandatory neutrality legislation and an agreement to make a new war-debt settlement.<sup>14</sup> Secretary Hull remarked sharply that such "rumors"

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<sup>11</sup>Ibid.      <sup>12</sup>Ibid.

<sup>13</sup>Ibid., pp. 18-19.

<sup>14</sup>Ibid., p. 20.

are usually initiated by "some trouble-making person who is a thousand percent more interested in some little, picayunish personal consideration than he is in peace and well-being among the important civilized nations."<sup>15</sup>

Only two farm "spokesmen," August Andresen of Minnesota and Charles Holman of the National Cooperative Milk Producers Federation, appeared before the Ways and Means Committee. Congressman Andresen expressed "strenuous opposition" to renewal of the trade agreements program.<sup>16</sup> He suggested that the reciprocity program in general and the Canadian pact in particular had been "serious detriments" to the dairy and cattle farmers of Minnesota. Contrary to administration reports, Andresen maintained that the influx of Canadian products had indeed driven down domestic prices of certain commodities produced in the Upper Midwest. He raised again the oft-repeated contention that the admittance of agricultural imports was inconsistent with the crop restriction program sponsored by the New Deal. Andresen portrayed the trade agreements program as "wrong, un-American" and a program deserving repeal.<sup>17</sup>

The National Cooperative Milk Producers Federation was the only agricultural organization with a midwestern constituency to appear before the House Committee. Charles Holman, the Federation's secretary, discussed at length the

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<sup>15</sup>Ibid.

<sup>16</sup>Ibid., p. 530.

<sup>17</sup>Ibid.

effect of the trade agreements program on the dairy industry and submitted several amendments for consideration. Contrary to the testimony of Secretary Hull, Holman suggested that real farm income had not improved and that the reciprocity program certainly had not benefited the dairy industry. In particular, he maintained that higher farm prices did not necessarily mean increased profits. Due to higher labor cost and the high price of feeds, the current 33-cent butter was less profitable to Minnesota dairy-men than 25- or 26-cent butter had been in 1934.<sup>18</sup> Holman informed the Committee that, despite glowing administration reports, a number of major midwestern dairy interests such as Land O'Lakes Creameries, Inc. and Twin City Milk Producers Association of Minnesota were currently operating at substantial losses.<sup>19</sup>

The Milk Producers representative, along with Representative Knutson, also questioned Hull's assertion that small quantities of imports did not adversely affect a particular industry. Like many midwestern critics, both men referred to the Canadian treaty. Holman complained that internationally controlled dairy organizations picked out strategic markets and flooded them with Canadian cheese or butter.<sup>20</sup> This action momentarily broke the market and caused great losses. Holman also criticized the beef concessions granted by the administration in the Canadian

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<sup>18</sup>Ibid., pp. 362-63.    <sup>19</sup>Ibid., p. 363.    <sup>20</sup>Ibid.

agreement. In his opinion, despite the quota provisions, cattle imports had depressed the American market when Canadian producers flooded the market in a rush to get cattle into the United States under the quota provision and the accompanying rate reduction.<sup>21</sup>

Much of Holman's testimony consisted of a two-man dialogue with Representative Knutson on the evils of the trade agreements program and the Canadian agreement. However, on several occasions Otha Wearin, Committee member from Iowa, interrupted to defend the administration tariff policy.<sup>22</sup> When Knutson attacked increased butter imports, Wearin reminded his colleague from Minnesota that the Canadian pact included no concessions on butter.<sup>23</sup> Wearin also belittled Knutson's criticism of canned beef imports by pointing out that the American cattle producer did not "produce the type of beef that is produced in South America for the purpose of canning."<sup>24</sup>

At the conclusion of his testimony, Holman offered several amendments favored by the dairy industry. In particular, the Federation called for Senate ratification of

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<sup>21</sup>Ibid., p. 370.

<sup>22</sup>While a number of midwestern congressmen supported the reciprocal trade agreements program with their votes, Wearin was about the only one to defend the program actively both in committee and on the floor of Congress.

<sup>23</sup>Ibid., p. 367.

<sup>24</sup>Ibid., p. 369.

all trade agreements and cancellation of the most-favored-nation clause.<sup>25</sup> Holman also labeled the public hearings procedure most inadequate. Under the present framework, rather than a specific enumeration of commodity concessions under consideration, the formal notices published by the government included only a general list of imports and exports between the two countries. In Holman's view the "unusual" practice of requiring interested industries to file a written brief a week in advance and then not allowing any discussion on items included in the brief worked an unnecessary hardship on witnesses.<sup>26</sup>

Secretary of Agriculture Wallace's absence from the hearings was noted by the midwestern critics. Kansas Representative Clifford Hope and others suggested that the Secretary's absence implied disapproval of the program.<sup>27</sup> Consequently, when Secretary Wallace did appear before the Senate Finance Committee several weeks later, he immediately discounted Hope's assertion and reassured the Committee that the Department of Agriculture supported without

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<sup>25</sup>Ibid., pp. 387-88.

<sup>26</sup>The Federation also recommended an amendment calling for a proviso to be "inserted into the act to prohibit trade agreements from interfering with the sanitary requirements or regulations which may be adopted in this country." Ibid., pp. 390-92.

<sup>27</sup>U.S., Congressional Record, 75th Cong., 1st Sess., February 5, 1937, p. 909; February 23, 1937, p. 1510.

any reservations the trade agreements program.<sup>28</sup> Once he had reaffirmed his support for the program, the Secretary moved to the question of agricultural imports. He acknowledged that the administration had found it necessary to grant limited tariff concessions on a number of agricultural products. However, he quickly added that such reductions had been "so carefully considered and safeguarded as to preclude significant injury to our domestic agriculture."<sup>29</sup>

In response to the midwestern critics of imports, Wallace suggested that the affected branches of agriculture stood to gain far more than they would possibly lose. Any "slight" injury would be offset by two important advantages. First, if export markets could be opened, those sections currently producing commodities for export would not be compelled to convert their production to products which would compete with the non-export industries such as cattle and dairy. Secondly, the non-exporting branches of agriculture stood "to gain from increased purchasing power in our urban centers brought about by larger exports of manufactured goods."<sup>30</sup>

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<sup>28</sup>U.S., Congress, Senate, Committee on Finance, Hearings on H.J. Res. 96: A Joint Resolution to Extend the Authority of the President under Section 350 of the Tariff Act of 1930, As Amended, 75th Cong., 1st Sess. (February 10, 11, 12, and 15, 1937), pp. 159-60. Cited hereafter as Senate Hearings, 1937.

<sup>29</sup>Ibid., p. 160.      <sup>30</sup>Ibid., p. 161.

The Secretary chided the critics for not differentiating between competitive and non-competitive agricultural imports. According to Wallace, much of the import increase could be attributed to such products as rubber, coffee, cocoa, tea and silk.<sup>31</sup> At the same time, figures revealed that the largest increases in competitive imports occurred in "drought-affected products." He also pointed out that in most cases no duty reductions had been made on the imported products. Thus, in Wallace's estimation, it was "unfavorable weather and improved economic conditions" that had prompted larger agricultural imports and not the trade agreements program. The Secretary made it clear that the Department of Agriculture certainly did not consider the trade agreements program a cure-all, but rather "an important and highly desirable supplementary program."<sup>32</sup>

In reference to the Canadian agreement, Wallace sought to calm the fears of the livestock industry. He noted that the administration had carefully calculated the quotas in order to prevent any serious hardship on American ranchers. He estimated that an increase of 1 percent in the supply of cattle would only depress the domestic price a corresponding 1 percent.<sup>33</sup> The Secretary urged the livestock industry to take a broad, long-range view of the trade agreements program's effects. "If the particular

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<sup>31</sup>Ibid.      <sup>32</sup>Ibid., p. 162.      <sup>33</sup>Ibid., p. 166.

effect of the trade agreements program were to increase the exports of automobiles sufficiently, the demand at Detroit for dairy products and fat cattle might be sufficient to more than offset any imports of dairy products and fat cattle from Canada into the Michigan area."<sup>34</sup>

Unlike Secretary of State Hull, Wallace appeared before the Committee armed with statistical data to substantiate his arguments. He produced one study which showed that agricultural exports to trade agreements countries had increased by \$21,000,000, while exports to the non-agreement nations decreased some \$37,000,000. With respect to agricultural imports, the Secretary reported an increase of \$72,000,000 with trade agreement nations as compared with an increase of \$84,000,000 with the non-agreement countries.<sup>35</sup> Thus, in the administration's view the report demonstrated that the trade agreements program had not substantially altered the percentage of agricultural imports entering the American market.

At the close of his testimony, Secretary Wallace reiterated his plea that agriculture abandon its nationalistic posture and consider the economic welfare of the nation as a whole. The present system with agriculture and manufacturing "giving a little here and there" but with no substantial damage incurred by any group, he said,

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<sup>34</sup>Ibid., p. 167.

<sup>35</sup>Ibid., p. 171.

offered the best hope of rebuilding America's total economy and its important world trade.<sup>36</sup> Wallace, like Secretary Hull, asked agricultural leaders to take into consideration that "the most significant fact of all in connection with the trade agreements is the fact that it is leading in the direction of peace instead of in the direction of hard feelings as between nations."<sup>37</sup>

Senator Arthur Capper, committee member from Kansas, appeared at the end of Wallace's testimony to question the Secretary and to register his own opposition to the program. In addition to criticizing the present negotiation method, Capper informed Wallace that many in the Midwest believed that the "gains" prompted by the trade agreements program had been made at the expense of agriculture.<sup>38</sup> Capper also called the Committee's attention to a resolution passed by the Kansas State Board of Agriculture which called for Senate ratification of all trade agreements and the elimination of the most-favored-nation clause.<sup>39</sup> After listening to the resolution, Secretary Wallace suggested that if the Kansas organization studied the provisions of the most-favored-nation clause, it might reach a vastly different conclusion.<sup>40</sup> He also repeated for Capper's

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<sup>36</sup>Ibid., p. 176.

<sup>37</sup>Ibid., p. 177.

<sup>38</sup>Ibid., p. 180.

<sup>39</sup>Ibid., p. 179.

<sup>40</sup>Ibid., p. 180.

benefit his earlier assertion that industry had sacrificed as much as agriculture in the reciprocity program.<sup>41</sup>

A short time after the administration witnesses appeared, representatives from the Grange, Farmers Union and American National Live Stock Association came before the Committee to register the position of their organizations on the proposal to renew the trade agreements program. Again as in 1934, F. E. Mollin represented the A.N.L.A. Most of Mollin's testimony concerned the Canadian treaty and the cattle importations prompted by that agreement. According to Mollin, his organization did not suggest that the Canadian treaty would by itself ruin the cattle industry. However, cattlemen did believe that Canadian imports seriously dislocated the domestic market and caused unnecessary losses.<sup>42</sup> More specifically, Mollin informed those present that over 70 percent of the total Canadian beef imports had entered the American market within a four month period.<sup>43</sup> He recorded market reports from St. Paul, Minnesota, which enumerated the number of Canadian cattle on the market. In response to questioning, Mollin admitted that the entire market decline could not be attributed to the Canadian imports. However, he reiterated the basic

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<sup>41</sup>The Secretary informed Capper and the rest of the Committee that the reciprocal trade agreements already negotiated had reduced the ad valorem rates on the industrial products from 42.4 percent to 38.6 percent. Ibid.

<sup>42</sup>Ibid., p. 182.      <sup>43</sup>Ibid., p. 184.

contention of the livestock industry--American ranchers could produce enough cattle to supply the domestic market and thus no Canadian cattle imports were necessary or advisable.<sup>44</sup>

At the conclusion of his testimony, Mollin submitted for consideration several amendments relating to the reciprocity program in general and the Canadian agreement in particular. The A.N.L.A. recommended a monthly quota for Canadian cattle imports to replace the general, yearly quota.<sup>45</sup> This provision would prevent flooding of the market in the early months of the year and help stabilize market prices. If the Congress saw fit to renew the trade agreements program, the A.N.L.A. recommended two major changes "which should be made in order to adequately protect American agricultural producers." First, the A.N.L.A. proposed that public hearings be held before the committee which actually negotiated the trade treaties rather than the Committee for Reciprocity Information.<sup>46</sup> Second, all agreements should be submitted to the Senate for confirmation. Rather than stalemate the operation as

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<sup>44</sup>Ibid., p. 188.

<sup>45</sup>Ibid., p. 190.

<sup>46</sup>During the first three years a number of mid-westerners suggested that the hearings held before the Committee for Reciprocity Information were no more than a place to let off steam and that testimony presented to that committee had no bearing on the final agreement. The American Cattle Producer, XVII (January, 1936), 14; Norfolk (Nebraska) Daily News, October 22, 1936; The Kansas Stockman, XVIII (November 1, 1934), 6.

the administration suggested it would, the A.N.L.A. submitted that such a requirement would simply constitute a "healthy check" upon the trade agreements committee.<sup>47</sup>

In contrast to 1934 when neither appeared, both the Grange and Farmers Union submitted a statement to the Senate Finance Committee. Realizing that the reciprocity program would in all probability be renewed, the two farm organizations recommended altering the present law. Frederic Brenckman of the Grange, in a brief appearance, entered into the record the trade agreements resolution adopted by the Grange's national convention. In addition to repeating the traditional Grange demand of the "American market for the American farmer," the resolution recommended Senate ratification of all trade agreements and repeal of the unconditional most-favored-nation clause.<sup>48</sup> In the opinion of the Grange, under the most-favored-nation principle, the United States gained concessions from only one country "while making concessions to practically all other nations producing and exporting any given commodity."<sup>49</sup>

E. H. Everson of South Dakota, President of the Farmers Union, informed the Committee that his organization was "quite generally in accord with the position of the Grange . . . and Mr. Holman of the milk producers."<sup>50</sup>

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<sup>47</sup>Senate Hearings, 1937, pp. 194-95.

<sup>48</sup>Ibid., p. 483.      <sup>49</sup>Ibid.      <sup>50</sup>Ibid., p. 367.

Everson related the "increased" agricultural imports to the trade agreements program, and he cast as "inconsistent" the government policy of curtailing farm production on the one hand and then importing farm products to supply the deficit production on the other.<sup>51</sup> Like Capper, Knutson and Mollin, Everson questioned the reasoning behind the administration contention that the allowed imports equalled only a small percentage of the total domestic production. He reminded the Committee that even limited imports "thrown upon our markets in excess of what there is an effective demand for, can have the effect of reducing the price materially."<sup>52</sup>

Despite their great concern over the issue, representatives of the American Farm Bureau Federation failed to appear at the congressional hearings. Undoubtedly, this absence reflected the division with the A.F.B.F. leadership over the performance of the program. At the national convention in December, 1936, several weeks before the hearings opened, delegates expressed less than unqualified enthusiasm for the reciprocity program. The A.F.B.F. trade agreements resolution reminded the administration that Farm Bureau members viewed the program as a mode designed "primarily to restore agricultural exports by a judicious lowering of industrial tariffs, thus admitting more goods into

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<sup>51</sup>Ibid., p. 366.

<sup>52</sup>Ibid., p. 367.

this country and making it possible for us to sell more of our farm products abroad."<sup>53</sup> The delegates also insisted that "official representatives of farmers" be heard at the public hearings before the conclusion of any agreement. Like the Grange and the Farmers Union, the A.F.B.F. called for the elimination of the most-favored-nation clause.<sup>54</sup>

The 1937 hearings were much more spirited than those of 1934 as both supporters and critics appeared to offer their evaluation of the program. In general, the agricultural representatives on the Committees and those appearing as witnesses expressed a negative view. Supporters repeatedly stressed the national outlook and the total benefits of the program, while the midwesterners and other agricultural leaders expressed a regional point of view--a view prompted by the specific problems the program posed for their region. Most of the critics contended that Senate ratification of agreements would offer the necessary and proper protection for agricultural interests.

Concurrent with the hearings, Congress intermittently discussed the merits of the program and the proposed renewal. Midwestern representatives in particular

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<sup>53</sup>A.F.B.F., Resolutions Adopted at the Annual Meeting, December 11, 1936 (Pasadena, California).

<sup>54</sup>Ibid.

spearheaded the opposition. The more vociferous critics included Arthur Capper of Kansas, Lynn Frazier of North Dakota, Harold Knutson and August Andresen of Minnesota. As evidence of agriculture's displeasure, the midwestern opposition referred to the lack of favorable comment by agricultural representatives at the hearings. Senator Capper quoted from a number of resolutions adopted by various farm organizations--all critical of the trade agreements program.<sup>55</sup> According to the Kansas Senator, the general criticism of the Farmers' Union, American National Live Stock Association, the Grange and other farm organizations did not reflect partisanship or opposition to the principle of reciprocity. Rather, these organizations expressed concern because they believed that "the trade agreements have failed to get the results hoped for but they also realized that the results attained have been, in the main, unfavorable to agriculture and inimical to the interests of the farmers of the United States."<sup>56</sup>

To several midwestern congressmen, the New Deal approach to reciprocal trade agreements represented another victory by industrial interests over those of agriculture. August Andresen suggested that the "un-American

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<sup>55</sup>U.S., Congressional Record, 75th Cong., 1st Sess., February 3, 1937, p. 746; February 23, 1937, p. 1511.

<sup>56</sup>Ibid.

scheme" greatly profited machinery manufacturers--particularly manufacturers of agricultural machinery whose foreign sales enabled foreign farmers to produce and import into the United States commodities that the New Deal had forced American farmers to reduce.<sup>57</sup>

The floor debate offered North Dakota maverick, William Lemke, another opportunity to voice his "conspiratorial theory." According to Lemke, the reciprocity program was originally passed in 1934 because the American Manufacturers Export Association and several other international manufacturers such as General Motors and International Harvester "through a well-organized lobby and publicity machine," succeeded in misleading the majority in Congress.<sup>58</sup> Once the program was implemented trade agreements had been entered into secretly by the State Department and "in star-chamber proceedings with foreign diplomats." Lemke further suggested that the agreements previously concluded had been recommended "by the international bankers, who gambled and speculated in foreign debts and who now desired that the American people should pay their foreign investments."<sup>59</sup> The North Dakota isolationist called for Congress to let international trade

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<sup>57</sup>Ibid., February 5, 1937, p. 936.

<sup>58</sup>Ibid., February 9, 1937, p. 1017.

<sup>59</sup>Ibid.

take care of itself. "It has meant nothing but humiliation and loss to us in the past."<sup>60</sup>

Representative Karl Stefan of Nebraska also voiced the isolationist sentiment traditionally prevalent in the Midwest. The attempt by the administration officials to relate the trade agreements program to world peace particularly concerned Stefan. In his estimation, "the plan of the administration to put the question of world peace ahead of the gist of the tariff problem may entangle our Nation in foreign alliances and eventually lead us into great international trouble."<sup>61</sup> In his weekly press release to his constituents, Stefan commented that in the trade agreements "foreigners and the automobile and machinery people will benefit at the expense of the American farmer."<sup>62</sup> Even more important was the fact that "foreign traders are too sharp for Uncle Sam and are getting the best of the deal and eventually we may be trading millions of acres of farm produce for foreign made goods and foreign farm produce."<sup>63</sup> Stefan bemoaned that in spite of agriculture's opposition, the "big majority machine" in Congress would roll over the opposition and "the people's

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<sup>60</sup>Ibid.

<sup>61</sup>Ibid., February 5, 1937, p. 911.

<sup>62</sup>Press Release of February 5, 1937, Folder 1937, Box 21, Karl Stefan Papers.

<sup>63</sup>Ibid.

representatives will have nothing to say about this matter of grave importance to the American producer."<sup>64</sup>

While numerous midwesterners verbally attacked the trade agreements program, few of their colleagues from the Midwest chose actively to support the administration's program. Iowa's Otha Wearin was a significant exception. He accused his midwestern colleagues of blatant inconsistency. Wearin chided the critics for suggesting that a surplus-producing nation such as the United States could refuse to pursue foreign trade relations in order to sell surpluses and at the same time refuse to limit production of the surplus commodities.<sup>65</sup>

The Iowa Congressman took exception to Capper's numerous references to increasing imports and declining exports. He reminded Capper and the other critics that a creditor nation like the United States must buy foreign goods in order to enable debtor nations to discharge their obligations to the United States. In Wearin's words, "If the opposition are willing to take the position that all foreign debts to the United States ought to be cancelled, then, of course, they have the right to continue complaining about increases in imports into the United States."<sup>66</sup>

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<sup>64</sup>Ibid.

<sup>65</sup>U.S., Congressional Record, 75th Cong., 1st Sess., February 5, 1937, pp. 921-22.

<sup>66</sup>Ibid.

Wearin agreed with the suggestion by administration spokesmen that the drought had altered normal trade conditions. Such a condition would naturally reduce the exports of agricultural products and increase the imports.<sup>67</sup> Before becoming alarmed over export and import figures, Wearin cautioned farmers to consider the unusual circumstances.

In course of his comments on the floor, Wearin discussed briefly the Canadian trade agreement and the response of the livestock industry to it. He pointed out that as a cattle feeder in Iowa, he was vitally interested in the effects of the agreement. In contrast to the opposition, he found no reason to become alarmed over the Canadian imports. According to Wearin, during the first six months of 1933 only 460 head of Canadian cattle crossed the border, and yet in spite of the limited imports farm income from cattle amounted to only \$175,000,000. On the other hand, for the corresponding period in 1936, 158,000 head of Canadian cattle came in, yet income from cattle was \$382,000,000.<sup>68</sup> Thus, Wearin cautioned ranchers not to equate prosperity with the policy of exclusion.

On several occasions during the floor debate, the midwestern critics questioned the procedure for public hearings established by the administration to allow interested industries to express their views. From the first

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<sup>67</sup>Ibid.      <sup>68</sup>Ibid., pp. 922-23.

days of the program, the hearings procedure had come under considerable criticism. Apparently, by 1937 the administration felt the need to respond to this criticism, for in early January the State Department announced a procedural change.<sup>69</sup> The new practice included a study of trade between the two countries even before the intent to negotiate was announced. If the study showed basis for an agreement, then formal announcement of intention to negotiate was made. But most important, and unlike before, the formal announcement would include a list of the products on which the United States was considering granting concessions. With this specific information in hand, interested parties now knew whether or not their particular interests would be involved.

In the course of the congressional debate, several midwestern congressmen offered amendments to the trade agreements program.<sup>70</sup> Most of the proposals sought specific

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<sup>69</sup>Kansas City Star, January 12, 1937; U.S., Department of Agriculture, Trade Agreements and the Farmer (Washington, 1937), pp. 6-7.

<sup>70</sup>Minnesota Representative Harold Knutson introduced three different amendments. One called for an end to the reciprocal trade agreements program. Another amendment would have prohibited reciprocal trade agreements with any nation that had defaulted on its obligations to the United States. The third called for publication of a list of all commodities under consideration in any agreement negotiation. H. Res. 58, 74th Cong., 1st Sess., January 17, 1935; H.R. 8915, 74th Cong., 1st Sess., July 22, 1935; U.S., Congressional Record, 75th Cong., 1st Sess., February 9, 1937, p. 1057; Edward Rees of Kansas introduced an amendment prohibiting tariff reductions on livestock and dairy products. U.S., Congressional Record, 75th Cong., 1st Sess., February 9, 1937, p. 1062.

protection for agriculture in the negotiation of trade agreements. However, those submitted by Arthur Capper sought to incorporate in the program the changes expressed by the Grange, Farmers Union, and several other midwestern farm organizations. One amendment called for elimination of the unconditional most-favored-nation principle and the other required Senate ratification of all trade agreements.<sup>71</sup>

Capper's presentation of the Senate ratification amendment evoked a critical response from Senator George Norris of Nebraska. According to Norris, "if the pending amendment should be adopted, we might just as well reject the whole proposal. As I look at it, the adopting of the pending amendment would be the death knell of the joint resolution."<sup>72</sup> Norris suggested that the Congress was incapable of devising a scientific tariff. With the limited grant of tariff-making power to the President, the Congress was proceeding in the direction of efficiency. Norris acknowledged that the trade agreements program might not be the perfect, complete solution, yet it represented an important step in the right direction. He suggested that the Capper amendment would defeat the program and return the tariff to the log-rolling, special-interest days of the past.<sup>73</sup> All of the midwestern amendments

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<sup>71</sup>Ibid., February 25, 1937, pp. 1594, 1599.

<sup>72</sup>Ibid., p. 1598.      <sup>73</sup>Ibid.

failed to gain approval, and the joint resolution to extend the program finally came up for a vote without amendment.

Early in February, Roosevelt's floor leader for the proposal, Robert Doughton, called for a vote. The resolution carried by a margin of 285 to 101 with 47 abstentions.<sup>74</sup> However, the midwestern delegation in the House voted against the program's renewal by eighteen to fourteen. This represented a shift of five votes against the program in three years.<sup>75</sup> In addition to four Republicans that had replaced Democrats since 1934, one Democrat voted against the program. Several weeks after the House vote, the Senate also approved renewal of the trade agreements program. The Senate count showed fifty-eight for, twenty-four against and thirteen abstentions.<sup>76</sup> The midwestern position within the Senate vote changed little from 1934. In 1937 the Democrats still controlled the midwestern senatorial delegation and the six Democrats plus George Norris voted for the President's tariff policy. Three Republicans and Minnesota Farmer-Labor Senator Ernest Lundeen voted against the program's renewal.<sup>77</sup>

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<sup>74</sup>Ibid., February 9, 1937, pp. 1064-065.

<sup>75</sup>The 1937 vote compared to nineteen for, thirteen against, and two abstentions in 1934.

<sup>76</sup>Ibid., February 25, 1937, p. 1612.

<sup>77</sup>In 1934 eight midwestern Senators voted for the bill and four against.

Thus, the Roosevelt tariff program received congressional approval for another three year period. However, the position of the midwestern congressional delegation had shifted from a twenty-seven to seventeen favorable margin in 1934 to a twenty-two to twenty-one rejection in 1937. In view of the overwhelming Democratic majority in Congress at this time, the midwestern erosion did not alter the outcome. However, should the Midwest swing completely against the reciprocity program and Roosevelt lose his large majority in Congress, the chances for renewal in 1940 would be endangered.

In general, midwestern editorial comment shifted little on this issue from the presidential election in 1936 to the discussions in Congress in 1937. A hard core remained on both sides of the issue. Several of the larger newspapers continued to express unqualified support for the program's renewal. The Kansas City Star followed the congressional hearings and debate closely and commended Secretary of State Hull for his testimony before the Ways and Means Committee.<sup>78</sup> The Star's editors also saluted the decision by the administration to institute a change in the hearings procedure and suggested that the move should "go far to meet the chief practical objection raised by critics of the [State] Department trade expansion program."<sup>79</sup>

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<sup>78</sup>Kansas City Star, January 22, 1937.

<sup>79</sup>Ibid., January 12, 1937.

In Iowa, the Sioux City Tribune and the Des Moines Register engaged in an editorial debate on the propriety of supporting the trade agreements program. In a lengthy editorial, the Tribune accused the traditionally Republican Register of "masquerading" under a banner of internationalism. In the editor's words, "When the esteemed Register advocates reduced tariffs--almost to the point of free trade, as it does in defending the reciprocal trade agreements . . . without demanding equal--or even greater--tariff reductions for industry it is inconsistent to the point of rank deception. The Register, whether intentionally or not, is serving the purposes of the industrialist tariff racketeer at the expense of the American farmer."<sup>80</sup>

The Register responded immediately to the Tribune's accusations.<sup>81</sup> The Register editors denied any "traditional" support for protectionism. On the contrary, they pointed out that the Register had urged both parties for years to depart from the extreme protectionism which had dominated American tariff policy. According to the editors, the Register supported the trade agreements program in the hope that they would offer "a method of very gradually getting trade barriers down. Meantime, we don't want farmers to get sucked again into reliance on tariffs as the cureall for its [sic] own trouble. Every time that

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<sup>80</sup>Sioux City Tribune, March 17, 1937.

<sup>81</sup>Des Moines Register, March 19, 1937.

has happened in the past industry has gained by it--and at agriculture's expense."<sup>82</sup>

The renewal debate of early 1937, while bringing to the surface a number of grievances felt in the Midwest served to reveal that in the initial period there was no consensus on the program's merits. On the one extreme, the Nebraska Farmers Union called for the "immediate repeal" of the program and a return of the tariff-making power to the Senate.<sup>83</sup> On the other hand, the Kansas Farm Bureau favored continuation of the program, but insisted that trade agreements at least be approved by the Senate.<sup>84</sup>

Yet the vast majority in the Midwest assumed a position somewhere between the above two extremes. A resolution passed by the Nebraska Farm Bureau reflected the dominant state of mind in the Midwest. Its membership resolved that "Whereas, farmers are widely divergent in their opinions as to the value of reciprocal trade agreements, we, therefore, request the American Farm Bureau Federation to ascertain and report whether the existing reciprocal

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<sup>82</sup>While many editors retained their original positions on the reciprocal trade agreements program, a few editors such as the one for the Omaha World Herald began to question the program and to suggest that it may have been an unwise grant by Congress. Omaha World Herald, February 25, 1937.

<sup>83</sup>Nebraska Union Farmer, XXIII (February 24, 1937), 14.

<sup>84</sup>The Nation's Agriculture (Kansas edition), XV (December, 1936), b.

trade agreements are working to the disadvantage of the American farmer."<sup>85</sup> After three years, most midwesterners were still undecided as to the exact worth of the trade agreements program and its contribution to agriculture's recovery.

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<sup>85</sup>Nebraska Agriculture, VI (December 9, 1937), 4.

## CHAPTER VI

### AMERICAN NATIONAL LIVE STOCK ASSOCIATION OPPOSES THE TRADE AGREEMENTS PROGRAM

The first three years of the trade agreements program evoked an uncertain and divided response from the American Farm Bureau Federation, the Farmers Union and other farm spokesmen in the Midwest. However, amidst this general indecision, livestock men adopted an immediate and consistently hostile attitude toward the New Deal tariff policy. The American National Live Stock Association, chief spokesman for the livestock industry in the Midwest, loudly voiced the criticism of the program and actively worked against its continuation.<sup>1</sup> The active participation of the A.N.L.A. at the congressional hearings and the public hearings conducted by the Committee for Reciprocity Information demonstrated the measure of concern among ranchers. Also, the statements offered by the livestock

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<sup>1</sup>The activities of the A.N.L.A. were particularly relevant to the Midwest for the livestock industry was the predominant agricultural pursuit of that area. U.S., Department of State, The Midwest and the Trade Agreements Program, Commercial Policy Series, No. 27 (Washington, 1936), pp. 4-5.

representatives revealed that industry's philosophy on foreign trade and its relationship to the American market. The A.N.L.A. supplemented its public appearances and expressions with considerable correspondence to government officials and interested congressmen. At the same time, the A.N.L.A. leaders conducted a continuing dialogue within the industry by fully discussing the issue at each national convention and by closely following the program's progress in their official journal--The American Cattle Producer.

A review of the activities and statements of the A.N.L.A. during the period 1934 to 1937 reveals that organization's great concern over the implementation of the reciprocity program. The extreme nationalism espoused by ranchers was understandable in view of the fact that their industry had little interest in the export trade. Consequently, most ranchers believed that they had very little to gain and much to lose in the movement to lower the American tariff wall.

The general livestock brief included considerable comment on current conditions within the industry. Ranchers consistently demanded 100 percent of the American market and despite administration doubts, steadfastly maintained that they could meet the demand of the growing American population. According to its spokesmen, only a set of unique circumstances had enabled the industry to

successfully absorb livestock imports up to this time. In particular, the drought condition of the mid-1930's had reduced American production and made room on the domestic market for imports. However, they quickly added that such a condition was only temporary and that American producers could fill the market. In addition to the drought, the New Deal-sponsored slaughter program had also cut into the normal American output. To substantiate their demands for continued tariff production, livestock spokesmen pointed out that the industry had seldom achieved parity levels in the past decade and a half.

Initially, the ranchers offered little constructive criticism; however, when it became apparent that the program would continue, the A.N.L.A. did make several suggestions. One of the most consistent demands was that all trade agreements be submitted for Senate ratification.<sup>2</sup> Also, the ranchers constantly expressed displeasure with the negotiation and hearing procedure established by the administration.<sup>3</sup> These and other recommendations recurred periodically during the dialogue within the cattle industry.

Shortly after the passage of the trade agreements act in June, 1934, members of the A.N.L.A. Executive

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<sup>2</sup>A.N.L.A., Resolutions of the Annual Meeting, January 7-10, 1936 (Phoenix, Arizona); January 12-14, 1937 (El Paso, Texas).

<sup>3</sup>A.N.L.A., Resolutions of the Annual Meeting, January 9-11, 1935 (Rapid City, South Dakota); January 7-10, 1936 (Phoenix, Arizona).

Committee made it clear that they believed the program constituted a very real threat to the livestock industry.<sup>4</sup> With this thought in mind, the A.N.L.A. undertook an extensive campaign to justify tariff protection for the livestock industry and to protect that industry's interests within the trade agreements program. The Canadian treaty of 1935, more than any other trade agreement negotiated in the first three years, alarmed the livestock industry. An investigation of the A.N.L.A.'s reaction to the negotiation announcement and the subsequent hearings reveals the efforts extended to influence the livestock provisions within the agreement. Immediately after the announcement, Secretary Mollin contacted the State Department and was assured that there was little chance that reductions in the cattle tariff would be granted by the United States.<sup>5</sup> Not satisfied with assurances, Mollin contacted Nebraska Representative Harry Coffee in Washington and expressed to the Congressman the Association's concern over the proposed agreement. He suggested to Coffee that the "senators and representatives who have the welfare of the industry at heart ought to try to 'assure themselves' that no cut was contemplated in the treaty with Canada."<sup>6</sup>

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<sup>4</sup>A.N.L.A., Resolutions Adopted at the Executive Committee Meeting, July 20-21, 1934 (Denver, Colorado).

<sup>5</sup>F. E. Mollin to Harry B. Coffee, July 13, 1935, NA, RG 59, 611.423 Cattle/30.

<sup>6</sup>Ibid.

Coffee passed Mollin's letter along to Secretary of State Hull and asked for "definite assurance" that the tariff on cattle would not be reduced in the proposed trade agreement with Canada.<sup>7</sup> Coffee informed Hull that any such tariff cut would be political suicide in the West for the Roosevelt administration. According to the Nebraska Representative, farmers and ranchers for the first time in several years faced the happy prospect of achieving cost of production for their cattle and hogs. Any rate reduction on Canadian livestock would endanger the possible gain and be unexplainable to midwesterners. Coffee reminded Hull of Roosevelt's 1932 campaign promise to maintain tariffs on agricultural commodities. In closing, Coffee again requested a "definite assurance" from the State Department that no cut in cattle tariffs would be allowed.<sup>8</sup>

In addition to his contact with Secretary Hull, Coffee also represented the livestock interests at the hearings on the proposed Canadian pact conducted by the Committee for Reciprocity Information. He informed the Committee that in the past fifteen years ranchers had shown a profit only four times.<sup>9</sup> Thus, a reduction in the

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<sup>7</sup>Harry B. Coffee to Cordell Hull, July 16, 1935, NA, RG 59, 611.423 Cattle/30.

<sup>8</sup>Ibid.

<sup>9</sup>Canadian Hearings, 1935, p. 399.

tariff at this time would further retard and even jeopardize the industry's recovery. Coffee advised the Committee to allow only selected imports which would not impair the operation of any branch of the agricultural industry.<sup>10</sup>

Shortly before the finalization of the Canadian agreement, the A.N.L.A. sent a telegram to Secretary Hull expressing "strenuous protest" against any reduction in cattle tariffs in the pending agreement. According to Mollin, ranchers were among the few in the agricultural industry that could stand on their own feet and would continue to do so if the administration did not subject them to "unfair" foreign competition.<sup>11</sup> He assured Hull that the current "relatively high" cattle prices were not caused by an inability of ranchers to produce cattle, but rather by drought-imposed feed shortages to feed cattle and by the A.A.A. reduction program. Mollin asked the administration to consider the fact that livestock producers unanimously believed that there was "absolutely no occasion for a cut in the tariff."<sup>12</sup>

Despite the pleas of livestock representatives, the Canadian trade agreement included several concessions to

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<sup>10</sup>Ibid., p. 401.

<sup>11</sup>F. E. Mollin to Cordell Hull, September 25, 1935, NA, RG 59, 611.4231/1258.

<sup>12</sup>Ibid.

Canadian cattle imports. The A.N.L.A. expressed shock at the announced concessions and then settled down to carefully watch the affects of the imports on their markets.<sup>13</sup> Before long, the A.N.L.A. announced that Canadians were "dumping" too many cattle on the American market at one time. In addition to forcing down the price level, Canadian imports flooded the American market at the precise time when American ranchers needed to empty their feedlots. Mollin estimated that the Canadian agreement cost American cattle producers a million dollars in the first four months of 1936.<sup>14</sup> In order to protect this major shortcoming in the Canadian agreement, the A.N.L.A. asked the administration to consider a monthly quota as opposed to the yearly quota then governing Canadian imports. According to Mollin, such a quota system would prevent dumping and make the best of a bad situation.<sup>15</sup>

In addition to public appearances and correspondence from representatives of the A.N.L.A., the cattle industry made its sentiments felt through a number of sympathetic congressmen in Washington. Harry Coffee, an officer in the Nebraska Livestock Association, headed the congressional livestock bloc. Joining Coffee were Lynn Frazier

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<sup>13</sup>The American Cattle Producer, XVII (December, 1935), 23-24.

<sup>14</sup>F. E. Mollin to Cordell Hull, May 17, 1936, NA, RG 59, 611.123 Cattle/100.

<sup>15</sup>Ibid.

of North Dakota, Edward Rees and Arthur Capper of Kansas, Francis Case of South Dakota and several others. Whenever Congress considered tariff policy, the above congressmen offered the basic arguments employed by the A.N.L.A. In addition to constant reference to resolutions passed by the A.N.L.A., these congressmen cited Mollin's testimony at the various hearings and quoted figures apparently provided by the A.N.L.A.<sup>16</sup>

The leadership of the A.N.L.A. also kept the member ranchers informed of the organization's efforts to influence the direction of the trade agreements program. At each national convention reports submitted by the President and Secretary invariably included considerable comment on the New Deal tariff policy. At the 1935 convention, Secretary Mollin informed the assembled ranchers that he had appeared at the congressional hearings to oppose the grant of tariff-making authority to the President. According to Mollin, "it was known that the hearing was cut and dried, and that the measure would pass, but I wanted our attitude on such high-handed methods of tariff-making clearly recorded."<sup>17</sup> The Secretary went on to state that the "fears" of the livestock industry had been partially

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<sup>16</sup>U.S., Congressional Record, 75th Cong., 1st Sess., February 9, 1937, pp. 1062-063; February 23, 1937, pp. 1510-511; February 25, 1937, pp. 1590-592.

<sup>17</sup>A.N.L.A., Proceedings of the Annual Meeting, January 9-11, 1935 (Rapid City, South Dakota).

justified. "The negotiations are conducted in a strictly star-chamber manner, no information is given in advance, and we have even been refused official direct notice. Only 'public' notice, released in Washington, that treaties are under negotiation is given out."<sup>18</sup> However, Mollin assured the delegates that the A.N.L.A. was keeping in constant touch with Washington. He noted that his office had already filed eleven protests against tariff reductions and planned to register even more in the future.

President Charles Collins also questioned the "extraordinary powers" granted to the President and suggested that "purchasing power, and not tariffs," was the principal barrier to foreign trade.<sup>19</sup> In his view, the nations seeking trade agreements with the United States had little other than agricultural surpluses to offer in exchange. He added that no industry, no matter how efficient, could "compete with the producers of Mexico, and Central and South America, without a distinct lowering of our present standard of living."<sup>20</sup>

At the 1936 convention, Secretary Mollin was even more critical. He bemoaned the fact that the A.N.L.A.'s

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<sup>18</sup>Ibid. In December 1936 the A.N.L.A. was placed on a mailing list of those industries expressing a desire to receive copies of notices of intention to negotiate trade agreements. Harry Hawkins to F. E. Mollin, December 31, 1936, NA, RG 59, 611.0031/2620.

<sup>19</sup>A.N.L.A., Proceedings of the Annual Meeting, January 9-11, 1935 (Rapid City, South Dakota).

<sup>20</sup>Ibid.

protests over the Canadian agreement had been "completely ignored."<sup>21</sup> As for the public hearings conducted by the Committee for Reciprocity Information, Mollin's experience had led him to conclude that the hearings were a mere "gesture" which had no influence on the final agreement.<sup>22</sup> Despite the apparent futility of their efforts, the Association's Legislative Committee suggested that the organization continue its policy of opposition to the trade agreements program, file briefs and make personal appearances in opposition to rate reductions on livestock imports.<sup>23</sup>

In addition to his Washington appearances, Mollin spent considerable time touring the West and Midwest, meeting with stock growers and explaining the problems posed by the reciprocal trade agreements program. Speaking in Broken Bow, Nebraska, he asked the Nebraska cattlemen to support efforts by the A.N.L.A. to get a monthly quota within the Canadian agreement.<sup>24</sup> Minnesota farm leaders were told that the New Deal tariff policy placed American producers in "unfair competition" with foreign producers. Mollin mentioned "new policies" implemented

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<sup>21</sup>Ibid., January 7-10, 1936 (Phoenix, Arizona).

<sup>22</sup>Ibid.

<sup>23</sup>Ibid., January 12-14, 1937 (El Paso, Texas).

<sup>24</sup>Nebraska Stockgrowers Association, Report of the Annual Meeting, June 10-12, 1937 (Broken Bow).

to increase American foreign trade "with scant regard for the possible effect on American farmers and wage earners." He also suggested that concessions granted in the reciprocity program were "designed as overtures to the goddess 'Peace.'" According to Mollin, "the reciprocal trade agreements are such in name only. They are actually devices to lower the tariff, piece by piece, in order to increase foreign trade. . . ." <sup>25</sup> Mollin also carried the Association's anti-trade agreements message to North and South Dakota cattlemen's organizations. <sup>26</sup>

In addition to speaking tours and discussions at the national conventions, the A.N.L.A. used its official journal, The American Cattle Producer, to inform and educate the member ranchers on the trade agreements program. The journal followed closely the hearings and congressional debates, published special articles, and offered considerable editorial comment. At the same time administration officials stressed the importance of foreign trade to midwesterners, The Producer decried the "fable" of export trade. The editor suggested that the prosperity created when exports were the largest was "a false prosperity, and

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<sup>25</sup>U.S., Congressional Record, 75th Cong., 1st Sess., February 8, 1938, Appendix, p. 486-88.

<sup>26</sup>North Dakota Livestock Association, Proceedings of the Annual Meeting, May 19-20, 1935 (Dickinson); The American Cattle Producer, XVIII (July, 1936), 15.

was made possible only by the extention of huge credits."<sup>27</sup> In a characteristic expression of nationalism, the editor reminded ranchers that the domestic market consumed 90.2 percent of production and he proposed that too much stress had been placed on the value of foreign markets and too little on the development and protection of the domestic market.<sup>28</sup>

In an editorial entitled "Tariffs, Treaties, and Tripe" The Producer suggested that in effect the trade agreements program robbed Peter to pay Paul.<sup>29</sup> While mid-western wheat growers and hog raisers attained some benefits, the program threatened disaster for the ranchers, sugarbeet farmers and flax growers. The editor asked, "Whither are we drifting? Why all the concern for the 'little brown brothers' of the Philippines, the cane-producers of Cuba, and the cattle- and sheep-growers of other foreign lands?"<sup>30</sup> The editor also raised the "red flag" by suggesting that the New Deal tariff policy would encourage Argentine agricultural imports in payment for American automobile exports.

Virtually every trade agreement negotiated by the administration received some comment in The Producer. The

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<sup>27</sup>The American Cattle Producer, XV (May, 1934), 11.

<sup>28</sup>Ibid.

<sup>29</sup>Ibid., XV (March, 1934), 19-20.

<sup>30</sup>Ibid.

first agreement negotiated by the United States, with Cuba, evoked a predictable response.<sup>31</sup> In belittling the pact, the editor suggested that the administration had sold out American sugar raisers and growers of winter vegetables while obtaining export concessions for several other branches of agriculture. These limited agricultural concessions by the administration alarmed the editor. In his view, the present agricultural tariffs which were "the best ever in relation to industrial tariffs" had been secured only after hard, shoulder-to-shoulder fighting with all branches of agriculture participating. Now, the reciprocal trade agreements program threatened to pit one branch of agriculture against another and destroy the unity of purpose so necessary in order for farmers to protect their interests within the tariff system. He complained that the New Deal tariff policy threatened to bring "chaos into the whole agricultural situation."<sup>32</sup>

The January 1935 issue illustrated the vigilance of The Producer's editor. He informed his readers that the State Department was considering trade agreements with Finland and the Netherlands.<sup>33</sup> According to the editor, agriculture could look for few exports to Finland, but at the same time Finland would seek to increase imports of

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<sup>31</sup>Ibid., XVI (October, 1934), 15.

<sup>32</sup>Ibid.      <sup>33</sup>Ibid., XVI (January, 1935), 16.

cattle hides and calf-skins. In all likelihood, the Netherlands would also press for concessions on imports of "all kinds of hides and skins."<sup>34</sup> In the editor's view, the present tariff on hides was "wholly inadequate" and any move to lower the rates would be "fatal." Despite the administration's repeated assurances about safeguarding agriculture's interests, the editor cautioned livestock men to be "vigilant" and he informed the readers that the A.N.L.A. had filed briefs on the proposed agreements with Finland and the Netherlands.<sup>35</sup>

Criticism of the Canadian agreement by the A.N.L.A. and the livestock industry in general, prompted the State Department to publish a bulletin entitled "The Canadian Trade Agreement and the American Cattle Producer." The Producer immediately branded the report "misleading and unfair."<sup>36</sup> In particular, the editor took exception to the administration's suggestion that the American cattle producer could not satisfy the needs of the growing American population. "It is a well-known fact that during this period we have been in a position to produce all we consume, that imports have been comparatively nominal and attracted by higher prices prevailing in this country than were available elsewhere. . . ."<sup>37</sup> These remarks certainly

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<sup>34</sup>Ibid., p. 17.      <sup>35</sup>Ibid.

<sup>36</sup>Ibid., XVIII (October, 1936), 13.      <sup>37</sup>Ibid.

contradicted the editor's previous statements. While defending the industry's ability to meet domestic needs, he admitted that imports had been only "nominal" and attributable to high prices and not the trade agreements program.

Even more serious, the editor accused the administration of attempting to "drive a wedge" between the western breeder and the Corn Belt feeder.<sup>38</sup> The State Department bulletin stated that approximately half of the Canadian steers coming in through Minnesota and the Dakotas entered as stockers and feeders--a development favorable to Corn Belt feeders. The editor produced figures from the St. Paul market to refute the administration bulletin. According to the St. Paul report, not over 5 percent of the Canadian steers shipped to that market sold as feeders, whereas 95 percent of the steers went to slaughter.<sup>39</sup> Thus, the editor of The Producer suggested that the Roosevelt administration was reporting less than the truth relative to Canadian cattle importations. According to the editor, "live-stock producers have already made up their minds that they do not like the tariff-cutting method of 'helping' the cattle industry."<sup>40</sup>

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<sup>38</sup>Ibid.      <sup>39</sup>Ibid.

<sup>40</sup>Ibid., p. 14.

In January 1937 at the time Congress was considering renewal of the New Deal tariff program, The Producer reported that agriculture in general and not just stockmen was "apprehensive" about the continuation of the trade agreements program.<sup>41</sup> In an attempt to legitimize the livestock position, the editor cited trade agreements resolutions adopted by several agricultural organizations including the National Grange, the American Farm Bureau Federation and the National Cooperative Milk Producers' Federation. In his view, the next two years would "tell the story" on the New Deal's approach to tariff policy and if the administration continued to negotiate trade agreements lowering tariffs on agricultural products "then American agriculture will rise in protest and demand the repeal of the Reciprocal Trade Act. In the meantime, we can only continue to object as new agreements are made, and place in the record such information as is available to show our side of the question."<sup>42</sup>

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<sup>41</sup>Ibid., XVIII (January, 1937), 11.

<sup>42</sup>Ibid.

## CHAPTER VII

### MIDWESTERN REACTION TO TRADE AGREEMENTS

#### WITH GREAT BRITAIN AND CANADA

The editor of The American Cattle Producer undoubtedly captured the prevailing midwestern sentiment as of 1937 when he suggested that the verdict on New Deal tariff policy was still undecided. Many in the Midwest had followed with some interest the program's progress in the initial period without reaching any definite conclusions as to whether the program was harmful or helpful to agriculture, the basis of the region's economy. However, developments within the reciprocal trade agreements program in 1938 and 1939 ended the period of passive interest and initiated one of strong action. Early in 1938 the administration announced intention to renegotiate the Canadian trade treaty and also to seek a major agreement with Great Britain. A short time after the conclusion of these two treaties, the State Department announced plans to open negotiations with Argentina. The move by the Roosevelt administration to expand the trade agreements program, possibly at the expense of American agriculture,

aroused a tremendous reaction in the Midwest and helped crystalize midwestern sentiment against the New Deal tariff policy.

Even before the administration initiated this second phase of the trade agreements program trouble appeared in the Midwest. Kansas Senator Arthur Capper, who had once supported the legislation, publicly announced his intention to initiate a "grassroots campaign" throughout the Midwest against the reciprocity program. Capper denounced the Roosevelt tariff policy as a "disguised method of selling out the farmer for the benefit of eastern manufacturers."<sup>1</sup> He revealed that his campaign would take him to over forty fairs, farm picnics and agricultural gatherings throughout the Midwest. Relating both the decline of exports and the increase of imports of agricultural commodities to the trade agreements program, Capper suggested that in the months ahead the reciprocity program would spark an increasing volume of protest from farmers.<sup>2</sup>

In view of the fact that the Kansas Senator was well known and respected throughout farm circles in the Midwest, his announcement caused considerable concern within the administration. In a lengthy letter to Capper, later made

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<sup>1</sup>The Dakota Farmer, LVIII (September 11, 1937), 488.

<sup>2</sup>Ibid.

public, Secretary of State Hull presented an elaborate defense of the trade agreements program and reprimanded Capper for his "ill-founded" statements. Hull complained that much of the criticism directed at the trade agreements program was a deliberate attempt "to alienate public, and particularly farm, support by means of an incomplete and biased presentation of trade figures."<sup>3</sup> Unfortunately, Hull added, such "distortions" had misled many sincere but ill-informed individuals. According to the Secretary, the evidence cited by the critics contained "just enough admixture of partial fact, or of half-truths with misleading implications, to convey, in a most insidious manner, what are essentially complete untruths concerning this whole situation."<sup>4</sup>

Hull's letter also summarized the administration position on the question of farm imports. He acknowledged that during the period 1934-1937 the value of agricultural imports had increased by \$699 million. However, he added that close analysis of these imports rendered that figure much less imposing. Of the total, \$252 million could be attributed to non-competitive commodities such as coffee, tea, silk and bananas.<sup>5</sup> In a remark directed at earlier

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<sup>3</sup>Cordell Hull to Arthur Capper, October 18, 1937, Reciprocal Trade Folder, Agriculture Box, Arthur Capper Papers, p. 2.

<sup>4</sup>Ibid., p. 3.

<sup>5</sup>Ibid., p. 5.

Capper statements, Hull reminded the Kansas Senator that imports of this nature had "no proper place" in the discussion of the tariff problem. In the administration's estimation, the great droughts of 1934 and 1936 prompted another \$141 million worth of farm imports that would not under normal conditions have entered the United States.<sup>6</sup> Due to the drought-imposed low domestic yield, the price on several commodities had risen sufficiently to make it profitable for foreign producers to import these products over the tariff wall. Hull suggested that these imports did not displace American products but rather supplemented domestic supply and relieved shortages of feedstuffs. Lastly, in addition to non-competitive and drought-necessitated imports, he pointed out that sugar imports contributed another \$45 million.<sup>7</sup> Thus, in the administration's view, the increase in "competitive" farm imports amounted to only \$261 million rather than the \$699 million often quoted by the critics.<sup>8</sup> For Capper's enlightenment, Hull included a chart detailing the nature of farm imports.

From the value of agricultural imports, Hull turned to another phase of the import controversy. He informed Capper that there was no basis for the statements that the increased imports were a result of duty reductions in the various trade agreements.<sup>9</sup> He cited figures showing that

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<sup>6</sup>Ibid., p. 6.

<sup>7</sup>Ibid., p. 7.

<sup>8</sup>Ibid., p. 8.

<sup>9</sup>Ibid., pp. 10-11.

the majority of foodstuffs imports had not benefited from duty reductions. Also, a substantial portion of the imports were already on the free list. Thus, 88 percent of the total import increase had experienced no duty reductions.<sup>10</sup> Such being the case, Hull concluded that factors other than the reciprocity program must have been responsible for the import increases.

In addition to answering the criticisms of the trade agreements program, Hull referred briefly to the program's positive contributions to agriculture. In the trade treaties previously negotiated, tariff and tax reductions and liberalization of import quotas had been obtained on approximately one-third of United States agricultural exports.<sup>11</sup> At the same time, the agreements had secured foreign commitments not to raise duties on another third of American agricultural exports. The Secretary also referred to several indirect benefits such as increased purchasing power for the American consumer. More important to midwesterners, according to Hull, the trade agreements program had increased significantly foreign outlets and thus had helped check "the diversion of land and labor from production of export crops to crops raised for domestic

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<sup>10</sup>Ibid., p. 12.

<sup>11</sup>The concessions involved agricultural commodities which had comprised about one-third of 1929 United States agricultural exports. Ibid., p. 13.

consumption."<sup>12</sup> He reminded Capper and the other mid-western critics that if foreign outlets disappeared large areas in the United States which usually produced for export would be forced into production of products customarily produced only in the Midwest for the domestic market. This added competition from within would impose a much greater hardship than the current limited competition from without.

Secretary Hull concluded his open letter with a denunciation of the protectionist policies of the past. According to the Secretary, the extreme protectionism fostered by the Smoot-Hawley tariff had "ushered in the most disastrous period in the history of American agriculture."<sup>13</sup> In his opinion, "no greater disservice could be rendered to our farm population than by alienating their support of our present liberal tariff policy, which is not only the most effective way of safeguarding our farmers from a return to the conditions prevailing under the Smoot-Hawley Act, but is also the policy which offers the only solid foundation for peace."<sup>14</sup>

A short time later in a reply to Secretary Hull's letter, Senator Capper summarized his differences with administration policy on the trade agreements program.<sup>15</sup> He

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<sup>12</sup>Ibid., p. 15.    <sup>13</sup>Ibid., p. 16.    <sup>14</sup>Ibid.

<sup>15</sup>ibid. Arthur Capper to Cordell Hull, October 27, 1937,

agreed that reciprocity in foreign trade was a sound policy but questioned the propriety of generalizing the benefits of all trade agreements negotiated. In his opinion, a particular trade agreement should affect only the two signatories and "any other nation, desiring the same favored treatment, should be required to grant to the United States comparable concessions in the matter of tariff reductions, increased quotas and trade concessions."<sup>16</sup> Capper maintained that the most-favored-nation principle significantly weakened the United States position vis-a-vis nations which had not concluded agreements with the United States. He pointed to Great Britain as a case in point. Traditionally one of the best markets for American exports, the British had retired behind their commonwealth preferential system and had refused to participate in the trade agreements program. Capper implied that the British were receiving significant concessions through the most-favored-nation clause and thus felt no compulsion to reach an agreement with the United States which would necessitate reciprocal concessions.

Capper also replied to Hull's statements on the import issue. As a representative of an agricultural constituency, he could not support a trade policy "which in any way encouraged the importation of those agricultural products of which we can produce our needs or a surplus."<sup>17</sup>

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<sup>16</sup>Ibid.

<sup>17</sup>Ibid.

He referred in particular to the Canadian trade agreement. "I am not willing to import Canadian butter and cattle--at the expense of our farmers--in order to aid industry in selling Canada more manufactured goods. That is not good business from the farmers point of view and farmers out here in the Middle West, who normally have surpluses of both butter and cattle, and cheese, are not sympathetic with that policy."<sup>18</sup> According to Capper, the proper trade program would seek foreign markets while at the same time allowing in exchange the importation of non-competitive commodities. Thus, in general terms the two men did not disagree on the basic principle of reciprocity but rather on its proper implementation.

A short time after the exchange with Secretary Hull, Senator Capper further delineated his position on the reciprocity program in a feature article for the Saturday Evening Post entitled, "Good Old Neighbor Sam."<sup>19</sup> The article reflected the growing criticism in the Midwest of the State Department employing the trade agreements program as a diplomatic instrument rather than strictly as a method for improving United States foreign trade. Believing that the present implementation of the trade agreements program was "selling American agriculture down the river," Capper

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<sup>18</sup>Ibid.

<sup>19</sup>U.S., Congressional Record, 75th Cong., 2d Sess., Appendix, p. 37.

expressed the hope that he could "awaken the public to a full realization of what is happening and the dangers to them in permitting the policy to be pursued."<sup>20</sup> Capper suggested that in applying the Good Neighbor Policy to the trade agreements program the administration had been much too generous.

In addition to reiterating his earlier criticism of the most-favored-nation principle, Capper posed three more objections to the New Deal approach to reciprocity. First, he repeated the argument that in order to comply with the Constitution, the trade treaties should be submitted to the Senate for ratification.<sup>21</sup> He pointed out that most of the nations negotiating agreements with the United States required some form of parliamentary ratification. The Kansas Senator also objected to the atmosphere of secrecy which surrounded the negotiation of all treaties. He suggested that before the formalization of any agreement interested parties should have the opportunity to protest the particular concessions included in the treaty. Capper's final objection encompassed the original Republican complaint that the tariff-making grant by the Congress tended to further "concentrate authority in the hands of the Executive or the hands of a strong central government, and thereby swing away from the principles of democratic

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<sup>20</sup>Ibid.

<sup>21</sup>Ibid., p. 39.

and representative government. . . ."22 In conclusion, Capper pointed to the objections voiced by the Grange, the Farmers Union, the American National Live Stock Association, and other farm organizations and suggested that "farmers aren't being fooled by reciprocal trade agreements. They know they are getting the worst of it."23

Almost simultaneous with the appearance of Capper's article, the State Department announced plans to negotiate a trade agreement with Great Britain and to renegotiate the Canadian treaty.<sup>24</sup> The prospect of making treaties with both England and Canada placed midwesterners in a difficult position. Renegotiation of the Canadian pact could mean further concessions on agricultural imports, while the British agreement offered potential gains for agricultural exports. In other words, one treaty might harm farm interests while the other could help. Secretary of Agriculture Wallace expressed considerable enthusiasm for the British agreement and went so far as to suggest to President Roosevelt that a treaty with Great Britain was "essential" if the trade agreements program was to be successful "from an agricultural point of view."<sup>25</sup>

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<sup>22</sup>Ibid.      <sup>23</sup>Ibid., p. 40.

<sup>24</sup>Cordell Hull to Francis Case, December 15, 1937, Tariff Inquiry Folder, Drawer 7, Case Papers.

<sup>25</sup>Henry Wallace to Franklin Roosevelt, November 15, 1937, R.L., O.F. 48.

The State Department announcements on the pending agreements kept the discussion on New Deal tariff policy at a high pitch in the Midwest. A number of farm editors in that region concurred with Secretary Wallace's assessment of the need for a trade treaty with Great Britain. The editor of the Lincoln Star remarked that if the State Department could negotiate a trade agreement with Great Britain it would be "the greatest stroke for American agriculture that has ever been made."<sup>26</sup> Theodore Schultz, a farm economist at Iowa State College, believed that the proposed agreement offered great possibilities to American agriculture. In an article published in the Iowa Farm Economist, he pointed out that most of the earlier trade treaties had been negotiated with agricultural nations and thus offered little benefit to the American farmer.<sup>27</sup> In contrast to these earlier agreements, the proposed treaty with Great Britain would insure significant markets for exportable agricultural surpluses. Almost as important, in Schultz's estimation, was the British desire to sell the United States products which would "benefit farmers and consumers in lowering their cost of living and to some extent the expenses of farm production."<sup>28</sup> However,

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<sup>26</sup>Lincoln Star, January 27, 1937.

<sup>27</sup>Iowa Farm Economist, IV (January, 1938), 9.

<sup>28</sup>Ibid., p. 10.

Schultz cautioned that two major obstacles stood in the path of a worthwhile agreement--the British commonwealth system and the United States tradition of high protection for industrial products. If these obstacles could be surmounted, Schultz believed that the agreement would be "more significant than all the other trade agreements combined."<sup>29</sup>

Wallace's Farmer also enthusiastically greeted the State Department announcements.<sup>30</sup> With respect to the British agreement, the editor pointed to the possible reopening of the British market for midwestern hog products. He reminded his readers that during the period 1924-1929 Great Britain had purchased a yearly average of 64,747,000 pounds of bacon. However, by 1936 British purchases had fallen to 731,000 pounds. Despite its potential, the editor suggested that the proposed agreement would draw some criticism when the "corn belt stooges of the high tariff crowd" made their "usual remarks about the American market for the American producer."<sup>31</sup>

While certainly not "stooges" for the high tariff crowd, several dairy and livestock journals did express concern over the British agreement. Once again it was the implementation of the most-favored-nation clause that

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<sup>29</sup>Ibid.

<sup>30</sup>Wallace's Farmer, LXII (December 4, 1937), 6.

<sup>31</sup>Ibid.

caused the despair. The Dairy Record, a Minnesota publication, informed its readers that the proposed treaty would open American markets to 22,000,000 pounds of New Zealand, Australian and Canadian butter at a reduced rate.<sup>32</sup> The editor recalled that in the past The Dairy Record had not joined "the wild chorus of antagonism stirred up by some of the other trade pacts involving dairy products because it felt that the effects of them had been considerably exaggerated."<sup>33</sup> But in the case of the British agreement, the concern was well justified. The editor urged his readers to flood Washington "with an avalanche of protests" in order to persuade Secretary of State Hull not to conclude the agreement.<sup>34</sup> The editor of The American Cattle Producer echoed the concern expressed by The Dairy Record and suggested that Great Britain would demand further American agricultural concessions to Canada as part of the Commonwealth before agreeing to sign a pact of its own with the United States.<sup>35</sup> Thus, while some midwesterners viewed the proposed British agreement with great anticipation, others did not share their view.

Cognizant of the need to counter Capper's "grass-roots campaign" and the need to soothe the latent hostility

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<sup>32</sup>The Dairy Record, XXXVIII (February 16, 1938), 12.

<sup>33</sup>Ibid.      <sup>34</sup>Ibid.

<sup>35</sup>The American Cattle Producer, XIX (January, 1938), 9.

toward the reciprocal trade agreements program in the Upper Midwest, the administration grasped every opportunity to explain its tariff policy and its relationship to midwestern agricultural prosperity. Early in February, 1938, several weeks before the hearings on the British trade agreement opened, Lynn Edminster, Chief Economic Analyst of the Trade Agreements Division, addressed the Farm and Home Week Convention at Iowa State College.<sup>36</sup> Relating the trade agreements program to the midwestern farmer, Edminster told the assembled farmers that the Corn Belt had a "direct stake" in the proposed British agreement. He emphasized in particular, the potential British market for midwestern pork products and lard.<sup>37</sup> At the same time, in view of the passage of drought conditions, Edminster urged wheat farmers to weigh the need for additional export markets. Mindful of the ranchers, sugar-beet growers and other farmers oriented toward the domestic market, he suggested that home consumption would increase immensely with a healthy expansion of foreign trade.<sup>38</sup>

Edminster also attempted to placate the midwestern concern over the original Canadian agreement and its proposed successor. He cautioned farmers to evaluate carefully the impact of the treaty and to take into account

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<sup>36</sup>U.S., Congressional Record, 75th Cong., 3d Sess., Appendix, p. 637.

<sup>37</sup>Ibid., p. 639.

<sup>38</sup>Ibid.

the overall benefits which would accrue to agriculture from the treaty. He noted, for example, that despite all the agitation over Canadian cattle and Cheddar cheese imports, none of the "dire predictions" relative to these imports materialized.<sup>39</sup> In fact, in the administration's view, far from being hurt by the Canadian agreement, American farmers had benefited considerably. Now, the proposed British agreement, according to Edminster, offered the greatest opportunity yet for agriculture within the reciprocal trade agreements program.

Several weeks later Secretary of State Hull addressed the National Farm Institute in Des Moines, Iowa. He discussed at length the goals and accomplishments of the reciprocal trade agreements program in its first three years. The Secretary pointed out that in the sixteen agreements previously negotiated, the United States had received improved treatment on nearly a third of its agricultural exports and additional guarantees against any increased barriers on approximately another third.<sup>40</sup> He singled out the Cuban agreement as concrete evidence of agricultural gains through reciprocity, pointing in particular to the Cuban reduction of the tariff on lard from

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<sup>39</sup>Ibid.

<sup>40</sup>U.S., Department of State, Foreign Trade, Farm Prosperity and Peace, Commercial Policy Series No. 44 (Washington, 1938), p. 9.

10.6 cents to 1.5 cents a pound. According to Hull, "during the first year of the agreement shipments of lard to Cuba practically doubled in quantity and tripled in value. . . ." <sup>41</sup>

In a brief reference to the proposed trade agreement with the United Kingdom, Hull reminded the farm leaders that in 1935 the United Kingdom alone had purchased 35 percent of the United States agricultural exports. <sup>42</sup> As was his custom, the Secretary related the reciprocity program to the international community. "Together the foreign trade of the United States and the United Kingdom constitutes more than a quarter of the entire trade of the world," he said. "Pursuing liberal commercial policies the two countries can, in harmonious cooperation, accomplish much toward the rebuilding of international commerce, with the world-wide benefits which would be certain to follow." <sup>43</sup>

Hull also alluded to Capper's anti-trade agreements campaign. "You and the rest of your people have been subjected to a veritable barrage of sinister propaganda designed for narrow and selfish reasons, to wreck the most important policy which our country can pursue to promote its economic well-being and peace." <sup>44</sup> According

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<sup>41</sup> Ibid.

<sup>42</sup> Ibid., p. 10.

<sup>43</sup> Ibid., p. 14.

<sup>44</sup> Ibid., pp. 10-11.

to the Secretary, certain "responsible officials of the Government" were spreading falsehoods relative to the trade agreements program. In contrast to the extreme nationalism of the critics, Hull suggested that the reciprocity program represented "enlightened nationalism"--a practical middle course between internationalism and isolation. He cautioned his listeners that neither extreme offered prosperity or peace to the American people.<sup>45</sup>

Edward O'Neal of the American Farm Bureau Federation also addressed the National Farm Institute and he too concentrated on the New Deal tariff policy.<sup>46</sup> He analyzed in detail the familiar slogan--"The American Market for the American Farmer." O'Neal emphatically stated that a narrow application of this slogan would spell disaster for American agriculture. If the United States shut out all imports, the adverse consequences would be immeasurable. "The producers of dairy products and beef cattle who do not now produce for export markets and whose price levels are protected by tariffs would be seriously injured, first by the loss of buying power for their products in the American market--which is their only market--and secondly, by the increased competition within our own American market because of shifts in production from cotton, corn,

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<sup>45</sup>Ibid., p. 15.

<sup>46</sup>Edward O'Neal to James Roosevelt, February 19, 1938, R.L., O.F. 1350.

wheat and tobacco to the production of dairy products and beef cattle."<sup>47</sup> O'Neal added that the same situation would apply to the corn-hog and wheat growers in the Corn Belt.

O'Neal supported Hull's contention that the British agreement offered the greatest opportunity yet to American agriculture within the reciprocity program.<sup>48</sup> O'Neal suggested that, equally important, the British treaty would reveal whether American manufacturers were willing to display an unselfish attitude and allow British industrial imports in exchange for agricultural concessions to the United States. The reciprocal trade agreements program, in O'Neal's estimation, offered an excellent opportunity to break the "strangle hold of monopolies."<sup>49</sup> He encouraged the midwesterners to give the administration an opportunity to demonstrate that it had the interests of agriculture at heart and would do nothing to damage that important industry's welfare.

When the public hearings opened several weeks later on the British trade agreement, a number of midwesterners appeared before the Committee. Their testimony revealed the diversity of economic interests within that section. South Dakota Representative Francis Case appeared on behalf of the fledgling manganese and feldspar industries of his

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<sup>47</sup>Ibid.

<sup>48</sup>Ibid.

<sup>49</sup>Ibid.

state.<sup>50</sup> His testimony reflected the problems facing an agrarian state trying to bolster its economy with the development of industry. He pointed out that prior to 1935 the General Manganese Company spent over \$300,000 in exploration and preparation for placement of a factory in South Dakota.<sup>51</sup> However, the announcement of the Brazilian trade agreement with its manganese concessions completely halted the project. According to Case, the agreement with Brazil itself did not pose a serious threat, but rather the extension of the tariff reduction to Russia through the most-favored-nation clause.<sup>52</sup> He reminded the Committee that manganese was vital to the production of steel and despite the fact the United States presently imported 95 percent of its manganese, given the opportunity, South Dakota alone could fill the domestic demand.<sup>53</sup> However, in view of the high production costs, the manganese industry needed and believed it merited substantial tariff protection.

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<sup>50</sup>Committee for Reciprocity Information, Stenographic Report of the hearings before The Committee for Reciprocity Information in connection with the negotiation of a reciprocal trade agreement with the United Kingdom of Great Britain, March 14-15, 1938 (Washington, 1938), pp. 69-82. Cited hereafter as Great Britain Hearings.

<sup>51</sup>Ibid., pp. 71-72.

<sup>52</sup>Case pointed out that 40 percent of the United States manganese imports came from Russia. Ibid., p. 73.

<sup>53</sup>Ibid., p. 76.

The testimony of Representative Case dramatized the problem posed by the trade agreements program to some interests in the Midwest. High production costs of small industries and certain branches of agriculture necessitated tariff protection. To operations of a marginal nature, a slight tariff concession could spell financial disaster. Case attempted to impress upon the Committee that many of the concessions to a particular nation within a trade agreement might not appear significant, yet when extended to other countries through the most-favored-nation clause the consequences were indeed significant. Because of the Brazilian case and several others, opposition in the Midwest to the most-favored-nation principle in the trade agreements program gathered momentum.

The testimony of Kansas Representative Frank Carlson contrasted markedly with that of Francis Case and graphically illustrated the other side of the midwestern dilemma. While Case suggested that the British trade agreement could greatly damage South Dakota's economic potential, Carlson informed the Committee that the successful conclusion of a pact with Great Britain was essential to the prosperity of his state.<sup>54</sup> He made a special plea for the wheat growers of Kansas. According to Carlson, if the once rich wheat export trade with Great Britain could be reopened,

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<sup>54</sup>U.S., Congressional Record, 75th Cong., 2d Sess., Appendix, p. 189.

midwestern wheat growers could resume normal production with the assurance of a foreign market for their surpluses.<sup>55</sup> Consequently, the two midwestern congressmen viewed the proposed agreement with equal but contrasting concern.

Edward O'Neal also appeared before the Committee in support of the proposed treaty. According to O'Neal, the A.F.B.F. was "vitally concerned in the proposed Trade Agreement with the United Kingdom because of its possible effects upon the welfare of American agriculture."<sup>56</sup> In O'Neal's estimation, the proposed pact offered a unique opportunity because most of the earlier trade agreements had been negotiated with agricultural nations. While enthusiastically supporting the conclusion of the agreement, O'Neal proposed several guidelines to be followed in negotiation of the treaty. In particular, the American negotiators should concentrate primarily upon "securing increased outlets for our farm surpluses and reducing our excessive industrial tariffs."<sup>57</sup> O'Neal stated that the present "excessive industrial tariffs" had penalized farmers, fostered monopolies and encouraged barriers against American farm products.<sup>58</sup> At the same time, he

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<sup>55</sup>Ibid.

<sup>56</sup>Great Britain Hearings, p. 345.

<sup>57</sup>Ibid., p. 349.      <sup>58</sup>Ibid.

requested that no reductions on agricultural tariffs be made which would have the effect of reducing or holding the prices of farm products below parity levels.<sup>59</sup>

The Farm Bureau President concluded with a reference to the long-time inequality between farm prices and industrial prices. The trade agreements with Great Britain could, if properly negotiated, go a long way toward alleviating this unjust condition. In view of this "unusual opportunity" O'Neal urged speedy negotiation of the pact.<sup>60</sup>

Less than a month after the Committee for Reciprocity Information closed hearings on the British trade agreement, it announced the opening of hearings on the proposed renewal of the Canadian treaty. As mentioned previously, the original pact had stirred considerable interest in the Midwest. The renewal announcement rekindled this interest and six representatives from the Midwest scheduled appearances before the Committee to protest further concessions on agricultural commodities.

Three representatives from North Dakota, Congressmen Lynn Frazier and William Lemke plus Oscar Hagen of the Potato Growers of North Dakota appeared to protest concessions on commodities affecting producers in their state. Both Hagen and Frazier appeared on behalf of the North Dakota potato industry. In particular, the two men objected to the concessions previously granted to imports of

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<sup>59</sup>Ibid.

<sup>60</sup>Ibid., pp. 356-57.

Canadian seed potatoes. According to Frazier, North Dakota produced approximately two million bushels of certified seed potatoes each year.<sup>61</sup> Prior to the initial Canadian agreement, the southern states provided an attractive market for these potatoes. However, the North Dakota producers could not meet the Canadian competition because of a higher cost of production. Frazier pointed out that Canadian freight rates on farm products were about 60 percent of what they were in the United States. Also, labor was considerably cheaper on the Canadian side of the border. In view of these inequities, North Dakota producers could not successfully compete with the Canadian imports.<sup>62</sup>

Oscar Hagen attempted to substantiate the adverse impact of the Canadian imports. According to Hagen, the agreement had prompted a considerable increase in imports. In 1937; 752,975 bushels of Canadian seed potatoes entered the United States as compared to 89,266 bushels the year prior to the agreement.<sup>63</sup> Under the Canadian treaty, 750,000 bushels came in under the reduced rates. He complained that by allowing these imports the administration was "turning over to Canadian labor thousands of dollars

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<sup>61</sup>Committee for Reciprocity Information, Stenographic Report of the hearing before The Committee for Reciprocity Information in connection with the negotiation of a reciprocal trade agreement with Canada, April 4-8, 1938 (Washington, 1938), p. 563. Cited hereafter as Canadian Hearings, 1938.

<sup>62</sup>Ibid.

<sup>63</sup>Ibid., p. 619.

which our American labor should rightfully have and which it is entitled to and very badly in need of."<sup>64</sup>

Hagen illustrated the impact by referring to his home county of McKenzie in northwestern North Dakota. According to Hagen, the farmers of McKenzie county depended almost exclusively on the sale of their seed potatoes. Due to the altitude and hot, dry climate the county's yield was not particularly heavy, but of good quality. While the quota concessions of the 1935 treaty might appear insignificant to members of the Trade Agreements Committee, Hagen pointed out that the producers of McKenzie county and elsewhere in North Dakota did not view them as such. These farmers sincerely believed that they should have the "wholehearted support of their own government in protecting and building up this important and valuable industry. . . ."<sup>65</sup>

Representative Lemke did not present testimony on any particular commodity, but he offered an extremely nationalistic interpretation of the "correct" trade policy. He maintained that the American people were capable of "self-supporting and self-maintaining."<sup>66</sup> In contrast to the opinion of many farm and administration officials, Lemke suggested that the American farmer had no surplus problem.<sup>67</sup> In reference to the trade agreements program,

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<sup>64</sup>Ibid., p. 618.

<sup>65</sup>Ibid., p. 620.

<sup>66</sup>Ibid., p. 931.

<sup>67</sup>Ibid., p. 930.

he stated that he could be a "free trader" also if the cost of living, cost of production and living standards were the same world over. However, these conditions did not exist and therefore Lemke was unwilling "to bring our farmer down to the level of the peons of Mexico."<sup>68</sup>

Francis Case who had testified at the British hearings several weeks earlier again confronted the Committee. He pictured his home state of South Dakota as a new, undeveloped section "practically identical with large parts of Canada."<sup>69</sup> In view of this fact, Case suggested that almost every item on the Canadian negotiation list competed with those produced in South Dakota. The South Dakota Representative listed the most competitive items and evaluated the impact of these imports on his state's economy. Again, as at the earlier hearings, Case expressed concern about the effects of the most-favored-nation clause. In fact, he suggested that the "danger from the lowered tariffs" considered by the administration was not primarily from Canada, but from the other nations receiving the tariff concessions under the unconditional most-favored-nation clause.<sup>70</sup>

Harry Coffee appeared on behalf of fifteen western states and a constituency greatly troubled by the possibility of further concessions on livestock or livestock products. In particular, Coffee questioned the proposed

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<sup>68</sup>Ibid.    <sup>69</sup>Ibid., p. 37.    <sup>70</sup>Ibid., p. 41.

tariff concessions on chilled beef.<sup>71</sup> He pointed out that while lowering duties on chilled beef would be of little benefit to Canada, because of the most-favored-nation clause, such a reduction would "open the flood gates for the importation of beef from New Zealand, Australia, South Africa and any other country that could comply with our sanitary regulations and reciprocal trade agreements."<sup>72</sup>

Coffee reiterated a common complaint heard in agricultural circles that manufacturing industries continued to profit from a privileged position in the United States. He contended that "the trend of industrialization in this country at the expense of agriculture must be stopped. In fact, the trend must be reversed and certain non-agricultural industries should make concessions to facilitate the regaining of some foreign markets for our agricultural surpluses."<sup>73</sup> He informed the Committee that if the livestock industry was forced to make any further concessions in the proposed agreement, it would constitute a serious threat to that industry and would "endanger the entire reciprocal trade agreements program."<sup>74</sup>

In a massive brief, F. E. Mollin, Secretary of the American National Live Stock Association, supplemented the

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<sup>71</sup>Ibid., pp. 49-52.

<sup>72</sup>Ibid., p. 52.

<sup>73</sup>Ibid., pp. 44-45.

<sup>74</sup>Ibid., p. 45.

testimony presented by Coffee and enumerated at great length the adversities suffered by the livestock industry under the previous agreement and the problems posed by the announcement of the new treaty. Referring to the atmosphere created by the State Department announcements, Mollin informed the Committee that "no industry can operate satisfactorily with the constant threat of increased competition by way of either lower duties or enlarged quotas in new or revised trade agreements."<sup>75</sup> According to the livestock association Secretary, many ranchers had purchased slaughter steers with the intention of marketing them later. However, in the face of the "threat" of the pending treaty, the steers "were dumped in despair at staggering losses."<sup>76</sup>

Mollin summarized the impact of the initial Canadian agreement on the livestock industry--reiterating the common complaints uttered by cattlemen since the trade agreements program's inception in 1934. He assured the Committee that the American producer could adequately fill the domestic demand for beef, and imports, no matter how small, tended to depress the market price.<sup>77</sup> The Secretary also repeated the A.N.L.A. demand for a monthly or quarterly quota on Canadian cattle imports so that dumping could be prevented.<sup>78</sup>

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<sup>75</sup>Ibid., p. 487.

<sup>76</sup>Ibid.

<sup>77</sup>Ibid., pp. 472-74.

<sup>78</sup>Ibid., p. 488.

Several months after the completion of the public hearings, the administration announced the provisions of the new agreement with Canada. The renegotiated treaty included a number of changes on items discussed by the mid-western representatives before the Committee for Reciprocity Information. In the matter of Canadian livestock imports, the yearly quota on cattle weighing over 700 pounds and eligible for the rate reduction was raised from 155,799 head to 225,000 head.<sup>79</sup> However, only 60,000 head could enter at the reduced rate in any quarter of the year. At the same time, the 1938 rate was one-half cent a pound less than the 1935 rate. Also, the yearly quota on calves was raised from 51,933 head to 100,000 head with the duty remaining constant at one and one-half cents a pound.<sup>80</sup> The duty on Cheddar cheese, another controversial item, also experienced a cut from five cents in 1935 to four cents in 1938.<sup>81</sup>

The provisions governing Canadian imports of seed potatoes, so vigorously denounced by North Dakotans Lynn Frazier and Oscar Hagen, were also altered. The yearly quota on rate-reduced potatoes was increased from 750,000 bushels in the first agreement to 1,500,000 bushels in the

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<sup>79</sup>U.S., Department of State, Text of New Trade Agreement Between the United States and Canada (Washington, 1938), p. 34.

<sup>80</sup>Ibid., p. 33.

<sup>81</sup>Ibid., p. 34.

1938 treaty.<sup>82</sup> With respect to rate changes, in both the 1935 and 1938 treaties imports during the period from December to February paid a duty of sixty cents per 100 pounds. However, for the imports in the period March to November, the 1938 agreement called for a duty of thirty-seven and one-half cents per 100 pounds compared to forty-five cents in 1935.<sup>83</sup>

The United Kingdom agreement included a number of concessions on commodities vital to the Midwest's economy. Most important, wheat was placed on the free list. Hams were also included on the free list with the provision that from time to time the two countries would discuss the quantity to be permitted.<sup>84</sup> The United States could export lard to Great Britain duty free and without any restriction as to quantity.<sup>85</sup>

Thus, the two treaties, both signed on November 17, 1938, affected a number of commodities produced in substantial quantity in the Midwest. The Canadian treaty in particular demonstrated the difference of opinion between midwestern farm spokesmen and the administration on the question of import quotas. The administration justified

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<sup>82</sup>Ibid., p. 38.      <sup>83</sup>Ibid.

<sup>84</sup>U.S., Department of State, Text of Trade Agreement Between the United States and the United Kingdom (Washington, 1938), p. 10.

<sup>85</sup>Ibid., p. 11.

greater import quotas on the basis of increased domestic consumption, while midwesterners discounted the increase in domestic consumption and maintained that any increase was unjustifiable and harmful to their interests. In view of the concessions to Canadian imports of livestock, potatoes and cheese, it appeared to those farm spokesmen who opposed larger imports that their testimony had little influence on the final terms of the trade agreements negotiated. Most certainly, there could be considerable difference of opinion in that section relative to the anticipated consequences of the two agreements.

The midwestern response to the official announcement of the two agreements ranged from lavish praise to shock and dismay. W. C. Allen of The Dakota Farmer read the State Department releases and remarked that he could not accurately gage the possible impact of the two agreements.<sup>86</sup> However, he noted that much in the treaties substantiated his "long-time opinion" that the British and Canadians were smart traders and in fact in this instance had out traded the "Yankee"--especially with respect to agricultural concessions.<sup>87</sup>

The editor of The Nebraska Farmer evaluated the two agreements separately.<sup>88</sup> In his estimation, the

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<sup>86</sup>The Dakota Farmer, LVIII (December 17, 1938), 524.

<sup>87</sup>Ibid.

<sup>88</sup>The Nebraska Farmer, LXXX (December 17, 1938), 8.

British treaty offered possibilities for substantial exports of wheat, lard, corn and pork. However, the state of the British economy tempered his enthusiasm. He concluded that the decline in value of British currency would make it difficult for Great Britain to purchase American exports and at the same time this condition would benefit those exporting nations whose currency was cheaper than that of the United States. On the other hand, the editor suggested that the Canadian treaty appeared "to threaten Midwest agriculture because of our further reductions in tariff on beef cattle, dairy cattle and dairy products, hogs, and some feed grains."<sup>89</sup> He reported that midwestern dairymen were upset because quotas on dairy cattle had been lifted along with rate reductions on whole milk, cream and cheese at the very time butter surpluses in the United States were at an "all time high."

A number of the midwestern congressmen received complaints from their constituents. The Western South Dakota Sheep Growers Association mailed a copy of its resolution on the British agreement to both Representative Francis Case and Secretary of State Hull. In particular the Association protested the agreement's wool concessions because it believed that different and unequal growing and manufacturing conditions in the two nations placed the

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<sup>89</sup>Ibid.

United States woolen industry "at a very great disadvantage."<sup>90</sup> L. W. Babcock, a seventy-one year old wheat farmer from Belle Plaine, Kansas, suggested to Senator Capper that the Canadian trade agreement "was a slap in the face to the stock grower, and to the wheat grower, and indirectly to the corn grower for their refusal [sic] to support the New Deal."<sup>91</sup> In Babcock's view, the treaty would "enable Canada to unload her surplus cattle and low grade wheat into our markets, which will depress prices for some time to come."<sup>92</sup>

The announcement of new concessions to Canadian cattle imports shocked many in the livestock industry. The Kansas Stockman reported that Kansas cattlemen "harbored a secret fear that evil will come from the recently made Canadian trade treaty with reference to tariffs on beef cattle."<sup>93</sup> The Kansas ranchers had opposed the original agreement and now with the conclusion of the new treaty, the prospect of even greater damage appeared imminent. The editor suggested that the pleas of American cattlemen had been ignored and now the abused ranchers

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<sup>90</sup>D. Wayne George to Francis Case, August 2, 1938, Trade Agreements Folder, Drawer 31, Case Papers.

<sup>91</sup>L. W. Babcock to Arthur Capper, December 7, 1938, Reciprocal Trade Folder, Agriculture Box, Capper Papers.

<sup>92</sup>Ibid.

<sup>93</sup>The Kansas Stockman, XXIII (January 1, 1939), 5.

must take or leave the "dose prescribed by the doctors in Washington."<sup>94</sup>

Prior to and during the public hearings on the Canadian agreement, The American Cattle Producer accused the administration of trying to force acceptance of the trade agreements program with a huge publicity machine. According to the editor, the "well-financed" Economic Policy Committee had been established by the Roosevelt administration in order to "glorify the beauties of foreign trade."<sup>95</sup> As had Nebraska Representative Karl Stefan, William Lemke of North Dakota and several other midwesterners, The Producer reflected a degree of isolationist sentiment when it criticized Hull for prefacing every statement about the reciprocity program "with a warning that we must lower tariff barriers or face the threat of war."<sup>96</sup>

When the State Department announced the official concessions in the Canadian agreement, the editor of The Producer reacted bitterly. He lamented the fact that the British had failed to offset the Canadian treaty with any substantial benefits to the livestock industry. In view of the vigorous A.N.L.A. protest against further duty reductions, the editor concluded that the public hearings

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<sup>94</sup>Ibid.

<sup>95</sup>The American Cattle Producer, XIX (April, 1938), 15.

<sup>96</sup>Ibid.

conducted by the Committee for Reciprocity Information were a "farce." "They might just as well have made their protest to seven sticks as to the committee mentioned, which evidently has nothing to do with writing the trade agreements."<sup>97</sup> The editor did acknowledge that the new agreement included a quantity quota proposed by the A.N.L.A. earlier. He added, however, that the increased quota rendered this limitation "practically valueless." In the words of the editor, "the American livestock industry has been sold down the river once more."<sup>98</sup>

Not all midwestern editors and farm leaders were as despondent over the new agreements as the editor of The American Cattle Producer. The editor of the Minnesota publication, The Farmer, remarked that the Canadian treaty as a whole had been well received. While noting that some ranchers and dairymen had expressed concern, he suggested that the treaty would certainly "improve general trade relations between the United States and England and Canada by increasing volume."<sup>99</sup> However, he cautioned wheat farmers to contain their enthusiasm for the British agreement. He suggested that even though the United States could now export wheat duty free into England, the low value of the

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<sup>97</sup>Ibid., XX (December, 1938), 11.

<sup>98</sup>Ibid.

<sup>99</sup>The Farmer, LVI (December 3, 1938), 6.

pound sterling, plus Argentine dumping actions, would probably prevent the United States from greatly increasing its wheat exports to Britain.

Wallace's Farmer praised the British agreement, but less enthusiastically than before the final agreement was signed.<sup>100</sup> According to the journal's editor, the Corn Belt hog raisers should profit from increased lard and ham exports but beyond that he saw little gain for agricultural exports. The American concessions to British industrial products appeared to offer little relief to the farmer as a consumer. In the editor's estimation, the main value of the agreement was that it demonstrated willingness by two great nations to reduce tariff barriers and to advance toward greater freedom in international trade.

The November 22 issue of the A.F.B.F. News Letter displayed none of the reservations evident in Wallace's Farmer or The Farmer. The News Letter informed Farm Bureau members that the new agreements contained "American agriculture's most important gains under Secretary Hull's reciprocal trade agreements program."<sup>101</sup> A.F.B.F. President O'Neal also enthusiastically endorsed the two treaties and the trade agreements program in general. According to O'Neal, "the great significance of the entire reciprocal

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<sup>100</sup>Wallace's Farmer, LXIII (December 3, 1938), 6.

<sup>101</sup>A.F.B.F., Official News Letter, November 22, 1938, pp. 1-2.

trade program as formulated and carried through by Secretary of State Cordell Hull, is the fact that it has lifted our tariff-making activities out of the poker game class and elevated them to the level of real statesmanship."<sup>102</sup> After detailing the agricultural concessions in the two agreements, O'Neal concluded that the greatest gain from the treaties was not the potential increased sales of any particular commodity, but rather "the broad increase in trade generally that should result from lowered duties."<sup>103</sup>

While Washington officials were conducting public hearings and negotiating the two trade agreements, congressional candidates were campaigning in the fall elections. Although the political discussion over the reciprocity program did not reach the intensity of the 1936 campaign, the New Deal's tariff policy did incur the criticism of many midwestern Republicans. In Nebraska, two Republican congressional candidates, George Heinke and Carl Curtis, attacked the Roosevelt reciprocity program repeatedly during their successful campaigns against the Democratic incumbents.<sup>104</sup> In Iowa, Republican Albert Swanson informed voters of the Ninth District that Secretary of State Hull's administration of the reciprocal trade

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<sup>102</sup>Nebraska Agriculture, VII (December 22, 1938), 2.

<sup>103</sup>Ibid.

<sup>104</sup>Omaha World Herald, September 2, 1938; Lincoln Star, October 13, 1938; Minden Courier, October 27, 1938.

agreements program meant that the products of the Iowa farmer would "have to compete on your home markets with the peon farmers of the world."<sup>105</sup>

North Dakota Representative William Lemke revealed his isolationist sentiments when he discussed the New Deal's tariff policy during the campaign. He attributed most of the farmer's problems to the "internationalist" attitude of the New Deal. According to Lemke, both Secretary of Agriculture Wallace and Secretary of State Hull were "too foreign-minded" and "more interested in foreign nations than in their own."<sup>106</sup> He maintained that due to the reciprocal trade agreements program the United States was "being flooded with foreign agricultural and manufactured products as never before."<sup>107</sup> As in 1936, both parties distributed pamphlets and broadsides and purchased considerable ad space to present their position on the reciprocity issue.<sup>108</sup>

The 1938 election resulted in significant Republican gains in the six states of the Upper Midwest. The

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<sup>105</sup>Sioux City Journal, October 2, 1938.

<sup>106</sup>Radio address by Lemke in Bismarck on June 25, 1938, Folder 4, Box 26, Lemke Papers.

<sup>107</sup>Radio address by Lemke in Bismarck on October 13, 1938, ibid.

<sup>108</sup>Political Parties, Campaign Material, Folder 43, Box 2, MS 497, Nebraska Historical Society; W. R. Ronald to M. L. Wilson, October 8, 1938; L. W. Drennen to Hubert Utterback, March 17, 1938, NA, RG 16.

Republicans picked up thirteen new seats--nine at the expense of the Democrats and four from the Farmer-Labor party in Minnesota.<sup>109</sup> Undoubtedly, a number of factors contributed to the Republican gain. Generally, the election of 1938 marked a Republican swing that resulted in that party nearly doubling its representation in the House. Also, the political repercussions of the court fight and the recession of the previous year caused many midwesterners to desert the New Deal camp. However, the concern displayed by both parties over the tariff issue indicated that the reciprocity program was indeed an important political issue in the Midwest and contributed to Republican success and to a further erosion of New Deal power in that region.

After the 1938 election the Republicans clearly dominated the congressional delegation in the Upper Midwestern states. They held thirty-three seats while the Democrats held but ten and the Farmer-Laborites three. This alignment differed markedly from that of 1937-1938 when the Republicans held only a one seat margin over the Democrats in the midwestern delegation. The developments within the trade agreements program had increased substantially midwestern opposition to the New Deal farm program and had cost Roosevelt political support. In 1939 another major development would contribute further to the process.

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<sup>109</sup> Figures on the changes in the midwestern congressional delegation were compiled from The Congressional Directory, 74th Cong., 1st Sess., and 75th Cong., 1st Sess.

## CHAPTER VIII

### THE NEW DEAL PROPOSES A TRADE AGREEMENT WITH ARGENTINA

During the first four years of the reciprocity program, the two treaties negotiated with Canada caused the greatest stir in the Midwest. Many farm spokesmen repeatedly stated that they viewed the trade agreements program as primarily a mode to reopen foreign markets to American agricultural surpluses, while at the same time granting substantial concessions to foreign imports of industrial products. Thus, the Canadian agreement with its agricultural concessions had caused great concern and was viewed by some as a "dangerous precedent" for the future negotiation of trade agreements with agricultural nations. Consequently, the announcement early in 1939 of intention to negotiate an agreement with Argentina shocked midwesterners and aroused a storm of protest.

The administration decided to attempt negotiations with Argentina only after considerable interdepartmental discussion and consideration of the political repercussions. President Roosevelt had suggested the agreement as early as March, 1937; however, Secretary of Agriculture Wallace had

strenuously opposed the idea. The Secretary reminded Roosevelt that Argentina was a "red flag" to the farmers of the Midwest. Wallace indicated that such an announcement would cost the administration the support of organized agriculture in the Midwest--especially that of the American Farm Bureau Federation.<sup>1</sup> The midwestern element within the A.F.B.F. led by Earle Smith and Clifford Gregory violently opposed any agreement with Argentina.<sup>2</sup> To alienate them would dissolve the midwestern-southern coalition so carefully forged by O'Neal and would in all likelihood mean an end to the A.F.B.F. support for the New Deal farm program.

Wallace suggested that the announcement of a proposed treaty with Argentina would be politically disastrous as the reaction would undoubtedly preclude any victory for Roosevelt in the court fight. The Secretary remarked that he was "talking politics, not statesmanship or economics. As soon as the court fight is won, I see no reason for not coming out with the Argentine proposal. But, in my opinion, we simply cannot fight successfully on these two fronts simultaneously in the agricultural areas of the middlewest and the west."<sup>3</sup>

Apparently Wallace's arguments prevailed for no announcement was made at that time. However, two years

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<sup>1</sup>Henry Wallace to Marvin McIntyre, March 13, 1937, R.L., O.F. 366.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

later in March, 1939, President Roosevelt informed Wallace that he had directed the State Department to open negotiations with Argentina.<sup>4</sup> Sumner Welles and others in the State Department had pressed Roosevelt for several years to seek an agreement in order to improve relations with Argentina and to enhance hemispheric solidarity through the Good Neighbor Policy. Apparently, by 1939 Roosevelt had concluded that the possibility of improved United States-Argentine relations outweighed the almost certain adverse reaction over the treaty in agricultural circles. On August 23 the State Department announced its intention to negotiate an agreement with Argentina and set the opening of public hearings for October 16.<sup>5</sup>

The proposed treaty listed a number of agricultural commodities for possible tariff concessions including livestock, flaxseed, wool, turkeys, cheese, corn, eggs and casein.<sup>6</sup> The announcement sparked an immediate and general reaction from the Midwest. The editor of the Topeka Capital criticized the administration for failing to realize that American farmers could not compete with the "cheap

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<sup>4</sup>Franklin Roosevelt to Henry Wallace, March 29, 1939, ibid.

<sup>5</sup>Cordell Hull to George Norris, October 26, 1939, Tariff Folder, Box 7, Tray 33, George Norris Papers.

<sup>6</sup>Committee for Reciprocity Information, Stenographic Report of the hearing before The Committee for Reciprocity Information in connection with Trade Negotiations with the Argentine Republic, October 16-19, 1939 (Washington, 1940), p. 118. Cited hereafter as Argentine Hearings.

labor and mass farming methods" of Argentina.<sup>7</sup> In the editor's view, the farmers logically objected to being made "goats" in an agreement designed to open new markets for industrial products. The Kansas City Daily Drovers Telegram expressed amazement that the administration would submit the American farmer to such outside competition and yet continually preach the necessity for crop reduction at home.<sup>8</sup>

Midwestern congressmen received a flood of mail from their constituency and other interested parties. Most of the correspondence urged the congressmen to appear at the public hearings and to protest the possible concessions on commodities important to the Midwest's economy. Concerned about the possible tariff concessions on Argentine turkeys, August Maass of Newell, South Dakota, asked Representative Francis Case to testify at the hearings on behalf of the turkey farmers.<sup>9</sup> In a letter to Henry Grady of the Committee for Reciprocity Information, Maass suggested that any reduction would spell disaster for South Dakota's turkey growers. "Our people already have enough problems, difficulties and disappointments, and should not be called upon to suffer the loss of one of the very few break-even

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<sup>7</sup>Topeka Daily Capital, October 19, 1939.

<sup>8</sup>Kansas City Daily Drovers Telegram, October 20, 1939.

<sup>9</sup>August Maass to Francis Case, October 12, 1939, Trade Agreements Folder, Drawer 31, Case Papers.

enterprises which we now have."<sup>10</sup> Representative Case received correspondence critical of the proposed Argentine trade agreement from the Greater South Dakota Association, the Aberdeen Civic Association, and the Brookings Chamber of Commerce.<sup>11</sup>

In a petition addressed to Representative William Lemke, forty-seven North Dakotans presented a list of objections to the proposed agreement. Noting that the Argentine treaty called for concessions on imports of flax, turkeys and meat products, the petitioners reminded Lemke that "the condition of farmers and livestock producers is such today that they cannot stand further competition from cheap foreign products."<sup>12</sup> They urged Lemke to use their petition to substantiate his protest against the Argentine treaty. Nebraska Senator George Norris, a consistent supporter of the reciprocal trade agreements program also received a flood of critical mail. The overwhelming opposition of his constituency prompted him to question the propriety of the agreement. Norris remarked that in view of the "terrible, almost indescribable, condition that affects the Nebraska farmer . . . I am

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<sup>10</sup>August Maass to Henry Grady, October 11, 1939, ibid.

<sup>11</sup>George Starring to Francis Case, October 28, 1939; Francis Case to Oscar Ryder, November 20, 1939; Carl Nodasely to Francis Case, October 25, 1939, ibid.

<sup>12</sup>William Lemke to J. J. Trask, n.d., Folder 5, Box 18, William Lemke Papers.

constrained to look with apprehension upon any proposal that will have the effect of reducing the income of these stricken people."<sup>13</sup>

Many others in the Midwest shared the doubts expressed by Senator Norris. By early October, seventeen congressmen from the midwestern delegation, fifteen Republicans and two Democrats, had scheduled appearances at the public hearings. Several of this number such as Edward Burke of Nebraska had previously supported the reciprocal trade agreements program. In addition to the congressional delegation, a number of other midwestern farm representatives appeared before the Committee for Reciprocity Information including Edward O'Neal, Edward Thye, Deputy Agricultural Director of Minnesota, Ole Flatt of the Minnesota Farm Bureau, John Coulter representing several North Dakota, South Dakota and Minnesota organizations and William Miller of the Kansas Livestock Association. Miller also testified on behalf of the Governor of Kansas and other interested Kansans.

Frank Carlson of Kansas expressed a general feeling in the Midwest when he remarked that agriculture had "its back against the wall."<sup>14</sup> He informed the Committee that no other treaty had aroused more concern in his section

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<sup>13</sup>George Norris to Cordell Hull, October 18, 1939, Tariff Folder, Box 7, Tray 33, Norris Papers.

<sup>14</sup>Argentine Hearings, p. 253.

than the one proposed with Argentina. Suggesting that the treaty was being used as a diplomatic ploy, Carlson stated that farmers should not be sacrificed especially in view of the fact that the "treaties have not brought about the great desired result of international peace that we have hoped they would produce in this world."<sup>15</sup> In conclusion, Carlson predicted that if the Argentine treaty was accepted, the hearings then being conducted by the Committee would be "a Sunday School picnic" in comparison to the meetings which would be staged in the agricultural Midwest.

Nebraska Senator Edward Burke testified that he had consistently supported the trade agreements program.<sup>16</sup> However, the proposed treaty with Argentina caused him great concern. He revealed that throughout the State of Nebraska people questioned the consistency of reducing production and at the same time negotiating treaties which allowed the importation of competitive agricultural commodities. Burke urged the administration to consider the "deep-lying sentiment" in the Midwest "that something is being done that is unfair to them and making their task that much harder."<sup>17</sup> He suggested that by attempting to reach an agreement with Argentina, the New Deal was "laying the groundwork for a serious, perhaps fatal attack upon this whole Reciprocal Trade policy."<sup>18</sup>

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<sup>15</sup>Ibid., pp. 254-55.

<sup>16</sup>Ibid., p. 422.

<sup>17</sup>Ibid., p. 426.

<sup>18</sup>Ibid., pp. 425-26.

Representative Harry Coffee, Democrat from western Nebraska, appeared on behalf of a bloc of nineteen congressmen--all opposed to the conclusion of a trade treaty with Argentina. Coffee, who had supported the reciprocity program in its initial stages, was now one of the leading midwestern watchdogs of the program and defenders of midwestern livestock interests. He suggested that the treaty struck directly at agriculture and particularly the livestock industry and would serve only to "accentuate the trend towards industrialization in this country at the expense of agriculture, a trend that has been prevalent particularly since 1932."<sup>19</sup> Coffee's testimony included a veiled threat that if the Argentine agreement became a reality, Congress would refuse to renew the trade agreements program in 1940 unless it was amended to include Senate ratification of all agreements.<sup>20</sup>

The flax industry of both North Dakota and Minnesota sent several representatives to the hearings. John L. Coulter, past President of North Dakota State College and ex-member of the Committee for Reciprocity Information, offered the most eloquent plea on their behalf.<sup>21</sup> Coulter questioned the proposed duty reductions on flax in view of the contribution flax farmers could make toward solving the agricultural surplus problem. According to Coulter, between

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<sup>19</sup>Ibid., p. 39.

<sup>20</sup>Ibid., p. 44.

<sup>21</sup>Ibid., pp. 570-71.

two and four million acres normally used to raise wheat, corn and other surplus commodities could be converted to flax production.<sup>22</sup> With adequate tariff protection, the flax industry could be quite profitable for American farmers while at the same time making a positive contribution to the surplus problem. Coulter suggested that if the administration felt compelled to reach an agreement with Argentina, it should not sacrifice any branch of agriculture to do so. Rather, the agreement should include only items that the American farmer did not produce in sufficient quantity and then any remaining imports should be restricted so as not to damage the American producer.

Even Edward O'Neal, President of the American Farm Bureau Federation, and a strong supporter of the administration's tariff program, found the proposed treaty difficult to accept. O'Neal pointed out, as had many other farm representatives, that most of the items under consideration were agricultural with only a few industrial concessions proposed. Thus, in his view agriculture was "confronted with the possibility of assuming the major burden of effect in any change in our tariff rates negotiated under the proposed agreement."<sup>23</sup> This possibility contradicted the official A.F.B.F. position which called for reciprocal trade treaties to be negotiated in order "to restore agricultural

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<sup>22</sup>Ibid., pp. 577-78.

<sup>23</sup>Nebraska Agriculture, VIII (October 26, 1939), 2.

exports by judicious lowering of industrial tariffs." However, O'Neal refused to flatly condemn the treaty and suggested instead that if such an agreement must be consummated it should be limited to a one year duration with a thirty-day termination clause.<sup>24</sup>

The testimony of the twenty-two midwesterners who appeared before the Committee expressed dismay and disgust. To the early supporters of the trade agreements program, the proposed Argentine treaty represented a rejection of the faith they had placed in the administration's promises to employ the program to further the interests of agriculture. To the critics, the proposal confirmed their belief that the New Deal was betraying the best interests of farmers. As Iowa's Ben Jensen suggested, the proposal revealed for all to see that the interests of the American farmer were no longer being considered; rather the man of the soil had become "a pawn in the game of international power politics."<sup>25</sup>

The Argentine treaty also incurred the wrath of most midwestern farm editors. The editor of The Nebraska Farmer informed his readers that the Argentine pact was just another in a line of "tariff adjustments that would make farmers the goat by reducing duties on imported farm commodities."<sup>26</sup> While acknowledging the desirability of good

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<sup>24</sup>Ibid.    <sup>25</sup>Argentine Hearings, p. 260.

<sup>26</sup>The Nebraska Farmer, LXXXI (December 2, 1939), 8.

relations with South America, the editor demanded that the manufacturing industries should bear part of the sacrifice necessary to attain such friendship. In his view, "if Argentine good will and prosperity are to be obtained only at the expense of agriculture, then we are against the idea, and fortunately that is the way most Midwest Congressmen feel about it."<sup>27</sup> The editor of The Kansas Stockman readily agreed that the Argentine treaty posed a great danger to agriculture and the American rancher in particular. He urged his readers to make their opposition known and called for a solid front "against such trade pacts and treaties, and also a concerted demand for cancellation or abrogation of the twenty-two such treaties already in force."<sup>28</sup>

Arthur Capper in a lengthy editorial in Capper's Farmer reiterated his vigorous opposition to the consummation of such agreements. In his opinion, the Argentine treaty could easily become a "sell-out" and render serious damage to the agricultural industry.<sup>29</sup> He urged farmers to register their protests with their congressmen, the President and the State Department. Suggesting that the original grant of tariff-making power to the President had been a mistake, Capper reminded his readers that he had introduced legislation to provide for Senate ratification

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<sup>27</sup> Ibid.

<sup>28</sup> The Kansas Stockman, XXIII (December 15, 1939), 4.

<sup>29</sup> Capper's Farmer, LI (January, 1940), p. 20.

of all trade agreements. The editor of the Sioux Falls Argus-Leader went a step further than the other editors and suggested that the Argentine proposal could cause the rejection of the whole trade agreements program when it came up for renewal in early 1940.<sup>30</sup>

The attempt by the Roosevelt administration to reach an agreement with Argentina also provoked considerable criticism from midwestern farm journalists who had previously supported the trade agreements program. The Farmer, after recalling its past support for the Canadian and British trade agreements, "unreservedly" joined in "viewing with alarm" the pending agreement with Argentina.<sup>31</sup> The editor pointed out that he had not joined the alarmists over the Canadian pact because the production costs of the Canadian farmers were approximately the same as those in the United States. However, South American production costs were "immeasurably less" than those of the United States. According to the editor, if the pending agreement went through, the "northwestern farmers will be obliged to compete with peon labor. It will mean that our prices will have to be reduced to meet the South American competition, and this at a time when the same administration which is negotiating this treaty is trying with its left hand to

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<sup>30</sup> Sioux Falls Argus-Leader, February 9, 1940.

<sup>31</sup> The Farmer, LVII (November 4, 1939), 6.

raise domestic prices of agricultural products."<sup>32</sup> The editor also repeated the frequently uttered remark that industry had always been the chief beneficiary of the protective tariff and he suggested that the Argentine treaty certainly would not deviate from this norm. He urged his readers to express their feelings on the treaty and listed the address of the Committee for Reciprocity Information in Washington.

The thought of a trade agreement with Argentina was so repulsive to most Midwesterners that even Wallace's Farmer rebuked the administration for proposing the treaty. While admitting that many farmers were unhappy about tariff concessions made by Secretary of State Hull, the editor suggested that over all agriculture had benefited from the reciprocity program.<sup>33</sup> However, he suggested that the Argentine treaty transcended the realm of foreign trade into that of international politics--a development contrary to the original intent of the program.

According to the editor of Wallace's Farmer, administration officials favored the conclusion of the Argentine treaty as a means of enhancing the much-desired hemispheric solidarity. The announcement implied that these officials believed that the importance of good relations with Argentina outweighed the possible hardships imposed by the

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<sup>32</sup>Ibid.

<sup>33</sup>Wallace's Farmer, LXIV (November 4, 1939), 7.

agreement on cattlemen, dairymen and other farmers. In the editor's opinion, the administration would do well to reconsider the proposal because "the cattle states are strongly represented in the Senate, and impartial observers in Washington believe that adoption of the Argentine trade agreement will defeat the entire trade agreements program."<sup>34</sup>

Roosevelt and other administration officials apparently reached the same conclusion after gaging the reaction to the treaty. Early in January, 1940, the State Department announced that it had suspended negotiations with Argentina. Obviously the vociferous and hostile reaction in the Midwest influenced this decision. Even though the particular agreement with Argentina had been dropped, the proposal had made reciprocity one of the most important political and economic issues in the Midwest. The proposed negotiations had a very unsettling affect among midwesterners and caused even more farmers and their spokesmen in that area to not only question the merits of the trade agreements program but also the sincerity of the administration in general. The growing concern was reflected by the content and volume of letters which crossed the desks of midwestern congressmen during and after the public hearings on the treaty.

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<sup>34</sup>Ibid.

The office of Kansas Senator Arthur Capper in particular received considerable correspondence critical of the trade agreements program. Clarence Robb of Niotaze, Kansas, suggested that Secretary of State Hull, like President Taft before him, was trading off the American market in order to obtain additional trade outlets for industrial products.<sup>35</sup> Robb admitted that reciprocity was "alright," but he objected to having his "shirt traded off to get a new silk hat for some industrial giant. Of course he gets more markets for his product he may employ more men who will inturn eat more of my pork and wheat with some of my beef for Sunday dinner, but what good will that do me if the disparity of prices continues so that I do not get enough back in exchange for my products for me to subsist and pay expenses?"<sup>36</sup>

Arthur Smith also expressed concern about the loss of the domestic market. He informed Capper that "if we could put a stop to some of those Trade Agreements that Mr. Hull has been putting in effect with Foreign countries and keep our markets for our own Farmers it would help a lot."<sup>37</sup> He added that "this is just one man's opinion so

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<sup>35</sup>Clarence Robb to Arthur Capper, December 25, 1939, Reciprocal Trade Folder, Agriculture Box, Capper Papers.

<sup>36</sup>Ibid.

<sup>37</sup>Arthur Smith to Arthur Capper, December 17, 1939, ibid.

don't take it to serious. Yet I wanted you to know how it looks to the small Farmer."<sup>38</sup> Edward Anderson referred to Capper as the farmers' friend and offered to the Senator his evaluation of the New Deal farm program. While favoring a continuation of the Soil Conservation program, Anderson did not "beleaf [sic] the reciprocal trade agreement act should be continued as we feel we are entitled to our own market and don't beleaf in turning the Grain Gamblers loos to pria on the American farmer."<sup>39</sup> The correspondence received by Capper revealed that many Kansas farmers related all agricultural imports to the trade agreements program and thus they favored the program's termination.

Capper's colleague, Clifford Hope, also received many letters on the trade agreements program, including a letter from J. H. Conrad of Coolidge, Kansas. Conrad suggested that if the trade agreements program had to be continued it should at least include Senate ratification. Conrad declared that trainloads of scrub Mexican cattle were appearing in his hometown because of the reciprocity program and asked "How does it help our agriculture to give foreign countries the markets formerly supplied by our millions and millions of acres" reduced from production in wheat, corn and cotton.<sup>40</sup>

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<sup>38</sup> Ibid.

<sup>39</sup> Edward Anderson to Arthur Capper, December 18, 1939, ibid.

<sup>40</sup> J. H. Conrad to Clifford Hope, February 22, 1940, Trade Agreements Folder, Box 182, Hope Papers.

While much of the correspondence from midwestern farmers attacked the trade agreements program specifically, many expressed unhappiness with the New Deal in general and discouragement over the plight of the farmer. John Hanson after noting his opposition to the reciprocity program, stated that he did not believe "we farmers of the United States are making any headway."<sup>41</sup> J. E. Dazey remarked that the United States had been "the dumping ground for agricultural products long enough." He posed the question, "Is it possible that the farmer in this country is the only class of people that cannot get what is coming to them?"<sup>42</sup> One Kansas farmer stated that while he had complied with the New Deal farm programs each year, he considered them "fundamentally unsound." "As an emergency measure it was at least something, though even a sop. As a permanent set up it is obnoxious in many ways."<sup>43</sup> In the words of J. H. Conrad, "After seven long years some of the shine is beginning to wear off the New Deal."<sup>44</sup>

The Canadian and Argentine treaties in particular had brought to the surface again the basic mistrust harbored

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<sup>41</sup>John Hanson to William Lemke, January 15, 1940, Folder 8, Box 18, Lemke Papers.

<sup>42</sup>J. E. Dazey to William Lemke, January 10, 1940, Folder 6, Box 18, Lemke Papers.

<sup>43</sup>Clarence Robb to Arthur Capper, December 25, 1939, Reciprocal Trade Folder, Agriculture Box, Capper Papers.

<sup>44</sup>J. H. Conrad to Clifford Hope, February 26, 1940, Trade Agreements Folder, Box 182, Hope Papers.

by many midwesterners of the "eastern industrial interests." Several times at the hearings conducted by the Committee for Reciprocity Information Representative Coffee and others had decried the increasing trend toward industrialization. Clifford Hope suggested that Roosevelt had "put himself in a position where he and his groups have become the party of the great cities and the industrial labor groups of this country."<sup>45</sup> He stated that the South and West must band together to protect the interests of agriculture. The apparent triumph of industrial interests within the trade agreements program prompted one South Dakota farmer to remark that "we had the east by the tail until congress threw it all away in a moment of hysteria seven years ago."<sup>46</sup>

Thus, in the latter part of 1939 in an atmosphere of uncertainty the major farm organizations in the Midwest stepped up the process of re-evaluating their positions on the New Deal tariff policy and started preparing their briefs for the renewal hearings in early 1940. At the major conventions in late 1939 and early 1940, the question of the tariff received closer scrutiny than ever before.

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<sup>45</sup>Clifford Hope to R. J. Laubengayer, November 13, 1937, Miscellaneous Folder, Box 170, ibid.

<sup>46</sup>C. W. Haidle to Francis Case, February 23, 1939, Trade Agreements Folder, Drawer 31, Case Papers.

study. O'Neal announced that the A.F.B.F. would study Schultz's findings closely before formulating its trade agreements resolution for 1940. After several months of research, Schultz met with the Board of Directors to inform them of his findings.<sup>3</sup> He reported that the "direct effect" of the reciprocity program on expansion of agricultural exports had been limited. For example, excluding the British agreement, the United States had received few benefits for wheat exports. Concessions on meat and meat products were more numerous but not from the leading consumers. Schultz pointed out that the fruit and vegetable growers had benefited more than any other branch of agriculture.

Schultz urged the Farm Bureau Board and other agricultural spokesmen to consider the limitations of the trade agreements program.<sup>4</sup> In particular, most of the concessions actually sought and obtained served only to expedite the "natural flow" of trade rather than change this flow. According to Schultz, any attempt by the United States to force farm commodities on other nations who would not otherwise buy them would only prompt unfavorable reactions. At the same time, he pointed out that the United States could not refuse to accept certain products without

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<sup>3</sup>A.F.B.F., Minutes of the Board of Directors Meeting, December 2, 1939 (Chicago, Illinois).

<sup>4</sup>Iowa Farm Economist, VI (January, 1940), 4.

endangering the entire trade agreements program. He cited as an example, the Canadian-British situation. The United States could not refuse periodic Canadian cattle imports without "risking the loss of the British agreement and its larger market for wheat, pork and lard." Schultz suggested that the most important gains derived from the trade agreements probably came to the farmer as a consumer because of imports which weakened the power of the monopolies in manufacturing. However, he admitted that even this "gain" had been minimal.

Schultz concluded that in general the trade agreements program was "working" for agriculture--but not spectacularly. He based this generalization on three separate conclusions. First, the trade agreements program had prompted moderate business expansion both at home and abroad. Secondly, and a more tangible benefit, the new tariff policy had helped check the restrictionism so prevalent in international trade--a condition very detrimental to the American farmer. Lastly, the reciprocal approach offered an effective method of lowering tariff walls, especially when compared to the futile congressional attempts of the past.<sup>5</sup> The Schultz study certainly did not offer the definitive answer that most farm representatives wanted and demanded. Rather, the report only echoed the previous administration statements which emphasized the

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<sup>5</sup>Ibid.

indirect and long-range benefits of the program and the potential expansion of foreign trade in a freer international economic community.

The trade agreements resolution drafted by the national A.F.B.F. convention acknowledged the Schultz study, but it also reflected the tensions manifested by recent developments within the program. The resolution guardedly stated: "From all facts thus far available, it appears that while the greatest portion of increased exports has been in industrial products, from which agriculture has only indirectly benefited, yet this study, together with other information available to the Federation, reveals that the net effect of the agreements has been helpful rather than hurtful."<sup>6</sup> In reference to agreements previously negotiated or contemplated, the resolution renewed "with increased emphasis" the A.F.B.F. demand that no treaties be negotiated which had the effect of holding the domestic prices of farm commodities below the parity level. The delegates echoed the feelings of many in the Midwest when they insisted that economic factors be weighed equally with those of diplomacy and statecraft in the negotiation of all trade treaties. In order to secure the proper consideration of economic factors and the interests of agriculture, the A.F.B.F. urged an

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<sup>6</sup>A.F.B.F., Resolutions Adopted at the Annual Meeting, December 7, 1939 (Chicago, Illinois).

amendment to the present act to provide for unanimous approval by the Secretaries of State, Commerce and Agriculture before a particular agreement became effective.<sup>7</sup>

The proposed trade agreement with Argentina did not escape the attention of the convention. In the opinion of the delegates, it would be "extremely difficult to negotiate an agreement with the Argentine which is not fought [sic] with grave danger to American agriculture, for the reason that the bulk of Argentine exports are directly competitive with the products of American farms."<sup>8</sup> The resolution relative to the Argentine treaty also reminded Farm Bureau members of the brief filed at the public hearings by the national office.

At best, the A.F.B.F. resolution offered only qualified support for the New Deal tariff policy. However, in view of the increasing criticism, much of it from the Midwest, the administration greeted the A.F.B.F. resolution with enthusiasm. Secretary of State Hull, after referring to the reciprocity program as an "emergency program designed to deal with a grave and continuing emergency situation," saluted the A.F.B.F. for its favorable resolution.<sup>9</sup> He reassured farmers that "in the future--as has been the case to date--all pertinent factors bearing on

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<sup>7</sup>Ibid.

<sup>8</sup>Ibid.

<sup>9</sup>A.F.B.F., Official News Letter, December 19, 1939, p. 1.

the problem of safeguarding and promoting the interests of our producers and of the nation as a whole will be fully taken into consideration in the administration of the program."<sup>10</sup>

President Roosevelt publicly complemented the Schultz study and used the occasion to reprimand the critics of his reciprocity program. He remarked that "the results of this careful and unbiased study afford a perfect illustration of what happens when the reckless and irresponsible charges that have been made against the trade-agreements program are properly sifted and exposed to the test of facts."<sup>11</sup> According to Roosevelt, the evidence that agriculture had benefited rather than suffered under the program was "unanswerable." In an attempt to reassure questioning farmers, he pointed out that "every effort has been made, and will continue to be made, to safeguard the interest of agriculture."<sup>12</sup>

Several weeks after the national convention, O'Neal contacted members of the midwestern congressional delegation and informed them of the A.F.B.F. position relative to the trade agreements program. The O'Neal telegram did not reflect the reservations evident in the Schultz study

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<sup>10</sup>Ibid.

<sup>11</sup>Franklin Roosevelt to Edward O'Neal, December 26, 1939, R.L., P.P.F. 1011.

<sup>12</sup>Ibid.

and the A.F.B.F. resolution, but rather noted that farmers from thirty-nine states had "endorsed without a dissenting vote continuance of reciprocal trade agreements" with the provision that all the agreements be approved by the Secretaries of State, Commerce and Agriculture.<sup>13</sup>

O'Neal's telegram prompted an immediate response from several midwestern congressmen. Francis Case of South Dakota questioned whether South Dakota Farm Bureau members had voted directly on the program at the convention, because it was his impression that his constituency "distinctly" favored changing the procedure to require Senate ratification before any reciprocity treaty could be implemented.<sup>14</sup> North Dakota Representative William Lemke responded in a more explicit manner. He informed O'Neal that he was "very sorry but while the Wallace brigade in 39 states might have endorsed the Reciprocal Trade Agreements I happen to know that the farmers are practically unanimously opposed to them." He added that he could not support a bill which was sponsored by the "international bankers, the coupon clippers and the international manufacturers" and had as its object the sacrifice

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<sup>13</sup>Edward O'Neal to Francis Case, February 19, 1940, Trade Agreements Folder, Drawer 31, Case Papers; Edward O'Neal to Clifford Hope, February 19, 1940, Trade Agreements Folder, Box 182, Hope Papers; Edward O'Neal to William Lemke, February 19, 1940, Folder 16, Box 18, Lemke Papers.

<sup>14</sup>Francis Case to Edward O'Neal, February 22, 1940, Trade Agreements Folder, Drawer 31, Case Papers.

of the domestic agricultural market to "foreign horse traders."<sup>15</sup>

As suggested by South Dakota's Francis Case, some Farm Bureau members did not concur with the Schultz conclusion that the trade agreements program had "generally" benefited agriculture. Most of the midwestern state organizations debated the issue at length and issued resolutions on the subject. The Iowa Farm Bureau endorsed without qualification the policy of reciprocal trade agreements and urged renewal of the program as a means of encouraging and expanding foreign trade.<sup>16</sup> Delegates at the state convention agreed with Schultz that the trade agreements negotiated thus far had been helpful rather than harmful to agriculture. However, they did endorse the provision in the national resolution which called for cabinet approval of all trade agreements.

Several other midwestern Farm Bureaus did not share the enthusiasm expressed by the Iowa group. The Kansas convention endorsed the principle of reciprocity but demanded that "such treaties should be negotiated primarily for the purpose of restoring the export outlets for surplus agricultural commodities."<sup>17</sup> The Nebraska Farm Bureau

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<sup>15</sup>William Lemke to Edward O'Neal, February 23, 1940, Folder 16, Box 18, Lemke Papers.

<sup>16</sup>Iowa Farm Bureau, Resolutions of the Annual Meeting, January, 1940 (Des Moines).

<sup>17</sup>Kansas Farm Bureau, Resolutions of the Annual Meeting, November 10, 1939 (Manhattan).

voiced some displeasure with the present conduct of the reciprocity program and demanded that industrial manufacturers not be granted benefits at the expense of agriculture.<sup>18</sup> Also, the delegates opposed all tariff concessions on farm products whose price was already below parity. The trade agreements resolution adopted at the twenty-first annual meeting of the Minnesota Farm Bureau in January, 1940, echoed the Nebraska Bureau demand that no tariff concessions be granted on products currently priced below the parity level, and added several other considerations. Implying criticism of the present procedure, the convention requested that "full hearings be given to spokesmen for producers of agricultural commodities affected in any way by treaty concessions, with a guarantee of consideration of such representations, and assurance that no treaty shall be completed until a full and complete record of such hearings has been made available."<sup>19</sup> Even more important, the Minnesotans recommended Senate ratification of all proposed treaties.

In view of the above resolutions, it was apparent that many midwestern Farm Bureau members were unhappy with

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<sup>18</sup>Dr. Arthur Bunce, Assistant Professor of Rural Economics at Iowa State College addressed the state convention and told the assembled farmers that the trade agreements program should be supported and that it had not sold the farmer down the river. Nebraska Agriculture, VIII (December 21, 1939), 1.

<sup>19</sup>Minnesota Farm Bureau, Resolutions Adopted at the Annual Meeting, January 18, 1940 (St. Paul).

the New Deal conduct of the trade agreements program and that the national organization could not keep all units in line. Initially in 1934, many farmers had seen great potential in the program for the opening of foreign markets. However, after six years it seemed to critics that industry reaped more benefits than agriculture. While few actually opposed the idea of reciprocity, by 1940 more and more farmers were questioning both the principle and the application of reciprocal trade agreements.

Early in January, 1940, ranchers from the Midwest and West gathered in Denver, Colorado, for the annual convention of the American National Live Stock Association. The American Cattle Producer captured the mood of the meeting when the editor in his convention issue stated that there was "no issue of greater importance to the agricultural industry of this country than the question of the reciprocal trade agreements."<sup>20</sup> He complained that the recently negotiated trade treaties were opening the doors "wider and wider" to an increasing flood of agricultural imports. He also criticized the A.F.B.F. endorsement of the program. According to the editor, the "great majority" of the Farm Bureau membership did not agree with the endorsement; however, the A.F.B.F. leadership played "so closely with the present

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<sup>20</sup>The American Cattle Producer, XXI (January, 1940), 25.

administration that they appear to be led into untenable positions."<sup>21</sup> He also suggested that Secretary of Agriculture Wallace had been forced by the administration to support the reciprocal trade agreements program against his better judgment. He predicted that despite administration efforts to becloud the issue "eventually the views of the nation's farmers crying out in protest at the surrender of their markets will be heard above that of their misguided leaders."<sup>22</sup>

The A.N.L.A. convention opened with reports from President Hubbard Russell and Secretary F. E. Mollin. Both discussed the trade agreements program at length. President Russell analyzed the impact of cattle imports under the two Canadian treaties.<sup>23</sup> According to Russell, the only real damage to the domestic market had occurred in the spring of 1936. Since that time the market had been able to absorb the imports because of very unusual conditions including a relatively light domestic slaughter and an extremely light pork supply. However, Russell pointed to increasing domestic production and predicted "that continued heavy imports will have a disastrous effect on our markets." He indicated that the import situation could worsen considerably in the near future because he believed the administration had only temporarily suspended the negotiations with Argentina out of political expediency.

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<sup>21</sup>Ibid.

<sup>22</sup>Ibid.

<sup>23</sup>Ibid., p. 7.

In view of the threat of increased livestock imports, Russell informed the assembled ranchers that there was "nothing more important to the association than to devote itself to seeking either a change in policy or termination of the reciprocal trade program."<sup>24</sup>

Secretary Mollin also referred to the recently proposed Argentine treaty in his message and assured the ranchers that the Association had registered a firm protest against it.<sup>25</sup> He suggested that only a special session of Congress called to consider neutrality legislation prevented the State Department from pushing the agreement through while Congress recessed. Mollin reminded the delegates that the "fight" to renew the program was currently in full swing and that he intended to appear at the congressional hearings in the near future. According to the Secretary, the battle was shaping up with the administration, the industrial exporters and the American Farm Bureau Federation supporting renewal while "practically all" other farm, dairy and livestock organizations, many business groups and others opposed the agreements.<sup>26</sup> Mollin also disagreed with those who claimed that Senate ratification of trade agreements would nullify the program.

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<sup>24</sup>Ibid.

<sup>25</sup>A.N.L.A., Proceedings of the Annual Meeting, January 11-13, 1940 (Denver, Colorado), p. 2.

<sup>26</sup>Ibid., p. 4.

In his estimation, such a provision would place a desirable check on the conclusion of trade agreements and insure a degree of protection to domestic producers.

Three midwestern spokesmen, Harry Coffee, George Peek and Dr. John Coulter, addressed the convention and analyzed the trade agreements program and its relationship to agriculture. Peek had been a constant critic of the A.A.A. and of the most-favored-nation principle ever since 1933, and his differences with Secretary Wallace which resulted in his resignation as administrator of the A.A.A. had never been reconciled. In an address entitled "Agriculture and Foreign Trade" Peek severely criticized the administration and suggested that in the coming election year the farmers of America would have an opportunity to register their verdict on the New Deal farm programs.<sup>27</sup> He accused the Roosevelt administration of blatant inconsistency. On the one hand, New Deal legislation attempted to raise domestic prices independent of world price levels. On the other hand, the administration foreign trade program implemented a "policy of low tariffs, free trade, and internationalism, disregarding wage, price, and living conditions in this country compared with those in the world at large."<sup>28</sup> According to Peek, this practice was "like trying to ride two horses going in opposite directions at the

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<sup>27</sup>Ibid., pp. 62-63.

<sup>28</sup>Ibid., p. 64.

same time. It cannot be done, and the attempt does not make sense."<sup>29</sup>

Peek also took Secretary of Agriculture Wallace to task for his stand on the trade agreements issue. He stated that the Secretary had steadfastly refused to support the farmers' attack on a program which undermined farm prices and farm prosperity. In fact, the Secretary had subordinated the farmer to Secretary Hull's "doctrinaire low tariff ideals." According to Peek, Secretary Wallace had committed an unforgivable blunder when he sought to justify the Argentine treaty as a measure of "war insurance."<sup>30</sup>

Peek informed his listeners that he had originally supported the reciprocal trade agreements program as a means of moving the "oppressive surpluses" of American export commodities. However, instead of seeking to achieve this goal, the Roosevelt administration had used the program as a means to effect general tariff reduction without congressional approval. Peek pointed out that the reduction had been achieved through the use of the unconditional most-favored-nation clause "under which any concession granted to any one nation was straightaway granted to every other nation in the world, without requiring any concessions from them in return."<sup>31</sup> He complained that

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<sup>29</sup>Ibid.      <sup>30</sup>Ibid., pp. 65-66.      <sup>31</sup>Ibid., p. 68.

the administration was ignoring hundreds of bi-lateral agreements between other nations which excluded the United States. In Peek's view, a continuation of the most-favored-nation principle would serve only to further weaken the United States bargaining position and to extend concessions to undeserving nations who refused to grant any concessions of their own.

In addition to discussing the program's proposed goals and its failure to achieve them, Peek suggested an organizational change relative to the conduct of foreign trade. He suggested that the Tariff Commission be converted into a "real Foreign Trade Board" and be responsible, under direction from Congress and the President, for the entirety of United States trade activities.<sup>32</sup> According to Peek, this reorganization would enable the State Department to concentrate on diplomatic and political matters--"its traditional sphere." In conclusion, Peek told his listeners that the Roosevelt administration had had its chance to serve American agriculture. Having failed, farmers must seek to "replace theroists with realists, inconsistency with consistency, incompetency with ability, fiction with truth, and the time is now."<sup>33</sup>

Harry Coffee, an officer in the Nebraska Livestock Association, followed George Peek to the rostrum and

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<sup>32</sup>Ibid., p. 77.

<sup>33</sup>Ibid., p. 78.

outlined his proposal to amend the present trade agreements act when the renewal question came before Congress. He told his fellow ranchers that agriculture and particularly the livestock industry, could be "properly" protected with implementation of Senate ratification. He pointed out that the President had delegated the tariff-making grant to the Secretary of State. According to Coffee, "because of the detailed complexities and ramifications of tariffs, the Secretary of State has of necessity largely delegated his power to a secret committee. . . . No elected representatives of the people participate in the deliberations or in the promulgation of the list of items upon which tariff concessions are to be granted to foreign countries."<sup>34</sup>

Coffee added that many congressmen felt their testimony at the public hearings received very little consideration and had little effect upon the individuals who actually negotiated the trade agreements. He added that the "hearings are often referred to on the 'Hill' as a convenient place for those opposing concessions to 'blow off steam.'"<sup>35</sup> In contrast to the present situation, Coffee suggested that the provision for Senate ratification would assure agriculture "an adequate opportunity to be heard on the actual terms of the agreements before they became effective." He added that such an amendment would also remove the legal

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<sup>34</sup>Ibid., p. 109.

<sup>35</sup>Ibid.

objections voiced by many relative to the grant by Congress of tariff, taxation and treaty-making powers to the executive branch.<sup>36</sup>

The Nebraska congressman admitted that the objectives of the reciprocal trade agreements program were laudable and that some of the agreements had achieved satisfactory concessions. However, he commented that many had been "a boomerang to American agriculture" and several under consideration posed even a more serious threat. Thus, in view of the program's past performance it would be up to the Congress "to preserve the good and eliminate the bad features. . . ."<sup>37</sup>

On the last day of the convention, Dr. John Coulter addressed a general convocation of the ranchers. The appearance of and statements by Dr. Coulter were extremely important to the critics of the trade agreements program. As a qualified economist, past President of North Dakota State College and ex-member of the Committee for Reciprocity Information, Coulter provided the opposition a degree of legitimacy and expertise. In a sense, he was the "resident intellectual" engaged to offset the presence and statements of Professor T. W. Schultz on the other side of the issue. Twenty-two civic and farm organizations in North Dakota, South Dakota and Minnesota had retained Dr. Coulter to

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<sup>36</sup>Ibid., p. 122.

<sup>37</sup>Ibid., p. 116.

study the trade agreements program and to represent them at the congressional hearings.<sup>38</sup>

Coulter informed the ranchers that he had come directly from Washington where the trade agreements program was the primary topic of discussion. He pointed out that President Roosevelt had devoted almost a third of his annual message to the subject. Like Peek and Coffee, Coulter stressed the trade agreements program's shortcomings and called for changes in its implementation. According to Coulter, the concessions granted by the United States had had several undesirable results. First, the concessions had "served to force farm prices down or to prevent them from rising, or at least to slow down the advance which was taking place."<sup>39</sup> At the same time, the program encouraged increasing quantities of agricultural imports. In Coulter's estimation, the farmer had been indirectly hurt because some of the imports displaced factory products "thus causing unemployment and hurting the farm market by lowering the purchasing power of the factory wage earners."<sup>40</sup>

Coulter reiterated the ever-increasing midwestern complaint that the trade agreements program had become a

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<sup>38</sup>U.S., Congressional Record, 76th Cong., 3d Sess., Appendix, p. 735.

<sup>39</sup>A.N.L.A., Proceedings of the Annual Meeting, January 11-13, 1940 (Denver, Colorado), p. 145.

<sup>40</sup>Ibid.

diplomatic instrument for the State Department which had no conception of the desires and needs of farmers. He belittled the previous administration argument that the program was a positive force toward international peace. In fact, Coulter stated that since the implementation of the reciprocity program there had been "more revolutions and wars (declared and undeclared) among foreign countries than during any recent comparable period."<sup>41</sup> Coulter even suggested that the United States was running a dangerous risk of getting involved in the European war by negotiating agreements with Czechoslovakia, Finland, France and other countries.

Coulter concurred with Peek and Coffee that the trade agreements program had resulted in broad tariff revision by executive action. More specifically, Secretary of State Hull, who was concerned primarily with international diplomacy, directed the reciprocity program. According to Coulter, the program had evolved into "a new type of dollar diplomacy." "Foreign countries are promised all manner of special advantages in the markets of the United States in return for agreeing to suggestions from the United States as to how these foreign countries should conduct their own affairs."<sup>42</sup> He concluded that interference of this nature on the part of the United States could lead to undesirable involvement.

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<sup>41</sup>Ibid., p. 136.

<sup>42</sup>Ibid., p. 138.

In order to right the course of the trade agreements program and to enhance its effectiveness, Coulter offered several changes. He repeated Coffee's proposal for Senate ratification, but added that in view of the revenue matters involved the House of Representatives should also be granted the right of approval. At the same time, a "conditional" rather than "unconditional" most-favored-nation principle should be employed. In that way, concessions would not be extended to any third party unless that nation entered into an agreement granting equivalent concessions to the United States. Coulter also called for the establishment of some specific criteria as a basis for rate changes such as differences in cost of production or differences in living standards.<sup>43</sup> In his view, an attempt to fix rate changes with these differences in mind made more sense than the "present point of view which is largely to appease foreign countries by making concessions which are damaging to our own economic life."

The addresses of Peek, Coulter and Coffee were well received and the trade agreements resolution finally adopted by the delegates reflected the criticism expressed by the speakers. The resolution stated that, "whereas, a large majority of our people, and particularly of our agriculturists, are unalterably opposed to reciprocal trade

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<sup>43</sup>Ibid., p. 151.

agreements; therefore be it resolved that we are definitely opposed to an extension of the Reciprocal Trade Agreements Act."<sup>44</sup> Should the Congress consider it necessary to extend the program, the A.N.L.A. demanded Senate ratification of all agreements. A short time after the convention members of the A.N.L.A. leadership traveled to Washington and presented a massive brief on behalf of their position at the congressional hearings. At the same time, the midwestern congressional delegation received form letters from the A.N.L.A. urging support to either end the reciprocity program or at least for a requirement of Senate ratification for all agreements.<sup>45</sup>

But these views obviously had no effect on the President. In his annual message to Congress on January 3, 1940, some four months after the outbreak of war in Europe, Roosevelt made a strong plea for the renewal of the reciprocal trade agreements program.<sup>46</sup> The President pointed out that in the years after World War I increasing economic nationalism blocked the channels of international trade

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<sup>44</sup>A.N.L.A., Resolutions Adopted at the Annual Meeting, January 11-13, 1940 (Denver, Colorado).

<sup>45</sup>F. E. Mollin to Francis Case, March 8, 1940, Trade Agreements Folder, Drawer 31, Case Papers; F. E. Mollin to Clifford Hope, March 8, 1940, Trade Agreements Folder, Box 182, Hope Papers; F. E. Mollin to Lynn Frazier, March 26, 1940, U.S., Congressional Record, 76th Cong., 3d Sess., Appendix, p. 1727.

<sup>46</sup>Samuel I. Rosenman, ed., War and Aid to Democracies, Vol. IX: The Public Papers and Addresses of Franklin D. Roosevelt (New York, 1941), pp. 1-11.

causing a huge backlog of unsalable surpluses. In an attempt to loosen the log-jam, the Roosevelt administration had initiated the trade agreements program. Having reiterated the basic purpose of the new tariff policy, the President sought to answer the constitutional critics. According to Roosevelt, it was "not correct to infer that legislative powers have been transferred from the Congress to the Executive branch of the Government."<sup>47</sup> While acknowledging that general tariff legislation was a congressional function, he suggested that it was "advisable to provide at times of emergency some flexibility to make the general law adjustable to quickly changing conditions. We are in such a time today. Our present trade agreement method provides a temporary flexibility and is, therefore, practical in the best sense. It should be kept alive to serve our trade interests--agricultural and industrial--in many valuable ways during the existing wars."<sup>48</sup>

Roosevelt stressed even more vigorously the program's positive contribution to the foundation of peace. He reminded Americans that the United States must exert leadership in the international community to open trade channels "in order that no one nation need feel compelled in later days to seek by force of arms what it can and will gain by peaceful conference. For that purpose, too, we

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<sup>47</sup>Ibid., p. 5.

<sup>48</sup>Ibid., pp. 5-6.

need the Trade Agreements Act even more today than when it was passed."<sup>49</sup>

The House Ways and Means Committee opened its hearings on the renewal question January 20 followed by the Senate Finance Committee a month later. The 1940 hearings were much more spirited than those in 1934 and 1937, and included substantial comment from midwestern representatives. In contrast to the earlier years, by 1940 developments within the program had helped to harden positions among those testifying. For the first time, the A.F.B.F. offered substantial testimony at the congressional hearings and representatives from the Grange and the Farmers Union also put in an appearance.

In contrast to the earlier hearings, Secretary of Agriculture Wallace and Secretary of State Hull testified before both Committees. Secretary Wallace emphatically endorsed the New Deal's tariff policy and immediately turned to the "perennial" question of agricultural imports. The Secretary repeated the administration position on the import issue by attributing those imports to two general developments--the "disastrous" droughts of 1934 and 1936, and to the overall improvement of economic conditions within the United States.<sup>50</sup> In an attempt to "dispel the

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<sup>49</sup>Ibid., p. 6.

<sup>50</sup>U.S., Congress, House of Representatives, Committee on Ways and Means, Hearings on H.J. Res. 407: A

myth that trade agreements were responsible for the temporary rise in imports during the middle thirties." Wallace reminded the critics that imports of wheat from Canada, Argentine corn and hides and wool from Australia came in at the Smoot-Hawley rates.<sup>51</sup> In contrast to the views of some agricultural representatives, the Secretary stated that he did not know of a single case where duty reductions had "seriously inconvenienced an American agricultural industry."<sup>52</sup>

Wallace also referred to the recent turmoil caused by the proposed Argentine treaty and implied that he did not concur with those who predicted disaster for agriculture if the treaty was formalized. He criticized the individuals who suggested that the suspension of negotiations was just a subterfuge to insure renewal of the trade agreements program. According to Wallace, such accusations overlooked two important facts. First, the negotiations broke down because the United States demanded quantitative limitations on competitive farm commodities to be imported under reduced rates. Secondly, Wallace maintained that Secretary Hull's integrity would prohibit

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Joint Resolution to Extend the Authority of the President Under Section 350 of the Tariff Act of 1930, As Amended, 76th Cong., 3d Sess. (January 20, 22, 23, 24, 25 and 26, 1940), p. 117. Hereafter cited as House Hearings, 1940.

<sup>51</sup>Ibid.

<sup>52</sup>Ibid.

any "sell out." Contrary to the critics, Wallace suggested that "if the handling of the Argentine negotiations proves anything, it proves that this Administration is looking out for the interest of agriculture and is not sacrificing the interest of agriculture to those of industry."<sup>53</sup>

Representative Harold Knutson of Minnesota, a consistent critic of the trade agreements program, built his criticism around Secretary of Agriculture's testimony. Knutson suggested that the only lobbyist in Washington for extension of the program were those of the "biggest interests" such as the automobile and lumber industries.<sup>54</sup> According to Knutson, the "only" people protesting the renewal were the American farmers. He reminded Wallace that the Democrats had promised in 1932 that no agricultural tariffs would be reduced and yet in the twenty-two agreements so far negotiated the rates on 160 agricultural commodities had been reduced.<sup>55</sup> He referred in particular to the rate change on hogs. Under the Smoot-Hawley tariff the rate stood at two cents a pound; however, the Canadian agreement had reduced the rate to one cent. Knutson remarked that the hog raisers of Wallace's home state of Iowa probably did not appreciate the cut. Wallace replied that the reduction was "a great blessing to the farmers of

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<sup>53</sup>Ibid., p. 119.

<sup>54</sup>Ibid., p. 133.

<sup>55</sup>Ibid., p. 134.

Iowa, because in return for that we get a reduction in the Canadian tariff on swine and we are in position to export more to Canada than Canada is to us."<sup>56</sup>

The Minnesota Representative pointed to a decline in agricultural exports as evidence that the trade agreements program had failed to fulfill its promise to the farmer. According to Knutson's figures, the United States exported \$752,000,000 of agricultural commodities in 1937; however, in 1939 after five years of reciprocity the amount had fallen to \$683,000,000.<sup>57</sup> Wallace admitted that the volume had decreased somewhat, but he maintained that the farmers were "giving away" their surpluses during the period when the total volume was higher than the current level. In Wallace's estimation, the farmer had little to gain by continuing such a giveaway.<sup>58</sup>

Secretary of State Hull also encountered the Minnesota Representative when he appeared before the Ways and Means Committee. Knutson reminded Hull that when the program was proposed in 1934 it had been pictured as a positive influence toward world peace; however, since that time there had been constant warfare.<sup>59</sup> Knutson added that he could not recall any wars during the implementation of the Fordney-McCumber and Smoot-Hawley tariffs. Hull replied that he still felt the "emerging" trade

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<sup>56</sup>Ibid., p. 135.

<sup>57</sup>Ibid., p. 136.

<sup>58</sup>Ibid., pp. 146-47.

<sup>59</sup>Ibid., p. 15.

agreements program made a strong contribution toward the foundation of peace by "inducing many nations to abandon the controversial and discriminatory and burdensome trade practices which too often lead to war. . . ." <sup>60</sup> The two men also had an exchange on the import issue and Secretary Hull criticized the Minnesota Representative for issuing misleading statements. "I call your attention to your statement of a few weeks ago, which was put all over the Nation, charging that there had been an increase from 296,000 head to 604,000 head of cattle imported into this country under the reduced rate during the first 9 months of 1939 when, according to the official reports, our total imports of cattle at the indicated rate were only 284,000 head during the first 9 months. Now, I hope you will withdraw that statement on account of its inaccuracy." <sup>61</sup>

When the administration officials later appeared before the Senate Finance Committee hearings they encountered another midwestern critic. Arthur Capper again hammered away at the New Deal's Tariff program's inability to open foreign wheat markets. He informed Secretary of Agriculture Wallace and the Committee that twenty-two Kansas farm groups had asked him to oppose the reciprocity program's renewal because it was not working for them. <sup>62</sup>

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<sup>60</sup>Ibid.      <sup>61</sup>Ibid., p. 21.

<sup>62</sup>U.S., Congress, Senate, Committee on Finance, Hearings on H.J. Res. 407: A Joint Resolution to Extend

Wallace reminded the Kansas Senator that the United Kingdom had traditionally been the best wheat market and that the recently negotiated trade agreement had removed a six cent tariff rate against American wheat. Wallace refused to state whether wheat exports had actually increased but suggested that at least United States wheat was now in a much better competitive position due to the rate reduction.

Capper also confronted Secretary of State Hull with the question of wheat export markets. Like Wallace, Secretary Hull referred to the significant concessions recently granted by the British. However, he added that due to circumstances beyond the administration's control, wheat exports had not greatly increased. According to Hull, "the war situation which developed in Europe has diverted the purchasing power from wheat, lard, and other products, as it normally existed, and put it into armaments."<sup>63</sup>

The most important testimony from the administration's point of view was that of Edward O'Neal of the American Farm Bureau Federation. The value of the qualified support offered by the Farm Bureau was immeasurable in the face of the considerable criticism from the farm sector. The 1940 hearings marked the first official appearance of

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the Authority of the President under Section 350 of the Tariff Act of 1930, As Amended, 76th Cong., 3d Sess. (February 26, 27, 28, and 29, March 1, 2, 4, 5, and 6, 1940), p. 53. Cited hereafter as Senate Hearings, 1940.

<sup>63</sup>Ibid., p. 36.

the A.F.B.F. at the congressional hearings on the trade agreements program. To record the official Farm Bureau position, President O'Neal presented the national A.F.B.F. resolution including the provision for cabinet approval of all agreements.

In the course of his testimony, O'Neal disagreed with those midwestern farm leaders, some within his own organization, and congressmen who suggested that the trade agreements program and the accompanying imports were inconsistent with other phases of the New Deal. He stated that the reciprocity policy dovetailed with the agricultural adjustment program. "Under the one program, farmers are keeping their production in line with existing demand, and under the other program the Government is attempting to regain foreign markets so that farmers can produce more at profitable prices."<sup>64</sup> With regard to agricultural imports, O'Neal pointed out that the total volume of imports under the trade agreements program was "substantially less" than during the period 1924-1929.

O'Neal noted that a number of individuals and organizations were proposing Senate ratification of all trade agreements. In his view, such a provision would nullify the effectiveness of the present approach and "would mean a return to the old system of log rolling."<sup>65</sup>

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<sup>64</sup>House Hearings, 1940, p. 1673.

<sup>65</sup>Ibid., p. 1680.

Instead, he proposed that the A.F.B.F. proposal for cabinet approval would insure the proper protection for all producers and yet not restrict the implementation of the program.

O'Neal referred several times to the study conducted by T. W. Schultz. He praised the report and pointed out that the Farm Bureau had based its trade agreements resolution on that study. At the conclusion of his testimony, O'Neal placed in the record the entire Schultz study. The report isolated each agreement and analyzed its impact upon American agriculture. Schultz's remarks on the Canadian treaty and the proposed Argentine agreement differed considerably from the statements of several other midwestern witnesses at the hearings. The study acknowledged limited damage to American cattle producers because of Canadian imports; however, it concluded that there had been no "devastating or disastrous" effects, and the statements that the United States cattlemen had been "sold down the river" were wholly misleading.<sup>66</sup> The report also defended the administration's decision to seek an agreement with Argentina.<sup>67</sup>

George Peek also appeared before the Ways and Means Committee and registered his opposition to the New Deal tariff policy. Contrary to the testimony of O'Neal and the Schultz study, Peek suggested that the Canadian treaty

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<sup>66</sup>Ibid., pp. 1789-790.

<sup>67</sup>Ibid., pp. 1836-837.

offered little to American agriculture.<sup>68</sup> He recalled Roosevelt's 1932 campaign promise not to reduce tariff rates on agricultural commodities. Contrary to this promise, the Canadian treaty and several others already consummated had included numerous concessions to foreign agricultural imports.

The midwestern farm spokesman lodged a vigorous protest against the present conduct of the reciprocity program. In particular, he demanded that all trade treaties be subjected to congressional approval. According to Peek, the trade agreements must be considered either treaties or tariff acts. "If they are regarded as treaties, the Constitution clearly says that treaties must receive the advice and consent of two-thirds of the Senate. If they are regarded as tariff acts, the Constitution provides that all revenue legislation must originate in the House of Representatives."<sup>69</sup>

Peek again objected to employment of the unconditional most-favored-nation principle. In his view, because of this clause, the United States bargaining power "declined progressively" with each agreement concluded. Peek pointed out that at the same time the United States was granting concessions on a most-favored-nation basis, the other nations of the world operated under "hundreds of

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<sup>68</sup>Ibid., p. 1428.

<sup>69</sup>Ibid., p. 1427.

bilateral agreements" which excluded the United States.<sup>70</sup> He belittled the performance of the program by suggesting that it had failed to open foreign markets to American farm products. Peek also recorded several of his past public statements which further delineated his opposition to the New Deal's tariff policy. Thus, two respected and important midwestern farm spokesmen, Edward O'Neal and George Peek, had appeared before the Ways and Means Committee and presented contrasting evaluations of the past performance of the reciprocal trade agreements program.

Representatives of the National Farmers Union and the Grange also appeared at the hearings; however, their testimony reflected little research or precise understanding of the New Deal's tariff policy. L. J. Taber, Master of the Grange, echoed the same views he had expressed at the program's inception in 1934.<sup>71</sup> He informed the Committee that the Grange opposed the reciprocity measure for six reasons including the apparent increase in agricultural imports and violation of the Constitution. M. W. Thatcher, Chairman of the Legislative Committee of the Farmers Union, presented a brief statement which criticized the proposal calling for Senate ratification of each agreement. Thatcher's remarks certainly did not represent a consensus of midwestern Farmers Union members for

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<sup>70</sup>Ibid., p. 1430.

<sup>71</sup>Senate Hearings, 1940, pp. 570-72.

early in January, 1940, national officers and midwestern leaders met in St. Paul, Minnesota, and endorsed the "philosophy of reciprocal trade pacts" but demanded Senate ratification of all such agreements.<sup>72</sup> A number of midwestern organizations went even further and demanded an end to the program.<sup>73</sup> While opposing Senate ratification, Thatcher suggested that the A.F.B.F. proposal for cabinet approval would offer the necessary protection to agriculture.<sup>74</sup>

Once again as in 1934 and 1937 Charles Holman of the dairy industry and F. E. Mollin of the American National Live Stock Association presented elaborate testimony on the damage rendered their constituents by the trade agreements program. Even though they strongly opposed the program's renewal, both implicitly acknowledged that in all likelihood it would be continued. With this

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<sup>72</sup>North Dakota Union Farmer, VI (January 1, 1940), 4.

<sup>73</sup>Ida Veren to Francis Case, February 23, 1940 and W. F. Weigel to Francis Case, March 25, 1940, Trade Agreements Folder, Drawer 31, Case Papers; Victor Hawkinson to Arthur Capper, December 16, 1939, Reciprocal Trade Folder, Agriculture Box, Capper Papers; Mrs. Thomas Hove to William Lemke, April 2, 1940, Folder 10, Box 19, Lemke Papers.

<sup>74</sup>Thatcher's testimony apparently raised some questions in the Midwest. Floyd Dean complained to Representative Lemke that Thatcher appeared to be on both sides of the trade agreements issue. He added that Thatcher must be lobbying for his personal views and not those of the farmer. Floyd Dean to William Lemke, April 8, 1940, Folder 11, Box 19, Lemke Papers.

in mind, both organizations vigorously supported an amendment providing for Senate ratification.

All the farm representatives at the hearings, including Edward O'Neal, had urged the administration to make a sincere effort to respect the interests of agriculture in all future agreements. As indicated, to these individuals, the "proper" safeguards ranged from Senate ratification to general cabinet approval. Whatever the recommendations, the active participation of midwestern representatives reflected the concern of their section and indicated that the renewal question would encounter careful scrutiny in Congress.

Congress debated the program's renewal periodically for over two months and representatives from the Midwest figured prominently in the discussion--especially on behalf of the opposition. Much of the debate centered around old issues which had been stated and restated since the first years of the reciprocity policy. By 1940 both sides were voicing their positions and arguments dogmatically with little regard to what the other said. Midwestern congressmen in particular offered the common criticisms of the program such as the presence of agricultural imports, the inadvisability of the most-favored-nation clause, and constitutional objections. Also, a number of midwesterners complained that the trade agreements were being employed by the State Department for diplomatic reasons regardless of the economic consequences.

While many of the old issues received considerable comment, a number of recent developments within the program also prompted remarks from the midwestern critics. Several congressmen referred to the recently suspended Argentine negotiations. Kansas Representative John Houston, a Democrat, defended the administration's decision to seek an agreement and also its conduct of the negotiations. According to Houston, the United States had demanded certain qualifications, quotas and restrictions in order to protect the American producer. Despite the extreme international importance of the agreement, when the Argentines refused to accept the necessary restrictions, the administration refused to "sell American cattlemen and farmers down the river" in order to insure conclusion of the agreement.<sup>75</sup>

Representative Karl Mundt of South Dakota and several other midwestern congressmen disagreed with Houston. Mundt remarked that the administration officials had "resorted to smart politics when they permitted the discussions on the Argentine treaty to lapse just prior to the time the extension of this Executive treaty-making power was to be considered by Congress."<sup>76</sup> He suggested that the administration might seek to reopen the negotiations

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<sup>75</sup>U.S., Congressional Record, 76th Cong., 3d Sess., February 19, 1940, p. 1666.

<sup>76</sup>Ibid., February 23, 1940, p. 1932.

in the near future, especially in view of the recent comments by Argentine President Roberto M. Ortiz.<sup>77</sup> August Andresen of Minnesota also suggested that the suspension of negotiations was temporary and stated that "within 48 hours after the results of the November election have been announced, Secretary Hull, at the instance of the President, will reopen negotiations with Argentina on the trade treaty. . . ."<sup>78</sup> Thus, the Republicans charged that the suspension of negotiations was politically motivated and did not represent a true change of mind. In their estimation, the administration would reopen the negotiations as soon as it looked politically feasible.

While many midwestern congressmen vigorously opposed renewal of the trade agreements program on the floor of Congress, privately they admitted little chance of success. However, they were optimistic about the prospect of amending the present act to include Senate ratification.<sup>79</sup> On the last day of debate in the House, Nebraska Representative Harry Coffee introduced an amendment to provide

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<sup>77</sup>According to Representative Mundt, the Associated Press carried a dispatch from Argentina quoting President Ortiz as stating that Roosevelt would favor resumption of the negotiations in the near future. Ibid.

<sup>78</sup>Ibid., February 20, 1940, p. 1702.

<sup>79</sup>Clifford Hope to O. N. Roth, February 5, 1940, and Clifford Hope to J. C. Wing, March 7, 1940, Trade Agreements Folder, Box 182, Hope Papers; Francis Case to Thomas Arnold, February 1 1940, Trade Agreements Folder, Drawer 31, Case Papers.

for Senate ratification of all agreements.<sup>80</sup> He suggested that such a provision was necessary in the interest of good government. According to Coffee, the original intent of the act had been violated when the President delegated the tariff-making power to the State Department. To complicate matters, the State Department had inturn passed the responsibility to a secret committee. The Nebraska congressman maintained that his amendment would allow the necessary and proper "public scrutiny and legislative approval." In contrast to the present framework, senatorial approval would "give the Members of Congress an opportunity to know what is in these agreements before they become effective and an opportunity to present their case before a legislative committee."<sup>81</sup> Coffee contended that most important to midwesterners the importation of competitive farm products. Despite the efforts of Coffee and several other midwestern Representatives, the Senate ratification amendment went down to defeat by a rather close margin of 177 to 157.<sup>82</sup>

A short time after the defeat of Coffee's proposal, Frank Carlson of Kansas offered another amendment which

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<sup>80</sup>The Coffee amendment read: "No foreign trade agreement entered into after the date of enactment of this joint resolution under such section 350 shall not be effective unless concluded by and with the advice and consent of the Senate as in the case of treaties." U.S., Congressional Record, 76th Cong., 3d Sess., February 23, 1940, p. 1895.

<sup>81</sup>Ibid.

<sup>82</sup>Ibid., p. 1899.

included the provision for cabinet approval recommended by the American Farm Bureau Federation.<sup>83</sup> He noted that there was a "feeling generally that agriculture does not receive proper consideration at the State Department in the making of trade agreements."<sup>84</sup> Minnesota Representative August Andresen reminded those opposing the Carlson amendment that A.F.B.F. President Edward O'Neal had been "one of the best supporters of the New Deal." According to Andresen, O'Neal had "gone out of his way many times to recommend and urge the passage of legislation here that has been detrimental to agriculture as a whole, just because he wanted to go along and help the New Deal with its program."<sup>85</sup> He added that he would have liked to see the amendment go as far as the one recommended by the Minnesota Farm Bureau which called for Senate ratification in addition to cabinet approval. Karl Mundt of South Dakota added that every member of Congress had received a telegram from the A.F.B.F. urging inclusion of cabinet approval. After a short debate, with only 182 congressmen voting the Carlson amendment was rejected.<sup>86</sup>

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<sup>83</sup> Carlson's amendment read: "That no such foreign trade agreement concluded after the date of the enactment of this joint resolution shall take effect until it shall have been approved in writing by the Secretaries of State, Agriculture and Commerce; And provided further, That no import concessions be made by the Trade Agreements Committee on competitive farm products which are below parity prices, parity prices to be determined by the Secretary of Agriculture." Ibid., February 23, 1940, p. 1907.

<sup>84</sup> Ibid.

<sup>85</sup> Ibid., p. 1908.

<sup>86</sup> The vote produced 108 opposed to 74 in favor. Ibid., p. 1909.

Several hours after the defeat of the Coffee and Carlson amendments, the House voted to renew the trade agreements program without amendment; however, the vote was considerably closer than in 1937.<sup>87</sup> While a majority in the House voted to continue the trade agreements program, the midwestern delegation opposed it by a vote of twenty-seven to five. The near unanimous midwestern opposition of 1940 contrasted rather markedly with the narrow eighteen to fourteen opposition margin in the 1937 vote. In 1937 eleven midwestern Democrats and three Farmer-Laborites supported the reciprocal trade agreements program. However, in 1940 only six Democrats held seats in the midwestern delegation. Two of them, Harry Coffee of Nebraska and Elmer Ryan of Minnesota, abandoned their 1937 position and voted against the program's renewal.<sup>88</sup>

The Senate continued to debate the renewal question for over a month after the House vote and as in the House several midwestern representatives strongly supported an attempt to add a Senate ratification amendment to the trade agreements act. In the Senate, Kansas Senator

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<sup>87</sup>The renewal passed with a vote of 218 to 168 and this compared with a 285 to 101 count in 1937. Ibid., p. 1936.

<sup>88</sup>Prior to the vote in the House, Secretary of State Hull noted that several Democrats were wavering on the trade agreements bill. He contacted both John Houston of Kansas and Elmer Ryan. However, as mentioned above Representative Ryan still voted against the renewal. Mr. Boland to Mr. Gray, February 12, 1940, R.L., O.F. 66.

Arthur Capper, the leading midwestern critic of the New Deal tariff policy, placed in the Record correspondence he received from twenty-two midwestern farm organizations --all of which supported Senate ratification.<sup>89</sup> In a lengthy speech on the Senate floor, Capper again maintained that the trade agreements act violated the Constitution by enabling the President to negotiate treaties and make them effective without ratification by the Senate. He noted that he had had a Senate ratification amendment before the Senate for more than three years and thus he strongly supported the current proposal by Key Pittman of Nevada.<sup>90</sup>

Senator George Norris of Nebraska, one of the only three midwestern congressional representatives to support the reciprocity program verbally, disagreed with Senator Capper and suggested that "the Pittman amendment would kill the whole measure as dead as a doornail."<sup>91</sup> According to Norris, the Pittman proposal would return the tariff system to the "log-rolling" days of the past when it was impossible for Congress to construct an effective and workable tariff. On March 29, the Pittman amendment came before the Senate and was narrowly defeated forty-four to forty-one.

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<sup>89</sup>Ibid., March 28, 1940, pp. 3584-592.

<sup>90</sup>The Pittman amendment on Senate ratification was identical to the one introduced by Harry Coffee in the House. Ibid., March 25, 1940, p. 3321.

<sup>91</sup>Ibid., March 29, 1940, p. 3682.

Six midwestern Senators, five Republicans and South Dakota Democrat William Bulow, voted for the amendment with George Norris and the two Iowa Senators, Guy Gillette and Clyde Herring both Democrats, voting against it. Several days later the Senate voted to renew the trade agreements program by a vote of forty-two to thirty-seven. However, as in the House, the midwestern delegation opposed its continuation.<sup>92</sup>

Thus, the congressmen and senators from the s Upper Midwest states rejected the reciprocity measure by a count of thirty-five to eight with four abstentions. This represented a complete reversal by the midwestern delegation on the trade agreements act. At the program's inception in 1934 many in the Midwest had believed that it offered a great opportunity to reopen important foreign markets. However, in the opinion of many in that area the program had failed to fulfill this promise while at the same time giving numerous concessions to foreign agricultural imports. Factors other than the trade agreements program undoubtedly contributed to both developments, but in the minds of the midwestern congressional delegation the policy posed more disadvantages than the limited agricultural concessions obtained.

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<sup>92</sup>In the 1940 vote seven midwestern Senators voted against renewal with three voting for it. This count amounted to a reversal from 1937 when seven voted for the program and four against it. Ibid., April 5, 1940, p. 4105.

The gradual rejection of the trade agreements program in the Upper Midwest paralleled the political decline of President Roosevelt in that area. In the 1932 election he had swept all six states with margins ranging from 69.6 percent in North Dakota to 53.6 percent in Kansas. However, his appeal melted away to the extent that in the 1940 election he lost five of the six states.<sup>93</sup> In terms of the popular vote, his 1932 margin of 844,584 votes turned into a deficit of 25,871 votes in 1940.<sup>94</sup> The reversal was even more dramatic in terms of counties carried. In 1932 Roosevelt captured 483 of the 506 counties; however, in 1940 the Republicans carried a majority of the counties in all six states and a total of 391.<sup>95</sup>

An examination of several congressional districts offers a more accurate assessment of the political consequences of the trade agreements program. In Iowa, both the Fourth and Seventh District elected Democrats in 1932 to 1938. The Fourth District included a substantial dairy industry, while livestock raisers dominated the economy of the Seventh District. In 1932 Roosevelt carried the Fourth District by 20,000 votes and the Seventh by 21,000 votes. However, in 1940 he lost the Fourth by 12,000 votes and the

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<sup>93</sup>Roosevelt carried Minnesota by less than four percentage points and 48,000 votes. The two urban counties encompassing Minneapolis-St. Paul provided the margin of victory. Edgar E. Robinson, They Voted for Roosevelt: The Presidential Vote, 1932-1944 (Stanford, 1947), pp. 110-13.

<sup>94</sup>Ibid., pp. 43-44.

<sup>95</sup>Ibid., pp. 49-50.

Seventh by 15,000 votes.<sup>96</sup> The same reversal occurred in the wheat and cattle districts of western Kansas. In 1932 Roosevelt carried both the Sixth and Seventh Districts easily; however, eight years later he lost them both by substantial margins.<sup>97</sup>

The Fifth District of Nebraska is perhaps the most accurate reflection of all. The livestock industry dominated this western district. In 1932 Roosevelt swept the District by over 26,000 votes. In 1940, the voters of the Fifth District returned Democrat Harry Coffee, who had consistently opposed the program, to the House, but voted against Roosevelt by nearly 20,000 votes.<sup>98</sup> Apparently, the cattle raisers of this district who had followed the reciprocal trade agreements program closely voted for Coffee because they believed that the program constituted a real danger to their industry.

The political reversal in the Midwest was not, of course, attributable entirely to the New Deal's tariff policy. Such issues as the third term, the court fight, deficit spending and opposition to other administration policies influenced many voters. Moreover, the area was

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<sup>96</sup>Ibid., pp. 89-93.

<sup>97</sup>In 1932 Roosevelt won the Sixth District by over 21,000 votes but lost it in 1940 by almost the same margin of 21,000 votes. In the Seventh District, the voters gave Roosevelt a margin of 14,000 in 1932, but favored Wilke by a vote of over 13,000 in 1940. Ibid., pp. 93-97.

<sup>98</sup>Ibid., pp. 123-27.

traditionally Republican and the reciprocal trade agreements program provided a highly evident and emotional issue around which critics of the administration rallied. Thus, the controversial reciprocity program was an important factor in the political comeback of Republicans and the rejection of the New Deal in the Upper Midwest.

## CHAPTER X

### CONCLUSION

The proposal for a change in tariff policy by the Roosevelt administration in late 1933 sparked a great deal of interest in midwestern agricultural circles. Midwestern farmers, like other Americans in the early 1930's, were looking for a solution or solutions to their economic plight. By the early 1930's many midwesterners were relating the agricultural depression to the protectionist tariff policies of the 1920's. Cognizant of the disappearing world market, some farm spokesmen viewed with great interest the Roosevelt proposal which promised to reopen foreign markets to American agricultural surpluses. It was in this spirit of hope that the Midwest supported the New Deal's tariff program in its initial stages.

While many viewed the program with great expectation in its formative years, this attitude was by no means unanimous. Indeed, from the outset the Roosevelt tariff program posed a very real paradox to farmers in the Upper Midwest. Because of heavy surplus production, wheat farmers and hog raisers were extremely interested in the development of foreign trade and the reopening of foreign

markets to their products. To them reciprocal trade agreements appeared to offer some practical and positive help. However, ranchers, flax farmers, sugarbeet growers and others producing mainly for domestic consumption expressed little interest in the concentrated effort to enlarge America's portion of world trade. To these producers, expansion of the home market and exclusion of competitive products appeared to be much more helpful. The livestock industry, particularly, adopted a very nationalistic and antagonistic position relative to the New Deal's reciprocity program because of that industry's reliance on the domestic market and its fear that meat imports would hurt prices in the United States.

While farmers and their representatives in the Upper Midwest expressed reservations and even outright opposition to the program from the outset, these fears, reservations and doubts were intensified over time both by the principle of the legislation and its administration. Roosevelt's decision to let the State Department administer the program troubled some midwesterners. Few believed that the State Department could or would carefully consider the economic consequences for agriculture. Very early, farm spokesmen complained about the hearings procedure and the secrecy surrounding the negotiation of the trade agreements. By 1938-1939 many farm leaders had concluded that their testimony had little influence on the final terms of

the agreements negotiated. They agreed with Representative Coffee that the public hearings conducted by the Committee for Reciprocity Information were no more than a place for concerned parties to "blow off steam." The seeming disregard for their opinions reinforced the belief held by some in the Midwest that officials in Washington neither understood nor cared about the problems of farmers.

As more and more midwesterners became familiar with the trade agreements program and its implementation, the administration's decision to employ the unconditional most-favored-nation principle incurred increasing criticism. Many midwesterners refused to accept the administration's contention that the "principle supplier" policy limited the advantages gained by third parties. The suggestion that the United States must take the lead in fostering international economic good will meant little to midwesterners when they considered the possibility that other nations were receiving tariff reductions from the United States without reciprocating with concessions of their own.

As the administration referred more and more to the importance of the trade agreements program to world peace and the need for the United States to assume leadership in international economic relationships, midwestern representatives began to express isolationist sentiments. By 1939 some midwesterners had concluded that Secretary of State Hull was using the program as a diplomatic ploy to further

United States leadership in the international community without sufficient regard to the economic consequences for midwestern farmers.

The administration of the program by the State Department, the implementation of the unconditional most-favored-nation principle, the secrecy surrounding the actual negotiations all combined to alienate midwesterners. At the same time, it appeared to farmers and their representatives that Roosevelt and his administration had, after all their promises to farmers, sold out to the "eastern industrial interests." Farm spokesmen in the early 1930's repeatedly maintained that the manufacturing interests of the East had been the principal beneficiary of previous tariff policies. With this thought in mind, midwesterners expressed the hope that the Roosevelt administration would use the reciprocity program to attack the tariff wall protecting the eastern industrialists. However, most of the early agreements were negotiated with agricultural countries and thus the desired attack on industrial rates failed to materialize. By 1938 Harry Coffee and other midwestern spokesmen were complaining that the trade agreements program was actually contributing to the trend towards "industrialization" in the United States rather than helping to arrest this trend.

The announcement of intention to negotiate a trade treaty with Argentina in 1939 shocked many in the Midwest

and substantially reduced their confidence not only in the administration's farm program but in the entire New Deal. Undoubtedly, citizens in the Upper Midwestern states were alienated by issues other than the reciprocity program such as the court fight, expansion of presidential authority and extended government participation in American life. There is evidence that by 1940 many midwesterners had become disenchanted with the entire New Deal farm program. Among other things, to them, the acreage restriction program of the A.A.A. contradicted the reciprocity program which supposedly encouraged agricultural imports. The controversy over the trade agreements program afforded the disenchanted an opportunity to express their unhappiness. In view of the fact that the Midwest was traditionally a Republican stronghold, continued support for a Democratic administration depended greatly on a popular farm program. Without question, the trade agreements program had become quite unpopular by 1940 and cost Roosevelt considerable support.

Reciprocity was one of those issues so common in a democratic system where national and local interests come into conflict, or where one set of local interests such as manufacturing benefited over other local interests, in this case agriculture. Farmers saw their own welfare first, which is not surprising, and when they saw their interest threatened they forsook support for the trade agreements

program. It has been said that interest groups can have a direct influence on congressional decision-making only insofar as they have an effect on individual congressmen. In the case of the reciprocity issue, midwestern farmers were successful in that they expressed a unanimity of opposition to the program which convinced their representatives that it was in their best interests to do so also.

It is difficult if not impossible to gage the effects of the trade agreements program accurately. Outside factors such as the recurring drought, general improvement in economic conditions, plus international developments all affected the status of United States trade. While the reciprocity program may have prompted increased agricultural imports, the impact of these imports on markets and prices is another question. The dairy industry and ranchers were the most vocal critics of the program and yet in 1940 beef cattle prices were at their highest level of the decade and prices of all meat animals equalled 103 percent of parity. At the same time, dairy products were 119 percent of parity. On the other hand, by the administration's own admission, the reciprocal tariff policy had not reopened foreign markets to the extent predicted. In 1940 wheat growers exported only 5.8 percent of their domestic production compared to 30.3 percent in 1924 and 17 percent in 1929.

Despite the favorable price level, some critics could and did argue that prices would have been even better

had not the New Deal employed the reciprocal trade agreements program. In light of the price level in 1940, the reciprocity program apparently did not harm agriculture to the extent suggested by the critics. Neither is there evidence that it brought any substantial relief to depression-ridden producers. However, the realities are not as important as what midwesterners thought, since their attitudes and actions were based upon what they believed to be true. By 1940, most midwesterners had concluded that the trade agreements program was not in their best interests. The New Deal's tariff program had served only to reinforce the Midwest's traditional position of economic nationalism and undoubtedly the hostility generated by that program was a major cause in alienating farmers in the Upper Midwest from the entire New Deal.

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While the Franklin D. Roosevelt Papers at Hyde Park, New York, did not include a great deal of material relevant to the Midwest, correspondence between President Roosevelt, farm leaders and Cabinet members revealed the administration's attitude toward the program's progress and also the reaction of certain farm spokesmen. In particular, the correspondence between Secretary of Agriculture Henry Wallace and the President proved most helpful. The files of several midwestern congressmen were particularly beneficial in evaluating the response of the individual midwestern farmer. The papers of Arthur Capper and Clifford Hope at the Kansas State Historical Society, and those of Francis Case at Dakota Wesleyan University, and William Lemke at the University of North Dakota were especially rich in correspondence relating to the reciprocity program. Other manuscripts of varying value included the

Fred Biermann and L. J. Dickinson Papers at the University of Iowa, the Karl Stefan Papers and a collection of political material at the Nebraska Historical Society and the Papers of Nebraska Senator George W. Norris in the Manuscripts Division of the Library of Congress.

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