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WILLIAM R. JOHNSON

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APPROVED BY

Gilbert C. Fite

Kenneth I. Dailey

Joseph A. Pray

W. Eugene Hollon

Donald J. Berthrong

DISSERTATION COMMITTEE

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CHAPTER I

FARMERS AND THE DEPRESSION, 1929-1932

During the 1920's American farmers, caught in a tight squeeze between high costs and low income, raised a loud and fervent plea for government aid in correcting a situation over which they had little control. The high production of the war years, maintained in the 1920's despite the decline of European markets, caused a continuing surplus problem that led to the formation of an agricultural block in Congress and increased activity by farm leaders. Farm demands came to center on the proposals of George Peek and Hugh Johnson, who advocated the establishment of a government corporation that would buy up price-reducing surpluses and dump them on the world market, while the domestic price level would be maintained on a parity basis behind the tariff wall. The loss incurred by the government in removing the surplus would be paid by the producers in the form of an equalization fee levied on units of production. These ideas dominated the thinking of farmers and their leaders throughout the twenties.

Although the equalization-fee proposal twice won congressional approval, each time the desires of farmers were thwarted by executive vetoes. However, the farm problem persisted. The basic factors which had caused the export market of farmers to diminish after World War I remained to plague national leaders. Thus, Herbert Hoover, who as secretary of commerce was instrumental in the defeat of the equalization-fee plan, felt it necessary to promise legislation during the campaign of 1928 that would correct the persistent ills of American agriculture. Farmers harkened to Hoover's plea, supported his party, and materially contributed to his victory. They expected results.

The Hoover solution to the farm problem was in essence the application of his business philosophy to the agricultural segment of the economy. To overcome the problems besetting agriculture, farmers had to depend upon their own marketing associations. Hoover believed farmers could derive profit through savings made from more efficient distribution methods. Since the formation of marketing associations should progress orderly, they ought to be directed by a farm board.[1] Governmental action, then, was to be used in

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[1]James H. Shideler, "Herbert Hoover and the Federal Farm Board Project, 1921-1925," <u>Mississippi Valley Historical Review</u>, XLII (March, 1956), 712.

aiding farmers to organize marketing associations as a means of improving agricultural prices.

The Agricultural Marketing Act, passed in 1929, embodied Hoover's ideas and attempted to provide machinery whereby the Hoover solution could be realized. A farm board was established and given the task of directing the use of a $500,000,000 revolving fund. While forming new cooperatives and strengthening existing ones were the basic purposes of the marketing act, stabilization features were added to allow the Farm Board to make purchases of farm commodities to hold price levels up.

Although farmers had not shared fully in the general prosperity of the "Republican Twenties," they had more than their share of the adversity of the Great Depression which brought Republican dominance to a crashing end. The stock market debacle in autumn 1929 and subsequent business and banking failures engulfed farmers along with other Americans.

Farmers, who were among the very first to feel the effects of the depression, saw their income begin to decline as prices fell. Cotton farmers, who received about 18 cents per pound in the summer of 1929, were paid only 5.9 cents per pound by November 1932.[2] Wheat planters were faced with similar price declines. At the end of 1929 wheat farmers

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[2] Yearbook of Agriculture, 1934 (Washington: U. S. Government Printing Office, 1934), 465.

received slightly over $1.00 per bushel; but by the end of 1932 the price had fallen to about 31-1/2 cents per bushel.[3] Likewise beef and hog prices declined disastrously. In December 1929 the farmer selling beef on local markets received an average of $8.43 per 100 pounds; by December 1932 the price stood at $3.41. And while hogs brought $8.53 per 100 pounds in December 1929, they were worth only $2.73 at the end of 1932.[4]

The effects of the depression on agriculture can be seen vividly in the figures representing farm income for this period. Gross income in 1929 was reported as $11,950,000,000; in 1930 it was $9,403,000,000; and in 1931, $6,955,000,000. The decline was more than 40 per cent. In 1929, the average net income of farmers was $847. The following year it dropped to $566, and then to $342 in 1931.[5] Thus farmers had no return on their investments and very nearly coolie wages for their labor.

The most meaningful measure of the effects of the depression on agriculture is the parity figure--the ratio of prices received by farmers to prices paid by farmers, with 1910-1914 used as a base period in which the purchasing power of farm products was considered to be in relative

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[3] Ibid., 402.

[4] Ibid., 587, 600.

[5] Yearbook of Agriculture, 1933 (Washington: U. S. Government Printing Office, 1933), 730, 731.

balance with that of other products. In 1918 the parity figure was at a wartime level of 118. In the immediate postwar period it dropped, reaching a low of 75 in 1921, then began to climb back up to a high of 90 in 1929. In 1930 parity was down to 80; in 1931 it dropped to 64; and in 1932 collapsed to 55, the lowest point reached. After 1932 the price-cost ratio began to climb slowly.[6]

The decline of the purchasing power of agricultural goods would not have been so disastrous for farmers if there had been a comparable decline in non-farm products. These goods held well above the low levels to which farm products sank, thereby creating the cost-price squeeze that came close to bankrupting American agriculture. An evaluation of the price levels of the products purchased by farmers, including goods used in production and in family maintenance is illustrative. The index figure for products purchased was at an average of 155 in 1929; 146 in 1930; 126 in 1931; and 109 in 1932.[7] This was the basic farm problem of the depression. Its fundamental cause was one of an imbalance between supply and demand; farm production was too high for the effective market. Faced with this situation the individual farmer could do only one thing--plant more acres,

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[6]Historical Statistics of the United States, 1789-1945 (Washington: U. S. Government Printing Office, 1949), 99.

[7]Yearbook of Agriculture, 1933, p. 729.

work himself and his family longer hours to produce more, which in the end could only aggravate his basic problem.

With the onset of the depression, the Republican administration recognized the sorrowful plight of agriculture and its effect on the rest of the economy. Within the limits of the philosophy held by Hoover and his advisers, action was taken to stimulate the agricultural segment of the economy.

The Federal Farm Board had scarcely been organized when the depression began. Under Chairman Alexander Legge, former president of International Harvester, the Board set about organizing cooperatives. The Farmers National Grain Corporation was incorporated in October, 1929, the National Wool Marketing Corporation in December, 1929, and the American Cotton Cooperative Association in January, 1930.[8] However, the stabilization activities undertaken to counteract sagging agricultural prices soon overshadowed the marketing activities. In early 1930 the Grain Stabilization Corporation was established and began to purchase wheat. Herbert Hoover later recalled that the Farm Board at this time aided farmers over the 1929-1930 winter market and "at the end of April it withdrew support to allow prices to reach their natural level as a guide to the farmers for the following

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[8]Murray Benedict, Farm Policies of the United States, 1790-1950 (New York: The Twentieth Century Fund, 1953), 258-259.

planting season."[9] The Farm Board, however, still owned about sixty million bushels of wheat on June 30, 1930. Moreover, the government again bought wheat during the 1930 marketing season. By June 30, 1931, the Board held 257,136,517 bushels.[10]

The Farm Board also attempted to stabilize cotton prices through the Stabilization Corporation organized in June, 1930. One and a quarter million bales of cotton were taken over from the cooperative associations. This amount was kept by the government in an attempt to support prices by allowing the market demand to be filled by supplies not under its control. On June 30, 1931, the Board owned 1,310,389 bales.[11]

In its third annual report the Farm Board recognized the failure of its stabilization efforts and blamed overproduction:

> It was thought that stabilization would reduce price swings by withdrawing part of the supply from the market in such periods of surplus and selling it again in subsequent deficit periods. The stabilization provisions of the act did not provide any means for influencing production, either directly or indirectly. The attempts to affect production through general advice in accordance with other sections of

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[9]Herbert Hoover, The Memoirs of Herbert Hoover, The Great Depression, 1929-41 (New York: Macmillan Co., 1952), 51.

[10]U. S. Federal Farm Board, Second Annual Report of the Federal Farm Board for the Year Ending June 30, 1931 (Washington: U. S. Government Printing Office, 1931), 43.

[11]*Ibid.*, 50.

> the act, but without definite organization for the purpose had little effect. Stabilization was not originally intended to provide a means of dealing with a continuous decline in the demand for all products, or a continuous excess of production above consumption, such as has accompanied the long-continued business collapse over the past three years; and it has not proved an effective means for dealing with such conditions.[12]

The Board pointed out that continued stabilization efforts could be carried on only if someone were prepared to pay the bill. Farmers, if they were to be helped, could not. Neither did the Farm Board have sufficient appropriations to support the program indefinitely.

In the summer of 1930 additional problems for farmers were caused by serious droughts in several farm states. To meet this situation Hoover obtained concessions from the railroads to ship food and feed into the affected areas at half-rate, expanded highway construction somewhat, and called a conference of the governors of the states concerned.[13] The Red Cross aided the farmers in the drought area with $5,000,000 in relief, and seed and feed loans were provided by Congress through the Department of Agriculture. Appropriations for seed loans were made on December 20, 1930, out of which $39,633,728 was loaned. Additional loans were provided in 1931. In February two appropriations were passed, out of which a total of approximately

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[12] U. S. Federal Farm Board, Third Annual Report . . . for the Year Ending June 30, 1932, p. 62.

[13] Hoover, Memoirs, The Great Depression, 51.

$16,000,000 was loaned.[14]

Aside from the emergency measures carried on by the Hoover Administration, Secretary of Agriculture Arthur M. Hyde, former governor of Missouri, was engaged in the development of a system which would provide long-term aid to agriculture. In this respect, Hyde emphasized effective land-use in conjunction with cooperative marketing. On November 24, 1931, he convened a national land utilization conference. In his address before this meeting Hyde indicated that submarginal land should be retired from production and used for national purposes. "The answer to the problem of submarginal lands," he said:

> is purchase and reforestation by the Government. There probably are areas which possess so high a value for national uses that they should be acquired. National uses, under our present policy, include watershed protection, national forests, parks, and game preserves. Possibly sound policy would include acquisition to stop erosion and to conserve the soil for future generations. There are other areas in which the continuance of the economic life of whole communities depends upon the maintenance of some national resources, such as trees, which provides raw materials and employment to farmers and workmen in small towns.[15]

The secretary also realized that the central problem of agriculture was overproduction, but had little to offer as a so-

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[14]"The Federal Seed Loan System," Report to National Land-Use Planning Committee by its Technical Committee No. VI On Agricultural Credit, November 8, 1932, National Archives, R. G. 16.

[15]Ray L. Wilbur and Arthur M. Hyde, The Hoover Policies (New York: Charles Scribner's Sons, 1937), 160.

lution:

> The cure for over production is production balanced to market demand. This is our fundamental problem. If we decline to attempt to solve that problem by law, or by shot gun methods, what way is left to us? There is a way. It is not easy, but it will work--and work without a raid on our ideas of liberty, property rights, and commonsense. That is the method of voluntary control of production through farmer-owned, farmer-controlled cooperative associations.[16]

It was impossible for the administration to achieve legislation to implement Hyde's program. In fact, a serious effort was not made. The idea was proposed in the Republican platform of 1932 and Hoover supported it in the campaign. It died after his defeat.[17] By 1932 these ideas seemed woefully inadequate to almost all farm leaders.

The year 1932 was the blackest in the history of American agriculture. Yet, as the year began there were many observers who, like a frightened man whistling in the dark, optimistically predicted improvement for agriculture.

At the beginning of the year Secretary of Agriculture Arthur Hyde boldly stated that "there is fairly solid ground for expecting better things for agriculture in 1932. That hope is not based on generalities." It rested on Hyde's opinion that agricultural prices are the first to rise in periods of recovery, that the agricultural capital structure was not inflated when the depression began, that the credit

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[16] Ibid., 159.

[17] Hoover, Memoirs, The Great Depression, 157.

structure of agriculture was still fairly stable, and that farmers themselves were attempting to readjust their production to the existing demand.[18]

In the South, the Atlanta _Constitution_ noted that "so far as Atlanta and Georgia are concerned 1932 is certain to see a gradual loosening of the bonds of depression and the starting of an era of prosperity." Conditions would improve, the _Constitution_ believed, because Southern farmers were beginning to diversify--to produce their own food and feed for livestock.[19] In Iowa, the Des Moines _Register_ found that while 1931 had been a dark year for agriculture, "the outlook for the coming year . . . is much more encouraging." Wheat prices, a general indicator of agricultural prices, the _Register_ said, would be improved, since there were reports that acreage would be reduced. "This does not mean that agricultural conditions will be altogether rosy in 1932," the _Register_ concluded. "But it does mean that the present prospects point to a considerable improvement."[20]

In Missouri, the Kansas City _Star_ declared that agricultural conditions could be improved if operating costs were reduced, if, the editor continued somewhat illogically,

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[18] _New York Times_, January 1, 1932, p. 24.

[19] Atlanta _Constitution_, January 1, 1932, p. 6.

[20] Des Moines _Register_, January 6, 1932, p. 8.

production were increased, and if there were some improvement in prices. The _Star_ found that all these conditions were being met and that "it is quite probable that all of these factors combined will result in a material improvement in the next twelve months."[21] Optimistic statements could also be found in agricultural journals, although as a rule they were more pessimistic than urban newspapers.

January, 1932, found the farmers of South Dakota, southern and western North Dakota, eastern Montana and Utah, and northern Nebraska in a particularly precarious situation. In 1931 this area suffered from drought which was followed by severe winter conditions in late 1931 and early 1932. Lulled by several mild winters in the immediate past, these farmers were caught unprepared and were without sufficient food for both themselves and their livestock. Feed for livestock was particularly scarce.

Gutzon Borglum, at this time in South Dakota, vividly described his observations in a telegram to President Hoover:

> Blizzard bound here. Bitter cold with high winds raged all yesterday, snow that drove through and into the best closed cars. I left Black Hills five yesterday morning with storm at my back for two hundred miles. Picture a tablecloth a thousand miles square, no timber or shelter, a lone farm house, little red spots of cattle hurrying before the wind, not even a corn stalk above this white blanket. With my secretary and a cattleman we were held up hours in drift, saved by truck crashing in-

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[21] Kansas City _Star_, January 13, 1932, p. 4.

> to us. The six of us ice covered, barely escaped to nearby town. Estimated fifty per cent cattle loss; unless relieved immediately. Advise personal attention you can save northwest.[22]

The alarming situation was described similarly when the State Secretary of Agriculture, Loyson G. Troth, wired Secretary Hyde:

> Severe weather conditions last few weeks have depleted feed for cattle and horses over drought areas South Dakota. Cattle and horses now dying starvation many counties of State. Unless feed secured at once think there will be fifty per cent loss remaining livestock this state. Since severe weather struck have eaten so much more than ordinary years when feed was good quality feed stocks are exhausted. Crisis is immediate and great. Will you give assistance? Answer.[23]

Many other telegrams were sent to Washington pleading for government action.

The feeding of all available grain to stock also resulted in severe shortage of seed for the 1932 crop. W. R. Ronald, editor of the Mitchell (South Dakota) Evening Republican, wrote to Charles G. Dawes, of the Reconstruction Finance Corporation, that $10,000,000 was needed in seed loans during February. "Planting season," Ronald wrote, "comes and goes without heeding politics." He pleaded with Dawes to rip the "red tape" of Washington for the "benefit of farmers."[24]

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[22]Borglum to Hoover, January 29, 1932, copy in National Archives, R. G. 16.

[23]Troth to Hyde, January 25, 1932, National Archives, R. G. 16.

[24]Ronald to Dawes, January 25, 1932, National Ar-

In Washington the wheels of action started moving fairly promptly. On February 3, Senator Norbeck, along with prominent citizens of South Dakota, met with the Federal Farm Board. Norbeck asked the Board to make feed grain owned by the Stabilization Corporation available for sale to farmers in the drought area. Acting Chairman W. F. Schilling assured Norbeck that the Board would comply with the request. He also informed him that the Department of Agriculture was already taking steps that would benefit South Dakotans.[25]

It was obvious that the farmers of the drought area needed loans with which to purchase enough grain for feeding livestock and for planting in the following spring. At first the Department of Agriculture was reluctant to provide federal loans although it had the remaining portion of the 1931 seed loan appropriation at its disposal. Secretary Hyde and C. W. Warburton, director of extension, the division which handled seed loans, believed that advances could not be made out of the unexpended 1931 appropriation without congressional approval. The appropriation of 1931 had been intended for the emergency that then existed and, the two men reasoned, could not now be used for a completely different emergency. Nevertheless, they presented the question to the

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chives, R. G. 16.

[25]Federal Farm Board, Minutes, XI (January, February, 1932), 223, in National Archives, R. G. 16.

comptroller general for his opinion. He replied that the Department had sufficient authority to provide feed and seed loans until June 30, 1932, when the appropriation expired.[26] On January 30, Hyde advised Loyson Troth of the comptroller's ruling, asked for a list of the counties in need of assistance, and promised immediate action.[27]

By the middle of February federal money was moving into the drought stricken area,[28] with a total of $8,195,000 going to 51,000 farmers in the winter and spring of 1932. The largest part of these funds went to South Dakotans, who borrowed $3,274,653. Montana farmers received $1,022,582; Nebraska, $604,822; Utah, $479,703; and $394,000 went to other states.[29]

While farmers of the Upper Central Plains were attempting to save starving cattle, those of parts of the South were trying to bring about legislative control of cotton acreage for the 1932 crop.[30] Since there obviously

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[26]Warburton to C. Carsen, February 1, 1932, National Archives, R. G. 16.

[27]Hyde to Troth, January 30, 1932, National Archives, R. G. 16.

[28]Daily Argus-Leader (Sioux Falls, South Dakota) as quoted in U. S. Department of Agriculture, Daily Digest, XLIV (February 19, 1932); Grand Forks (North Dakota) Herald, March 11, 1932, p. 1.

[29]Yearbook of Agriculture, 1933, p. 7.

[30]See Gilbert C. Fite, "Voluntary Attempts to Reduce Cotton Acreage in the South, 1914-1933," Journal of Southern History, XIV (November, 1948), 481-499. State and local ef-

would be no national policy regarding compulsory acreage restriction, the States of Texas, Arkansas, and Mississippi, in late 1931 and early 1932, led an attempt to gain legislative action on the state level. They advocated a reduction of plantings to 70 per cent of the 1931 cotton acreage. These three states, which were the largest cotton producers, along with Louisiana and South Carolina, enacted laws to this effect. However, the States of Alabama, Georgia, Oklahoma, North Carolina, and Tennessee, which jointly produced 5,450,000 bales of cotton in 1931 as compared to 10,735,000 produced by the other five, steadfastly refused to enact similar measures.[31]

In Georgia considerable pressure was placed on Governor Richard B. Russell in January, 1932, to call a special session of the legislature for consideration of restrictive legislation. Eugene Talmadge, state commissioner of agriculture, applied much of the pressure when he stumped the state favoring reduction by state law. Governor Russell, however, refused to call the legislature into session. This sort of legislation, he claimed, would "bankrupt tax payers." Furthermore, Russell believed that Georgia farmers would plant less cotton of their own accord in 1932, and that it was doubtful if the legislature could agree on the proposed

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forts to achieve acreage reduction had a long background.

[31]Editorial, Progressive Farmer, Texas Edition, XLVII (March 15-31, 1932), 26.

bill. Thus, he would not ask the taxpayers of Georgia to finance a special session under such conditions.[32]

The Atlanta Constitution applauded Russell's action as wise: "It is obvious that Governor Russell has delved with care and earnestness into the manifold difficulties inherent in the proposal to regulate economic conditions by legislative action. He expresses his disbelief in the ability of the Georgia legislature to control the price of cotton."[33]

Eugene Butler, editor of the Texas Edition of the Progressive Farmer and Southern Ruralist, which had pushed acreage reduction, held a different opinion of Governor Russell's decision. Neither the farmers of the South nor the state legislatures were responsible for the failure of the movement for state regulation. "Proof exists," he charged, "that 75 per cent of the members of the legislatures of Alabama and Georgia wanted their governors to call their legislatures together in special session, and favored the passage of a law for the control of the cotton acreage in 1932." Who was to blame? Butler named Governors Russell, B. M. Miller of Alabama, Oliver M. Gardner of North Carolina, William H. Murray of Oklahoma, and Henry H. Horton of Tennessee. Specifically, since it was believed that only two of

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[32]Atlanta Constitution, January 23, 1932, p. 1.

[33]Ibid., 6.

the five holdouts were needed for success, "the responsibility for the failure of this cotton acreage reduction movement . . . rests fairly and definitely on Governor Miller of Alabama and Governor Russell of Georgia."[34]

W. C. Davis, a Texas State district court judge, administered the final blow to the crop reduction movement on February 1, in Franklin, Texas, when he ruled the Texas Statute unconstitutional.[35] The Mississippi measure, contingent upon the enactment of similar legislation by other states, had already expired. The Louisiana bill, permitting the governor to declare its terms void in the absence of legislation by other states, also became inoperative.

The Texas decision attracted wide notice in cotton states. The Atlanta Constitution viewed it as verification of Governor Russell's position.[36] Similarly the Daily Oklahoman (Oklahoma City) reasoned that it was just as well that legislation had not been passed in Oklahoma. The entire proposition was undoubtedly unconstitutional, "for if government possesses the constitutional right to say what acreage the farmer can plant to any given crop, mighty little of our popular rights remain."[37]

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[34]Editorial, Progressive Farmer, Texas Edition, XLV (March 15-31, 1932), 26.

[35]U. S. Department of Agriculture, Daily Digest, XLIV (February 2, 1932).

[36]Atlanta Constitution, February 2, 1932, p. 6.

[37]Daily Oklahoman, March 11, 1932, p. 8.

The Progressive Farmer lamented over the Texas decision. Cotton production without controls, it said, not only impoverished the soil of Texas, but the people as well. Voluntary efforts, long advised by farm leaders, had helped little--only slowing an inexorable process of deterioration. "There must be protection from the people who will not co-operate in the great task of rebuilding Texas agriculture. A law was the only way to reach them, and as a last resort such a law was passed." The Texas defeat, the Progressive Farmer declared, was not a deathknell for legislative control of cotton acreage. "It will rise again and again and eventually become the law of the land."[38]

Although legislative restriction failed in 1932, there were many calls for voluntary reduction of acreage. The Oklahoma Farmer-Stockman, noting in January, 1932, that there was then a hold-over of 13,000,000 bales of cotton, advised that it would be much better if no cotton were planted. Yet it recognized that farmers had to plant. It then followed that too much would be planted, keeping prices low.[39] Likewise, there were pleas for reduction of wheat acreage. "Theoretically," wrote the editor of the Des Moines Register, "the needs of those nations which are un-

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[38]Editorial, Progressive Farmer, Texas Edition, XLVII (March 1-14, 1932), 22.

[39]Oklahoma Farmer-Stockman, XLI (January 1, 1932), 1.

able to raise all their own food should make it unnecessary for American wheat growers to limit their production to something like domestic needs. But with world conditions as they are--with unlimited and low-cost production elsewhere and with a chaotic system of distribution--it is unprofitable for Americans to grow wheat for export."[40] Despite low prices, farmers continued to produce burdening surpluses which piled up in face of declining exports and low consumer purchasing power at home.[41]

By 1932 American farmers were caught in tragic circumstances. There had been two years of rapidly falling farm income. While it is true that most farmers still had food to eat, the loss of income, nevertheless, was disastrous. Cash was needed for the fixed expenses of farming, such as interest on loans and taxes, the repair and replacement of machinery, the purchase of clothing and similar needs, and at times for stock feed and seed for planting. Furthermore, the loss of income had important implications for things such as medical expenses and education.

Farmers, and others acquainted with agricultural conditions, were painting graphic word pictures of their

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[40] Des Moines Register, February 21, 1932, p. 4.

[41] By 1932 only very slight reductions in acreage planted in wheat and cotton had been made, but it was not enough to cut into price-depressing surpluses plaguing farmers. See Yearbook of Agriculture, 1935 (Washington: U. S. Government Printing Office, 1935), 351, 426.

lives in letters sent to President Hoover, Secretary Hyde, and other leaders. Early in 1932 a prominent citizen of Morgan, Georgia, wrote to Hyde describing conditions in his county. He found the lives of the tenants--Negro and Poor White--extremely pathetic. "There have been in my office today," he wrote, "three men, all good citizens, men that do not tell you a lie. I let each one have $2.00 because at their home out in the country are little children hungry. . . ." This was true despite the fact that his home was in "one of the best agricultural counties in the State. . . ."[42]

From Missouri a farm wife wrote to President Hoover that "for thirty-nine years myself and husband have farmed, worked from 4:30 a.m. until 9:30 p.m. in mid-summer's busy season, from 5:30 a.m. until 7:30 p.m. all other times. And never in our life have we faced such a time as your administration has thrust upon us. Now with old age creeping upon us, my husband and I are losing everything. The last piece of land to make our living." The fault, she believed, was Hoover's. He had brought on her troubles. "The masses," she concluded, "are suffering while you all live in Luxury."[43]

One familiar with the farmers' problems in Minnesota

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[42]C. A. Dozier to Hyde, undated, but received in January, 1932, National Archives, R. G. 16.

[43]Mrs. M. M. Clayton to Herbert Hoover, April 5, 1932, National Archives, R. G. 16.

wrote that everybody in his, "the finest agricultural section of Minnesota or of the U. S., is either just hanging on to the last straw or under." He knew of hundreds of families who "now after years of successful work . . . either have lost or about to lose everything they have acquired." Perplexed and worried, he asked: "What happened to everything? The entire country and population are broke, rich and poor alike now, and no prospect of a future. People in their silence are thinking as they never thought before. They are hard pressed on every side for existence. They are educated, reasonable, living in hope, but deep down in their inner selves is not so good a feeling."[44]

The letters came without end. Farmers poured forth their anxieties, warning their leaders, accusing them of either neglecting their duty or willfully wrecking agriculture, and demanding immediate action. From Missouri, one advised that conditions were "very very serious among the common people. All are in distress."[45] Another, from Nebraska, blaming the Department of Agriculture for the plight of farmers, bitterly asked that the Department send him bulletins on the bed bug, the cockroach, the horsefly, the skunk, the flea, the chinch bug, the way to make rompers,

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[44]Letter to Editor, Living Age, CCCXLII (May, 1932), 277.

[45]Charles R. Glenn to Hyde, July 18, 1932, National Archives, R. G. 16.

the proper way to dress on sunny days, on the proper method of hanging window shades, and on the love life of the bull frog.[46] Bitterness was common. "Oh, my God," one farmer wrote to Senator George Norris, "what is our sins to day [sic], we have been paying the preachers when we should have been shooting them before sunset."[47]

These were, indeed, trying times for the United States. Farmers were impoverished, they felt insecure, and were beginning to lash out at their leaders. One of the most observant of farm leaders, Henry A. Wallace of Iowa, was deeply concerned. In June, 1932, he warned:

> There will be several revolutions in different parts of the world during the next ten years if prices continue where they are now. It is even conceivable that we may have a revolution in the United States if a sufficient number of the farmers and small business men are crushed out of existence by debts and taxes. If revolution comes to this country, we hope it will be bloodless and that it will be accompanied by a declaration, not of independence, but by a "Declaration of Justice and Interdependence."[48]

When a farm leader, respected as Henry Wallace was, talked of revolution and of the direction which it should take, it was time that political leaders sat up and took notice.

Yet the Hoover Administration set its feet firmly

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[46] W. B. Hansen to the Department of Agriculture, undated, National Archives, R. G. 16.

[47] B. H. Bingham to Senator George Norris, Norris Papers, Tray 6, Box 3, Library of Congress.

[48] "Odds and Ends," Wallaces' Farmer, LVII (June, 1932), 5.

and refused to go beyond the stabilization measures of the Federal Farm Board, save in one way--that of expanded credit. And in this area, the administration was reluctant to provide all that Congress would enact.

CHAPTER II

AGRICULTURAL CREDIT; THE CROP LOAN SYSTEM

Arthur M. Hyde became secretary of agriculture when Herbert Hoover was inaugurated in March, 1929. Educated at the University of Michigan and the University of Iowa Law School, he practiced law, was involved in various business ventures in Missouri, and became governor of the state in 1920.

In Arthur Hyde, Herbert Hoover selected a man whose political and economic philosophy matched his own. Hyde's own conservatism and rugged individualism was every bit as intense as Hoover's. On more than one occasion he warned, for example, against the "shotgun methods" of too much governmental control of agriculture. He would have nothing whatever to do with any agricultural proposals which involved any government planning beyond that already being done under the Agricultural Marketing Act.

Hyde supported the cooperative approach wholeheartedly. Beyond this, government action should be limited. "The fulcrum for control and stability," Hyde once wrote,

> is threefold; the tariff must stand as the force

> that permits an American farmer to rise above the standards of living set by the cheapest producer in any foreign country; the Federal Farm Board must be given every assistance to organize agriculture so that agriculture can enter the competitive arena with the same preparation, the same tools, the same bargaining power that all other industries have developed; and a national policy of land use must be developed which will stop unwise and uneconomic expansion of our cultivated area, and foster the reorganization, and in some cases the retirement of submarginal areas. . . .[1]

It was natural, in a period in which the ideas of rugged individualism were becoming less attractive, that a leader with Hyde's beliefs would be severely criticized by many of America's farmers. Statements such as that written to Vivian D. Corbly, national adjutant of the disabled veterans, did not improve Hyde's public image. "When we all stop thinking of our own States or sections or personal interests," Hyde wrote, "and begin thinking about the public welfare; when, in peace, as we did in war, we vie with each other in self-sacrifice and strive to put something into the Government rather than to take something out;--when this occurs we shall have left the morasses of depression and started to climb upward to the mountain of prosperity."[2] Secretary Hyde's own mail clearly indicates that farmers, and they were no different from any other group, were not

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[1] Arthur Hyde, "A Three-fold Program for American Agriculture," prepared for the Missouri Ruralist, copy in National Archives, R. G. 16.

[2] Hyde to Corbly, June 10, 1932, National Archives, R. G. 16.

thinking about "what they could do for their country," but were loudly proclaiming what their government should and must do for them.

Then, at times, Secretary Hyde allowed his temper to get the better of him. Once, after he received a particularly bitter denunciation of the Hoover Administration, he replied: "Acknowledgement is made of your letter of the 13th in which you assail the President. It brings me great gratification to know that the copper-heads of this day are at their old job but less feebly than in Lincoln's day."[3] It was remarkable that Hyde did not send out such letters more often, for much of his mail contained acid comments on the secretary and the administration in general. Some of it was abusive, as that sent to Hyde by an Iowa farmer on a postal card:

> If the farmers . . . had taken you and applied a good coat of tar and feathers after your speech they would have treated you just rite [<u>sic</u>].
>
> You are a trater [<u>sic</u>] to the farmers and you are not fooling them any, you must have unlimited amount of cheek and "guts." Farmers are not so "d--- dumb" as they were four years ago.[4]

Nor was all the criticism from farmers or cranks. In April, 1932, Max and Louis Levand, of the Wichita (Kansas) <u>Beacon</u>, wired an acknowledgment of a Hyde telegram: "The people

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[3]Hyde to P. A. Klawkaske, February 24, 1932, National Archives, R. G. 16.

[4]O. O. Cole to Hyde, October 9, 1932, National Archives, R. G. 16.

would be complimented if you should follow the excellent precedent set by Mr. Legge, who resigned after a visit to Kansas convinced him he was not the man for the job as head of the Federal Farm Board."[5]

So it went. The secretary was trapped in a situation about which he could do little, since his own philosophy, and that of the president, forbade additional corrective measures. Farmers were dissatisfied and even came to doubt the administration's good intentions.

The Republican administration was most active in aiding farmers in 1932 by broadening credit. Hyde and Hoover believed that governmental support to farm credit should take the form of aiding private credit sources. However, Congress forced the administration into extending credit directly to farmers through a seed loan program similar to those used between 1920 and 1931. As the Farm Board began to dispose of its holdings of wheat and cotton, Congress provided an expanded system of production loans, and also liberalized intermediate credit bank regulations, increased the capital of the Federal Land Banks, and provided funds for the establishment of agricultural credit corporations.

The Department of Agriculture was most immediately concerned with the administration of production loans. The feed and seed loan was a method of finance that had been

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[5]Max and Louis Levand to Hyde, April 2, 1932, National Archives, R. G. 16.

used by the United States government for well over a decade.[6] The first seed loan was made in 1918 after a wheat crop failure. Local banks, pressed by credit demands for the purchase of liberty bonds, could not handle the needs of wheat farmers. Therefore, President Wilson made $5,000,000 available from a $100,000,000 emergency war fund. The Federal Land Banks, under the direction of the Treasury Department, administered the loans.[7]

Additional appropriations as Congress deemed necessary were provided for seed loans during the 1920's.[8] Loans made before 1931 were confined to limited areas--to regions which had been affected by such things as drought, storms, or hail. The 1921 loan resulted from a general crop failure in the Northwest in 1920, in 1923 there was severe drought in New Mexico, in 1926 severe devastation resulted from a hurricane in Florida, and the South Atlantic States also had damaging storms and floods in 1928.[9] The government

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[6]The loans made early in 1932 from the 1931 feed and seed loan appropriation act have already been mentioned. These were a major undertaking.

[7]Hyde to William D. Anderson, April 30, 1932, National Archives, R. G. 16.

[8]The 1921 loan amounted to $1,957,407; $1,480,106 in 1922; $413,983 in 1924; $244,204 in 1926; $5,758,650 in 1929; $5,340,727 in 1930; $45,725,719 in 1931; and $64,874,544 in 1932. "The Federal Seed Loan System," Report to National Land-Use Planning Committee by its Technical Committee No. VI On Agricultural Credit, November 8, 1932, p. 2, National Archives, R. G. 16.

[9]Hyde to Anderson, April 30, 1932.

required farmers to put up crops as security and the loans drew 5 per cent interest at maturity.

Throughout the history of seed and feed loans, the farmers of North Dakota, Montana, and certain areas of the Southeast, borrowed more than those in other areas. Farmers of North Dakota, Montana, and Florida borrowed in five of the ten years, including 1932, in which production loans were available.[10]

In early 1932 the crop loan system underwent significant change. Whereas in the past loans were made after some natural calamity and restricted to the affected areas, the new approach was to provide federal crop loans wherever there was inadequate credit. This change, resulting from decreased credit facilities caused by the depression, was contained in the Reconstruction Finance Corporation Act.

When the Reconstruction Finance Bill was in the Senate, in 1932, Senator Ellison D. Smith of South Carolina introduced an amendment which allocated $50,000,000 to the secretary of agriculture for crop production loans. Under almost no limitations, the secretary was authorized to act when he found that crop failure, bank failures, or the depression had created the need for additional credit. The bill passed the Senate in this form, but after the House refused to accept it, the limiting conditions were changed

[10]"The Federal Seed Loan System," 3.

slightly at the instigation of Peter Norbeck. The South Dakotan prevailed upon Senator Burton Wheeler of Montana to offer an additional amendment providing that preference would be given to farmers who suffered crop failures in 1931.[11] The act, as finally passed on January 21, provided $50,000,000 and also stipulated that a proportionate amount of funds received by the Corporation from the sale of bonds or debentures should be given to the Department of Agriculture.

As soon as reports of the passage of the Reconstruction Finance Corporation Act appeared in the press, requests began to come into the Department of Agriculture from persons who wanted their states included within the areas designated to receive loans. Florence Galloway, secretary of the Clarendon, Arkansas, Chamber of Commerce, sent a long letter to Secretary Hyde describing in great detail conditions in Eastern Arkansas and requesting production loans.[12] Robert B. Gragg, Secretary of the Governor's (Texas) Committee on Unemployment, sent letters to all the members of the Texas congressional delegation explaining the Texas need and

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[11]Norbeck to H. S. Hedrick, February 1, 1932, Norbeck Papers, University of South Dakota Library; U. S. Congressional Record, 72d Cong., 1st Sess., 1932, p. 2507-8. Norbeck did not sponsor the change himself because he feared it would not be accepted--thus he acted through a Democratic friend.

[12]Galloway to Hyde, January 28, 1932, National Archives, R. G. 16.

asking it to urge quick action by the Reconstruction Finance Corporation for farmers.[13] Numa Montet, a congressman from Louisiana, made a plea for the sugar planters of his state on January 29.[14] There were many more such requests.

Moreover, as soon as it became known that the Department of Agriculture was to administer the Reconstruction Finance Corporation crop loan money, Secretary Hyde began to receive suggestions on how this should be done. Tom Catheart, editor of the Country Home (New York), noting that "two hundred bucks is a lot of dough," advised Hyde to turn the money over to "the good small-town banker who knows who are the responsible farmers and who are not." Hyde declined Catheart's suggestion. "We have found," he wrote, "that there may be a very serious question about the small country banker. That is, some of them might try to unload on the Government the slow loans of the community."[15] Leon Sternberger, of the Memphis Agricultural Credit Corporation recommended that the loans be made through established credit corporations.[16] J. E. McCord, of New Madrid,

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[13]Robert B. Gragg to Luther A. Johnson, January 27, 1932, photostat in National Archives, R. G. 16.

[14]Montet to Hyde, January 29, 1932, National Archives, R. G. 16.

[15]Catheart to Hyde, February 4, 1932, and Hyde to Catheart, February 6, 1932, National Archives, R. G. 16.

[16]Sternberger to Hyde, February 3, 1932, National Archives, R. G. 16.

Missouri, wrote to Hyde suggesting that farmers needed closer supervision in handling their loans. All during the season a supervisor could see that "no more money was advanced than was being judicially used." McCord added that he would like a job with the government. Perhaps he could become one of the supervisors?[17] Good advice came from J. E. Hall of Soperton, Georgia, who had been a member of a county loan committee for three years. Loans should not be made unless they would enable the farmer to produce a crop without being forced to call upon local bankers for additional credit. Secondly, he wrote, money should be dispersed in several installments, with the first in sufficient amount to purchase fertilizer and seed. And finally, loans should be provided early enough to insure that farmers did not have to go to banks for advances in order to begin planting.[18]

On February 11 Hyde announced the regulations that governed the making of crop production loans. They were to be made in all states, except Pennsylvania and Connecticut where state law did not provide for the crop liens required by the act. Amounts of single loans would be based on individual needs, with a maximum of $400 to any one borrower, and a limit of $1,600 to the tenants of any landowner within

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[17]McCord to Hyde, January 30, 1932, National Archives, R. G. 16.

[18]Hall to Hyde, January 30, 1932, National Archives, R. G. 16.

one county. Farmers were required to pay 5-1/2 per cent on the money borrowed. Secretary Hyde also attempted to stimulate a reduction of cotton and tobacco acreage by stipulating that loans would be given for only 65 per cent of the 1931 acreage for farmers planting more than ten acres of cotton and three acres of tobacco. Loans were not authorized for summer fallowing, for persons who did not engage in farming in 1931, nor for minors. Offices were to be located in Washington, D. C., Minneapolis, St. Louis, Memphis, Dallas, Salt Lake City, Spokane, and Grand Forks. Farmers were to make application to county advisory committees, which would make recommendations on each loan.[19]

Under Hyde's leadership the Department of Agriculture reluctantly administered the production loans. Secretary Hyde and Extension Director Warburton both believed that supplying feed and seed loans was properly a function of local credit. Hyde was particularly annoyed by the relief aspect of the loans. He thought the Department of Agriculture was being forced into making loans to people who were not good risks. Many congressmen applied strong political pressure for constituents who were having difficulty in getting loans. To Hyde, this sort of program was just not good business. If government was to engage in

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[19]Press Release, February 11, 1932, Washington, D. C., copy in National Archives, R. G. 16. The requirement against summer fallowing was amended later in 1932.

business, he believed proper business methods should be used.

Hyde often expressed his opinion of the program. In February, 1932, he wrote to Townley Culbertson, the vice president of a banking firm in Missouri. "A long time ago," he complained, "Congress passed the first seed loan as a war emergency measure. The emergency seems to have stayed with us. Before long that emergency will be in the old age class. Each succeeding loan becomes a little larger, the purpose wider, and the effect more destructive than the preceding one." And, "by attaching the loan as a rider to [the] Reconstruction Finance Corporation bill, they, in effect put a gun to the country's heart, because they knew the President could not veto that bill."[20]

Warburton's hostility was caused in part, no doubt, by the simple fact that he was saddled with the task of administering the loans. They were the source of many problems for the extension director, and caused him to wish more than once that he was rid of them. He developed good reasons against their use. In March, 1932, after wrestling with the problem since the first of the year, he wrote to M. S. Winder, executive secretary of the American Farm Bureau Federation:

I am more than ever convinced that this method

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[20]Hyde to Culbertson, February 11, 1932, National Archives, R. G. 16.

> of financing farmers is bad, but that Congress will continue to give us such appropriations until the farmers themselves protest against them. While in some sections the need for the loans will be general on the part of even the better farmers, there have been many occasions when these relief loans have served only to continue the operations of marginal farmers in competition with those who were doing a really competitive job. Many members of Congress, when you talk to them individually, will tell you they do not believe in the seed loans, but when authorization of the loans is before them they vote for it nevertheless.[21]

In March Secretary Hyde's objections to the crop production loans became a matter of public knowledge. An Associated Press dispatch, dated March 29, carried statements by Hyde criticizing aspects of the program. The Secretary stated that he considered any loan not based upon a need caused by drought or storms, unjustified. His own department, he said, was "the 'prize boob in the history of finance,'" and was "'lending more money on thinner security and sustaining more losses than ever before in the history of money lending in the world.'" In short, the Department could not loan money upon the same conditions used by commercial banks. Hyde had a telling argument when he said that loans could not improve the over-all agricultural situation--that only an increase in prices could help.[22] Yet, everyone knew the truth of this. But how were prices to be raised? Hyde could only answer: by voluntary acreage

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[21] Warburton to Winder, March 10, 1932, National Archives, R. G. 16.

[22] New York Times, March 30, 1932, p. 5.

reduction.

Hyde's attempt to restrict cotton and tobacco acreage through the production loan regulations, admittedly could have only minor effect upon those crops. The intention was good, but it would affect the wrong group of farmers. A Texas observer expressed the probable result of the regulations. Large farmers, he noted, who could finance themselves, would not be affected by the regulations. Yet, he said, in East Texas where "the one mule farmer in many instances can plant only 10 or 15 acres in cotton and comply with his contract with the government, most of them having planted 25 acres last year. It then appears that we are limiting the wrong people." Hyde realized this, but, nevertheless, believed that "government loans should not be used to expand or stimulate the production of a crop which otherwise would not be planted."[23]

In addition to the normal administrative difficulties which the Department of Agriculture experienced with production loans, it was also embarrassed in 1932 by the disclosure of corruption and fraud in connection with local administration of the 1931 loan program. The Department itself began uncovering evidence of fraudulent use of seed and feed loans in the fall of 1931 in southeast Alabama. Its

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[23]C. A. Milligan to R. B. Creager, March 29, 1932, and Hyde to Creager, April 15, 1932, National Archives, R. G. 16.

investigation soon proved that dishonesty was widespread. Therefore, Hyde promptly turned the entire situation over to the Justice Department, which proceeded with the investigation. By the first of the year the government was ready to take its findings to a grand jury. Reports were leaking out that thousands of dollars were involved, that prominent people were implicated, and that forgery and fraudulent affidavits had been used.[24]

In January a federal grand jury was convened in Dothan, Alabama, in Houston County, where the investigations originated.[25] Indictments were subsequently returned against several of those investigated. Nugent Dodds, assistant attorney general in charge, reported to the United States attorney general that the indictments covered only the outstanding cases; there was no attempt to move against tenant borrowers who had been parties to the frauds. Dodds estimated that at least half of the $2,000,000 loaned in five counties in southern Alabama in the three years prior to 1932 was "fraudulently obtained or stolen outright." In one of the counties, of 617 loan accounts investigated, less than 100 were found to be bona fide. Dodds, believing that the frauds extended into Georgia, Mississippi, Missouri, and possibly other states, recommended that the investigations

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[24]New York Times, January 3, 1932, p. 31B.

[25]Ibid., January 26, 1932, p. 6.

be broadened.[26] However, the government did not pursue them as far as Dodds desired.

In July, trials were held in which eleven of the defendants pleaded guilty, including the county agent of Houston County. Several prison sentences were handed down.[27]

Additional investigations in Coffee, Henry, Dale, and Geneva counties of Alabama resulted in indictments against thirty-five persons for conspiracy to defraud the government.[28] Subsequently, James R. Williams, the able Department of Agriculture investigator who first worked in Houston County, moved on to Florida. In Jackson County he uncovered evidence that implicated the county agent in seed loan frauds. The agent admitted to Williams that he had executed three applications for loans of $100 each for non-existent persons. He also admitted receiving loan payments from borrowers which he either used himself or waited several months before sending them to the Department of Agriculture.[29] The agent offered to make restitution, but the Department of Agriculture, wary of possible scandal, turned

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[26]Nugent Dodds, "Memorandum to the Attorney General," copy in the National Archives, R. G. 16.

[27]Dothan (Alabama) Eagle, July 29, 1932, copy in National Archives, R. G. 16.

[28]James R. Williams, "Memorandum to Dr. Stockberger," September 9, 1932, National Archives, R. G. 16.

[29]Warburton to A. P. Spencer, June 25, 1932, National Archives, R. G. 16.

its evidence over to the Department of Justice.[30]

If the disclosure of fraud in the crop loan system were not enough to sour the Department of Agriculture on production loans, the attitude of the farmers in the Dakotas and Montana was. The 1930 crops in fourteen counties of North Dakota and in a similar number in Montana were very meager, causing one-third of the farmers in this area to apply for seed loans in 1931. However, the 1931 crop was a total failure leaving the borrowers unable to repay their loans. Approximately 90 per cent of the 1931 borrowers asked for loans again in 1932. Therefore, the farmers in this particular area, suffering from the loss of income and extremely depressed economically, believed that they were in no condition to repay their loans, and that the government should either declare a moratorium or cancel them outright. Their attitude was almost as troublesome as the Alabama problem.

Before the provisions of the 1932 loan program were promulgated, farmers in the Upper Central Plains, stimulated by the Hoover moratorium on European debts, were writing letters and signing petitions asking for relief from repayment of the 1931 loans. "It strikes us here," wrote a

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[30]Warburton to Spencer, August 12, 1932, National Archives, R. G. 16. James Williams was even able to turn up some hearsay evidence to the effect that Senator Smith of South Carolina, after receiving a crop loan, later refused to repay it.

Nebraskan to Senator George Norris, "that with all the talk of moratoriums to European nations, there is a very good opportunity for our officials to give our own people here in the United States a little relief and let the foreign nations solve their own troubles. I have in mind particularly as regards the collection of interest and payments on farm loans which have been made by federal agencies."[31]

Immediately after the loans of 1932 were made, farmers in the drought area of the Dakotas and Montana, most of them members of the Farmers' Union, began to petition for debt cancellation. Again the farmers reminded the president and the secretary of agriculture of the European debt moratorium. From a Farmers' Union local in Roundup, Montana, came a petition saying that since Hoover voluntarily offered a moratorium of one year on European debts, and "since farmers of the United States were less able to pay federal loans than the European countries," the president should grant a five year moratorium to the farmers on feed and seed loans, and that they be cancelled if the foreign debt were subsequently abolished.[32] Debt relief was also justified by general conditions. The Blue Butte, North Dakota, local of the Farmers' Union asked that farmers be allowed to pay for

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[31]Albert Mork to Hyde, April 29, 1932, National Archives, R. G. 16.

[32]Frank Grubb to Herbert Hoover, July 2, 1932, National Archives, R. G. 16.

seed loans with wheat, to be accepted by the government at $1.00 per bushel, about three times the market price.[33] A local organization of the United Farmers' League, an extreme leftist group, used stronger language than the Farmers' Union organizations:

> On account of drought, hail, and extremely low prices prevailing this fall, we farmers find ourselves unable to harvest or thresh our crops with any expectation whatsoever of meeting our obligations.
>
> We, therefore, demand that our feed and seed loans are cancelled in order to enable us to live through the winter.[34]

Receptive to prevailing desires in North Dakota, Senator Lynn J. Frazier introduced a bill to exempt farmers who had suffered crop failure in 1931 from repayment of 1931 production loans. Although Frazier expected to force favorable action and counted on the support of Peter Norbeck and William J. Bulow of South Dakota[35] nothing came of the measure.

The situation in North Dakota became particularly serious when some county agents, whom the Department believed should be encouraging repayment of loans, began to display undue sympathy with recalcitrant farmers. County

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[33]O. B. Burtness to Hyde, December 5, 1932, National Archives, R. G. 16.

[34]Resolution Committee, United Farmers League, Bonneville, North Dakota, to Gerald P. Nye, copy in National Archives, R. G. 16.

[35]Grand Forks Herald, March 1, 1932, p. 1.

agents in North Dakota were besieged by demands from farmers to aid in their attempts to gain relief from repayment of loans. They were forced to take the farmers' position by the fear that farmers would vote in the November general election to discontinue the county extension service. A petition to place the question on the ballot was being circulated among farmers in the spring of 1932. "Unless the agent can do something, or at least show that he is trying to do something relative to the seed loan proposition," said N. D. Gorman, North Dakota county agent leader, "he might just as well close his door right now and move out."[36]

The county agents were often pressured into attending local meetings of farmers called to discuss the loan problem. At several of these local meetings it was decided to hold a central gathering to which local groups would send delegates. One of the county agents participated in making the arrangements and took a leading part at the session held in Minot. State Extension Director C. F. Monroe, with the approval of Extension Director Warburton, asked the Minneapolis seed loan office to send a representative to meet with the farmers. However, the Minneapolis office chose to stay clear of the potentially explosive situation. They believed, Warburton explained to Monroe, that "if a government representative were present at the meeting, he would be

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[36]Gorman to Warburton, August 25, 1932, National Archives, R. G. 16.

forced to commit himself on matters of policy in a way that would not be in line with the general policies of the organization."[37] When the meeting was held with at least one county agent in attendance, the Minneapolis office complained to Warburton. Monroe answered in a strong defense of the North Dakota agents. Reminding Warburton of his request for a representative from Minneapolis, Monroe said, "I realize that it might not be particularly pleasant to Mr. Paulson [director of the Minneapolis loan office] to attend a meeting at which a large number of desperate farmers were pointing out their difficulties and at which there would inevitably be some criticism of the Federal regulations; however, representatives of this office and county agents are obliged to meet this sort of thing many times a day."[38] Monroe's letter so impressed Warburton that he showed it to various people in the Extension Service as illustrative of the conditions under which county agents worked.

When some of the North Dakota agents, moved by economic conditions in drought areas, went beyond reluctant compliance with farmer demands and began to lead efforts to change crop loan regulations, relations between the state extension service and Washington grew tense. In August

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[37] Warburton to Monroe, July 29, 1932, National Archives, R. G. 16.

[38] Monroe to Warburton, July 25, 1932, National Archives, R. G. 16.

county agents of Towner, Kidder, and Stutson counties sent almost identical circular letters to farmers in their counties. The letters stated that because of low prices, bad weather, and insect damage, seed loan borrowers would find it difficult to repay seed loans. The agent notified farmers that he was taking up their problem with the Reconstruction Finance Corporation, intending to ask for a renewal of the loans, or "at least arrange the payments on a three or four year installment." The agents requested the farmers to write their opinions of the idea.

Field agents of the Minneapolis Seed Loan Office obtained some of the circular letters and sent them to Warburton. Obviously irritated, Warburton fired a letter to State Director Monroe. Recalling the earlier difficulties, Warburton said he could understand how an agent, "to protect himself and his work in a county . . . might go along with a movement of this kind," but, "I can see no excuse whatever for a county agent taking the leadership in a move to obtain postponement of these obligations, particularly under the circumstances now existing in North Dakota." Warburton referred to the recent action of North Dakota voters in electing to make crop liens illegal within the State. "These county agents well know," declared Warburton, "that, with no provision for the taking of crop mortgages after 1932, there is practically no chance of collecting the seed loans except from the 1932 crop."[39] Warburton was so

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[39]Warburton to Monroe, August 19, 1932, National

upset that he threatened to withdraw federal money from the payment of salaries to the agents involved. He would do so, he said, except that he feared there were agents involved who as yet were undetected. The activities of North Dakota county agents continued to be a problem for both state and national officials.

Farmers in all states except Rhode Island were loaned money from the Reconstruction Finance Corporation funds in 1932. The secretary of agriculture received $75,000,000 from the Reconstruction Finance Corporation from which more than $64,000,000 was loaned to over 500,000 farmers. The average sum was $126.47.[40] North Dakota farmers were the heaviest borrowers at well over $8,000,000; South Dakota, second, with approximately $7,000,000; Montana, South Carolina, and Georgia each borrowed more than $4,000,000; and Texas, Arkansas, and Mississippi, in excess of $3,000,000 each.[41]

It was difficult for Department of Agriculture experts to arrive at any evaluation as to what percentage of 1932 production was financed by crop loans. An estimate was made, however. It was believed that loans financed 8.4

Archives, R. G. 16.

[40] New York Times, October 5, 1932, p. 31. The R.F.C. provided $50,000,000 from the initial appropriation and $25,000,000 more was derived through its authority to issue bonds and debentures.

[41] Ibid., May 13, 1932, p. 34.

per cent of the 1932 cotton crop, as compared to 6.4 per cent in 1931, and 3.3 in 1930. Crop production loans provided for 37.2 per cent of the 1932 wheat crop, as compared to 3.5 per cent in 1931, and 1.9 in 1930. Crop loans also supported 6.9 per cent of the tobacco crop in 1932, as compared to 8 per cent in 1931 and 1.1 per cent in 1930. In submitting this report, Nils Olsen, chief of the Bureau of Agricultural Economics, stressed its unreliability. He believed the wheat percentage was too high and the cotton percentage slightly low.[42]

Problems associated with the security and repayment of loans caused further complications. The practice of taking liens on current crops against existing and unpaid prior loans, created difficulties for private business. On February 5, Alexander Legge, now back with International Harvester, wrote to Secretary Hyde protesting first liens on prior year's loans. Legge recognized that he had no right to question the government's decision, but was compelled to speak in "self-defense." These prior liens, he said, were likely to require all the money farmers had to pay anyone. International Harvester, he pointed out, could not furnish free machinery. "In other words," he wrote, "this action puts us in the position of being compelled to foreclose on the equipment, which in turn will only make a

[42]Nils Olsen, "Memorandum to E. E. Hall," December 14, 1932, National Archives, R. G. 16.

bad situation worse, for unless the fellow has equipment to do his work no particular advantage is derived from furnishing him seed."[43] To Legge's disappointment, first liens on unpaid balances of seed loans contracted in 1930 and 1931 were required before 1932 loans were granted.[44]

As the spring and summer of 1932 wore on farmers increased their pleas for relief from repayment of loans. Finally, on September 28, in the midst of the 1932 presidential campaign, the Republican administration announced that only 25 per cent of the 1932 wheat crop loan would be required on the date loans were due. Hoover also promised to ask for a definite extension of the loans when Congress met in December. More time was necessary, the White House announced, because "'present low prices made it impossible for wheat farmers to repay their crop production loans without incurring grave risk of need during the winter.'"[45]

Cotton farmers were not included in the moratorium even though prices were still depressingly low. Many Southerners believed that the extension had been granted in areas where it would do the most political good. Hoover had hopes, they said, of winning the wheat area of the United

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[43] Legge to Hyde, February 5, 1932, National Archives, R. G. 16.

[44] Hyde to F. E. Murphy, March 12, 1932, National Archives, R. G. 16.

[45] New York Times, September 29, 1932, p. 1.

States, but had little chance in the Cotton Belt. Senator Ellison Smith, charging Hoover with "'sectional and partisan discrimination,'" led several members of Congress in pressing for debt relief for other areas.[46]

The uproar was too much for the White House. On the next day, September 29, Presidential Assistant Walter Newton announced that cotton farmers would be granted relief from repayment of loans if need could be shown.[47] On October 5 the government announced that cotton would be accepted at nine cents a pound on middling seven-eighths cotton, two cents above the current market price, in lieu of repayment. The borrower reserved the right to sell the cotton at any time before March 1, 1933; the secretary of agriculture was authorized to sell it anytime thereafter. The borrower would have to repay the value of the loan, regardless of the price received for the cotton.[48]

Additional agricultural legislation in 1932 was intended to improve the long range credit situation. Hyde still believed that the only proper role of government in this matter was aiding private firms to supply farmers with credit.

Following the Hyde approach, Congress, in February,

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[46] Ibid.

[47] Ibid., September 30, 1932, p. 2.

[48] Ibid., October 6, 1932, p. 41.

passed a bill establishing a revolving fund of $10,000,000 to be used in the formation of agricultural credit corporations. Hyde appointed Lewis T. Tune director of the agricultural credit office to administer the fund. New associations were to be formed and existing ones enlarged by use of the fund. Money could also be loaned to individuals, in contrast to funds of the Federal Intermediate Credit Banks which were loaned to associations. Under rules established by Hyde, when individuals supplied 40 per cent of the capital of new credit associations, which had a minimum of $10,000 of capital, the government would loan an additional 60 per cent.[49] Hyde later changed the rate of participation by the government to 65 per cent.

The $10,000,000 fund, however, was not widely advertised, and only one or two loans were made from it. It became unnecessary when the Reconstruction Finance Corporation Act was amended to provide for a similar program. The Reconstruction Finance Corporation was directed to create a maximum of twelve agricultural credit corporations, one in each land-bank district. Each was to have at least $3,000,000 in capital stock, subscribed by the government. Loans were to be made to individual farmers and stockmen for agricultural purposes such as crop production and livestock operations. The credit corporations had authority to

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[49]Press Release, March 9, 1932, Washington, D. C., copy in National Archives, R. G. 16.

rediscount their notes with the Reconstruction Finance Corporation or with the Federal Reserve Banks.[50] Arrangements for the establishment of the corporations proceeded in 1932, and they were ready for operation near the end of the year.

Secretary Hyde was pleased to see his conception of proper production financing implemented. He believed the new credit corporations could handle production loans much more efficiently than his own department. "It is my hope," he wrote in August, "that they will do such a satisfactory job that Congress will not again find it necessary or desirable to make loans under an emergency basis."[51]

Two other agricultural credit measures were passed by Congress in 1932. In January, $125,000,000 was appropriated as additional stock for the Federal Land Banks. This would, it was thought, possibly result in a more lenient loan policy, and strengthen the market for Federal Land Bank bonds.[52] The second measure, introduced by Peter Norbeck, made Intermediate Credit Bank debentures discountable with Federal Reserve Banks. This would enlarge the fund with which Intermediate Credit Banks would operate.[53]

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[50]Jesse H. Jones, Speech for the Radio Forum, August 29, 1932, copy in National Archives, R. G. 16.

[51]Hyde to H. G. Hastings, August 12, 1932, National Archives, R. G. 16.

[52]California Cultivator, LXXVII (February 20, 1932), 170.

[53]U. S., Congressional Record, 72d Cong., 1st Sess.,

The $64,000,000 loaned to farmers in 1932 under the Reconstruction Finance Corporation loan program was illustrative of the expanding role of government in American agriculture. When farmers found local credit sources drying up, they looked to Washington for help and it was provided. This kind of aid to farmers the Republican administration could reluctantly provide. However, seed and feed loans, plus the concern with other credit measures, brought a sharpened awareness of the agricultural problem. The loans were needed, but farmers and others knew that they were only a temporary palliative. Higher prices was the only way to bring true relief to agriculture. And to this problem, farmers, farm leaders, and those simply interested in agriculture's welfare, increasingly turned their thinking in 1932.

1932, p. 8860.

CHAPTER III

THE RELIEF OF AGRICULTURE: A NATIONAL PROBLEM

With the Hoover Administration refusing to alter basic agricultural policy, administration leaders were bombarded with not only vituperative denunciation, but also abundant advice and counsel. Many suggestions came from those interested in righting a badly tilted economy, from both farmers and non-farmers. Some were elaborate, some simple; some were thoughtful, some ridiculous. The Department of Agriculture discarded some of the suggestions out of hand, and some were sent to the Bureau of Agricultural Economics for study and analysis. Then they were rejected.

The administration, including Secretary Hyde, hoped that the economy would eventually cure itself, and proposed little that was new. Farmers, Hyde believed, would come to realize the folly of overproduction and act to correct an over-supply. When this occurred America would leave depression behind. In the meantime the Agricultural Marketing Act would prepare farmers to gain more profit from the capitalistic system through its cooperative features.

The Federal Farm Board, likewise, had little to offer in 1932. It devoted some of its meetings to discussing the agricultural problem,[1] but they were fruitless, since it had already been decided in 1931 not to support prices. Chairman James C. Stone told the Senate agriculture committee in April that the way to counteract current agricultural difficulties was to reestablish consumer purchasing power. How could this be done? Stone proposed to reduce cotton and wheat surpluses by foreign sales and to intensify efforts of the Board to stimulate cooperative marketing,[2] but these suggestions seemed inadequate. The failure of the administration to accept and sponsor any over-all plan to help raise farm prices left the door open for others to press their ideas upon the administration. In short, most friends of the farmer believed that their ideas and proposals were superior to the Agricultural Marketing Act. The administration, they felt, should be more open to suggestion than at any time in the past.

Often in times of depression, unemployed urban dwellers begin to wish they had never left their farms for city life, and back-to-the-land movements become popular. This was true during the Great Depression. A back-to-the-farm movement is not a way to alleviate agricultural distress, but a method of feeding the victims of industrial

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[1]Federal Farm Board, Minutes, XII (April 25, 1932), 465, in National Archives, R. G. 16.

[2]New York Times, April 27, 1932, p. 14.

stagnation. Yet, it was something that would affect farming communities, and was a matter of concern for farmers and their leaders.

There was no dearth of back-to-the-farm plans in this period. Many were proposed to administration officials, and also a number of experimental attempts were made to establish farm colonies. The population movement in favor of cities, in fact, was temporarily halted by the depression, and farming communities for the first time in many years increased in population. The Bureau of Agricultural Economics estimated that rural areas made a net gain of 648,000 persons more than urban areas in 1931.[3] Near the end of 1932 it estimated that by the close of the year there would be a rural population of about 32,000,000, near the all-time peak of 1910 and almost 2,000,000 more than the low of 30,169,000 reached in 1930.[4]

Various people and agencies reported the movement of population to the country. W. P. Kenney, president of the Great Northern Railway Company, in his 1931 annual report, noted an increased rural population in the area which his railroad served.[5] In May, 1932, Wood Netherland, presi-

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[3]U. S. Department of Agriculture, Daily Digest, XLV (August 16, 1932).

[4]Weekly Kansas City Star, November 9, 1932, p. 4.

[5]U. S. Department of Agriculture, Daily Digest, XLV (May 17, 1932).

dent of the St. Louis Federal Land Bank, called the back-to-the-farm movement the "broadest and most far-reaching in the history of the Middlewest."[6] In Houston, Texas, an officer of the Federal Land Bank reported that an analysis of the bank's 1931 farm sales indicated that 77 per cent had been to city dwellers, while only 23 per cent were to farmers. One hundred and ninety-two farms were sold in the area of the Houston Land Bank in 1931.[7] Basing his report on the observations of county agents, D. P. Trent, director of extension in Oklahoma, estimated that 7,883 unemployed families moved onto unoccupied farms in fifty-six Oklahoma counties in 1932.[8]

Organized projects sponsoring back-to-the-farm movements were undertaken in various parts of the country. Several were tried in the South where the Atlanta Constitution pushed the idea vigorously. Others were advertised in St. Louis, Detroit, and elsewhere. In May Governor Franklin D. Roosevelt of New York announced that his state would begin to aid in finding land for unemployed persons who had once been farmers.[9]

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[6] Ibid., XLV (May 5, 1932).

[7] Ibid., XLV (April 5, 1932).

[8] D. P. Trent, "Back to the Farm Movement in Oklahoma," in Thomas Papers, Legislation, Correspondence, and Papers, University of Oklahoma Library Archives, Norman.

[9] U. S. Department of Agriculture, Daily Digest, XLV (May 31, 1932).

In April, Loring M. Black, Jr., introduced a bill in the House of Representatives designed to provide government aid to the back-to-the-farm movement. The bill included an appropriation of $10,000,000 which was to be placed at the disposal of the secretary of labor to provide farms for unemployed persons, who had once been farmers. The money was to be spent for leasing abandoned land, providing transportation to selected sites, and supplying equipment, seed, and other needed items.[10]

The House Committee on Labor held hearings on this bill during the latter part of April and early May. The secretary of labor was not present, but was represented by Albert E. Reitzel, assistant solicitor of the Department. Secretary W. N. Doak, Reitzel testified, had authorized him to say that he supported the general idea of the measure, but could not commit himself on specific provisions.[11]

Economist John D. Black represented the Federal Farm Board before the Committee. He could not, he said, relate the position of Secretary Hyde, but offered his own opinion of the bill. Farmers, Black cautioned, would like-

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[10]U. S. House of Representatives, H. R. 11056, 72d Cong., 1st Sess., 1932.

[11]House Committee on Labor, Hearings on H. R. 11055, H. R. 11056, and H. R. 12097, Bills for the Relief of Distress Due to Unemployment, To Create a Committee for Federal, State, and Local Cooperation in Placing Qualified Unemployed Persons on Unoccupied Farms for the Purpose of Growing Subsistence Food Crops During the Continuance of the Unemployment Emergency, 72d Cong., 1st Sess., 1932, p. 2.

ly oppose this plan unless it were handled carefully, and besides he considered a general back-to-the-farm movement economically impractical. Perhaps, he said, unemployed families could remain where they were, and the men be given tracts of land near their residences to which they would be taken for about a week at a time.[12] The large community-type movement, Black stressed, was utterly impracticable. "The most promising opportunities for really helping the unemployed," said Black, "lies in further expansion of the city garden idea. . . ."[13]

Black's attitude toward the back-to-the-farm movement was essentially that held by Secretary Hyde. When discussing the movement, Hyde often stressed an additional point as well. Abandoned farms, he said, were abandoned for good reasons. It was foolish, then, to think that inexperienced city persons could make a living on land that experienced farmers had left. Moreover, since the major problem of agriculture was overproduction, he explained to George A. Kuyker, chairman of the Editorial Board of the Southern Workman, a general back-to-the-farm movement would have to be restricted to those persons who could finance their own move back to the farm. There were good land values available for such people, Hyde concluded.[14]

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[12]Ibid., 11.

[13]Ibid., 19.

[14]Hyde to Kuyker, March 24, 1932, National Archives,

The actual sentiment of a great many farm leaders toward the back-to-the-farm movement was succinctly expressed by Alexander Legge in a letter to Dan Wallace, publisher of the Farmer. In such proposals, Legge said, "I think I sense a disposition on the part of the municipal authorities and the relief workers to 'pass the buck' by getting the immediate burden off of their shoulders and transferred to some other locality. All of these plans are deficient to the extent that they contemplate only an organized effort to get these poor people planted somewhere on a bit of soil."[15]

Agricultural journals also generally opposed the back-to-the-farm movement. Such organized schemes, stated the Nebraska Farmer in June, 1932, would be at the expense of agriculture, which was already overburdened. "There has been too much disposition," wrote Editor Samuel R. McKelvie, "to look upon farming as a catch-all occupation, devoid of business principles, undeserving of stability, and a haven for unemployed and inexperienced men who have no other work." The rub, said McKelvie, a former member of the Farm Board, came for the established farmer, who "with many thousands of dollars invested in land, buildings and equipment, must compete with these marginal producers for whom farming is not a business. He must maintain a home and educate his

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R. G. 16.

[15]Legge to Wallace, May 24, 1932, copy in National Archives, R. G. 16.

children from the products of his farm. He has no other income. His industry, agriculture, is being called upon to bear an extra burden. Is it fair?"[16]

The Progressive Farmer doubted that city people could bring themselves to live under the conditions farmers faced. "There may come a time," it editorialized,

> when many people in dire extremity will be forced back to the land to exist. But if they go, it will be onto margin lands that can be utilized economically only in grain and timber. These people must content themselves with a bare existence if they are to remain on these lands indefinitely. Will people who are accustomed to city life be content with this and no more? We don't believe they are ready for it yet.[17]

While farm journals opposed the back-to-the-farm movement, many urban newspapers and journals saw it as a solution to city unemployment. The Atlanta Constitution was most active throughout 1932 promoting the idea. Articles in such magazines as Harpers and The Magazine of Wall Street also stimulated interest in such proposals.[18] Farmers, disdaining this approach of their city cousins, looked to the government for their aid.

The demands of agriculture were voiced by three na-

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[16]Editorial, Nebraska Farmer, LXXVII (June 25, 1932), 6.

[17]Editorial, Progressive Farmer, XLVII (September, 1932), 30.

[18]C. S. Burton, "Farmers Themselves Can Solve Agriculture's Dilemma," The Magazine of Wall Street, LI (December, 1932), and John Crowe Ransom, "Land! An Answer to the Unemployment Problem," Harpers, CLXV (July, 1932).

tional farm organizations--the American Farm Bureau Federation, the Patrons of Husbandry, or Grange, and the Farmers' Educational and Cooperative Union of America. With a membership of one and a quarter million in 1932, the American Farm Bureau Federation was the largest of the three national organizations. Led by Edward A. O'Neal, it claimed forty-two state federations, eighteen hundred county organizations, and fifteen thousand local bureaus.[19] An Alabama farmer, O'Neal was born in 1875 and was educated at Washington and Lee University. He came up through the ranks of the Farm Bureau serving in positions of local and state leadership. He was elected president of the Alabama Farm Bureau in 1923, vice-president of the national organization in 1924, and rose to the presidency in 1931.[20] In the legislative fights of the 1920's the Farm Bureau supported the McNary-Haugen plan, a scheme noted earlier, designed to bring equality to agriculture by "making the tariff effective." With the passage of the Agricultural Marketing Act in 1929, the Farm Bureau temporarily dropped the equalization fee and gave nominal support to the Hoover marketing plan.

In August, 1931, a meeting of several state Farm

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[19]House Committee on Agriculture, Hearings, _Program of National Farm Organizations_, 72d Cong., 1st Sess., 1932, p. 14.

[20]For a biographical sketch of O'Neal see Orville M. Kile, _The Farm Bureau Through Three Decades_ (Baltimore: The Waverly Press, 1948), 170-176.

Bureau leaders was held in Madison, Wisconsin. The state leaders, O'Neal reported to the press, had agreed that since the Agricultural Marketing Act had failed to control agricultural surpluses, the Farm Bureau must once again press for the equalization-fee plan.[21] Accordingly the Farm Bureau, in its annual meeting held in December, resolved to support the equalization fee before Congress.[22]

The Grange was the second largest national farm organization. In 1932, it claimed a total membership of eight hundred thousand organized into thirty-three state granges.[23] Louis J. Taber, born in Ohio in 1878, was master of the Ohio Grange from 1914 to 1921, director of agriculture for the State of Ohio in 1921-1922, and became president of the National Grange in 1923.

The favorite relief scheme of the Grange was the export debenture plan, a proposal first devised by Professor Charles L. Stewart of the University of Illinois in 1924. Two years later a bill incorporating Stewart's plan was introduced in the Senate by Senator William B. McKinley and in the House by Representative Charles Adkins, both of Illinois. However, the bills were not reported out of committee. At its annual meeting in 1926 the Grange gave a firm endorse-

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[21] New York Times, August 12, 1931, p. 13.

[22] Ibid., December 10, 1931, p. 40.

[23] House Committee on Agriculture, Hearings, Program of National Farm Organizations, 23.

ment to the debenture plan, and three years later the Senate attached this system to the Agricultural Marketing Act. The House, however, refused to accept the amendment, and in conference the Senate committee agreed to drop the measure.[24]

The debenture scheme, like the equalization fee, aimed to achieve equality for agriculture by making the tariff effective. The method, however, was different. A bounty would be offered on those farm commodities which were in surplus. According to the proposal, exporters would receive from the Treasury certificates known as export debentures amounting to about one-half of the tariff rate. Within one year these debenture certificates would be received at face value in payment of custom duties or could be exchanged at 98 per cent of face value. Farmer cooperatives were to handle both the exporting of agricultural goods and the receipt of debenture certificates.[25]

The export debenture system was often criticized as a direct governmental subsidy to agriculture. The Farm Bureau, in comparing its farm relief proposal to that of the Grange, pointed out that the equalization fee would be financed by the farmers themselves. Farmers, they claimed, had never wanted a subsidy from the federal government.[26]

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[24]Joseph S. Davis, The Export Debenture Plan (Palo Alto: Food Research Institute, 1929), 1. President Hoover strongly opposed the plan.

[25]Ibid., 8-12.

[26]Ibid., 29.

Friends of the debenture plan could only answer that use of the system undoubtedly would bring about a general price increase. Farmers, they believed, would not sell their goods on domestic markets at a price lower than the world price, plus the export bounty. The Grange still supported this scheme in 1931.[27]

The Farmers' Union, the third largest of the national organizations, was organized in twenty-six states, and, according to its president, John A. Simpson, had a "potential" membership of 500,000.[28] The actual dues-paying members probably numbered considerably less than half that figure.[29] When testifying before a House committee Simpson was asked to reveal the number of paid-up members in his organization. He replied that he could not supply the information because "under Hoover, they have not been able to pay."[30]

The Nebraska-born leader of this militant organization, studied law at the University of Kansas, and in 1901 moved to Oklahoma Territory to become a farmer and banker.

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[27] New York Times, September 28, 1931, p. 39.

[28] House Committee on Agriculture, Hearings, Program of National Farm Organizations, 23.

[29] Minutes of the Twenty-Seventh National Convention of the Farmers' Educational and Co-operative Union of America (Kankakee, Illinois: Farmers' Union, 1931), 8-9.

[30] House Committee on Agriculture, Hearings on H. R. 7797, Swank Agricultural Bill, 72d Cong., 1st Sess., 1932, p. 33.

In 1930, after many active years in the Oklahoma Farmers' Union, Simpson was elected president of the national organization.[31]

Of the three men--O'Neal, Taber, and Simpson--Simpson was by far the most radical. He voiced his ideas on many occasions and never made an effort to veil his deep-seated economic convictions. Simpson's remarks in a radio speech in January, 1932, are representative of his economic philosophy. According to him there are two basic systems under which men live: the capitalistic system, and the cooperative system. "The capitalistic system is of the devil's making," Simpson asserted. "It has, as its foundation principle, selfishness, greed, avarice; it leads to theft, robbery, murder, suicide and war." On the other hand, said Simpson, "the cooperative system is based upon service instead of profit. It has as its attributes, unselfishness and the brotherhood of man. . . . I say to you," continued Simpson, "that no man who is a Christian has a right to want more than the average could have."[32]

Not surprisingly the Farmers' Union plan of agricultural relief differed materially from those supported by the

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[31]See Gilbert C. Fite, "John A. Simpson: the Southwest's Militant Farm Leader," Mississippi Valley Historical Review, XXXV (March, 1949), 563-584.

[32]John A. Simpson, "A Discussion of Unsolved Problems and Real Remedies," Simpson Papers, University of Oklahoma Library Archives, Norman.

Farm Bureau and the Grange. Simpson's proposal, although termed the domestic allotment plan, did not resemble the proposal of the same name sponsored by Milburn L. Wilson, and which later became the basis of the Agricultural Adjustment Act. The Farmers' Union scheme, first adopted by the organization in 1930,[33] was essentially a proposal to fix prices based upon the cost of production. A resolution passed at the annual meeting of the Farmers' Union in late 1931, demanded that farmers be guaranteed "a price based upon the cost of production plus a profit as computed by the Department of Agriculture," for all products domestically consumed.[34]

It is readily apparent that the three largest organizations held divergent views on agricultural relief. The leaders of these three groups realized that disunity sapped their strength. Therefore, on January 7 and 8, 1932, they met in Washington to formulate a common program. While they could not agree to unite behind one surplus-control system, they did agree that the Agricultural Marketing Act should be amended to include some plan such as the equalization fee or export debenture. Further, the three organizations supported a tax structure based mainly on income and inheritance taxes in order to relieve real property taxation,

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[33]Fite, "John A. Simpson," 566.

[34]Minutes of the Twenty-Seventh National Convention of the Farmers' Union, 8-9.

opposed a general sales tax, supported inflation of credit by the Federal Reserve Banks, and supported the independence of the Philippines.[35]

Those interested in the welfare of agriculture considered the joint statement a giant step forward. "It is extremely commendable," commented the Kansas City Star, "that the three great and powerful agricultural organizations should get together on a legislative program. Each of them has fostered an individual program in the past, frequently in conflict with each other."[36] Despite this early attempt at agreement, however, the national leaders could not drop their favored plans. Unity was not achieved.

There was, of course, a great deal of thinking on agriculture's problems being done by men who had no direct connection with organized agriculture. Many economists, for example, were concerned with the effect of the farm depression upon the general economy. Richard T. Ely, president of the Land Economics Association, declared in 1932 that the cause of the depression lay in problems of land economics. Wild fluctuations in rural and urban land values resulted from the lack of a land utilization policy. Before the 1930's there had been a long period in which the agricultural industry was expanding. Agricultural efficiency, Ely said, had

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[35] Dakota Farmer, LVI (February 6, 1932), 60.

[36] Weekly Kansas City Star, January 20, 1932, p. 4.

increased 50 per cent faster than population. Thus, Ely regarded this new condition of agriculture as one that marked "an epoch in our history which has received little attention as a turning point in American economic policies. From the beginning of our history, then, until 1931 America's land policies have been such as to encourage agricultural expansion without limit."

Ely believed that America needed a long-range intelligent land-use policy. There must be, he said, a thorough classification of America's land and measures taken for its proper utilization. Further, the effects of supply and demand should be considered in proper land use. To stimulate immediate recovery, Ely proposed the formation of a "Peace Time Army," organized to engage in public works.[37]

E. G. Nourse, another prominent economist, revealed his ideas for recovery in an article for Nation in April, 1932. Nourse argued that public and private finance and industrial improvement was needed first, and that agricultural recovery would then follow. He, like Ely, believed that land policy changes were needed. Nourse further thought that agriculture needed protection against mortgage foreclosure, tax revision, and the exploitation of submarginal lands by private sources.[38]

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[37]Richard T. Ely, Copy of paper sent to Herbert Hoover in National Archives, R. G. 16.

[38]E. G. Nourse, "Can the American Farmer be Saved?"

George N. Peek, an agricultural leader of the McNary-Haugen struggle, more or less withdrew from public farm policy discussions after the election of 1928. Yet he kept abreast of agricultural needs and when Edward A. O'Neal in early 1932 asked him for his estimation of what the current situation required, Peek replied that the Agricultural Marketing Act should be amended to provide for the inclusion of the equalization-fee plan, a sympathetic administration should be elected, and legislation to control short selling or hedging practices should be passed.[39]

One of the most vigorous groups pushing for agricultural policy revision was led by Milburn L. Wilson, a professor of agricultural economics at Montana State College. Wilson led a small group of dedicated men in offering a surplus-control scheme called the Voluntary Domestic Allotment Plan. Because of the significance of Wilson's proposals, they will be discussed in detail later.

Most interesting, but less important, were the relief plans farmers themselves presented to administration and congressional leaders. The actual effect of the depression upon their thinking is contained, in part, in the letters farmers wrote. These letters indicate serious thought by a great

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Nation, CXXIV (April 20, 1932), 460-462.

[39]Peek to O'Neal, February 1, 1932, Peek Papers, Western Historical Manuscripts Collection, University of Missouri.

many farmers who were perplexed but yet willing to tackle complex economic matters. Farmers offered their suggestions boldly, on the merit they might contain, and for the most part, with a desire to help. In the interest of the American Nation and the continued occupancy of the Capitol and the White House by the Republican Party, perhaps the administration should have paid more attention to them.

The idea of cooperative marketing was not without its supporters among farmers. The failure of cooperation as a depression cure was not taken as general condemnation of the movement. However, those who believed it held merit, also thought that changes in the system were needed. Some thought tighter organization of cooperatives was necessary and some felt that perhaps compulsory cooperation was needed.

An Iowa farmer wrote to Secretary Hyde that the Agricultural Marketing Act was good legislation. "But there is a dangerous distance between the Farm Board and those out on the production line. As it is now, the Farm Board is in the position of a well constructed roof of a building, but supported by numerous pillars, a dangerous condition if the wind should become quite strong." He asked Hyde to call a meeting of state governors, leaders of national farm organizations, state extension leaders, leading agricultural experts, and the Farm Board to develop better cooperative organization.[40]

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[40]R. M. Gunn to Hyde, January 28, 1932, National

Another farmer advocated added incentives to draw farmers into cooperative associations. A general organization, complete from the grass roots up, could control acreage, add more county agents, and promote the improvement of home and community life.[41] Another added that more and stronger consumer cooperatives would be a good adjunct to marketing associations.[42]

Some farmers, of course, sent ridiculous suggestions to Washington. One South Dakota farmer, for example, thought that if the administration wanted to put farmers back on their feet, it was necessary to "abandon all truck service, State, Inter-State, and City deliveries especially, and use horses and mules in their stead." The feed consumed by the horses and mules, he declared, would take care of the surplus problem. Furthermore, his plan would stimulate recovery of railroad companies.[43] Also from South Dakota, a farmer wrote that he had worked out a plan that would cure the agricultural depression in short order. He withheld his scheme, but offered to sell it to the government: "If you give me $50.00 in advance and $16.00 pension a month for three years

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Archives, R. G. 16.

[41]D. W. Haworth to Hyde, August 7, 1932, National Archives, R. G. 16.

[42]Harlan A. Riggs to Hyde, January 10, 1932, National Archives, R. G. 16.

[43]R. B. Mead to Henry T. Rainey, no date, Rainey Papers, Subject File, 1931-33, Library of Congress.

I [will] give you a way so the farmers can organise [sic] and set the price on wheat [at] $1.00 a bushel, hogs at $5.00-$6.00 [per hundred weight]." Farmers using his plan, he assured Secretary Hyde, could raise all the wheat and hogs they desired. Moreover, it would not interfere with nature, nor would it involve an additional tax. As a postscript, the farmer offered to "figure you a way so labor [will] have worke [sic]," for $1,000.[44]

A great many farmers who were concerned enough to write to Washington believed that some sort of price-fixing plan was necessary to agricultural recovery. The popularity of governmental price-fixing measured the distance which the depression had moved many farmers from the "rugged individualism" of the prior century. Farmers supported schemes ranging from simple price-fixing by governmental fiat to more sophisticated plans involving the computation of price levels based on cost of production and domestic allotments.

Those farmers who favored governmental price-fixing often did so because of its apparent simplicity. Hard times were caused by low prices. What better way existed to end the depression than a simple government order that neither wheat nor cotton could be sold for less than a certain price? This, said a ninety-year old retired farmer from Illinois, would save the farmer and also prevent the Democratic Party

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[44]William Ekelberg to Hyde, December 2, 1932, National Archives, R. G. 16.

from winning the 1932 elections.[45] Others believed that the agricultural problem had gotten so far out of hand that price-fixing, although a radical approach, was the only remedy remaining. "If we want to get any place and make things hum, we must guarantee to the farmer $1.00 for wheat, 75 cts. for corn and a fair price for cotton," wrote a Nebraska farmer to Secretary Hyde.[46]

Farmers usually linked the idea of price-fixing to cost of production. The concept of cost of production was a very popular one--one that easily caught the attention and won the support of farmers. What was more just and equitable than cost of production? No one, farmers repeated again and again, could be expected to operate for a return lower than what it cost to produce. Indeed, "cost of production" had an economic appeal that in some areas was beginning to rival that of the old, time-proved phrase--"equality for agriculture." After a legislative measure incorporating the cost of production-price-fixing ideas of the Farmers' Union was introduced in Congress early in 1932, most farmers writing to Washington did so specifically supporting that measure.

Other price-fixing suggestions stressed the concept

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[45]J. H. Crowder to Hyde, October 1, 1932, National Archives, R. G. 16.

[46]Claude A. Nethaway to Hyde, April 22, 1932, National Archives, R. G. 16.

of domestic allotment. From Virginia, Reginald J. Vickers, a gentleman farmer of Gordonsdale Farm, Faquier County, suggested a well-developed plan very similar to John A. Simpson's domestic allotment scheme. The government would fix a minimum price for grain and assign a quota to each farmer based upon the domestic need of the United States.[47]

Some of the price-fixing proposals sent to Washington by farmers advocated somewhat elaborate methods for establishing minimum prices. Several suggested the establishment of giant, government controlled cooperatives whose purpose would be to control prices. Late in the year came a typical message of this kind. "I sincerely believe," wrote Franklin Leary to Secretary Hyde, "the only successful plan of farm relief to be that of legislating into existence a Farm Co-Operative Association on a national scale. The purpose of this association to be the fixing of minimum prices. . . ."[48]

Whatever the method of fixing prices, farmers advocating this expedient knew that the government would have to play a dominant role in the affairs of agriculture. Some even believed that the way out for farmers was direct govern-

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[47]Vickers to Hyde, September 23, 1932, National Archives, R. G. 16.

[48]Leary to Hyde, December 22, 1932, National Archives, R. G. 16.

ment purchasing of all agricultural goods, with a guaranteed minimum price. A Mississippi farmer stated that he wanted the government to act as a middleman for farmers. "It would help the farmer," he wrote, "to receive a better price for this wheat and cotton and everyone agrees that it would actually help the country to pay him more, then the solution seems easy. The government could buy up the entire crop of wheat and cotton from the farmer at a guaranteed minimum of say one dollar per bushel for wheat and ten cents per pound for cotton."[49]

The most radical price-fixing scheme suggested by a farmer undoubtedly was that developed by C. C. Sheats of Montrose County, Colorado. On September 5, Sheats wrote to Hyde describing his plan. The depression was so severe among farmers, and of such duration, that Sheats believed the only curative step would be the establishment of an agricultural dictator. Once the proper organization had been developed and the dictator appointed, prices would be set, based on cost of production, which included a decent wage. Current surpluses could be disposed of by donation to charity or "otherwise," and production would be controlled by rigid marketing quotas. "We cannot," Sheats concluded, "do away with the law of gravitation, neither can we ignore the law of economics. But while we have been able to lead water

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[49]B. D. Holmes to Hyde, July 5, 1932, National Archives, R. G. 16.

around a hillside and make it irrigate a farm . . . I would not like to admit that there is not enough average intelligence in this nation to lend some direction to the plain law of economics."[50]

Secretary of Agriculture Arthur Hyde answered all price-fixing proposals with straightforward opposition. He gave no encouragement to those who would have the government fix prices. "I regret . . . that it is impossible for me to agree that the price can be fixed by law," he once wrote. "It is true that the price was fixed during the war, but the price was maintained not because it was fixed by legally constituted bodies, but because all the buyers in the world agreed to pay that price."[51] Hyde believed that fixing prices on agricultural goods would lead to demands for similar action by other industries. "The industrial community," he declared, "has its troubles also and its rights--and its power of votes--all of which it would be sure to assert sooner or later. The close relationships between commodity prices, wages, costs, and charges of all kinds make it difficult if not impossible to limit a price fixing program to any one group of producers."[52]

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[50]Sheats to Hyde, September 23, 1932, National Archives, R. G. 16.

[51]Hyde to F. S. Oglesby, April 1, 1932, National Archives, R. G. 16.

[52]Hyde to W. A. Shaeffer, December 23, 1932, National Archives, R. G. 16.

Responsible farm leaders such as Edward A. O'Neal, Louis Taber, and others also were wary of price-fixing panaceas. Similarly most farm journals, while desiring higher prices, feared that price-fixing was not the answer. Clifford Gregory, editor of the _Prairie Farmer_ and one of the most admirable of farm journalists, expressed the sentiment of this group in March, 1932:

> It is one thing to fix a price and another to get it. The government might fix a price on farm products and with the help of high tariffs, compel people in this country to pay that price. But not for all the crop. They would get along with as little as possible, and no government could make them buy the rest. At the same time the higher prices would stimulate production, and take an army to keep the holders of these unsold surpluses from bootlegging them for whatever they could get, and thus the whole plan would break down.[53]

Farmers were joined in their effort to influence government by many individuals whose connection with agriculture was sometimes very close, as well as by the generally interested citizen. Many of these also considered price-fixing an equitable solution to the farm problem. A cashier in a rural Nebraska bank, a Michigan industrial engineer, who called his scheme the Chase plan, and many others sent suggestions calling for price-fixing to the secretary of agriculture.[54]

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[53] Editorial, _Prairie Farmer_, CIV (March 5, 1932), 8.

[54] M. W. Dunlap to Hyde, May 9, 1932, and Warren L. Chase to Theodore Joslem, September 27, 1932, National Archives, R. G. 16.

The price-fixing idea drew significant support from William Gibbs McAdoo, who was being mentioned for the Democratic nomination in 1932. In a speech delivered in Houston, Texas, in March, McAdoo advocated the Farmers' Union approach. The government should fix prices, he said, on wheat and cotton consumed in the United States. McAdoo thought the price of wheat should be about sixty-five cents above the world price, and cotton about twelve cents above the world level. This could be maintained by a flexible tariff periodically adjusted by the secretary of agriculture, with the surplus being sold on the world market. In operation, each sale made would receive two prices. For his domestic allotment the producer would receive the fixed price, and for the percentage of his sale over the allotment, he would receive the world price. Violators of the plan would be punished by fine and imprisonment.[55]

Another price-fixing plan, developed by Francis J. Clair, a New York engineer, received some publicity in 1932. The so-called "Clair Plan to Restore Farm and National Prosperity," also similar to the Farmers' Union scheme, would fix prices for domestic consumption but would place no restriction on production.[56]

Suggestions from people of all occupations came into

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[55] New York Times, March 19, 1932, p. 24.

[56] William J. Goodman to Henry T. Rainey, no date, Rainey Papers, Subject File, 1931-33.

the Department of Agriculture. Several originated with processors of agricultural goods, who now supported ideas remarkably similar to the old McNary-Haugen bill.[57] Everett H. Holmes, a New Jersey attorney, suggested that farmers form an American Federation of Farmers which would provide agricultural financing and crop insurance.[58] A postmaster in Larimore, North Dakota, proposed a land bank system. The government, he wrote, should "pay each farmer one dollar per acre for each and every acre he would summer fallow." Funds for the project could be obtained from a tax of one cent per bushel on each bushel of wheat marketed.[59] Others proposed various schemes of financing agriculture, sponsored methods to cut production, or advocated some form of mortgage debt relief.

Some of the suggestions made by non-farmers were unusual, even humorous. A municipal judge in Kenosha, Wisconsin, proposed to president-elect Franklin D. Roosevelt, that the way to solve the farm problem was to permit farmers to run alcohol stills. Surplus grain, he said, could be converted into industrial alcohol.[60] From Greenville, Maine,

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[57]Moses Mayer to Hyde, December 22, 1932, Thomas J. Whitaker to Hyde, April 25, 1932, and A. Verstag to Hyde, January 28, 1932, National Archives, R. G. 16.

[58]Holmes to Hyde, September 21, 1932, National Archives, R. G. 16.

[59]J. D. Pierce to Hyde, December 26, 1932, National Archives, R. G. 16.

[60]<u>New York Times</u>, November 14, 1932, p. 18.

H. G. Hersey suggested that agriculture could be restored by teaching farmers the art of "mental science."[61] And in an article in Fertilizer's Green Book, Horace Bowker proposed to solve farmers' difficulties by a government loan of $100,000,000 to be used "for the sole and specific purpose of enabling farmers of this country to buy fertilizer." Everyone knew, he pointed out, that fertilizer meant increased yields, and increased yields resulted in higher income.[62]

More important than the actual suggestions contained in letters from non-farmers was the demonstration that a great many people realized that sick agriculture was a national problem affecting the entire economy, and as such worthy of governmental aid. Those who knew the agricultural problem first hand were worried over the way farmers were thinking. A Pennsylvanian, whose business brought him into daily contact with farmers expressed it well. "I am no farmer," he wrote, "and have no financial interest in farmers other than that their welfare is mine, but I know . . . that they are in [an] ugly humor and it is high time that the people in the cities and in our law making bodies recognize this."[63] The situation was, indeed, explosive. The

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[61]Hersey to Hyde, April 23, 1932, National Archives, R. G. 16.

[62]Horace Bowker, "Federal Loan of $100,000,000 Would Restore Farming Prosperity," Fertilizer's Green Book (October, 1932), copy in National Archives, R. G. 16.

[63]S. H. Livingston to Hyde, September 5, 1932, Na-

administration did not grasp just how turbulent it was.

The failure of the Hoover Administration to develop or sponsor surplus control legislation prompted the abundant thinking and talking on agricultural relief. Out of this activity came sufficient desire for change to cause eventually a new administration to bring about a sharp shift in agricultural policy. In the meanwhile, however, farmers and farm leaders, finding that the administration thought little of their ideas, looked to the Seventy-second Congress for help.

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tional Archives, R. G. 16.

CHAPTER IV

CONGRESS AND FARM RELIEF

In January, 1932, Clarence Poe, noted farm journal editor, wrote: "We have come to the forks of the road in America. The 72d Congress will decide which way to go. We shall stabilize poverty. Or else we shall stabilize prosperity. It is for Congress to decide."[1] Poe correctly stated that the United States faced a turning point, but he was mistaken when he thought that the Seventy-second Congress was capable of making this basic decision. Its failure to face up to farm relief needs influenced the voters of farm states when a decision was finally made on November 8, 1932.

The make-up of the Seventy-second Congress made it particularly difficult for the members to work effectively. In the Senate there were forty-eight Republicans, forty-seven Democrats, and one Farmer-Laborite. And in the House of Representatives there were two hundred and eighteen Democrats and two hundred and fourteen Republicans. Thus the

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[1]Progressive Farmer, Texas Edition, XLVII (January 1-14, 1932), 6.

Republicans organized the Senate, and the Democrats, the House. Since neither party had a working majority, it would prove difficult to pass measures upon which there was not general agreement.

Herbert Hoover, especially, felt disappointed with the Seventy-second Congress. Of the forty-eight Republicans in the Senate, he considered only forty "real Republicans." Others, called the "sons of the wild jackass," Hoover said, were "of the left wing," and are "against us." The president would have preferred to allow the Democrats to organize the Senate, so that he could "thereby convert their sabotage into responsibility." Senator James Watson, Republican leader, however, objected to this.[2]

In the House, John Nance Garner was elected speaker. Hoover considered Garner a man of some merit when his actions were not determined by political considerations, which unhappily, Hoover thought, was the case in 1932. Henry T. Rainey, majority leader in the House, on the other hand was considered by Hoover as one who "held honorary degrees from all the schools of demagoguery." Rainey, Hoover later said, "proved to be an ardent collectivist of a muddled variety."[3] Rainey, from Illinois, was closely atuned to the legislative

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[2]Herbert Hoover, <u>The Memoirs of Herbert Hoover, The Great Depression, 1929-41</u> (New York: Macmillan Co., 1952), 101.

[3]<u>Ibid</u>.

desires of farm groups in his home state.

Farmers, throughout 1932, deluged members of Congress with demands for relief. One of the most popular methods of relieving problems of debtor classes has always been inflation. Farmers, who had been the heart of the Greenback and Free Silver movements of an earlier day, once again demonstrated overwhelming support of cheap money in letters sent to government officials, newspapers, and farm journals. Almost all leaders of organized agriculture, along with the farm journals, also favored inflation.

The significant support inflation commanded in the United States was reflected by the introduction of over twenty different bills in Congress in 1932 that would provide for cheapening the dollar in some way. Bills were introduced to establish a bimetallic system, to issue legal-tender money based on government bonds, for the free coinage of silver, and several other methods to achieve limited inflation. However, most interest came to center on the Goldsborough bill, one of the mildest of the inflation measures. Proposed by Representative Alan T. Goldsborough of Maryland, the measure contained no specific method to induce inflation, but declared that it was the policy of the United States to restore the "average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929. . . ." The Federal Reserve Board, the Federal Reserve banks, and the secretary of the treasury were given the responsibility of making the policy effective.[4] Whether or not the desired goal could have been obtained would, of course, have depended upon the economic philosophy and action of the administration. It is not likely that the Hoover Administration would have pursued inflationary measures even if Congress had passed the bill.

The Goldsborough approach to currency reform was especially appealing to several farm journal editors. Henry Wallace of Wallaces' Farmer and Clifford Gregory of the Prairie Farmer were particularly active in campaigning for the bill. Throughout the spring and summer of 1932 Wallace gave the Goldsborough, "Honest Dollar" bill as it was called, prominent coverage in his journal. Gregory likewise filled his pages with news of the campaign for inflation. Both men also appeared before Congressional committees considering the bill.

Originating in the House, the bill was reported favorably by the House Committee on Banking and Currency in April, and was debated in early May. Major support came from Representatives Henry B. Steagall of Alabama, William F. Stevenson of South Carolina, Fiorello La Guardia of New York, James G. Strong of Kansas, and Goldsborough; and opposition from Representatives William R. Eaton of Colorado, William H.

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[4]U. S., Congressional Record, 72d Cong., 1st Sess., 1932, p. 9410.

Stafford of Wisconsin, George Huddleston of Alabama, and Bertrand Snell of New York, the House minority leader. Opponents of the bill insisted that the measure represented a dangerous attempt to manipulate the currency. Huddleston declared that it held "shades of General J. B. Weaver and the Greenback Party." Moreover, as Eaton said, it would be impossible for Congress to maintain the average purchasing power of the dollar. The friends of the bill answered that the proposal itself was not inflationary, but only contained directives to the proper administrative officials to restore consumer purchasing power. La Guardia waxed eloquent in praise of the measure: "This bill is a heroic attempt to increase commodity prices. It is a drastic remedy for a sick and critical condition."[5] When the vote was taken, the bill carried 289 to 82.[6]

After House passage on May 2, the Goldsborough bill was sent to the Senate, where it was promptly considered by the Committee on Banking and Currency. Peter Norbeck, counted a friend of the measure by Henry Wallace, was chairman of the committee. However, Carter Glass, whom Wallace considered the major stumbling block to the "Honest Dollar" campaign, was a member of the same committee.[7] Representa-

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[5]Ibid., 9416.

[6]Ibid., 9432-9433.

[7]Wallaces' Farmer, LVII (May 14, 1932), 5.

tives Goldsborough and Strong as well as Wallace and Gregory testified before the Senate Committee. Wallace gave impressive testimony for inflation:

> I believe we have a scientific understanding, mechanical knowledge, and methods of mass production sufficient to enable us to enjoy a standard of living at least twice as high as we had in 1929. And I think we can have such a standard of living if our hearts are in the right place and we have up to-date machinery for industrial and social justice equivalent to our industrial progress and development. Monetary policy is a part of that machinery.[8]

Speaking for the administration, Governor Eugene Meyer of the Federal Reserve Board, repeated the testimony he gave before the House committee, that the government would find it impossible to do what the bill asked, since it would involve maintaining the world level of commodity prices.[9]

On June 1 the Senate committee reported an amended bill which omitted Goldsborough's sections and provided for an expansion of the currency of $100,000,000 based on government bonds. Knowing that this meant the death of the principle of the Goldsborough bill, Henry Wallace blamed Carter Glass for its defeat. He warned that:

> We are not deceived, and we are not discouraged. You have not seen the last of us. This sop thrown to us by Senator Glass may delay the cause momentar-

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[8]Senate Committee on Banking and Currency, Hearings on H. R. 11499 and S. 4429, Restoring and Maintaining the Average Purchasing Power of the Dollar, 72d Cong., 1st Sess., 1932, p. 47.

[9]*Ibid*.

> ily, but you will hear from us again and again, at the polls and in Congress, until justice and stability are introduced into the banking system and the price structure.[10]

On July 9, the Senate version of the Goldsborough bill was attached as an amendment to the Home Loan Bank bill by Senator Borah, and after some debate, accepted 53 to 18.[11] The "Honest Dollar" was rejected by the Seventy-second Congress.

The bill most popular with farmers in 1932, however, was not the Goldsborough bill, but one introduced by Lynn Frazier of North Dakota designed to provide mortgage relief. It, along with the Goldsborough measure, was looked upon by farmers as an attempt at real, immediate agricultural relief. Frazier's proposal provided for a new "Board of Agriculture," indirectly elected by farmers, to administer the suggested provisions. The Federal Farm Loan Banks could be instructed by the "Board of Agriculture" to loan money on farms up to "an amount equal the fair value of such farms and 50 per cent on the insurance evaluations of the improvements," at 1-1/2 per cent interest and 1-1/2 per cent payment on principal annually.[12] This was obviously a very drastic

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[10] Wallaces' Farmer, LVII (June 11, 1932), 4. Glass did not openly oppose the Goldsborough bill, either during committee hearings or during Senate debate. His sound money convictions and position of power in the Senate, however, make Wallace's charge plausible.

[11] U. S., Congressional Record, 72d Cong., 1st Sess., 1932, p. 15009.

[12] U. S. Senate, S. 1197, 72d Cong., 1st Sess., 1932.

method of refinancing farm mortgages that might possibly be a heavy drain on the federal budget. It found no favor among administration leaders.

Paul Bestor, farm loan commissioner, sharply criticized the provisions of Frazier's proposal before the Senate Committee in April. The low interest rate seemed particularly unwise to Bestor. "In the past," he said,

> the lowest interest rate obtained on Federal land bank bonds has been 4 per cent, and it would not appear how they could possibly be sold to the public at any such rate as 1 1/2 per cent. They would, therefore, have to be taken by the Federal Reserve Board and the trustees of the postal savings depository system. Furthermore, if such a low rate were provided, a very large part of the present agricultural debt to the Nation would be refinanced with no margin of security required and no means provided for absorbing the operating expenses and losses incurred by the banks.[13]

The Frazier bill, then, was not in accord with accepted business principles. Although it would be of temporary benefit to farmers, Bestor concluded, it would destroy the federal farm loan system.[14]

Secretary of Agriculture Hyde similarly believed the bill was potentially destructive and unwise. It was the antithesis of all his ideas of fiscal soundness. When Hyde was asked for a report on the bill, first by Senator Frazier

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[13]Senate Committee on Agriculture and Forestry, Hearings on S. 123, S. 1197, S. 1698, S. 3133, S. 3680, S. 4323, and S. 4427, Bills Relative to Farm Relief, 72d Cong., 1st Sess., 1932, p. 23-24.

[14]*Ibid.*, 25.

and then by Senator McNary, he answered that "the bill . . . is not conducive to the best interest of American farmers," and that it was "hostile to the best interest of Agriculture."[15] Hyde offered no explanation. He considered the bill openly destructive, deserving no detailed analysis.

Hyde's abrupt dismissal of the Frazier bill aroused many bitter feelings. Senator Frazier declared that Hyde's position on his bill was more than he could understand. The Senate, he said, had received little real help from the secretary of agriculture in formulating agricultural relief policies. "If we had a Secretary of Agriculture," he concluded, "who was willing to fight for the interests of agriculture, for the interests of the farmer, as is the Secretary of the Treasury [Ogden Mills] willing to fight for the interest of the bankers, the railroad companies, and other big business of the country, we might get some legislation which is not a compromise in behalf of the American farmer."[16]

Hyde, in a moment of extreme political ineptness, opened a hornets nest of resentment and protest. As soon as the Associated Press dispatch carrying Hyde's evaluation of the Frazier bill was published, E. E. Green, secretary

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[15]Hyde to Frazier, January 30, 1932, Hyde to McNary, March 5, 1932, National Archives, R. G. 16.

[16]U. S., Congressional Record, 72d Cong., 1st Sess., 1932, p. 11360.

of the North Dakota Farmers' Union, wired Hyde asking if he had been correctly quoted. Hyde replied that he had, and for good measure, repeated the statement. Green then wrote to Hyde:

> I feel that in justice to the farmers and in fairness to you, that you should be advised that your statement as quoted, without some very substantial analysis of your reasons for feeling this way about the bill, is very unsatisfactory to the people of this state. The mere statement that you feel that in your judgment this bill is hostile to the best interests of agriculture, and in view of the fact that every bill of this kind that has been presented in Congress has received a similar reception with nothing of a constructive nature offered in place of it, caused the farmers to justly feel that their cause is not being properly considered by yourself representing their industry, or by the general government.[17]

Green's correspondence was mild compared to some other letters. O. E. Erickson, a North Dakota farmer, also resented the fact that Hyde had criticized the bill without offering anything better. Erickson said that he was "one of those misguided suckers that took for granted four years ago that the republican administration would do something for the farmer and laborer," and now found that this same administration was "doing more to make this nation drift to communision [sic] than anything else. . . ."[18] The hard feelings toward Hyde did not subside quickly. In July, one

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[17]Green to Hyde, March 11, 1932, Hyde to Green, March 12, 1932, and Green to Hyde, March 17, 1932, National Archives, R. G. 16.

[18]Erickson to Hyde, July 3, 1932, National Archives, R. G. 16.

farmer, for example, was still sufficiently angered by Hyde's opinion of the Frazier bill to write:

> It is our judgment that you are misrepresenting the good people of this country. It is also the unbiased conclusion of us farmers of the northwest that it was by the virtue of a political pull that you landed this job as Secretary of Agriculture, not by virtue of anything that is based on merit or integrity. It is evident that you are speaking in behalf of the Insurance Companies and the international bankers of the country.
>
> Senator Frazier of North Dakota has a long record of unblemished public service to his credit, the like of which you could not even cast a shadow. We would not, for a moment question Frazier's integrity. We would, however, question your sanity.[19]

Hyde was entitled to his opinion that the Frazier bill was economically unsound, but farmers asked a perfectly valid question when they wanted to know what he had to offer in its place.

Throughout the spring and summer of 1932 farmers and farm groups continued to express their interest in the Frazier bill. Every major national farm organization supported it; numerous petitions came from local groups in farm states in the Midwest and Northwest; and the legislatures of Illinois, Montana, North Dakota, Minnesota, Wisconsin, and Iowa endorsed the bill.[20] The popularity of the measure in farm areas was significant indeed.

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[19] Boyd Daley to Hyde, July 3, 1932, National Archives, R. G. 16.

[20] Photostat of a resolution passed by the General Assembly of Illinois, April 21, 1932, in National Archives, R. G. 16.

But the petitions of farm organizations and letters of individual farmers changed no economic beliefs. Farmers could not get a mortgage refinancing bill from the Seventy-second Congress. It was never even seriously considered by more than a handful of Senators and not many more Representatives.

One of the few Senators who wanted the Frazier bill passed was Frazier's colleague from North Dakota, Gerald P. Nye. On May 27 Nye asked the Senate for a unanimous consent agreement not to adjourn before the Frazier bill was considered. Senators Reed Smoot and David Reed objected. "In the present condition of affairs," Reed said, Nye had no right "to ask for such an agreement of the Senate. The calendar is clogged with business in which various Senators are interested. I do not see why any particular bill should be picked out for preference. . . ."[21] On June 8 the Frazier bill came up for action on the Senate calendar, but at Senator Reed's instigation it was passed over.[22] On July 11, with no debate, it was sent back to the Senate Committee on Banking and Currency.[23]

Aside from the Goldsborough bill, the Frazier bill, and the Voluntary Domestic Allotment Bill, the only important

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[21]U. S., Congressional Record, 72d Cong., 1st Sess., 1932, p. 11360.

[22]Ibid., 12302.

[23]Ibid., 14997.

agricultural measures considered by Congress in 1932 were those lobbied by national farm organization leaders. The American Farm Bureau Federation, the Grange, and the Farmers' Union, all made concerted efforts to influence the passage of legislation in this critical depression year. Leaders of the three organizations, as noted earlier, made gestures toward unity early in 1932.

As evidence of agreement, O'Neal, Taber, and Simpson appeared before the House Committee on Agriculture early in January to present a general program agreed upon by all. O'Neal offered the following resolution which looked toward a bill combining the different relief schemes of the three organizations:

> We insist that the Agricultural Marketing Act should be continued in force as a principal method of stimulating cooperative marketing and advancing the cause of disposing of surpluses so that they will not depress the domestic price.
>
> The marketing act should be amended immediately by the inclusion of the debenture plan, equalization fee, or any other method which will make it effective on farm crops and in securing for American farmers cost of production on those portions of their crops sold for consumption in our own Nation; nothing less is a remedy for the agricultural marketing problem.[24]

O'Neal then explained the equalization-fee plan and indicated that his organization still favored this type of surplus-control legislation. However, he also expressed a

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[24]House Committee on Agriculture, Hearings, Program of National Farm Organizations, 72d Cong., 1st Sess., 1932, p. 3.

desire to see the ideas of the three organizations incorporated into a single measure which would permit the Farm Board to put any of the alternatives into effect. Taber, following O'Neal before the committee, first stressed the unity of the three organizations and then proceeded to explain in brief the export debenture system. When asked a question about the equalization fee he declined to answer. "I am not going to discuss the equalization fee," said Taber, "I am not as familiar with it as our Farm Bureau friends. We believe that the debenture is the best. We are not quarreling with them at all, but we believe that the debenture is the best."[25] Finally Simpson also spoke of unity and then presented his own program. His position was made perfectly clear when he declared that "the one thing that got us together was the statement 'to get for the farmers cost of production on those portions of the crop sold for consumption in our own Nation.'"[26]

Despite pronouncements of unity by the three leaders, their first appearance before the House committee illustrated unchanging devotion to their individual farm relief plans, while advocating a measure combining the three approaches. However, before jointly sponsoring their composite bill, later called the Three-way Plan of Farm Relief, each organi-

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[25]Ibid., 21.

[26]Ibid., 24.

zation attempted to get its own scheme passed by Congress.

The favored plan of the Farm Bureau, the equalization fee, had its chance in the legislative struggles of the Seventy-second Congress. One of its original sponsors, Charles McNary of Oregon, was chairman of the Senate committee on agriculture in 1932. On February 17 he introduced a bill that would amend the Agricultural Marketing Act by providing that the Farm Board could use the equalization-fee plan to control agricultural surpluses.

On February 18 hearings were held on the McNary bill, and at this time Edward O'Neal committed the influence of the Farm Bureau to the measure. With O'Neal was Earl C. Smith, president of the powerful Illinois Agricultural Association. Both men, along with other state Farm Bureau leaders insisted that the Agricultural Marketing Act be retained and strengthened by incorporation of the equalization-fee plan.[27]

In April Bernard Baruch lent his support to the equalization-fee scheme. On April 14, Baruch wrote that in his opinion "agriculture would do well to concentrate on adherence to that plan and I believe that in the broadening recognition of the necessity for the application of that principle to export crops, action might possibly be had even

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[27]Senate Committee on Agriculture and Forestry, Hearings on S. 3680, Amendment to Agricultural Marketing Act, 72d Cong., 1st Sess., 1932, p. 20.

in this session of Congress and before the election."[28] But the day of McNary-Haugenism had passed. It no longer commanded the support of a strong farm bloc, and despite the Farm Bureau and Bernard Baruch, the entombed measure was not resurrected.

The export debenture system was also proposed as a separate method of farm relief in 1932. Marvin Jones, chairman of the House Committee on Agriculture, authored the Grange-backed bill. Hearings were held on the debenture proposal by both agricultural committees in February. Louis Taber, master of the Grange, appeared before both in an attempt to boost the measure. Before the House committee Taber pointed out that the Grange realized the debenture was not a "cure-all for farm ills." He wanted the debenture, but was willing to accept the "equalization-fee and/or any other constructive method of lifting prices. . . ."[29] Before the Senate committee Taber attempted to answer the bill's critics. "Objection has been made again and again that the debenture is a bounty or subsidy," said Taber. "From our viewpoint, it is neither. It is a complement of the tariff structure. It is a drawback for the farmer. It is a method of equalizing tariff costs and increased pro-

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[28]Baruch to O'Neal, April 14, 1932, copy in Peek Papers.

[29]House Committee on Agriculture, Hearings on H. R. 7236, Farm Marketing Program, 72d Cong., 1st Sess., 1932, p. 4.

duction costs."[30]

Although nothing came of the Jones bill, the debenture plan was brought to a vote in the Senate. While the 1932 revenue measure was being debated in May, special interests caused its amendment to include tariff increases on oil, lumber, copper, and coal. Incensed at this display of catering to the powerful business interests, Senator Norris, on May 23, introduced an amendment which would make the debenture a part of the revenue bill.[31] On the next day Norris told the Senate that he had wanted to see the pending tax measure passed as quickly as possible, but when others had injected tariff advantages for specific industries, he was compelled to speak up for farmers, who were as bad off as those connected with the oil or lumber industries.[32]

The Norris proposal precipitated an extended debate. There was no organized effort to secure passage of the debenture, nor to stop it. Various Senators spoke; some favored the debenture and some opposed. Those opposing made no attempt to attack the debenture itself, rather it was suggested by Senators Joe Robinson, Carter Glass, and others, that the measure should not be taken up in a revenue

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[30] Senate Committee on Agriculture and Forestry, Hearings on S. 3680, Amendment to the Agricultural Marketing Act, p. 8.

[31] U. S., Congressional Record, 72d Cong., 1st Sess., 1932, p. 10942.

[32] *Ibid.*, 10981.

bill.[33]

The aversion to including the debenture in the revenue measure and the promise of Senator Charles McNary to bring a general farm relief bill to a vote in the current session, caused the defeat of the Norris amendment 46 to 33.[34] Twenty-one Democrats, eleven Republicans, and the Senate's Farmer-Laborite, supported the measure, while thirty Republicans and sixteen Democrats opposed it.[35]

Further illustrating the lack of unity among the major farm organizations during 1932, the Farmers' Union, like the Farm Bureau and the Grange, also sponsored its favored domestic allotment-cost of production plan before joining with the other two organizations behind the Three-way Bill. Senator Elmer Thomas and Representative Fletcher B. Swank, both of Oklahoma, attached their names to the proposed legislation.

Sincerely convinced of the need for drastic action, Elmer Thomas supported the more radical ideas of farm relief. He once wrote to a former president of the Farmers' Union: "My state is primarily an agricultural one and unless the farmers are placed back where they can get at least cost of production for their commodities, they cannot survive

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[33] Ibid., 11005 and 11011.

[34] Ibid., 11014.

[35] Des Moines Register, May 25, 1932, p. 1.

and the state instead of going forward will go back to where it was years ago." Thomas was deeply concerned over the problem of farm mortgage foreclosures in his state. Too much of Oklahoma farm land was coming under the ownership of eastern insurance companies and land syndicates. "Under no theory can this be for the best interest of our citizenship," he said.[36] Thomas was doing all he could for farm relief in 1932.

Thomas and Swank, working with John Simpson, introduced a measure early in the year to implement their ideas. In February Simpson appeared before the House and Senate committees on agriculture in support of the Thomas-Swank bill. Although entitled "A Bill to Abolish the Federal Farm Board and Secure to the Farmers the Cost of Production," Simpson who was responsible for the bill, declared that the Farmers' Union was not interested in abolishing the Farm Board.[37] Undoubtedly Simpson, a critic of the Farm Board, could not obtain support from the other agricultural organizations on that point. The indispensable portion of the measure, said Simpson, was not which agency administered it, but the cost of production feature.

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[36]Thomas to C. S. Barrett, May 23, 1932, Thomas Papers, Legislation, Correspondence, and Papers, University of Oklahoma Library Archives, Norman.

[37]Senate Committee on Agriculture and Forestry, Hearings on S. 3133, To Abolish the Federal Farm Board and Secure to the Farmer Cost of Production, 72d Cong., 1st Sess., 1932, p. 4.

Simpson's proposal called on the secretary of agriculture to determine the yearly amount of farm production necessary for domestic consumption, and to ascertain the cost of production for each commodity, including wages and interest on investment. This figure would then be the price at which each producer's domestic allotment could be sold. Simpson preferred that the portion of farm production above the "salable" domestic allotment--the surplus--be held on the farm and not placed in market channels. However, he did not consider this vital to the operation of the scheme and was willing to have the export debenture apply to it.[38] Further, Simpson opposed acreage restriction by government mandate. "The control of acreage," he said, "is very impracticable. We had better let the farmer produce what he wants to, but control the part he can sell and get the cost of production for what he can sell."[39]

The other two national organizations were also represented before the Senate committee when Simpson's remarks were heard. Fred Brenckman, Washington representative of the Grange, gave only qualified support. As far as general principles were concerned the Grange favored cost of production. "However," Brenckman said, "there may be differences of opinion regarding the plan or methods to be pursued in

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[38] Ibid., 4-5.

[39] Ibid., 8.

accomplishing the desired purpose. I have not been authorized specifically to endorse the provisions of this bill."[40] Chester H. Gray, Washington representative of the Farm Bureau, also spoke in favor of the general aims of the Thomas-Swank bill, but avoided supporting the price-fixing provisions.

If the Farm Bureau and Grange were dubious about Simpson's measure, the Department of Agriculture and the Federal Farm Board thought it was fantastically absurd. They were consoled, however, by the knowledge that it had no chance of enactment. A report on the bill was prepared by the Bureau of Agricultural Economics, but it was never sent to the agriculture committees. Nils Olsen, chief of the bureau, advised that no reply be made, and the report was filed. His conclusion, if Hyde did choose to send the report, was that the bill "offers no solution to the problem of reduced foreign and domestic demand and declining price levels, or to the problem of adjusting agriculture to the present situation. As it would injure agriculture severely, while offering no promise of relief from the present difficulties, we are opposed to it."[41]

James Stone, chairman of the Farm Board, thought the bill sufficiently important to send a letter defining his

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[40] Ibid., 29.

[41] Hyde to McNary, unsigned, undated note filed in National Archives, R. G. 16.

opposition to Charles McNary, chairman of the Senate agriculture committee. Stone defended the idea of a Farm Board separate from the Department of Agriculture and expressed doubt that it was possible to determine a profitable selling price for agricultural products without also fixing the price of goods which the farmer purchased.[42]

Nevertheless, the measure was popular with many farmers. In June and July, for example, several Grange and Farmers' Union groups in Idaho attempted to influence Senator William Borah through an organized petition drive.[43] Many other individual farmers also were writing to Washington advising passage of the cost of production measure.

Nils Olsen and Arthur Hyde calculated correctly; there was almost no chance for the Farmers' Union plan. It was far too radical and involved too much "government" for the Department of Agriculture and the Seventy-second Congress. The cost of production bill, as a separate measure, died in committee. However, these three relief measures--the equalization fee, the export debenture, and the cost of production-domestic allotment plan--were brought together in the so-called Three-way Bill. Attempts to secure the passage of this measure was the major farm organization program for

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[42]Stone to McNary, March 24, 1932, copy in National Archives, R. G. 16.

[43]Petitions found in Borah Papers, General, 1932, A-B, Box 330, Library of Congress.

1932.

The Three-way Bill was presented to the agriculture committees late in April. Under the sponsorship of Charles McNary, it combined the different schemes of the national organizations. According to its provisions the Federal Farm Board was instructed to select one of the ideas, or a combination of the different plans, to use in dealing with farm surpluses. This bill was as close to unity as the farm organizations could come. They still did not agree upon specific methods; they could only agree to submit their various ideas and let someone else make the final decision as to which would be used. However, the organizations acclaimed the newly achieved unity, and in a joint letter sent to Congressman Marvin Jones laid the responsibility for action upon Congress.[44]

Thus the three national farm leaders placed their last hopes on the plans they had supported in previous years. They opposed M. L. Wilson's domestic allotment proposal, the relief plan that was gaining popularity in 1932, and continued their opposition to Wilson's ideas until late in the year.

Now that the major organizations had achieved a measure of unity, at least on the surface, the Three-way Bill was reported out of committee essentially as they had

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[44]U. S., Congressional Record, 72d Cong., 1st Sess., 1932, pp. 11967-11968.

written it. The bill was debated in the Senate in June.

On the floor of the Senate the Three-way Bill had two vigorous supporters, Senators Elmer Thomas and Lynn Frazier. Both Thomas and Frazier pointed out that since the major farm organizations had finally agreed upon a single proposal they should be listened to, and the bill should be passed. Influential Senators such as William Borah and Peter Norbeck gave less than wholehearted support. Borah favored the export debenture scheme, while Norbeck leaned toward the Wilson domestic allotment plan.

Those opposed to the Three-way Bill were led on the floor of the Senate by Senator William H. King of Utah. He and others who spoke against the bill concentrated their heaviest fire on what they considered to be its weakest part--the price-fixing-domestic allotment portion. Their argument centered on claims that Simpson's plan was clearly unconstitutional. Most of the Senators who spoke agreed with the opponents of the measure on this point.

On June 15, the final day of debate, Senator Thomas continued to fight for the Farmers' Union section of the Three-way Bill. He had some hope for passage, for on that day he wrote to C. E. Miller, a constituent, that "we are planning today to pass . . . a bill incorporating three amendments to the existing Marketing act. . . ."[45] To bring

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[45]Thomas to C. E. Miller, June 15, 1932, Thomas Papers.

the influence of the Farmers' Union to bear, Thomas read into the record a letter from John Simpson. The major difficulty, Simpson wrote, was that the Senators did not understand the measure. He attempted once again to explain his domestic allotment proposal and finally suggested that "if any amendments to the bill would make it read more clearly," Thomas should offer such amendments.[46]

Senator Borah was convinced that the measure could not be further clarified by amendments. It was already all too clear, so clear in fact, that it was sure to receive a veto. Therefore, he offered an amendment to strike out the allotment provision hoping that the rest of the bill would pass.[47] A short time later, however, he reversed his position and withdrew the amendment. He had proposed the amendment, he said, because he was "quite sure that the allotment plan is not workable as presented in this bill, and I am quite sure it is not constitutional." He now had decided to withdraw his motion because the friends of the measure had insisted that the entire bill should "go up or go down together."[48]

Immediately after Borah withdrew his amendment Senator King moved to recommit the Three-way Bill. After a last

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[46]U. S., Congressional Record, 72d Cong., 1st Sess., 1932, p. 12980.

[47]Ibid., 12981.

[48]Ibid., 12987.

ditch effort by Norbeck to secure amendments to the Three-way Bill, the Senate decided to recommit the measure by a vote of 38 to 28 with 30 Senators not voting.[49]

With the defeat of the Three-way Bill farm leaders lost what they considered the best opportunity for legislation in 1932. The Three-way Bill was the culmination of all their efforts. Many days had been devoted to lobbying, but they failed. They failed, first because they had talked more unity than they had actually achieved. It is clear that each organization continued to support its own favorite plan, damaging even the shallow unity they had found in the Three-way Bill. Furthermore the Democrats in the Senate were reluctant to do anything that might increase Republican prospects in the coming election. And the conservative Republicans were not in favor of any new farm bill, but stood with Hoover and the old Agricultural Marketing Act.

The failure was more than that of farm leaders, it also belonged to the Seventy-second Congress. The record in regard to farm legislation was not one of which its members could be proud. The failure was compounded when placed in a setting of growing farm radicalism. In agricultural areas many farmers were becoming restive; the record of Con-

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[49] Ibid. Before adjournment there was one other attempt to pass a farm relief bill. That effort came as a result of the efforts of those men furthering the Voluntary Domestic Allotment Plan. It will be considered as a part of that movement.

gress confirmed their belief that they would soon be forced to take measures into their own hands.

CHAPTER V

THE FARMER AS A RADICAL

The economic conditions of 1932 and the failure of Congress to provide relief made it almost inevitable that dissatisfied farmers would register a loud protest. As Clifford Gregory remarked:

> The working people of this country have been robbed of the savings of a generation and now our financial overlords tell us that we need a revival of thrift! We should start saving again, so that in a few years there will be something more for the robber barons to steal! The American people are extremely patient, but even the worm will turn. Some day we will get tired of creating wealth for someone else to enjoy.[1]

A prolonged period of falling prices and inadequate income would eventually deprive farmers of their land, rendering them landless peasants. Thus the extreme economic dislocation was a giant opportunity for the advocates of the political far left to circulate their ideas. They knew that the farmer would not place his feet in the peasant's wooden shoes without a struggle.

Of all American agricultural regions, the area most

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[1]*Prairie Farmer*, CIV (May 28, 1932), 8.

ripe for political agitation was the Upper Central Plains, especially the drought areas of North Dakota and Montana. Here conditions were particularly depressed with farmers, as already noted, depending on loans from the government to provide their livestock feed and seed for planting. If American farmers could be converted to communism those living in this region would be among the first.

The center of communist activity in the Upper Central Plains was the small eastern Montana town of Plentywood in Sheridan County. The United Farmers' League, an extremist organization, provided the leadership. By 1932 the Farmers' League was openly espousing Soviet causes in the official organ of the League, the Producers' News. Published in Plentywood, the Producers' News bore on one side of its masthead an appeal to the farmers of the Northwest to join the Farmers' League and on the other side, the words of Karl Marx, "Workers of the World Unite!" The paper was quite concerned with problems of international communism. On December 31, 1931, for example, it carried a frontpage story entitled, "Chiang Government Ousted by Chinese Mass Revolt," in which Chiang was vilified and charged with being the agent of "the imperialist exploiters in oppressing the Chinese masses." In this and other issues prominent coverage was given to problems of the USSR and the Communist Party in the United States as well as to intensive criticism of the United States government and especially the farm policy of the Hoover Administration. In its 1932 pre-election issue the Producers' News printed pictures of William Z. Foster and James W. Ford, the Communist Party presidential ticket, above which were banner headlines urging all to "VOTE COMMUNIST!" In the same issue John Simpson, radical leader of the Farmers' Union, was singled out for special attack because of his vigorous support of Franklin Roosevelt.[2]

The overwhelming dissatisfaction with the seed loan program was one of many things that allowed the agitators of the United Farmers' League to arouse farmers in Montana and North Dakota. Early in 1932 the Grand Forks Seed Loan Office sent Frank S. Kremer, an attorney, to Plentywood to investigate the serious trouble the Office was having in the area. After making observations on the scene in Plentywood, Kremer reported that leftists associated with the United Farmers' League were stirring up trouble in Montana. "The situation at Plentywood," he wrote, "is extremely delicate. An organization has sprung up in that community under the name United Farmers' League, and the more conservative of the community accuse this organization of being directly allied with communism and state that they are openly preaching discontent and the ultimate overthrow of our present system of government."[3]

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[2]Producers' News, December 31, 1932, and October 28, 1932. The author located three different copies of the Producers' News, for the two days mentioned above and for December 18, 1931, in National Archives, R. G. 16.

[3]Kremer to Walter E. Eliff, January 8, 1932, Nation-

The executive secretary of the Farmers' League, Rodney Salisbury, successfully used the seed loan issue as the occasion to heap abuse on the Hoover Administration at the local level. Most of Salisbury's tirades were directed primarily at the county agent, E. G. Ferguson, and secondarily at Ferguson's fellow members of the County Loan Committee. In December, 1931, Salisbury wrote to Extension Director W. C. Warburton in Washington complaining about the men who administered the loan program in his county. These men, he said, did not "possess enough elemental decency to entitle them to an admission to membership in the infamous Italian Mafia." Salisbury had special vindictive phrases for Leo Zeidler, chairman of the County Loan Committee. Zeidler, Salisbury told Warburton, "will not deny the allegation of having poisoned a man to death for the purpose of taking possession and, finally, ownership of the man's land. Neither can he deny he has acted as a 'fence' for stolen automobiles and other convenient articles."[4] And so Salisbury and his colleagues continued, attempting to arouse discontent and create friction in this period of crisis.

Organizations such as the United Farmers' League could capitalize temporarily upon conditions existing in 1932, but could not have a long range effect among farmers.

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al Archives, R. G. 16.

[4]Salisbury to Warburton, December 29, 1931, National Archives, R. G. 16.

Farmers were basically conservative, and although they often raised the threat of communism in their efforts to shock the rest of the country into cognizance of conditions they faced, were not likely to embrace Marxist theory. In fact the most serious disturbance in farm areas came in the Corn Belt, that most conservative Republican stronghold, as farmers became possessed with the fear that they were about to lose their land. A few months earlier Iowa farmers had demonstrated how easily they could be aroused when in late 1931 the state militia was needed forcibly to administer tuberculin tests on cattle. At that time farmers participated in mass meetings and fondly talked of Bunker Hill and Lexington. As Donald R. Murphy, an agricultural journalist for Wallaces' Farmer and writing for the New Republic, recalled:

> They rallied like Minutemen when the alarm was sounded along the party line. They hurled stones and mud at deputies and veterinarians. At one farm a deputy, with drawn revolver, drew a deadline; a farm boy drew himself up like a corn-belt Nathan Hale and marched across it; the deputy did not fire.[5]

Now, in the summer of 1932 Iowa farmers began one of the most remarkable of all farm demonstrations--the so-called Farmers' Holiday Movement.

The driving force behind the farmers' "strike" was the radical element of the Iowa Farmers' Union. In March, 1932, members of the Farmers' Union approached leaders of

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[5]Donald R. Murphy, "The Revolt in the Corn Belt," New Republic, LXIX (January 27, 1932), 285.

the Farm Bureau proposing that the two groups unite to sponsor a farmers' "holiday" in which farm products would be withheld from markets.[6] Rebuffed by the more conservative Farm Bureau, the Farmers' Union proceeded with plans for cessation of marketing farm goods.

The first concrete move toward the strike took place on May 2, in Des Moines, when farmers from all parts of Iowa met to organize a formal association. With more than 2,000 farmers present, representing Iowa and other Midwestern states, the group named fiery Milo Reno, former president of the Iowa Farmers' Union, acting president of the National Farmers' Holiday Association. Under the spell of the oratory of Reno and others like John Simpson, who at this time referred to Hoover as that "foreigner in the White House,"[7] the delegates voted to begin a farm holiday on July 4. The strike would last thirty days or until prices had reached the cost of production level. However, due to price increases in June, the July strike was called off.[8] But when prices fell again in July the strike was rescheduled to begin on August 8.

The general aim of the Farm Holiday Association was

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[6]Julius Korgan, "Farmers Picket the Depression" (unpublished Ph. D. dissertation, Department of History, American University, 1961), 17.

[7]Des Moines Register, May 4, 1932, p. 1.

[8]Korgan, "Farmers Picket the Depression," 32.

to increase prices. Farmers wanted their state governments to declare an embargo on all farm commodities selling below cost of production. They further desired a moratorium on farm and chattel mortgage foreclosures until cost of production was achieved, and a special session of the United States Congress which would pass the Frazier bill, prevent importation of agricultural goods until cost of production was achieved, and pass a general price-supporting bill.[9]

Within one week after the strike started on August 8, Milo Reno claimed that it was already having a noticeable effect on marketing in Iowa. And indeed government reports indicated that hog receipts were down 50 per cent by August 11.[10] But Donald Murphy, again writing for the New Republic, stated that the first week of the strike showed small success. However, during the second week the milk producers of the Sioux City area began their own protest movement against low prices--a demonstration entirely unrelated to the Farmers' Holiday Association. The striking milk producers acted quickly against those who attempted to market milk in contradiction to their no-sell order. They poured the milk out on the highways leading into Sioux City. Their dramatic protest brought publicity to the entire problem of low prices and resulted in the Farmers' Holiday Association

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[9] Ibid., 22.

[10] New York Times, August 14, 1932, p. 1.

gaining converts rapidly.[11]

As the strike got under way the Iowa farmers first established picket lines on the roads leading into Sioux City. By August 16 about 1,000 farmers were picketing, and had effectively sealed off the city to agricultural products. Publicity from the Sioux City strike soon resulted in similar action by farmers in other parts of the state. The strike was well-supported from almost the beginning in Le Mars, Iowa. All highways entering this western Iowa marketing center were being picketed by August 14.[12] Under the oratory of men like Dennis Ryan, state director of the Iowa Farmers' Union, who on August 27 declared to a large audience that Iowa farmers would "have cost of production or we will have hell,"[13] the strike also spread to Omaha, Nebraska, other parts of Iowa, and into other states. Farmers joined the movement because they could see no alternative. Perhaps it was futile and could not raise prices, but listening to a farmer, who had just been subjected to a barrage of rotten eggs thrown by blockade runners, describe his own problems, support of the strike could be understood:

> I own a farm near Boone. My share of the oats crop from twenty-four acres on this farm was $40. My taxes on this same land amounted to $44.16. Be-

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[11]"The Farmers Go On Strike, I: The Blockade of Sioux City," New Republic, LXXII (August 31, 1932), 67.

[12]New York Times, August 15, 1932, p. 14.

[13]Ibid., August 28, 1932, p. 1.

> fore prices took a jump, I could buy a 400-pound packing sow for 90 cents a hundred or $3.60. At the same time, I went to a meat market and priced a 20-pound smoked ham. It was $3.20. I told them to go to hell; I'd buy a whole hog and cut off a ham.[14]

In North Dakota a movement to withhold wheat from the market actually predated the beginning of the holiday movement in Iowa. On July 22 about 1,000 farmers, meeting at Minot, North Dakota, demanded that farmers in North Dakota, South Dakota, and Montana hold their No. 1 Dark Northern Wheat on their farms until the price reached $1.20 per bushel on the Minneapolis market. They also asked the governors of the three states to place an embargo on shipment of wheat out of these states until their price demand was met.[15] Farmers in some parts of North Dakota thereafter began to withhold wheat from the market. On August 10 the Grand Forks Herald reported that farmers in the Grand Forks area had stored as much of their 1932 wheat crop as they could and were waiting for higher prices before selling.[16] A few days later a formal campaign, called the "Dollar Wheat Movement," was launched, with leader Dell E. Willis proclaiming that "there is no question about farmers holding their wheat. Many already were holding their grain before, and I

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[14]Wayne Gard, "The Farmers' Rebellion," Nation, CXXXV (September 7, 1932), 208.

[15]The Farmer, L (August 6, 1932), 13.

[16]Grand Forks Herald, August 10, 1932, p. 1.

believe many more joined today."[17] Willis announced that he was willing to cooperate with the leaders of the Farm Holiday Association,[18] which by now was well under way.

Within a short time a North Dakota Farmers' Holiday Association was organized with Usher L. Burdick of Fargo, president. By September 21, the day North Dakota farmers joined the strike movement, the Association claimed that thirty-one of North Dakota's fifty-three counties were organized. The farmers, said Usher, "'were working to beat the band,'" to build a strong state holiday association.[19]

In South Dakota E. H. Sauber, secretary of the South Dakota Farmers' Union, announced that his organization was not planning to call a strike. In fact, E. H. Everson, president of the South Dakota Farmers' Union, declared his opposition to interfering with the right of any farmer to market his produce.[20] However, a few days later, on August 28, Farmers' Union delegates met at Huron and voted to join the movement, fixing September 5 as the day on which to begin active participation.[21]

During the latter part of August and early September

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[17] Ibid., August 14, 1932, p. 1.

[18] New York Times, August 15, 1932, p. 1.

[19] Grand Forks Herald, September 21, 1932, p. 1.

[20] New York Times, August 17, 1932, p. 1.

[21] Ibid., August 29, 1932, p. 2.

the holiday movement spread into other states. In early September about 7,000 Wisconsin farmers voted to form a state holiday association. The farmers, however, declared that they opposed a farmers' strike such as that being held in Iowa, preferring instead to bring prices up by voluntary suspension of marketing.[22] By this time a Minnesota organization had also been launched and was well under way; and on September 15 over twelve hundred Nebraska farmers met at Fremont where they formed the Nebraska Farmers' Holiday Association. Many of the delegates present at Fremont, the Nebraska Farmer reported, also opposed highway picketing.[23]

Thus the strike spread as more and more farmers placed themselves on highways leading into Midwestern towns in their protest against the depression. These men--those who manned the picket lines--were traditionally the most conservative farmers in America. It was only natural that a great many Iowans were astounded at what they were witnessing. One described it like this:

> No one, then, if he has not lived there, can imagine the mental wrench which it must have cost those Iowa farm men and women last week to take weapons and go out on the beautiful new cement roads to put the ring of steel around Sioux City and keep the foodstuffs out.
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> . . . .
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> They are no victims of foreign agitators; they have been in America a long time--most for several genera-

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[22] Commercial and Financial Chronicle, CXXV (September 10, 1932), 1750.

[23] Nebraska Farmer, LXXVII (October 1, 1932), 8.

> tions; they are steeped in our traditions, acquired in little white schoolhouses which have now been swept away in favor of big "consolidated schools"; they read the Des Moines Register and the Chicago Tribune and are fond of Lincoln. . . . When Iowa resorts to violence, it is time to take horse and gallup through the countryside, calling: "Flee to the hills; the dam is going out!"[24]

The role of the radical was not new for farmers in the United States; but it was one that they had not filled for several decades. Mary Heaton Vorse visited Iowa during the farm strike and published her observations in <u>Harpers Magazine</u> in December. When she went among the highway picket lines she found "an immense earnestness about the farmers. They had been swung completely out of their orbit, but they were absolutely sure of the righteousness of their cause."[25] Miss Vorse traveled from group to group and continually heard farmers talking of revolution. The farmers, she wrote, often spoke of 1776 "when other farmers blockaded highways." One old man, she recalled, said "'They say blockading the highway's illegal. I says, seems to me there was a Tea-party in Boston that was illegal too. What about destroying property in Boston Harbor when our country was started?"[26]

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[24]Bruce Blevin, "The Farmers Go On Strike, II: Home Thoughts From Afar," <u>New Republic</u>, LXXVII (August 31, 1932), 68.

[25]"Rebellion in the Cornbelt," <u>Harpers Magazine</u>, CLXVI (December, 1932), 4.

[26]<u>Ibid</u>., 4-5.

The ideas in the minds of the striking farmers were relatively simple, and not profound. Their prices were low. The only way they could attempt to force a readjustment was by withholding their own products and forcing their neighbors to do the same if they would not do so voluntarily. One observer said that the farmer reasoned something like this: *"Over there is a city and beyond it are other cities,* all very rich, except that we have in our hands their stomachs. Cities cannot live unless we bring them their food. Now, whereas they are deaf to our troubles, therefore let us agree to stop bringing them food until they are ready to pay us a reasonable price."[27]

But, still the farmers continued to talk about revolution, and many observers feared that the situation was growing very explosive. William Allen White reported that the farmer by logic knew that the strike was destined to fail:

> But, nevertheless he rejoiced in it. Everywhere one heard--and particularly near the picket line--that "the old battle of the ballots is over and the new battle can not fail more terribly than the old one." For faith in democratic institutions, in parliamentary government, is beginning to wane among certain despairing Western farmers. This desperate group is not large; but is furtively looking for trouble. . . . The American farmer is deeply stirred. When the American farmer comes out to the road with a club or a pitchfork, the warning flag is out. There may be danger ahead.[28]

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[27]Garet Garrett, "Notes of These Times, The Farmer," Saturday Evening Post, CCV (November 19, 1932), 21.

[28]William Allen White, "The Farmer Takes a Holiday,"

Yet, it was plain to see that when these downtrodden farmers spoke of revolution they had no thought of a social upheaval in the communistic sense. Their enemy was the depression; or a far-removed, unknown group of men farmers called "the international bankers." Farmers made no threats against the upper classes on their picket lines.[29] Their methods were not those of the anarchist or of the "Revolutionary Red." Rather, farmers "stood doggedly upon the highway, in the manner of Ghandhi's followers, defying the truck drivers to crash into them."[30] And when this failed more forceful methods were employed, such as placing railroad ties on highways or large machinery belts with spikes protruding upward. However, two rules were more or less observed by the strikers: no guns would be carried, and no alcoholic beverages were allowed on picket lines.[31]

Despite the desire of the leaders of the Farm Holiday Association to avoid violence, it did occur. During the first two weeks of the strike there was practically no disorder on the part of strikers. On the night of August 16, one week after the strike began, a potentially explosive incident occurred, however, when a sheriff and several depu-

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Saturday Evening Post, CCV (November 26, 1932), 6.

[29]Vorse, "Rebellion in the Cornbelt," 7.

[30]Wayne Gard, "The Farmers' Rebellion," Nation, CXXV (September 7, 1932), 207.

[31]Ibid.

ties attempted to escort a group of trucks into Sioux City from South Dakota. The sheriff fired a sawed-off shotgun into the air as a warning to 200 picketers who blocked his way. The farmers overpowered the sheriff, took his weapon, and then allowed him to leave in peace.[32]

As time went on, and farmers became more and more impatient with those who tried to take produce into the cities, several serious incidents occurred. On August 29 Louis Stark reported to the New York Times that widescale disorders, sluggings and fights, had occurred throughout the day in Des Moines.[33] Two days later Stark told of the shooting of fourteen pickets in Cherokee County. At this point Milo Reno called a temporary truce to allow the governors of several Midwestern states to meet and consider the agricultural problem.[34] But the power unleashed by Reno and his colleagues could not be controlled so easily. The picketing continued and there were other cases of violence. On September 7, at Sioux City, farmers turned back a force of 100 deputies seeking to escort a convoy of livestock trucks into the city. The farmers blocked the trucks by hurling sticks and stones and shouting "this is our country." The deputies were armed, but did not fire at the farmers.[35]

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[32]New York Times, August 19, 1932, p. 19.

[33]Ibid., August 30, 1932, p. 1.

[34]Ibid., September 1, 1932, p. 1.

[35]Ibid., September 8, 1932, p. 1.

Farmers were growing more bitter as the rest of the country looked on in amazement. They were also demonstrating a great deal of dogged determination in their use of the strike as a protest movement. In reply to a reporter's question of how long farmers could continue withholding products from the market, a picketing farmer said: "Last! Man, how we can last! We've got plenty of potatoes in the ground, meat walking around; they can't put us out of our houses, can they? We can last all winter."[36]

The Farm Holiday Association enjoyed little support from the farm organizations of the United States. The American Farm Bureau Federation, as already indicated, had nothing to do with launching and sponsoring the strike. When the holiday began Edward O'Neal wrote all the county bureau leaders in Iowa asking them to lead farmers in opposing the strike. O'Neal sympathized with the desire to improve prices, but told the county leaders that he believed "the methods followed in the present instance cannot result in general success. Upsetting a few loads of milk and preventing farmers from hauling their produce into markets cannot right the wrongs from which we are suffering. . . ."[37] A few days later O'Neal remarked that the strike was "spon-

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[36]Garet Garrett, "Notes of These Times, The Farmer," 27.

[37]Orville M. Kile, <u>The Farm Bureau Through Three Decades</u> (Baltimore: The Waverly Press, 1948), 191.

sored by a limited group of misguided farmers with whom have become associated radical agitators."[38]

Most agricultural journals admired the attempt of farmers to do something themselves about farm prices. They admired, but they feared the attempt was futile. "The strike is admittedly a move of desperation," wrote Clifford Gregory in the Prairie Farmer. Although it appeared as if the strike would fail Gregory marveled that "the courage of pioneer ancestors still burns in the hearts of the farmers of the Middle West. They will not sit by peaceable while foreclosures reach wholesale proportions. A general farmers' strike may be hopeless. It may only add bloodshed and strife to bankruptcy. But what are these farmers to do?"[39]

Most agricultural journals supported the goals of the Holiday Association but believed the movement should be restricted to cooperative withholding of goods from markets with no picketing. The California Cultivator supported the purpose of the strike, but said "we are not in sympathy with the strong-arm tactics reported as now being employed to prevent others from supplying their markets. Just as labor has a right to refuse to work at reduced wages, so the producer has the right to refuse to sell his product at less than cost, but neither has the right, other than by moral

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[38] Des Moines Register, August 31, 1932, p. 1.

[39] Prairie Farmer, CIV (September 3, 1932), 4.

suasion, to prevent others . . . from selling their labor or produce. . . ."[40] Similarly Sam McKelvie of the Nebraska Farmer stated that farmers had no right to prevent others from marketing their produce if they chose.[41]

Most of the nation's press also sympathized with the farmers of the Middle West who acted so futilely yet nobly.[42] Newspapers published in farm areas were, of course, especially friendly to the strike. The Des Moines Register, however, feared the movement could not be controlled and would degenerate into violence.[43] The Register believed the methods of the Farmers' Holiday Association were dubious, but not its aspirations.[44] From the beginning, however, the New York Times ridiculed the strike. "The rise and fall of prices are not to be influenced by these trivial and severely parochial methods. If there is violence, the authorities will intervene. Farmers who participate in this ill-judged movement will be the main sufferers from it. They have been aware for some time that Federal farm relief was a gold brick. It is queer if even in a few Iowa counties farm

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[40]California Cultivator, LXXIX (August 30, 1932), 130.

[41]Nebraska Farmer, LXXIV (September 3, 1932), 6.

[42]Literary Digest (August 27, 1932), 6, and September 10, 1932, p. 9.

[43]Des Moines Register, August 26, 1932, p. 8.

[44]Ibid., August 19, 1932, p. 4.

leaders are leading some of them by the nose."[45] Later the Times "sympathized" with the striking farmers, but feared "mischief" would result.[46]

Business Week, reflecting the attitude of the United States Chamber of Commerce, believed the Farmers' strike was remarkably significant. Farmers on the road to Omaha, said Business Week, were caught in the tragedy of deflation. They could not reverse deflation "by shattering the windshields of a few trucks that try to break the blockade," the magazine declared. "The real juggernaut that has ground them down has been driven by forces against which they have been helpless, forces that are generated in the defects of our financial system." Thought should be given to new methods of raising the domestic price level of agricultural goods, said the editor, undoubtedly mirroring the ideas of Chamber President Henry Harriman.[47]

Although the farmers' strike stood little chance of materially affecting the price level of agricultural goods, it brought renewed attention to the economic collapse of the American farmers. Politicians of the farm states were particularly concerned with the well-being of farmers, and quickly responded to the farmers' strike. The governors of

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[45] New York Times, August 17, 1932, p. 16.

[46] Ibid., August 26, 1932, p. 16.

[47] Business Week, September 14, 1932, p. 32.

nine agricultural states of the Midwest decided to meet in Sioux City, when the mayor of that city invited them to come and make proposals to relieve farmers. Governors Warren Green of South Dakota, Floyd B. Olsen of Minnesota, Dan W. Turner of Iowa, and George Shafer of North Dakota attended the conference in person; and the governors of Nebraska, Ohio, Oklahoma, Wyoming, and Wisconsin sent official representatives. Part of the first day of the meeting, September 9, was spent listening to the demands of the Farmers' Holiday Association. The governors were told that they should declare an embargo on agricultural products selling below the cost of production that would continue in force until federal legislation had been passed that would insure cost of production, that they should press for a moratorium on mortgage foreclosures, and insist on passage of the Frazier bill.[48]

The governors were in session throughout September 9 and the following day. During both days they held open hearings, listening to the statements of national farm organization leaders, labor union leaders, and businessmen associated with agriculture. Telegrams, petitions, and resolutions making demands and bearing advice were sent to the governors. One, from George Peek, urged the conference to "frankly tell the country that responsibility for present

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[48]<u>The Farmer</u>, L (September 17, 1932), 6.

conditions rests with the present incumbent in the White House and his advisors. . . ."[49]

After public hearings and executive sessions were held, the governors made several recommendations. These men, who should have been completely familiar with conditions in their own states at least, believed that the disastrous agricultural situation of 1932 called for these remedies: the tariff should be revised to give more protection to agriculture; "a sound" currency expansion program should be commenced; agricultural credit should be expanded through the Reconstruction Finance Corporation; "surplus control legislation" designed to elevate the domestic price level of agricultural products should be passed; there should be a temporary moratorium on mortgage foreclosures; and feed and seed loans should remain uncollected until farmers were able to pay. The governors refused to support the request for an embargo on agricultural goods. There was no precedent for such action, they claimed, and they lacked the power to issue the necessary decrees. An embargo, they said, "can be accomplished by the farmers themselves through lawful voluntary cooperation. If the farmers of the agricultural states unite they can withhold their products from the food markets of the world as effectively as could be accomplished by governmental embargo."[50]

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[49] Peek to Governor Dan Turner, September 10, 1932, Peek Papers.

[50] "Report of the Governors' Conference," M. Q. Sharp

Except for the temporary suspension of mortgage foreclosures, the governors had very little to suggest. They asked for surplus-control legislation, but did not make any specific proposals.

Farmers were not satisfied with the answers coming from Sioux City. Miss Vorse noted the reaction of those of Madison County, Iowa, in the form of a resolution, written, she said, by farmers who had gotten mad. "Its numerous 'whereases,'" she remarked, "sound like angry bees buzzing."

> Whereas the recent interstate conference of governors held in Sioux City failed to take any positive and immediate action to solve the farmers emergency,
> And whereas the governors merely dug up the timeworn issue of "tariff," dusted it off and foisted it upon us as emergency relief,
> And whereas we know that destroying food while millions hunger is wrong,
> And whereas the governors walked around the spontaneous and universal demand of the farmers for a <u>complete debt holiday</u> by applying the phrase moratorium only to the 25 per cent of government real estate mortgages and that only until Congress convenes in December and whereas and whereas,
> Therefore, be it resolved that we consider the Governors' Conference a dismal failure.[51]

Many others expressed dissatisfaction with the recommendations of the Governors' Conference. Their first proposal--tariff revision--was most often singled out as especially inept. "Years, conferences, confabulations, Congresses pass," moaned the <u>New York Times</u>. "How long will it take to knock the sawdust out of the protection idol."[52]

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to Hyde, September 14, 1932, National Archives, R. G. 16.

[51]Vorse, "Rebellion in the Cornbelt," 9.

[52]<u>New York Times</u>, September 13, 1932, p. 20.

The New Republic remarked, "their first recommendation is the same old bunkum handed the farmers by President Hoover himself--tariff revision to give equality of protection to agriculture." This could not work, it was pointed out once again, as long as farmers were producing an exportable surplus.[53] The Des Moines Register was one of the few friendly commentators:

> Quite as much in what it says negatively and what it omits to recommend as in its definite recommendations, the governors' statement should help some in putting even the immediate agitation on a more level-headed basis than the road-blocking represented. And the result of the deliberations of several governors from as many states, with various political backgrounds, again emphasize the need of formulating for the nation as a whole a more specific program with a higher degree of unity among the farm groups.[54]

In defense of the Governors' Conference it can be said that they were powerless to really do anything to help farmers--this was a national problem. They did lose an opportunity to demonstrate to farmers their sincerity by making more explicit recommendations to national political leaders. Their failure was not as foreboding as that of Congress. For Congress possessed the power to act.

The Governors' Conference was the high point of the 1932 Farmers' Holiday movement. Its failure to adopt any of the major provisions of the Association seemed temporarily

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[53]"What Can the Farmer Gain?" New Republic, LXXII (September 21, 1932), 137.

[54]Des Moines Register, September 13, 1932, p. 6.

to take the wind out of the sails of the protesting farmers. Some die-hards continued picketing, although, as Milo Reno stated, this was unauthorized by the Association.[55]

It was several days before the leaders of the Farm Holiday Association publicly reacted to the governors' statement. On September 18, the Executive Council declared it inadequate and called for resumption of the farmers' strike. Now, however, the ban on marketing was to apply only to livestock and grain. It was to be in effect for thirty days, and if at the end of this period cost of production had not been reached, perishable goods were also to be withheld from the market.[56] Some sporadic picketing continued after Reno called an end to such activity, but only a little. Farmers began to give more of their attention to the presidential campaign as election day approached.

As news of the farmers' protest left the front pages of American newspapers, it was evident that it had not materially affected the price level of farm products. While livestock and other goods did not move into Iowa as they had before the strike started, other markets remained open, and prices continued at low levels.[57]

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[55] New York Times, September 13, 1932, p. 15.

[56] Ibid., September 19, 1932, p. 2.

[57] Theodore Saloutos and John D. Hicks, Agricultural Discontent in the Middle West (Madison: The University of Wisconsin Press, 1951), 446.

When Congress convened in December in the 1932 "lame duck" session there was one final organized farmer protest. At this time a "Farm Relief Conference" was staged in Washington, D. C., to pressure Congress into passing favorable farm legislation. Several hundred farmers, representing the more radical elements of the Fall protest movement,[58] arrived in Washington around December 7 demanding a moratorium on farmers' debts, especially on evictions on tax sales, and legislation to implement price-fixing on agricultural goods. The conference ridiculed production-control schemes, such as the Voluntary Domestic Allotment Plan, then being favorably discussed.[59]

The Farm Relief Conference was organized and led by Lem Harris, an extremely liberal thinker. His association with the conference, plus other things, prompted some persons to believe the conference was sponsored by "Reds." A report on the December meeting was prepared by "The American Vigilant Intelligence Federation," an organization whose purpose was obvious from its name. The "Federation," with one H. A. Jung, general manager, claimed:

> It has been absolutely known to us for sometime that communist influence was back of the scheme of the conference. It is known that as early as October 1932 there was held in New York, N. Y., and in Omaha,

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[58]U. S. Department of Agriculture, <u>Daily Digest</u>, XLVII (October 12, 1932).

[59]<u>New York Times</u>, December 9, 1932, p. 14, and December 11, 1932, IV, p. 8.

> Nebraska, conferences on arrangements for this plan. At each conference several strangers, presumably expert agriculturists, were in attendance. These two were very quiet, said little and were introduced as coming from Europe to make a survey of conditions on the farms of America.[60]

It was strongly implied that the Farm Relief Conference was directed and controlled by Russians. Further, a special report was prepared on Lem Harris in an attempt to smear the Conference. Harris, it was revealed, was a Harvard graduate, a "research" student for Amherst, a special writer for the Federated Press, a communist paper, had visited the Soviet Union in the fall and winter of 1930-31, was a speaker for the "Friends of the Soviet Union," had contributed to the Moscow News, and was vice-president of the Nebraska State Holiday Association. Harris, the report indicated, had never been a farmer.[61]

As far as influencing either President Hoover or Congress, the Farm Relief Conference had no success. It obviously did not represent the mass of farmers. Further, this protest demonstration, like others, could not move a Congress that seemed dedicated to demonstrating its complete ineptness.

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[60]"Farmers' National Conference Held in Washington, D. C., on December 7-10, 1932," National Archives, R. G. 16.

[61]"Report on Lem Harris," National Archives, R. G. 16.

CHAPTER VI

THE DOMESTIC ALLOTMENT PLAN

The extreme conditions that caused many farmers to despair and man picket lines in 1932 also stimulated serious consideration of basic agricultural policies. Perhaps the most influential of those studying new approaches to farm problems was Milburn L. Wilson of Montana State College. During the 1920's Wilson and a few others had viewed the equalization fee and debenture proposals with some misgivings. The goal of these plans was higher prices. If this occurred, they reasoned, then there would be a rise in production that would in time offset benefits derived from either of the proposals.[1] Therefore higher prices would have to be achieved by some method that did not at the same time cause farmers to produce more. Dissatisfaction with the equalization-fee scheme prompted W. J. Spillman, economist with the Department of Agriculture, to write a book in 1927, entitled Balancing the Farm Output, which advocated a domestic allotment plan. However, since the

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[1]Wilson to Clarence Poe, October 26, 1932, Wilson Papers, Montana State College, Bozeman, Montana.

equalization fee had overwhelming agricultural support the Spillman ideas went largely unnoticed.[2]

At about the same time Spillman was developing his thoughts, Dr. Beardsley Ruml of the Rockefeller Foundation, after intensive study of the farm problem, worked out a similar plan. Ruml took his scheme to John D. Black of Harvard,[3] who put it in concrete form and published it in his Agricultural Reform in the United States.[4]

The plan described in Chapter X of Black's book was based on the assumption that domestic prices could be raised by limiting the volume of domestic sales. That portion of the crop consumed by the home market was called the domestic allotment. Each farmer would be issued allotment certificates representing his share of domestic sales. These certificates were to be purchased by processors who were required to present them when moving goods into the domestic market. Products could be exported at the world price without the certificates. Black reasoned that the farmer's income would be increased because he would receive the world

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[2]M. L. Wilson was one of those who did notice Spillman's work. Wilson was with the Department of Agriculture in charge of farm management and cost accounting. Russell Lord, The Wallaces of Iowa (Boston: Houghton Mifflin, 1947), 299.

[3]Wilson to Louis S. Clarke, March 25, 1932, Wilson Papers.

[4]John D. Black to Wilson, February 3, 1930, Wilson Papers.

price for all of his crop, plus the value of the domestic allotment certificate on that portion of the crop used at home.[5] Proponents of the plan claimed that farmers would reduce their production when they saw that higher returns were received on that part of their crop which went into domestic sales, or their allotment. In essence, then, the voluntary domestic allotment plan provided a different method of handling the surplus. It called for separating the surplus from the needs of the domestic market and giving farmers a type of tariff benefit payment on this portion of the crop.

Black's treatment of the domestic allotment plan gave M. L. Wilson new enthusiasm for agricultural policy change. In January, 1930, he wrote to Black praising Agricultural Reform in the United States as the outstanding "economic book of the times."[6] Wilson had already begun to explain the Black plan before meetings of Montana farmers who turned out to be very receptive. He was sure, he wrote to H. R. Tolley, at this time head of the Giannini Foundation in California, that he could "hook them 100%." Full of enthusiasm, Wilson declared that he believed he "could drop some firebrands on this Black domestic allotment propo-

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[5]Chester C. Davis, "The Development of Agricultural Policy Since the End of the World War," Yearbook of Agriculture, 1940 (Washington: U. S. Government Printing Office, 1940), 316.

[6]Wilson to Black, January 29, 1932, Wilson Papers.

sition and produce a sizeable prairie fire without much trouble."[7]

The prairie fire Wilson started did not burn with much force until 1932. By that time he had won the support of Henry A. Wallace, Louis S. Clarke, an Omaha investment banker, Henry I. Harriman, influential president of the Boston Chamber of Commerce, and others. By his own account Wilson's efforts were not bearing fruit until Clarke and Harriman put their "shoulders to the wheel."[8]

An important added emphasis was attached to the domestic allotment plan by Henry Harriman in 1932. The owner of a large Montana ranch, but primarily a businessman, Harriman believed in the value of economic planning and thought it should be applied to relieve farmers of surplus production.[9] Harriman suggested that instead of using allotment certificates which processors would be compelled to buy, Congress should levy an excise tax on agricultural goods at the processing point. Farmers would receive payments from the fund created by the tax on the basis of their domestic allotment, if they agreed to limit planted acreage in accord with national needs as determined by an agricultural board.

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[7]Wilson to Tolley, January 29, 1932, Wilson Papers.

[8]Wilson to Clarke, March 25, 1932, Wilson Papers.

[9]Gilbert C. Fite, George N. Peek and the Fight for Farm Parity (Norman: University of Oklahoma Press, 1954), 230-231.

In March Harriman spent two hours with Black trying to convince him that his suggestions would improve the plan; but although Black promised to think Harriman's ideas over, he remained skeptical.[10]

However, when objections were later raised that the allotment certificate procedure was unconstitutional, Wilson accepted Harriman's proposals. Wilson realized that Congress could not compel processors to buy allotment certificates, but that an excise tax was within congressional power.[11] Moreover, production could be more effectively controlled by use of a contract between the government and farmers.

When the Harriman suggestions, involving a concrete method of restricting acreage, were accepted by sponsors of the domestic allotment plan, the proposal became something more than a warmed over equalization-fee scheme. It struck directly at the problem of surpluses. The domestic allotment plan thus became a much more promising proposal, one that had a better chance of correcting agricultural difficulties than any of the older schemes. Friends of the farmer had long realized that surplus production was agriculture's major problem, but until this time few had dared to advocate a plan other than voluntary reduction as a means of reducing

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[10]Harriman to Wilson, March 12, 1932, Wilson Papers.

[11]Wilson to Clarke, May 16, 1932, Wilson Papers.

surpluses. Most leaders of organized agriculture, however, refused to follow the new approach. It is significant that a businessman suggested tactics whereby production could be controlled. If Congress accepted such a plan, the government would become even more deeply involved with agricultural planning.

Early in 1932 Harriman made still another suggestion to the proponents of the domestic allotment plan. They should, he thought, hold a meeting in order to draft a domestic allotment bill and perfect a promotional organization.[12] Again accepting Harriman's idea, Wilson, through W. L. Stockton, vice president of the Montana Farm Bureau, invited agricultural economists, businessmen, agricultural editors, and representatives of farm organizations to a meeting in Chicago on April 19.[13] On the selected day the meeting convened with several prominent men in attendance, including George Peek, Harriman, who a short time later was elected president of the United States Chamber of Commerce, Henry Wallace, Beardsley Ruml, Louis S. Clarke, Chester C. Davis, agricultural economist, Walter McCarther, president of the Capitol Elevator Company, Osland F. Webber, president of Allied Chemical and Dye Corporation, R. R. Rodgers of

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[12]Wilson to Louis S. Clarke, March 10, 1932, and Wilson to John D. Black, March 11, 1932, Wilson Papers.

[13]W. L. Stockton to Robert Lusk, April 7, 1932, Lusk Papers.

the Prudential Insurance Company, and W. R. Ronald, editor of the Mitchell (South Dakota) Evening Republican.[14] Wilson, the acknowledged leader, presided over the meeting. Guided by Black's chapter, and some preliminary work done by Wilson,[15] the group drew up a legislative draft applying the domestic allotment plan to wheat, cotton, and tobacco.[16]

More important than the legislative draft, a promotional committee was selected. Wilson had earlier realized that such a committee was necessary to provide publicity for the plan.[17] Headed by Wilson, this group consisted of Clarke, Wallace, Ronald, and Rodgers. It was the inner core of those dedicated to winning acceptance of a new approach to farm policy.

Immediately after the Chicago meeting Wilson sent a copy of the proposed bill to Senator Charles McNary, chairman of the Senate Committee on Agriculture and Forestry.[18] He then left Chicago for Washington to present the plan to

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[14]Wilson to James C. Stone, April 9, 1932, Ezekiel File, History Section, Bureau of Agricultural Economics, National Archives.

[15]W. R. Ronald, "Memorandum," copy in the files of Professor Gilbert C. Fite, University of Oklahoma; and Wilson to Louis Clarke, March 25, 1932, Wilson Papers.

[16]<u>Evening Huronite</u> (Huron, South Dakota), April 20, 1932.

[17]Wilson to John D. Black, March 11, 1932, Wilson Papers; and Fite, <u>George N. Peek</u>, 233.

[18]Wilson to McNary, April 20, 1932, copy in Peek Papers.

McNary and other administration and congressional leaders.

In Washington, Wilson and the domestic allotment proposal had strong support from South Dakota's Senator, Peter Norbeck, who had been influenced by Ronald. Norbeck had been urged to attend the Chicago meeting, and although he had intended to be present, found it impossible to leave Washington.[19] With Norbeck's aid Wilson was able to contact various influential individuals in Washington. On April 22, he outlined the domestic allotment plan to the members of the Federal Farm Board.[20] A few days later, on April 27, he discussed it with the Senate agriculture committee. Wilson left Washington greatly encouraged over the reception he had found.[21]

On the return trip to Montana, Wilson stopped off at Mitchell, South Dakota, to confer with Ronald,[22] who had been placed in charge of publicity at the Chicago meeting. Ronald's contact with Wilson and the domestic allotment plan made him an enthusiastic campaigner. He began to print publicity in his own plant at his own expense, arranged for articles in agricultural journals, and filled personal speak-

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[19] Ibid.; Evening Huronite, April 20, 1932; and Robert Lusk to Norbeck, April 9, 1932, and Norbeck to Lusk, April 18, 1932, Lusk Papers.

[20] U. S. Federal Farm Board, Minutes, XII (April 22, 1932), 44, deposited in National Archives.

[21] Mitchell Evening Republican, April 26, 1932, p. 1.

[22] Ronald to Lusk, April 28, 1932, Lusk Papers.

ing engagements in behalf of the proposal.

During the weeks and months that followed the committee of five appointed at Chicago attempted to win the support of prominent persons and organizations. Through heavy correspondence and other forms of personal contact they explained the advantages of the domestic allotment scheme. Louis Clarke, one of the committee members, took special pains to acquaint Secretary Hyde with the proposal. Since Clarke was a prominent businessman and a Republican of long standing, he was an ideal person to contact the secretary.

Hyde had shown some interest in the domestic allotment plan as early as August, 1930. At that time he briefly discussed it with Nils Olsen, who later provided Hyde with a copy of the chapter from Black's book and other explanations of the plan.[23] Olsen, however, did not take any position on the new plan. Then in 1932, when the campaign for the domestic allotment was accelerated, Clarke began to write to Hyde advocating the idea. On March 12, he described the desirable aspects of the domestic allotment. It would put the wheat producer on a domestic basis, he wrote, provide some insurance against hail and drought, and most important "would not stimulate production."[24] Ten days later Clarke

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[23]Nils Olsen, "Memorandum to Hyde," April 23, 1932, National Archives, R. G. 16.

[24]Clarke to Hyde, March 12, 1932, National Archives, R. G. 16.

wrote again urging Hyde to give the plan careful consideration. On April 15, Clarke once more wrote the secretary, this time stressing the political situation--the relation of the Republican Party to the farmer. "Take this, [the domestic allotment plan] with a conservative land purchase plan attached, and let it have the administration's backing, and I don't believe there would be any question as to who would be our next President. As matters stand at the present time, President Hoover must do something to win the farmer vote."[25]

After the Chicago meeting Clarke continued his campaign to win Hyde to the domestic allotment cause. On June 17, he wrote that "practically all of the advocates of the McNary-Haugen bill have now swung over to our plan on account of the powerful four-wheel brake that it has on production." He again warned that unless something was done for agriculture, Hoover could not carry the Midwest.[26]

Clarke's pleas, however, fell on deaf ears when directed at Secretary Hyde. The domestic allotment plan involved planning in agriculture which was totally inconsistent with Hyde's conception of the proper role of government. He

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[25]Clarke to Hyde, April 15, 1932, National Archives, R. G. 16.

[26]Clarke to Hyde, June 17, 1932, National Archives, R. G. 16. Clarke exaggerated. The domestic allotment plan had a long way to go before it enjoyed the support of "practically all" of the McNary-Haugenites.

told Clarke on April 20, that while he favored reduction of acreage, he could not support the Wilson plan.[27] Hyde was particularly hostile to any kind of compulsory acreage restriction. Production had to be controlled, he wrote to J. H. Mercer, secretary of the Kansas Livestock Association, but "the only person in the world who can do this is the American farmer. . . ." Moreover, "if we ever come to a time in this country when the farmer can be told, at the point of a bayonet, that he can plant forty acres but not sixty, then we shall have to revise all of our American ideas of human liberty."[28]

There was also some discussion of the domestic allotment plan by members of the Federal Farm Board in 1932. Aside from the Wilson visit in April, Mordecai Ezekiel, a Farm Board economist, was busily promoting the plan.[29] He made an extensive study of the proposal and concluded that it was superior to either the equalization fee or the debenture. Although Ezekiel sent several memoranda to James Stone, chairman of the Board, he could not persuade him to get behind the scheme.

The committee of five also designated the major farm

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[27]Hyde to Clarke, April 20, 1932, National Archives, R. G. 16.

[28]Hyde to Mercer, November 10, 1931, National Archives, R. G. 16.

[29]Fite, George N. Peek, 231.

organizations as significant targets for their promotional campaign. Wilson had called the Chicago meeting through W. L. Stockton, a representative of organized agriculture, because this would create the impression that the plan was being sponsored by a farm group. Throughout 1932 Wilson and his colleagues attempted to win farm organization support.

The Farm Bureau, the most influential of the organizations, was singled out for special attention. As early as January, 1932, Wilson visited with Edward O'Neal, who was not receptive to Wilson's arguments. He could not, he told Wilson, support the production adjustments which were a part of the domestic allotment plan. The Farm Bureau, he said, would push the equalization fee or the debenture.[30]

Wilson, however, did not give up the campaign to gain Farm Bureau support. In February Stockton wrote to Charles Hearst, president of the Iowa Farm Bureau, asking him to consider the proposal,[31] and later invited Hearst to attend the Chicago meeting. Hearst consented to be present if only for a short time, but cautioned that "perhaps I am too strongly sold to the equalization fee principle to readily change to another plan."[32]

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[30] Wilson to John D. Black, January 30, 1932, Wilson Papers.

[31] Stockton to Hearst, February 25, 1932, Wilson Papers.

[32] Hearst to Stockton, April 13, 1932, Wilson Papers.

In early August W. R. Ronald also sought to win the Farm Bureau to the domestic allotment scheme. At a meeting in Des Moines, which Hearst attended, Ronald used all his arguments on the Iowa farm leader. But Hearst still insisted that the equalization fee was the best.[33] However, Hearst, who was chairman of the Farm Bureau's legislative committee, was sufficiently interested to arrange an opportunity for Ronald to speak to a special session of his committee.[34]

Ronald faced a formidable task in trying to persuade members of the Farm Bureau Legislative Committee of the efficacy of his plan when it was well known that O'Neal opposed it. Furthermore, Hearst along with William H. Settle, president of the Indiana Farm Bureau, had hopes of succeeding O'Neal. Thus, when Ronald met with the committee he found that Hearst had become cautious, afraid to do anything that might incur O'Neal's displeasure. After talking to the committee for about ten minutes, Ronald was rudely interrupted by an outburst from Settle. "What is the idea of wasting our time talking about a blankety blank farm plan," he exclaimed, "when everybody knows we are for the McNary-Haugen bill. We are satisfied it is the best plan and we are going to continue to push it." With that Settle left

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[33]Ronald to Wilson, August 6, 1932, Wilson Papers.

[34]Ronald to Lusk, August 10, 1932, Lusk Papers.

the room.[35] Wilson and his colleagues finally gave up the effort to influence the Farm Bureau.[36]

Attempts to gain the support of John Simpson and the Farmers' Union were equally unsuccessful. When, in the summer of 1932, Ronald visited Simpson in Washington, he attempted to enlist the opinionated Oklahoman. Ronald had scarcely begun his presentation of the domestic allotment plan when Simpson stood to his feet and began to pace back and forth. "'Young man,'" he told Ronald,

> you are a tool of Wall Street. You are playing the game with those people who are enslaving the farmers of the United States. You may not realize it but that is exactly what you are doing, and I will have nothing whatever to do with your plan. I have the only solution and shall continue to advocate it.

Having no rejoinder, Ronald left.[37] Thus the leaders of the farm organizations scorned the domestic allotment plan. They continued to reject it until developments during and after the campaign of 1932 changed their minds.

The committee of five was more successful in appealing to individuals, who, although prominent in farm circles, had no official connection with organized agriculture. Of these, George N. Peek was perhaps the most influential. Wilson, realizing Peek's support was extremely important, tried to convince him that the domestic allotment would more

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[35] W. R. Ronald, "Memorandum," 19.

[36] Ibid.

[37] Ibid.

adequately fill agricultural needs than the equalization-fee plan.[38]

Peek was invited to attend the April Chicago meeting. However, the discussions there did not convince him that the new plan was superior to the equalization fee that he had advocated for so long. The equalization-fee scheme contained a simpler method of administration, but he admitted that the domestic allotment had "possibilities and preserves the principle."[39] The acreage restriction feature of the domestic allotment plan caused Peek more concern than any of its other aspects. In September he wrote to Congressman Clifford Hope of Kansas, that although acreage was a factor in production, there were other questions involved. "The problem," he said, "becomes primarily one of control of supply rather than control of production." He again acknowledged that the domestic allotment had some promise, but his objection indicated he was still thinking in terms of marketing restrictions rather than genuine production controls.[40] Peek was reluctant to see farmers reconcile themselves to producing for the domestic market only, thereby implying an additional loss of equality with industry. According to Peek's biographer, he showed uncertainty and con-

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[38]Fite, George N. Peek, 232-233.

[39]Peek to C. W. Croes, April 30, 1932, Peek Papers.

[40]Peek to Hope, September 17, 1932, Peek Papers.

fusion in this matter. Peek believed that:

> by reducing out put, American farm products would be purposely withdrawn from world markets. Actually, United States farmers had already lost many of their former outlets even though they had produced at the lowest prices. Thus it was not a question of maintaining a position which the United States currently held, as Peek implied. Rather it was a matter of adjusting American policies to the existing situation and working to restore export markets through revised tariff policies.[41]

Even with all his misgivings concerning the domestic allotment plan and his natural inclination toward the equalization-fee scheme, Peek realized the situation of 1932 was drastically different from that of the 1920's. He was willing, he wrote to Earl Smith, president of the Illinois Agricultural Association, to lay his prejudices "aside and give all the thought of which I am capable to any solution proposed which is honest in its purpose."[42] Although still opposed to acreage restriction, he later helped Smith draft the Rainey bill, a modified domestic allotment plan presented to Congress in July.

The proponents of the domestic allotment proposal found Alexander Legge more receptive than George Peek. In May Wilson explained his plan to an enthusiastic Legge, who periodically interrupted him with exclamations such as "Ah! that's fine." After Wilson had finished and was preparing to leave, Legge gave Wilson his blessing. "Wilson!" he

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[41]Fite, George N. Peek, 234.

[42]Peek to Smith, April 23, 1932, Peek Papers.

said, "go to it. Don't get discouraged. G-o-d D-a-m it! We are going to get somewhere after all. I am for you but don't tell anybody, because it will hurt the cause."[43] Legge knew he was not popular with farmers after his recent term as chairman of the Federal Farm Board.

Legge would have been a more significant convert if the Hoover Administration had been susceptible to outside advice. As a former chairman of the Farm Board, he was one who could command an audience with Hoover and Hyde. Although he realized full well the incontrovertible position of the administration, he nevertheless wrote to Secretary Hyde supporting the domestic allotment plan. He had "come to the conclusion," he told Hyde, "that perhaps instead of continuing to stand pat, we had better get back of some sane, reasonable modification of the program that will at least show the people in the country that we are still trying to bring about a better condition. . . ." The domestic allotment, he said, at least stressed production controls and moved away from objectionable dumping of surpluses abroad.[44] But Legge, like Clarke, could not influence Hyde.

Meanwhile, as the sponsors of the domestic allotment plan were vigorously presenting their ideas to various per-

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[43]Wilson to Office Force, May 29, 1932, Wilson Papers.

[44]Legge to Hyde, June 1, 1932, National Archives, R. G. 16.

sons and groups, Wilson had a second opportunity to lobby for it in Washington. On May 18, scarcely two weeks after returning from his first Washington trip, Wilson received a wire from Marvin Jones, chairman of the House Committee on Agriculture, asking him to return and present the domestic allotment proposal to the committee.[45] Wilson prepared at once to go, and was no doubt relieved when R. R. Rodgers offered to finance this trip. College professors were hardly in a position to pay such expenses.[46]

Accompanied by Ronald, Wilson stopped in Des Moines to confer with Clarke and Wallace, after which he was ready to face Congress again. The two men appeared before the House committee on May 25.[47] Wilson was highly impressed with Ronald's performance both at the committee hearing and when he later explained the plan at a luncheon of fifty House and Senate members arranged by Peter Norbeck. "Ronald explained this plan," Wilson wrote to Peek, "and believe me he got over big." Highly satisfied with the trip, Wilson told Peek that "we had the best hearing I ever had anything to do with. . . . I could just see that they were taking

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[45] Wilson to Ronald, May 19, 1932, Wilson Papers.

[46] Wilson had a salary of $3600 per year, which, because of the depression, had been reduced by one-fifth. Lord, The Wallaces of Iowa, 308.

[47] House Committee on Agriculture, Hearings, Farm Marketing Program (Voluntary Domestic Allotment Plan), 72d Cong., 1st Sess., 1932.

it in fine shape. Jones came to me after the hearing and complimented me." Wilson was further gratified when on the day after he testified Jones appointed a sub-committee to draft a domestic allotment bill.[48] Things were beginning to break for the proponents of the domestic allotment.

By this time the domestic allotment scheme was winning considerable publicity. City newspapers, especially those in farm states, were beginning to comment on the proposal. On April 19, for example, the Des Moines Register explained the system, praised its attempt to adjust production, but questioned the practicality of its administration.[49] In the May 4 issue of Commonweal the plan received high praise. Summarizing a radio speech of Wilson's, the editor concluded that "seldom has the rural situation been explained more concisely and effectively."[50] The plan gained considerably more publicity when Senator Norbeck and Representative Henry T. Rainey introduced a modified version of the scheme in Congress in July, immediately prior to adjournment.[51]

The Rainey bill, introduced on June 15, was drafted

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[48]Wilson to Peek, May 29, 1932, Peek Papers.

[49]Des Moines Register, April 19, 1932, p. 6.

[50]"Looking at the Basement," Commonweal, XVI (May 4, 1932), 6.

[51]See Fite, Peter Norbeck, Prairie Statesman (Columbus: University of Missouri Press, 1948), 165-167.

by Frederic Lee, a Washington attorney who was chief of the legislative service of the Senate at the time of the McNary-Haugen struggle, with the help of George Peek. Earl Smith sponsored the measure and took the bill to Congressman Rainey along with a letter from George Peek commending it to Rainey for his "careful consideration."[52]

The Rainey bill was a temporary measure effective for one year, and applied only to cotton, wheat, and hogs. Farmers would be issued adjustment certificates for 42 cents a bushel on wheat, 5 cents a pound for cotton and 2 cents a pound for hogs, the value of the tariff except for cotton upon which there was no tariff. The fund to finance payment of this bonus to farmers was to come from a tax upon agricultural goods at the processing point. Since it would terminate after a year, and it was already late in the year, there could be no attempt to reduce production through acreage restriction. Additional production, however, could not be stimulated since 1932 crops were already planted.

When the Rainey bill was considered by the House committee its chance of passage was seriously impaired by the addition of several other commodities, including tobacco, dairy products, and cattle, to the list of goods covered by the plan.[53] Discouraged, Smith and Rainey both considered

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[52]Peek to Rainey, June 13, 1932, Rainey Papers, Subject File, 1931-33.

[53]Hyde to Louis Clarke, June 28, 1932, National Archives, R. G. 16.

the bill dead. They looked to the Senate, where on June 29 the original emergency measure was introduced by Peter Norbeck.

The Rainey-Norbeck bill was in essence a temporary bonus to farmers paid by consumers, in short, a sort of equalization payment. As such it was supported by Edward O'Neal and the American Farm Bureau Federation. After the introduction of the measure O'Neal sent out letters to important Senators asking for their support.[54] On July 12, O'Neal, Charles Hearst, and Earl Smith went to the White House where they urged President Hoover to use his influence to secure passage of the Norbeck-Rainey bill.[55] They made no impression on Hoover. The president, O'Neal later told Wilson, refused to commit himself to any measure. Hoover's support would provide valuable eastern votes, without which, they believed, the bill had no chance.[56]

On July 13, the Senate debated the Norbeck bill. Norbeck briefly explained the measure,[57] and was vigorously supported by Arthur Capper of Kansas.[58] The bill was passed

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[54] Evening Huronite, July 11, 1932, p. 1.

[55] New York Times, July 12, 1932, p. 2.

[56] Wilson to R. R. Rodgers, July 22, 1932, Wilson Papers.

[57] U. S., Congressional Record, 72d Cong., 1st Sess., 1932, pp. 15189-15190.

[58] Ibid., 15193.

without a record vote and was sent to the House.

Upon receipt of the Norbeck bill, the House Committee on Agriculture immediately gave its approval. Rainey, who was floor leader, then sought a special rule from the Rules Committee giving the measure right-of-way on the floor. Here Rainey ran into difficulty; the Rules Committee stalled.[59] Since the bill had been passed in the Senate when several Senators closely associated with the administration were absent, and who now announced that they would seek to reconsider it the next day, a delay at this point could prove fatal for the legislation.[60]

On the following day, July 14, Senator George Norris attempted to hold the floor of the Senate to provide the House with additional time in which to act. However, late in the afternoon, after Norris had delayed most of the day, Senator Hiram Bingham introduced a motion to recall the Norbeck bill from the House. It carried in a close vote, thirty to twenty-five.[61] The Norbeck bill was dead.

For a short time after the defeat of the measure confusion reigned. Charges and counter-charges were bantered about. Norbeck himself believed that Senator Lester J. Dickinson of Iowa, was responsible for the defeat of his bill.[62]

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[59] New York Times, July 15, 1932, p. 1.

[60] Ibid., July 14, 1932, p. 1.

[61] U. S., Congressional Record, 72d Cong., 1st Sess., 1932, p. 15338.

[62] Norbeck to Robert Lusk, July 28, 1932, Lusk Papers.

On the evening of July 14, Edward O'Neal and Earl Smith, expressing regret over the Senate action, blamed Speaker Garner for the delay in the House. "It is generally reported," the two men said in a press statement, "that Speaker Garner vigorously supported the Rules Committee in its position." The Senate move, they concluded, "is equivalent to final defeat of the legislation and responsibility for its defeat must rest upon those who voted for the Bingham motion, together with Speaker Garner and the House Rules Committee who prevented the House from having an opportunity to act on the measure. Speaker Garner is, in the opinion of farm leaders, wholly inconsistent with the position taken by Governor Roosevelt in his recent acceptance speech at Chicago."[63]

Henry Rainey denied that Garner was in any way responsible for the defeat of the Norbeck bill. In a letter to G. A. Tomlin of Easton, Illinois, Rainey explained that before he had introduced his bill he had conferred with Garner. The two men agreed that the bill would accomplish the desired results, and that both approved of the bill, only to see it amended to death later. When the Norbeck bill was passed over to the House it was "necessary . . . to get a rule from the Committee on Rules before the bill

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[63]American Farm Bureau Federation, Press Release, July 14, 1932, copy in Rainey Papers, Subject File, 1931-1933.

could be given its place on the floor." Although the Rules Committee contained a majority of Democrats, several had gone to Chicago to attend the Democratic convention. Under pressure from Hoover the Republicans on the committee stood solidly against the measure. The Democratic members of the committee, therefore, were reluctant to force a rule out when the bill, they believed, would likely be defeated and embarrass the Democrats. "We had only a meager majority of six in the last session on the Democratic side," explained Rainey, "and we were compelled, in getting bills through, to consult with the Progressive wing of the Republican Party in the House, all of whom came from the large cities, and all of whom did not want the price of food stuffs increased, and they were afraid this bill would have that effect and they were all against the bill." Garner, he reiterated, was for the bill. Hoover's influence had killed it.[64]

Garner, however, was not so removed from the events which prevented the House from voting on the Norbeck bill as Rainey indicated. Earl Smith told a different story. The Farm Bureau press release charging Garner with partial responsibility was prompted by more than the statement of a reporter that Garner had said that there would be no rule, as Rainey charged. In a letter to Rainey, Smith claimed that he had many reasons to connect Garner with the refusal

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[64]Rainey to Tomlin, undated copy in Rainey Papers.

of the Rules Committee to act on the request for clearance for the bill. Although not a member of the committee, Smith said, it was well known that the speaker had tremendous influence in such matters.

After hearing that Garner had proclaimed flatly that there would be no rule, Smith continued, he and O'Neal made several attempts to see the speaker. Once they even tried to stop him as he walked along the corridor, but Garner refused to speak to the two men. Then later, while seated in the House gallery, they observed "a parade of members of Congress going to the Speaker's desk--many of whom reported to me as well as my associates that they had tried to urge the Speaker to give his consent to a rule for the consideration of the bill." They reported to Smith that Garner replied it was too late in the session to consider farm legislation. There were other reasons, Smith said, to blame Garner, but he had learned these while a guest in Rainey's office, so would not divulge them.[65]

Undoubtedly political considerations were paramount in the background of events that defeated the Norbeck bill. Apparently Speaker Garner did not want the bill to be brought to a vote; this is true, even if as Rainey said, he favored it. Garner must have been convinced that the measure would probably be defeated by the House causing himself, as vice-

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[65]Smith to Rainey, September 23, 1932, Rainey Papers, Subject File, 1931-1933.

presidential candidate, and the Democratic Party, embarrassment. However, if the bill could have been passed, Hoover would have vetoed it allowing the Democrats to picture the president as unfriendly to agriculture. But, to Garner the risk was greater than the stakes. The Democrats could already present Hoover as unsympathetic to farmers. They did not need a veto of the Norbeck bill. In the summer of 1932 the American farmer was an unfortunate bystander caught in a cross fire between opposing political parties.

There was keen disappointment in many areas over the defeat of the Norbeck bill. F. J. Lamuel, manager of a creamery, wrote to Hyde that "the entire northwest is lamenting over the defeat of the Norbeck farm allotment bill killed by the Senate Thursday. What is wrong with our Washington government when they do a thing like that. It was the only chance our farmers ever had of getting even a small recognition in this Congress just closed."[66] Louis Clarke wrote to Peek that he heard the news of the defeat when at a meeting at Brookings, South Dakota. "It was plain to see," wrote Clarke, "that the President had cracked his whip and the Senate obeyed his command. I may be too damn radical on the proposition, but it seemed that if ever there was an opportunity to put through a piece of legislation that would have pulled this country out of its depression it was last

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[66] Lamuel to Hyde, July 16, 1932, National Archives, R. G. 16.

week."[67] Dan Wallace, editor of The Farmer, published in Minneapolis, expressed his reaction well. "The antics of Congress last week in dealing with Senator Norbeck's plan for subsidizing hog, wheat, and cotton growers by giving them a slice of the tariff explains why people get disgusted with Congress."[68]

The effort to win passage of a modified domestic allotment bill was not a complete failure from the viewpoint of the proponents of the plan. Even though it was defeated, the campaign for the measure gave valuable publicity to the domestic allotment proposal. The supporters of the scheme were generally encouraged. Norbeck, who along with Clifford Hope, introduced another domestic allotment bill, was not downhearted. "Although we were unable to secure its enactment," he wrote to Lusk, "it was promptly reported by the Senate Agricultural Committee and passed the Senate when first considered by that body. The Senate later by a small majority voted to reconsider this measure. However, the consideration given it leads me to believe that there is a good chance to get some permanent agricultural legislation at the next session of Congress."[69] The group that was formed in Chicago in April had advanced a long way.

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[67] Clarke to Peek, July 18, 1932, Peek Papers.

[68] The Farmer, L (July 23, 1932), 6.

[69] Norbeck to Lusk, July 25, 1932, Lusk Papers.

The committee of five found, however, that an earlier warning by George Peek was correct. Peek had told the advocates of the domestic allotment plan several times that nothing could be done to change farm policy so long as Herbert Hoover was president. These men fully expected Franklin Roosevelt, whom the Democrats had recently named their 1932 standard bearer, to unseat Hoover. It remained for Wilson and his colleagues to convince the man from Hyde Park that the domestic allotment was agriculture's way out.

CHAPTER VII

FARM POLICY AND THE ELECTION OF 1932

In 1928 Herbert Hoover was elected president and Franklin Roosevelt, governor of New York. The Albany post was a significant political position, but Roosevelt, who was an affable, charming person, held higher ambitions.

Although Roosevelt's campaign for the Democratic nomination began well before 1932, he officially became a candidate in January, 1932, by authorizing the entry of his name in the North Dakota primary. The most serious competition Roosevelt faced came from Al Smith, who believed he had been defeated by religious bias in 1928 and so deserved a second chance, and from Speaker of the House John Nance Garner, who became a prominent candidate through the backing of William Randolph Hearst.[1] In the pre-convention period Smith's support was centered in the Northeast, while Garner was strong in California and in his native Texas. Roosevelt worked hard at securing delegates in all areas.

In the South Roosevelt sought support by working

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[1]Frank Freidel, Franklin D. Roosevelt: The Triumph (Boston: Little, Brown and Co., 1956), 237, 245.

through the strong state Democratic organizations. He found succor in Georgia, his adopted state, from the earliest days of 1932 when the Atlanta Constitution warned the Democratic Party that Hoover's greatest hope lay in the possible failure of the Democrats to nominate Roosevelt.[2] On March 23 the Georgia primary was held with Roosevelt defeating Garner, his only opponent, easily. Roosevelt went on to gain commitments from twelve of the sixteen Southern and border states.

In the East Roosevelt ran into considerably more difficulty where he faced the stronger opposition of Al Smith. But Roosevelt found a warm reception in agrarian states where his supporters asked farmers to follow the lead of the New Yorker. Roosevelt had strong appeal to depression ridden farmers, and agriculture, in the words of Roosevelt's biographer, "practically held the key to the nomination and election of Roosevelt."[3]

The farm states, themselves, had only one candidate who had a dim prospect of wresting the nomination away from Roosevelt. "Alfalfa Bill" Murray, a man of the grass roots, hoped to rally dissatisfied farmers to his particular brand of oratory and philosophy. Late in 1931 he began to sound out farmers and farm groups in an attempt to find supporters.

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[2] Atlanta Constitution, January 3, 1932, p. 6B.

[3] Freidel, Franklin Roosevelt, 263.

Then, early in 1932 Murray determined to ascertain exactly how much favor he could muster in farm areas by running in the North Dakota presidential primary. Particularly distressed, this was a state ideally suited to Murray's appeal. Since the North Dakota Democratic Party had endorsed Roosevelt in January, Murray would have to oppose the New Yorker in the March primary. Early that month Murray arrived in Fargo, North Dakota, and began a tour of several North Dakota towns. "Alfalfa Bill" spoke the language of the farmers; he told them that it was the duty of government to insure their prosperity.[4]

Roosevelt did not personally come to North Dakota to meet the challenge of the colorful Oklahoman. However, on March 8, he sent a letter to F. W. McLean, secretary of the Democratic Committee, placing himself on the side of the farmers. Government, he said, should recognize the needs of farmers and act "to tide them over the present abnormal economic condition with at least the same vigor which it has shown in assisting the bankers by emergency legislation." Specifically, he supported refinancing of mortgages at low rates of interest and the appointment of advisors, especially the secretary of agriculture, who were very familiar with farm problems.[5] Roosevelt's personal representative in the

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[4]Grand Forks Herald, March 4, 1932, p. 1.

[5]Ibid., March 9, 1932, p. 1.

North Dakota campaign was Senator Burton K. Wheeler, of Montana. Wheeler toured North Dakota telling farmers that while he had no complaints concerning Murray, North Dakotans should support a man who had national standing.[6] On March 16, the voters expressed a preference for Roosevelt by a large majority of 47,237 to 28,433. The total Democratic primary vote of approximately 76,000 surpassed the previous Democratic Party primary vote record of only 13,000.[7]

The North Dakota primary, while illustrating that Roosevelt could win in an agrarian area, effectively dampened the aspirations of "Alfalfa Bill." The Daily Oklahoman (Oklahoma City) deduced that if Murray had won in North Dakota he would have become a formidable candidate. However, "the special damage done by the Murray reversal does not lie in a single defeat and the loss of a mere handful of delegates. It lies in the fact that he lost the one state, except Oklahoma, where his chances of victory were considered the best." The loss, said the Daily Oklahoman, "may prove to be the outstanding reverse of his career."[8]

Support for Roosevelt was also appearing in other areas. In consistently Republican Iowa, members of the Democratic Party held an enthusiastic convention in Des

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[6] Ibid., March 13, 1932, p. 1.

[7] Ibid., March 18, 1932, p. 1.

[8] Daily Oklahoman, March 18, 1932, p. 8.

Moines in March. With Jim Farley in attendance, the convention instructed its delegation to the national convention to vote for Roosevelt.[9] When the Iowa National Committee Member, Richard F. Mitchell, reported these events to Roosevelt, he declared that he had "never believed before that we had an opportunity of carrying Iowa but after a careful canvass of the state, with the various complications that our republican friends are in, I honestly believe that Iowa will cast its electoral vote for you. . . ."[10]

In South Dakota, D. W. Forbes of the Forbes Publishing Company, made a survey of the state in late 1931. He told Roosevelt that South Dakota's Democrats supported his election. If he were nominated, Forbes wrote, about 60 per cent of the Republicans could also be counted on.[11]

Knowing full well the importance of the farm vote, Roosevelt began to line up support among the farm leaders well before the party conventions were held. He had worked closely with farm leaders in New York, learning that he could gain their favor by demonstrating his willingness to accept their advice.[12] He attempted to follow the same pro-

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[9]Des Moines Register, March 30, 1932, p. 1.

[10]Mitchell to Roosevelt, March 31, 1932, Franklin Roosevelt Papers, Democratic National Committee Correspondence, 1928-33, Franklin Roosevelt Library, Hyde Park, New York.

[11]Forbes to Roosevelt, October 8, 1931, Roosevelt Papers.

[12]Jerome D. Barnum, Publisher, Syracuse Post-Stand-

cedure with leaders of national farm organizations. Therefore he held personal conferences with the various leaders, successfully conveying the impression that he was prepared to follow their approach without actually committing himself to specific relief devices.

In March Roosevelt invited John Simpson to visit Albany,[13] and in early April Simpson journeyed to Hyde Park. The suave Roosevelt met the crusading Oklahoman with a promise to have the Democratic platform contain a statement committing the party to Simpson's cost of production principle. Simpson became an enthusiastic Roosevelt supporter.[14]

William A. Hirth, editor of the Missouri Farmer and influential in farm circles, although not the leader of a national organization, also made the trek to Hyde Park early in 1932. Like Simpson, he was drawn into the governor's fold. Since Hirth had been a vigorous opponent of Hoover's agricultural policy,[15] his support of Roosevelt was quite natural.

Edward O'Neal did not visit Roosevelt as early in the year as some of his colleagues. He did not take the now

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ard, to Hyde, July 15, 1932, National Archives, R. G. 16.

[13]Roosevelt to Simpson, March 7, 1932, Simpson Papers, University of Oklahoma Library Archives, Norman.

[14]Simpson to Roosevelt, April 11, 1932, Simpson Papers.

[15]Theodore Saloutos, "William A. Hirth: Middle Western Agrarian," Mississippi Valley Historical Review, XXXVIII (September, 1951), 38.

well-traveled road to New York until after the convention. After a conference with Roosevelt on July 20, O'Neal commented that "Governor Roosevelt displayed a sympathetic attitude toward the problems of the farmer."[16] However, on the next day he privately wrote Roosevelt that he hoped "the plans that you discussed can be carried forward with complete success. You can count on us to assist you in any way possible."[17]

Both political parties had vague agricultural planks in their platforms of 1932. The Republicans pledged continued support to cooperative marketing associations, defended the record of the Federal Farm Board, promised to modify the Agricultural Marketing Act as conditions warranted, and included a statement supporting voluntary crop reduction.[18] The platform did not endorse any of the surplus-control plans being discussed by agricultural leaders.

The brief Democratic platform contained nothing that might alienate any group of farmers. Couched in general phrases, it condemned the Federal Farm Board, supported better financing of farm mortgages, without naming the Frazier bill, and promised "the enactment of every constitutional measure that will aid the farmers to receive for

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[16] New York Times, July 21, 1932, p. 6.

[17] O'Neal to Roosevelt, July 21, 1932, Roosevelt Papers, President's Personal File.

[18] New York Times, June 16, 1932, p. 10.

their basic farm commodities prices in excess of cost."[19]

There was mixed reaction in agricultural circles to the party platforms. John Simpson favored the Democratic Party platform which, he said, supported the Frazier bill and the Farmers' Union cost of production marketing plan.[20] On the other hand Edward O'Neal, before his trip to New York, publicly stated that both parties had shown indifference to agriculture. However, he believed that the Democratic platform was slightly more "definite."[21] Dan Wallace, editor of The Farmer, advised his readers to take party promises "with a grain of salt."[22] Clifford Gregory, editor of the Prairie Farmer, noted that while promises were made by both parties, "promises have been made before and have not been kept."[23] Sam McKelvie, of the Nebraska Farmer, said, "the platforms of both parties are obscure in some respects and it is hardly to be expected that either party can put into effect all that is contemplated in its pronouncement."[24]

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[19]Henry S. Commager (ed.), Documents of American History (New York: Appleton-Century-Crofts, 1958), 418-419. In October, William G. McAdoo, while campaigning for the Senate in California, claimed that he proposed the cost of production phrase to the Platform Committee of the Democratic Party. New York Times, October 6, 1932, p. 17.

[20]John Simpson, speech in Congressional Record, 72d Cong., 1st Sess., 1932, p. 15687.

[21]New York Times, July 5, 1932, p. 27.

[22]The Farmer, L (July 9, 1932), 6.

[23]Prairie Farmer, CIV (July 9, 1932), 8.

[24]Nebraska Farmer, LXXIV (July 23, 1932), 6.

Both political parties, explained the Progressive Farmer, "were urged by farm leaders to put farm planks in their platforms which proposed definite agricultural legislation, but both alike rejected these suggestions. It is apparent that the indefinite generalities of the agricultural planks of both party platforms were definite attempts to make no promises which the successful party would be unable to fulfil after the election."[25]

The Democratic platform, in fact, was in accord with Roosevelt's strategy of attempting to please various organization leaders who held divergent views on farm relief. At this time Roosevelt was actually moving toward support of the domestic allotment plan. But open advocacy of this proposal would endanger his campaign to win the farm vote.

In the months before the Democratic convention was held in 1932, Roosevelt had prepared an organization that could win him the presidency. A vital part of this structure was the so-called "brain trust," a group of individuals whose duty it was to offer advice and write speeches. Led by Raymond A. Moley, professor of law at Columbia, it also included Rexford G. Tugwell, a young Columbia economist.[26] Tugwell's inclusion within the "brain trust" was vital to the reshaping of agricultural policy in 1932.

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[25] Progressive Farmer, XLVII (October, 1932), 3.

[26] Raymond A. Moley, After Seven Years (New York: Harper and Brothers, 1939), 14-15.

Tugwell became interested in farm problems early in his career. "Since my graduate-school days," he later recalled, "I have been able to excite myself more about the wrongs of farmers than those of urban workers."[27] Tugwell's first knowledge of the domestic allotment plan came in the spring of 1932 during a meeting with Beardsley Ruml. After briefly describing the plan, Ruml invited Tugwell to a session of domestic allotment backers and gave him copies of two versions of the plan. Although Tugwell did not attend the conference, he read the descriptions of the proposal and the idea appealed to him. "It escaped," he said, "the great difficulties with all plans of the export debenture or McNary-Haugen sort, which were that production was not controlled and that 'dumping' was involved."[28]

After studying the domestic allotment proposal and discussing it with other members of the "brain trust," Tugwell broached the subject with Roosevelt. The two talked about the idea of production restrictions, but did not discuss the terms of the domestic allotment scheme. Tugwell knew that Roosevelt had told agriculture organization leaders that he would support whatever plan they finally agreed upon. Tugwell abhorred Roosevelt's approach. The farm leaders, he believed, could not develop any new proposals or even move

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[27] Rexford G. Tugwell, "Notes From a New Deal Diary," 33, Franklin Roosevelt Library.

[28] *Ibid.*, 37.

away from pure class legislation. "We ought to make up our minds as to a workable plan," he finally told Roosevelt,

> take it to the farm leaders and say to them, "you have fought among yourselves for fifteen years . . . and you have never agreed. If you had, some kind of relief would have been in effect by now. All this must stop. Here is our plan. If you will all join in supporting it we can put it over. If you don't, you can be left outside and everyone can be told why."

Roosevelt asked, "What plan?"[29] Tugwell then explained that a meeting of economists, sponsored by the Giannini Foundation for Agricultural Economics, was being held in the latter part of June at the University of Chicago. He might learn something about a plan if he attended.

With Roosevelt's permission, Tugwell went to Chicago, where he met Wilson, Wallace, Black, Chester Davis, and others. At this meeting, Tugwell was drawn to Milburn Wilson, the chief proponent of the domestic allotment plan. "We took to each other immediately," Tugwell later wrote. He was glad to "offer" himself as a recruit to Wilson's group. Tugwell spent a day or two thinking about the domestic allotment scheme and had it firmly in mind by the time the Democratic convention convened in July.[30]

After the convention was under way, Tugwell called Roosevelt and asked him to include a statement favoring the domestic allotment principle in his acceptance speech. Tug-

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[29] Ibid., 37.

[30] Ibid., 39.

well carefully explained the plan to Roosevelt, who asked several questions, but did not fully grasp the plan, or at least so Tugwell believed. At Roosevelt's suggestion Tugwell explained the plan to another close adviser, Judge Samuel Rosenman, who knew as little about agriculture as did Roosevelt. On the next day Tugwell again tried to explain the plan to Roosevelt who finally "got the hang of the thing," agreed to it, and asked Tugwell to send "two or three hundred words in a telegram to be inserted in the speech."[31]

Although there were many changes made in Roosevelt's acceptance speech before its delivery,[32] to Tugwell's delight, it stated the allotment principle fairly clearly. Listening to the speech, he heard Roosevelt advocate repeal of the stabilization features of the Agricultural Marketing Act and then say:

> Why the practical way to help the farmer is by an arrangement that will, in addition to lightening some of the impoverishing burdens from his back, do something towards the reduction of the surpluses of staple commodities that hang on the market. It should be our aim to add to the world prices of staple products the amount of a reasonable tariff protection; give agriculture the same protection that industry has today.
>
> And in exchange for this immediate increased return I am sure that the farmers of the nation would agree ultimately to such planning of their production as would reduce the surpluses and make it unnecessary in later years to depend on dumping those surpluses abroad in order to support domestic prices.

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[31] Ibid.

[32] Moley, After Seven Years, 26-34.

> That result has been accomplished in other nations; why not in America, too. . . ?
>
> And as to the actual wording of a bill, I believe that the Democratic Party stands ready to be guided by whatever the responsible farm groups themselves agree on. That is a principle that is sound. . . .[33]

Roosevelt's acceptance speech was a most significant advance for the domestic allotment plan. After reading it, W. R. Ronald acclaimed the victory of the proposal in his Evening Republican:

> Thus the Democratic candidate declared himself for the Voluntary Domestic Allotment Plan almost as definitely as by naming it. For, only this plan even pretends to accomplish the two results which Roosevelt rightly says must be attained if the farmer is to receive prices on a level with those he pays. The Evening Republican happens to know that the Voluntary Allotment Plan was submitted to Gov. Roosevelt before he was nominated and that he expressed great interest in it.[34]

Although Roosevelt had spoken favorably about their idea, the backers of the domestic allotment plan did not delude themselves. They knew that they were still a long way from legislation implementing their proposals. The Roosevelt statement, however, was proof that the candidate was listening to Tugwell and had, at least for the present, accepted his advice.

The extent of Roosevelt's commitment to Tugwell, for

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[33]Campaign Book of the Democratic Party, Candidates and Issues (New York: Democratic National Committee, Democratic Senatorial Committee and the Democratic Congressional Committee, 1932), 26-27.

[34]Clipping from Mitchell Evening Republican, undated, in Roosevelt Papers.

it was much more to him than to the plan, was soon evident. Shortly after the convention Tugwell and Raymond Moley invited Wilson to New York, where for most of one day the three men sat in Moley's office while Wilson explained the plan. Tugwell and Moley put various questions to Wilson, who answered all to their satisfaction. They decided that it was time for Wilson to talk with Roosevelt.[35]

Wilson and Roosevelt met together in late July or early August at Albany at a luncheon, also attended by Tugwell, Moley, and Henry Morgenthau, Jr. Wilson described the basic principles of the domestic allotment plan to Roosevelt, and toward the end of the luncheon was asked by Roosevelt to prepare a memorandum to be used in preparation of his speech on agriculture. "'Mr. Wilson,'" Roosevelt said,

> won't you return to your home in Montana by way of Des Moines and talk this matter over with Mr. Wallace. Since you have been active in this field of agriculture legislation and are quite familiar with the situation both in Washington and the country, sit down and think about what you would say and how you would say it if you were making such a speech early in the campaign. Get together with Mr. Wallace and talk it over with him and send the memorandum to me and Mr. Moley that it may be helpful to us when we reach the time that I will prepare the speech.[36]

Wilson and his colleagues were overjoyed to have

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[35]Moley, After Seven Years, 41.

[36]Wilson to Herman Kahn, Director of the Roosevelt Library, January 17, 1956, Roosevelt Papers.

Roosevelt's commission to draft a statement on agriculture. It was additional proof that Roosevelt had accepted their plan. Ronald wrote to Wilson that he was "delighted beyond words that you are preparing copy for Gover. Roosevelt's statement on the farm problem."[37] The proponents of the domestic allotment plan could have been made happier only by a public announcement from Roosevelt committing himself to the plan. But as long as Roosevelt was attempting to keep the support of farm organization leaders, this was impossible to achieve.

As Wilson was beginning work on his memorandum, he and his friends experienced mild fright when they read a review in the New York Times of a book by Roosevelt called Government, Not Politics. In discussing agricultural relief plans, Roosevelt in his book remarked, "Of the . . . plans most talked about--the export debenture plan, the domestic allotment plan and the equalization fee plan--the latter has the greatest support among the farm organizations and the economists. Such a plan," he concluded, "is worth trying."[38] Within a week Wilson wrote to Ronald and R. R. Rodgers that he was informed that Roosevelt was being strongly pressured by the supporters of the equalization fee. "I am a little afraid," he wrote to Rodgers, "that he [Roosevelt] has the

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[37]Ronald to Wilson, August 25, 1932, Wilson Papers.

[38]New York Times, July 25, 1932, p. 13.

feeling that the equalization fee folks have the influence and the votes, although we have the right plan."[39]

Meanwhile Ronald, fearing that Roosevelt had indeed deserted them, wrote to the candidate expressing great surprise at the article in the New York Times. "From your acceptance speech," he said, "I could not see how you could favor anything but the Voluntary Domestic Allotment Plan. . . ." Seeking to clear the air, Ronald concluded:

> I would very much appreciate a letter from you as to whether or not the book was written before the Voluntary Domestic Allotment Plan was presented to you or whether this is a definite commitment to the Equalization Fee. If so, it will temper a great deal of support you now have in the Middle West because whatever else may be said for the Equalization Fee (and I am writing as one who has befriended it as the best plan until the Voluntary Domestic Allotment Plan came along) it will not carry weight, especially with business men, bankers, etc.[40]

On August 15, Roosevelt replied to Ronald. His book had indeed been written before he had "an opportunity to give full consideration to more recent proposals to deal with the surplus question." Still Roosevelt would not declare himself for the domestic allotment plan. "I am definitely committed," he said, "to a plan for making the tariff effective with respect to that portion of the crop which goes into domestic consumption. I have not reached an in-

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[39]Wilson to R. R. Rodgers, August 3, 1932, and Wilson to Ronald, August 3, 1932, Wilson Papers.

[40]Ronald to Roosevelt, August 2, 1932, Roosevelt Papers.

flexible decision on how this should be accomplished."[41] Roosevelt would take no chance with the support he had won from the leaders of the farm organizations.

By the middle of August, Wilson had completed his draft of the memorandum Roosevelt had asked for. Henry Wallace went over it, praised it highly, and made a few suggestions. Wilson mailed a copy to Roosevelt and another to Moley.[42]

Wilson's manuscript formed the basis of Roosevelt's speech on agriculture. The Wallace suggestions were incorporated into the draft; and a short statement on land-use policy by Morgenthau and his assistant, Herbert E. Gaston, was also included. Suggestions were likewise made by Hugh Johnson, who by this time had, in Moley's words, "become a fixture of our little group."[43] In addition, sentences were added here and there by Tugwell, Adolph Berle, Morgenthau, and Moley. Finally, Roosevelt, himself, supplied an introduction and a section on reorganization of the Department of Agriculture. The whole thing was then brought together by Moley. Although many different people contributed to Roosevelt's agriculture speech, the basic statement re-

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[41]Roosevelt to Ronald, August 15, 1932, Roosevelt Papers.

[42]Wilson to Kahn, January 17, 1956, Roosevelt Papers; Moley, After Seven Years, 42-43.

[43]Moley, After Seven Years, 43.

mained Wilson's. Much of his manuscript was included nearly verbatim.

The speech was delivered at Topeka on September 14. It included at its heart six qualifications for a relief plan, which Wilson had earlier presented to the House Committee on Agriculture and which he had included in his draft of Roosevelt's speech. If any plan were to be successful, said Roosevelt, it would have to do the following things: First, agriculture should receive a tariff benefit equal to that received by industry, and it must be applied in a manner so as not to stimulate increased production. Secondly, the plan must finance itself. Thirdly, any new system of agricultural marketing must not result in European retaliation caused by dumping American surpluses on European markets. Fourthly, it must be decentralized, i. e., controlled locally and must not create a new bureaucracy. Fifthly, it should strengthen the cooperative movement, and finally, it should be voluntary and should not go into effect until a reasonable percentage of the producers of a given commodity had accepted the system.[44]

Roosevelt's Topeka speech did not name the domestic allotment plan, as indeed Wilson's draft had not. Roosevelt

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[44]Franklin D. Roosevelt, Public Papers and Addresses, Samuel I. Rosenmen, comp. (New York: Random House, 1938-50), I, 704-705. See also Roosevelt Papers, The Papers of Professor M. L. Wilson Concerning Agricultural Policy, for a photostatic copy of Wilson's memo to Roosevelt.

and Governor Woodring of Kansas held a press conference which illustrated Roosevelt's tactics. One of the reporters asked Roosevelt if he had studied the domestic allotment plan. Roosevelt replied that he had been studying it as well as the equalization fee and debenture proposals for the last several years. He had, he said, only laid down six principles.[45] Wilson believed this strategy was good. Although Roosevelt had used what he had supplied on the domestic allotment plan, Wilson explained to W. R. Ronald, "he has discussed the philosophy but left the specific detail and the name out of the picture. Therefore, his enemies have nothing to shoot at as would be the case if he had gone a great ways beyond the philosophy." Wilson asked Ronald to "soft-peddle" gossip to the effect that he had worked on the Topeka speech.[46]

The absence of a specific endorsement of the domestic allotment proposal by Roosevelt did not dampen the spirit of the proponents of the plan. When an advance copy of the speech arrived in Ronald's Evening Republican office, a victory celebration was held. There is finally, Ronald jubilantly wrote to Wilson, "prospect of justice for the farmer in the prices given him for his products."[47] Highly

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[45]"Press Conference," September 14, 1932, Transcript in Roosevelt Papers.

[46]Wilson to Ronald, September 15, 1932, Wilson Papers.

[47]Ronald to Wilson, September 22, 1932, Wilson

pleased with Roosevelt's statement, George Peek told Fred Davis, of the Democratic National Campaign Committee, that it was "the best farm speech ever made."[48] And Clifford Gregory wrote to Peek praising Roosevelt: "He shows an understanding of farm problems and sympathy with them that is very gratifying."[49]

Despite Roosevelt's attempt to veil the principle of the domestic allotment proposal in general language, several farm organization leaders were suspicious. Prior to the speech John Simpson had heard that Roosevelt was leaning toward the Wilson plan. Eight days before the speech was delivered he wrote to Roosevelt urging him to stick to the Democratic platform which was pledged to cost of production. The domestic allotment plan, wrote Simpson, "is a United States Chamber of Commerce scheme to muddy the waters."[50] The speech must have caused Simpson consternation, but he felt somewhat better about the situation when Roosevelt later told a group of Farmers' Union officials in Sioux City, Iowa, that he still favored legislation designed to bring the farmer cost of production.[51]

Papers.

[48]Peek to Davis, September 22, 1932, Peek Papers.

[49]Gregory to Peek, September 15, 1932, Peek Papers.

[50]Simpson to Roosevelt, September 6, 1932, Simpson Papers.

[51]Gilbert C. Fite, "John A. Simpson: the Southwest's

Charles Hearst, a high official of the American Farm Bureau Federation, wrote to George Peek that he feared Roosevelt had committed himself to the domestic allotment plan. "I know farmers well--I know what might be expected if someone was to tell me how much of a crop I was to plant of this, that or the other thing, and penalize me if I do not comply with such directions," said Hearst. "I hope the New York Governor has not committed himself to that type of legislation to save the farmers."[52] Earl C. Smith, another important state Farm Bureau leader, said that as a general statement the Topeka speech was satisfactory. However, "as to ways and means to accomplish results, I fear he has not been very definite." Several things could be inferred from the speech, Smith believed. He had heard that Simpson was claiming the speech as an endorsement of his plan.[53]

The nation's press in general claimed that Roosevelt had been too vague in recommending cures for a disastrous ailment. Walter Lippmann said that Roosevelt's speech was unusually "adroit." Roosevelt, he wrote, had presented admirable specifications for a plan, which if successful, would be "the most desirable plan ever devised by man. What is it?" Lippmann concluded that "until the governor produces

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Militant Farm Leader," Mississippi Valley Historical Review, XXXV (March, 1949), 577.

[52]Hearst to Peek, September 20, 1932, Peek Papers.

[53]Smith to Peek, September 23, 1932, Peek Papers.

a plan which meets his admirable specifications, it will have to be said, I think, that on the matter of raising farm prices his heart is in the right place, but that the prospect of a plan which will suit both his heart and his head is quite dim."[54] The Moline (Illinois) Daily Dispatch also complained that Roosevelt had presented nothing specific. "If the Democratic candidate would give us something distinguishable and recognizable, we should have more confidence in him. We keep looking in vain."[55] The Grand Forks Herald said that Roosevelt had confused "the ideal to be attained with the method to be employed in attaining it. The ideal had been before us for a long time. Obviously we have not reached it. By what method does the governor propose to reach it?"[56] The Des Moines Register, while praising Roosevelt's rhetoric, also claimed that Roosevelt did not present a plan. "He indicated various of the difficulties in the way of making a plan. He leaves little doubt that he wants a plan, or two plans, or a dozen. But what he offers in this carefully prepared speech is a list of general characteristics that a plan, later to be constructed, must in his judgement possess."[57] The Kansas City Star found

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[54]Walter Lippmann, "The President and the Governor," New York Herald Tribune, September 16, 1932.

[55]Moline Daily Dispatch, September 16, 1932, clipping in Peek Papers.

[56]Grand Forks Herald, September 23, 1932, p. 4.

[57]Des Moines Register, September 15, 1932, p. 4.

that when talking of relief legislation, Roosevelt's ideas "were not definite and concise."[58] Roosevelt had so effectively hidden the domestic allotment plan that only those very familiar with agricultural relief proposals recognized it.

The Democratic Party candidate followed his farm statement at Topeka with another at Sioux City, Iowa, on September 29. However, he expanded but little on the Topeka speech. Most significantly, he pledged to work to restore purchasing power, reduce tax burdens, and to save farmers' homes from mortgage foreclosure.

By this time a definite Roosevelt trend was discernible in farm states, caused, of course, by prevailing hard times. With low prices and no prospect of increases, farmers had no faith in the Republican Party. No one expressed the situation better than Edwin H. Dummer, who had recently made a survey of his state, North Dakota. "The political situation," he wrote to Secretary Hyde, "in favor of Mr. Hoover shows a very discouraging decrease, with some localities reporting a decidedly 'red' tendency. Farmers who have long been recognized as safe and careful thinkers, now, with grim faces, announce there must be a change. They are willing to follow any leader who holds forth something tangible which promises some relief from the present dis-

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[58] Weekly Kansas City Star, September 21, 1932, p. 4.

tress." The farmer had little hope, Dummer concluded, because prices remained "below the cost of production. . . ."[59] Democrats, who were used to long political droughts in farm states of the Midwest, were anxiously awaiting an expected downpour.

In the last weeks of the 1932 campaign Herbert Hoover did his best to counteract the growing trend among farm voters to Roosevelt. The president, in fact, considered the advisability of declaring for the domestic allotment plan, thereby stealing the thunder from Roosevelt. Various persons advised Hoover of the need for drastic action to save the farm vote. L. W. Ainsworth, an official of the Agriculture Division of the Republican National Committee, wrote to Hyde on August 29, urging him to intercede with Hoover in favor of the domestic allotment plan.[60] On September 22, Hoover entertained Henry Harriman at the White House, where for an hour, Harriman discussed the allotment proposal with the president. Hoover questioned the constitutionality of the scheme, but agreed to have Attorney General Mitchell examine it. Instead, on September 28, Supreme Court Justice Harlan Stone and an assistant of the Justice Department considered the proposal and concluded

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[59]Dummer to Hyde, October 8, 1932, National Archives, R. G. 16.

[60]Ainsworth to Hyde, August 29, 1932, National Archives, R. G. 16.

that it was constitutional.[61] Hoover, however, still could not accept the plan.

On October 4, the president delivered his farm speech at Des Moines, Iowa. It was one of his best efforts. He presented a twelve point program designed to keep farmers in the ranks of the Republican Party. Among other things, Hoover advocated repeal of the price stabilization features of the Agricultural Marketing Act, the inauguration of a program of land utilization intended to "divert land from unprofitable to profitable use," relief from long term mortgage payments, and the use of any annual payments on the foreign debt in aid of agriculture. Whereas the press had been highly critical of Roosevelt's speech, it predicted Hoover's would swing farmers into line.[62]

Yet the Republican press was blind to the real effect of the depression on farmers. The current attitude of farmers was correctly evaluated by Henry Wallace in an article on Hoover's Des Moines speech for the New York Times:

> Most of the farmers of the Middle West are Republican by tradition and it would be as easy for them to accept the outworn shibboleths about the tariff were it not for the fact that thousands of them have been unable to make the second payment on their taxes, which comes due in September, and the semi-annual instalment of interest on the mortgage

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[61] Ronald to Roosevelt, October 6, 1932, and Ronald to Arthur H. Mullen, vice chairman, Democratic National Committee, Roosevelt Papers.

[62] "Hoover's Fight for the West," Literary Digest, CXIV (October 15, 1932), 7-8.

which usually comes due in September or October.[63]

Despite these belated Republican efforts, the Democrats polled heavily in farm areas. Iowa, which had not returned a majority for a Democratic candidate since the Civil War, went for Roosevelt. The other states of the Midwest and Far West, with significant farm votes, joined Iowa in a Democratic victory.

Undoubtedly, Roosevelt's personal contact with farm leaders and his policy of expediency, were important factors in winning the support of agriculture. However, in great part the Democratic victory in farm areas resulted from the record of the four previous years. The Hoover Administration had not been responsive to the demands of agriculture, especially, organized agriculture. Farmers, along with the great majority of the rest of the country, were eager for a change in leadership, even if they were not certain where this leadership might lead. This, however, is one of those historical situations which can be perceived by hindsight, but was certainly not something upon which the politically wise candidate could depend. The fact is that Roosevelt sought, by any expedient means, to turn farmers away from the Republican Party. At the same time he committed himself privately to support the domestic allotment plan.

The only remaining major obstacle to the success

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[63]New York Times, October 6, 1932, p. 17.

of the domestic allotment proposal was the opposition of the farm organizations. Perhaps Roosevelt would give in to their objections if they openly opposed the plan. Wilson believed that if Roosevelt would "stand four square on his six points," all would be well. However, as Wilson told Ronald, he was "skeptical if he will do it. If he turns the matter over to the farm organizations I am satisfied that we are going to either have to be caught in a compromise or be forced out entirely."[64]

Unknown to Wilson, however, the leaders of the farm organizations had perceived the direction of Roosevelt's thoughts by the Topeka speech. They were already beginning to adjust their ideas accordingly. The winning of their support immediately after the election marked the collapse of another formidable bulwark against the domestic allotment plan. The plan could then be submitted to Congress with more likelihood of approval.

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[64]Wilson to Ronald, October 24, 1932, Wilson Papers.

CHAPTER VIII

THE DOMESTIC ALLOTMENT PLAN AND THE SECOND SESSION OF THE SEVENTY-SECOND CONGRESS

Economic conditions in the farm areas of the United States remained deplorable throughout 1932. This twelve months of depressingly low prices left many clinging tenuously to survival. The poignant description of the future prospects of an Iowa farm family written by a wife and mother to Henry Wallace early in 1933 follows:

> A few years ago, I tried hard to tell you what a terrible condition we were in. It is even worse now. March 1st we must move. God only knows where. We have our little nine year old girl and our little 3 year old boy and a note of $883.85 due Feb. 1st. There is not a penny in sight to pay with. I haven't the price of a postage stamp even. Last summer I went barefooted to save my shoes for colder weather. No one wants to rent to us because we have nothing they can morgage [*sic*]. It looks like we will have to take to the road. We've worked like slaves. It is too late for us. We are ruined; we have nothing. After March 1st not even a Post Office address. It seems to me, the farm renter is truly "the forgotten man."
>
> All farm legislation is directed toward the farm owner. We tried to buy a farm but foreclosure forced to the wall in 1926. Then we had to rent. We have tried hard and made some money only to loose [*sic*] it all again. Why have the leaders closed their eyes to facts and let this thing drift to present conditions?

> Our children are bare footed for shoes, our clothes giving way to rags. We've done without until it can't be done much longer.
>
> I hoped after election, times would improve but I hoped in vain. If we would sell everything we brought on this farm, household goods included, we can't pay only a small portion of that note. The bank came and took three of our milk cows. Three years ago we had no debts. We made our rent this year. But the note is for cash rent for 1930-31. We don't have even enough covers for our beds. Real cold nights we must use our coats as extra in order to sleep warm. The best part of our lives have been lived. I'll soon be 44 and Mr. Boyce 49. We married late in life because we wanted a home. It would have been better had we never been born. We are down and out.[1]

The plight of farm families such as this one, kept M. L. Wilson and his colleagues hard at their efforts to bring farmers the economic equality they deserved. The Wilson group believed that only a basic change in agricultural policy could lift the farmer out of the morass in which he was mired. The year ending in December had been the most disastrous in the history of American agriculture. Most farm products established all time low price records, and farm foreclosures increased rapidly. This condition had been used by the Democratic Party as political ammunition and had contributed to Roosevelt's election. Therefore, the administration-elect also was vitally interested in developing an agricultural relief plan and insuring its passage by Congress--preferably in the 1932-33 "lame duck"

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[1]Mrs. V. L. Boyce to Henry A. Wallace, January 14, 1933, copy in Roosevelt Papers.

session.

Roosevelt and his advisers believed that if Congress passed the proper bill the new administration would not have to devote time and energy to promoting farm legislation in March. Yet, the "proper bill" was the domestic allotment plan which, if enacted, would likely be vetoed by Hoover. The Roosevelt advisers believed that a veto of an agricultural bill by a Republican president still might be "politically useful."[2] However, before any action could be taken, Roosevelt was committed to gaining the support of the leaders of the farm organizations.

Shortly after the election, Congressman Henry Rainey, who had sponsored the modified domestic allotment plan bill in the House in 1932, initiated activity. On November 23, he wired Earl C. Smith, of the Illinois Agricultural Association, that preparations on a new domestic allotment bill were to begin immediately so that it could be presented to Congress at the opening of the December session. Rainey asked Smith to make arrangements to have other farm leaders come to Washington as soon as possible to aid in framing the bill.[3] A conference of the leaders of major groups was ultimately set to begin on December 12.

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[2]Rexford Tugwell, "Notes From a New Deal Diary," January 7, 1933, Roosevelt Papers.

[3]Rainey to Earl C. Smith, November 23, 1932, Rainey Papers, Subject File, 1931-33.

Meanwhile, in Washington, the House Committee on Agriculture, under Chairman Marvin Jones, began working on the new measure. The committee commissioned Frederick Lee to draft the bill, which was to consist of the Rainey bill of 1932, and, in addition, provided for the gradual imposition of production controls within the next two years. This ran counter to the plans of M. L. Wilson and Tugwell, who believed that delaying application of production controls would be injurious to agricultural recovery.

In either late November or early December Wilson, Tugwell, and Henry Wallace met with Jones in Chicago. The three men insisted that the new bill include production controls from the beginning of its operation. They further demanded that the House committee should not work in advance of the December 12 meeting of agricultural leaders. Jones agreed to ask Lee to redraft the bill, adopting immediate controls, and to have his committee "stall along" until after the upcoming conference in Washington.[4]

The attitude of the big three leaders toward the domestic allotment plan was fairly clear after the annual meetings the various organizations held in November and December. Of the three groups, only the Farmers' Union refused to make concessions to the new plan. At its Omaha meeting in November, John Simpson's organization held firm-

[4]Wilson to Ronald, December 22, 1932, Wilson Papers.

ly to the cost-of-production plan it had supported during the year. It further demanded remonetization of silver at 16 to 1, increased income taxes, a moratorium on all public and private debts, and economy in government.[5]

As the Farmers' Union was meeting in Omaha, the Grange, under leader Louis Taber, met to discuss its relief ideas in Winston-Salem, North Carolina. Taber obviously still preferred the export debenture plan which the Grange had advocated so many years. However, he was a more practical man than Simpson, and in his "Master's Address" indicated that the Grange could accept the domestic allotment proposal. After praising the export debenture, Taber noted:

> The Domestic Allotment Plan is now receiving considerable support from industrial and commercial leadership as well as rural groups. This method provides for the payment of the equivalent of the tariff on the portion of certain commodities domestically consumed; funds for this purpose to be raised by a tax on the processor. Over-production would be checked by the fact that the farmer receives less for his surplus than for that used in the home market. It is possible that this plan can be amended and simplified in a manner where the Grange can give it support.[6]

A few days later Taber conferred with Roosevelt in Warm Springs, Georgia.[7] By the time of the Washington meeting,

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[5]New York Times, November 17, 1932, p. 13; and Thomas A. Leadley, "Organized Farmers Present Relief Programs," Nebraska Farmer, LXXIV (November 26, 1932), 3.

[6]L. J. Taber, "Master's Address," Session of the National Grange, Winston-Salem, North Carolina, 1932, copy in Rainey Papers, Subject File, 1931-33.

[7]New York Times, November 27, 1932, p. 1.

he offered no opposition to the domestic allotment scheme.

In early December the American Farm Bureau Federation held its annual meeting in Chicago. The organization's president, Edward O'Neal, was ready to lead the Farm Bureau in championing the new plan. O'Neal had talked with Roosevelt earlier and learned that a relief plan without production controls would be unacceptable.[8] Therefore he saw to it that his organization gave firm endorsement to the Roosevelt-backed plan.[9] O'Neal was now prepared to play the leading role in the upcoming conference of farm leaders.

On December 12 approximately fifty men, leaders of agricultural organizations, economists, and farm journal editors, met at the Harrington Hotel in Washington. Leaders of all the major groups were present, along with Henry Morgenthau, representing Roosevelt, Tugwell, Henry Wallace, Clifford Gregory, Dan Wallace of the Farmer, and B. F. Kilgore of the Progressive Farmer. M. L. Wilson was also present, but having become ill, remained in his room, where he was kept informed of the progress being made.[10]

Morgenthau brought with him a message from Roosevelt --that the agricultural relief plan agreed on by the farm

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[8] Wilson to Ronald, December 22, 1932, Wilson Papers.

[9] New York Times, December 6, 1932, p. 22.

[10] Wilson to Ronald, December 22, 1932, Wilson Papers.

leaders must be based on production controls and follow the general approach outlined at Topeka.[11] The farm leaders listened and acted accordingly. Although they discussed farm relief for two days, in the end they went along unanimously with the domestic allotment plan. The conference suggested, however, one significant change in the scheme. Previously the amount of benefit payments farmers were to receive for controlling acreage was to be fixed at the tariff level. The conference voted to shift the basis of payment from the tariff to the parity concept. It pointed out that the relationship between farm and industrial prices before the First World War had been a fair one--therefore they hoped to restore this equality by use of benefit payments.[12] Tugwell suggested this significant change.[13]

John Simpson continued to speak out against the entire domestic allotment plan, but as Wilson later remarked, "nobody paid any attention to Simpson."[14] In the end he agreed to endorse the work of the conference.[15] On December 14 Frederick Lee took the results of the conference before

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[11] Ibid.

[12] Clifford Gregory, "The Parade of the Week," Prairie Farmer, CIV (December 24, 1932), 4.

[13] Tugwell, "Diary," 42.

[14] Wilson to Ronald, December 22, 1932, Wilson Papers.

[15] Saloutos and Hicks, Agricultural Discontent in the Middle West, 460.

the House Committee on Agriculture, giving detailed testimony on the price-parity, production controlling measure.[16]

With the approval of the farm organizations, the domestic allotment plan gained widespread support. Somewhat surprisingly, additional support for the proposal was gained early in December from the members of the Federal Farm Board who knew that their days were numbered. On December 7 the Board published a special report, chiefly the work of Mordecai Ezekiel,[17] recommending legislation to Congress. The Board had, in essence, experienced an eleventh hour conversion to the principles of the domestic allotment plan. In the past it had shown some interest in the proposal, but had made no endorsement. Now it made a strong statement favoring the basic elements of the domestic allotment scheme. New legislation, said the Board, should be based on two principles. First, the new agricultural relief plan should be self-sustaining, i. e., have a built-in method of covering the cost. And second, support of prices should be tied directly to effective production controls. The Farm Board had previously asked farmers to control their own production. Now it said "higher prices, without regulation of production, would stimulate still more overproduction. Any plan which provided higher prices and did not

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[16]"National Conference of Farm Organizations," copy in files of Gilbert C. Fite, University of Oklahoma.

[17]Lord, The Wallaces of Iowa, 310.

include effective regulation of acreage or of quantities sold, or both, would tend to increase the present surpluses and soon break down as a result."[18]

Meanwhile, the opponents of the domestic allotment plan began a major attempt to discredit it. Opposition to the measure was naturally strongest among the processors of agricultural goods who would be required to pay the processing fee. After Roosevelt's Topeka speech they had begun to take more notice of the plan, investigate it, and formulate arguments against it.

Strong opposition to the domestic allotment scheme developed within the United States Chamber of Commerce, even though its president was a supporter. On November 5 a subcommittee in opposition to the proposal published a lengthy criticism. It concluded:

> The plan is fundamentally wrong from a national view point, because it would take from the many to give to the few. It would take from millions who are finding it difficult to get the wherewithal to sustain life, to give to others, many of whom are in much better financial position.
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> The plan is unconstitutional, because it is not a tax "uniform throughout the United States."

It would further cause increases in production because of the added incentive of the bonus; would decrease consumption because of higher prices, would result in a large new bu-

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[18] House Document 489, 72d Cong., 2d Sess., Special Report of Federal Farm Board on Recommendations for Legislation, December 7, 1932.

reaucracy and would undoubtedly end in the bootlegging of flour "to a degree that many believe would rival the bootlegging of liquor."[19]

Spokesmen of commodity processing businesses also voiced their objections to the plan. In late December, James F. Bell, of General Mills, wrote his analysis of the measure to Hugh Johnson. Bell concluded that there would be "considerable difficulty with respect to wheat, and I am afraid this would be still more apparent when it came to cotton, corn, hogs, cattle and tobacco."[20] A bitter attack against the domestic allotment plan and its original sponsors written by Robert E. Sterling, editor of the Northwestern Miller, was carried by the Des Moines Register on Christmas Day, 1932. "A group of leaders," said Sterling,

> many sincere but others merely job-holders and false prophets fattening off the ills of agriculture by selling quack cures, are trying to set up a price boosting scheme--any price boosting scheme, but preferably one they have thought up.
>
> Cooperating are college economists, who know a great deal more of the theories of money and exchange goods than men actually in the trade, but who have not had any actual experience in handling seasonal crops, storing them, financing them until required for consumption and maintaining that secure balance and adjustment in both domestic and world trade which insures the grower a free, open market.

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[19]"Voluntary Domestic Allotment Plan," Chamber of Commerce of the United States, Committee on Agricultural Service, Statement by Sub-Committee in Opposition to the Plan, November 5, 1932, copy in National Archives, R. G. 16.

[20]Bell to Johnson, December 24, 1932, copy in Peek Papers.

> These men propose an excise tax of 50 to 100 per cent on flour, base of the most staple food, and pass off the effect upon consumption as of little or no consequence.[21]

Other spokesmen of the processing trade concentrated on such aspects as the bureaucracy that would likely result and the experimental nature of the domestic allotment plan. R. H. Daigneau, vice president of Hormel, told W. R. Ronald, early in the year, that the plan in operation "would be an irresistible temptation for another bureaucratic racket."[22] J. S. Lawrence claimed in an article printed in Bradstreet that the scheme would require 50,000 administrators and would result in a high degree of bureaucratic tyranny."[23] Gordon C. Corbaley, president of the American Institute of Food Distribution, termed the domestic allotment a "'complicated and untried expedient,'" which would add to the Farm Board "'fiasco.'"[24] Other spokesmen of the grain trade and cotton business spoke out vigorously against the plan.

There was also considerable opposition to the domestic allotment plan from some of the nation's newspapers. The Chicago Daily Tribune, in an editorial entitled "Madness," claimed that higher prices would lead to lower con-

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[21] Des Moines Register, December 25, 1932, p. 2G.

[22] R. H. Daigneau to Ronald, August 12, 1932, Wilson Papers.

[23] J. S. Lawrence, "Parity Plan of Farm Relief," Bradstreet, LX (January 14, 1933), 48.

[24] New York Times, December 11, 1932, II, 15.

sumption, which in turn would result in lower agricultural income. The Tribune objected to giving the secretary of agriculture power to determine the amount of benefit payments and level of domestic production. This was too much, for even "a man who combined the integrity of George Washington, the energy of Theodore Roosevelt, and the administrative ability of Alexander Hamilton couldn't handle so prodigious a task."[25] The Grand Forks Herald, in an unfriendly editorial, supported the claims of the processors that the bill would result in decreased prices on hogs rather than increases.[26] The Atlanta Constitution was particularly perturbed about the effect the plan might have on the cotton textile industry. "The bonus for the cotton growers," it editorialized, "would be secured by a tax applied to the staple at the mills. Since no such tax would be applied to wool and other substitute materials, cotton fabrics would be shouldered with a price handicap which would be practically insurmountable."[27]

Thus the force of opposition to the domestic allotment plan became stronger. It could not, however, halt the onward march of economic planning. For with the united support of the farm organization leaders and the continued

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[25]Chicago Daily Tribune, January 7, 1933, p. 10.

[26]Grand Forks Herald, December 23, 1932, p. 4.

[27]Atlanta Constitution, December 23, 1932, p. 6.

steadfast backing of Franklin Roosevelt, the plan's supporters in Congress were ready to seek the approval of the House of Representatives.

Marvin Jones, chairman of the House Committee on Agriculture, was in charge of moving the domestic allotment bill through the House. His committee held meetings in early December, in which farm leaders met with representatives of the processors, who continued to maintain unwavering opposition.[28] After the national conference of agricultural leaders, Jones' committee began to develop the details of the bill.

With almost daily press reports on the progress of the measure, interest around the country was high. On December 21, for example, Business Week took note that some kind of agricultural bill was about to be passed by Congress. It believed that the House would pass the domestic allotment bill, but that it would die in the Senate.[29] The bill also attracted the attention of nationally syndicated columnist Walter Lippmann. During and after the election of 1932, Lippmann had been critical of the domestic allotment plan. "Mr. Roosevelt's domestic allotment plan," he wrote, "if that is to be his central measure, is very promising in principle, but it cannot hope to provide any sort of prompt

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[28] New York Times, December 4, 1932, p. 6.

[29] Business Week, December 21, 1932, p. 15.

and substantial relief if the deflationary movement is resumed."[30] Now Lippmann wrote that although there were many opportunities for abuse within the structure of the plan, it would be a mistake to reject it "out of hand. . . . The plight of the American farmer is so serious that an experiment, provided it is based on a reasonable principle, is justified. The basic principle of the allotment is reasonable; if the farmers wish to try it, I do not see how the rest of us can refuse to let them."[31]

After working through the Christmas Holidays, the House Committee had the domestic allotment bill ready for presentation to the House. It was essentially in the form the organization leaders had left it, containing the parity-price benefit structure, but omitting M. L. Wilson's farmer-referendum section that would require a vote of farmers involved before applying the plan to a given staple.[32] On January 3, 1933, the Committee reported the bill to the House, and the House of Representatives, acting as a Committee of the Whole, proceeded to consider the measure. Marvin

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[30]Des Moines Register, December 3, 1932, p. 4.

[31]Ibid., December 17, 1932, p. 5. Lippmann's shift in attitude came after he happened to ride a train from New York to Washington with Rex Tugwell. In subsequent meetings, Tugwell presented the plan to Lippmann and introduced him to Ezekiel, Morgenthau, Wallace, and Wilson, who, said Tugwell, "took him into camp as he does most people." Tugwell, "Diary," 63. Lippmann's conversion, however, was not permanent. By January, 1933, he was once again critical of the measure.

[32]New York Times, December 29, 1932, p. 5.

Jones, as chairman of the Committee on Agriculture, spoke first. He described the effects of the depression on farmers, and then explained the bill in detail. Designed to restore parity, Jones said, it would accomplish this by the use of a processing tax equal to the difference between the parity price and current prices. This would, Jones admitted, raise prices consumers paid for agricultural products. But, he said, it was proper that the public pay prices to farmers that bore an equitable relation to prices paid for other products. Finally, he justified the bill, constitutionally, as a legitimate use of the tax power.[33]

The domestic allotment bill met heavy opposition in the House. It was attacked as an unconstitutional, dangerous experiment, that would inevitably produce a large bureaucracy. Congressman George Huddleston, Democrat of Alabama, claimed that the bill was only "another quack remedy for the ills of agriculture. It does but continue the sequence of quackery by another venture of spurious communism."[34] The specter of communism was later raised in a subtle and indirect way by Congressman William L. Nelson, Democrat of Missouri. Nelson, a member of the Committee on Agriculture, told the House that a professor, M. L. Wilson, had presented the plan to the Committee on May 25, 1932.

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[33]U. S., Congressional Record, 72d Cong., 2d Sess., 1932, pp. 1346-1350.

[34]Ibid., 1353.

"By the way," Nelson remarked in passing, "Doctor Wilson at that time had just returned from Russia. I think he had spent about a year over there for a great harvester company."[35]

Wilson's connection with the bill was also underscored by William H. Stafford, Republican of Wisconsin. "Why, Mr. Chairman," Stafford orated, "when I think of this bill being proposed for the first time, a bill with a policy that has never been tried out anywhere in the civilized world, suggested by a college professor--who ever heard of a college professor having any business ideas that could be successfully tried out in the world of hard knocks?--I pause to wonder of the ravages that may be made in the name of the depressed farmer."[36]

But, the domestic allotment bill also had its vigorous and eloquent supporters. None was more active nor more stirring than Fiorello La Guardia, a representative of the nation's largest urban center, who rushed forward to carry the struggle for American farmers. The entire question before the House, remarked La Guardia, was the fundamental one of either holding to the economic principles established 150 years before or adjusting the position of government to new conditions. He knew that higher food prices would result

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[35] Ibid., 1366.

[36] Ibid., 1485.

from the domestic allotment plan, but he had a ready answer:

> The question whether the increased prices of agricultural commodities will be passed on to the consumer should be answered. They may, and in all likelihood they will. But that is but half of the answer--I will give the other half in just a moment. Prices must go up; other wise what are we to do? Drag down industry to the low level of agriculture? The American farmer today is becoming a tenant peasant. They are being dispossessed of their farms by the thousands. Gentlemen, they are resisting, with pardonable disregard of the law, the power of the State in enforcing the mandates of the Courts. It is a condition that we cannot ignore. Suppose, you will say, the price of commodities increases; what will our workers in the city do? We are prepared for that. We will demand increased wages. That is the other half of the answer.[37]

On January 10, time allotted for debate of the domestic allotment bill expired. At this point those who were against the bill, along with some who wanted to extend the measure's benefits to specialized agricultural interests, completely confused and hopelessly overburdened the domestic allotment bill by attempting to bring within its protective benefits non-staple crops or crops which were not being produced in surplus quantities. Congressman D. D. Glover, Democrat of Arkansas, offered an amendment on January 10 that would bring rice under the domestic allotment plan. This was the only amendment proposed which had the approval of the supporters of the bill. They felt rice should be included and agreed to its inclusion beforehand. The amendment passed.[38]

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[37] Ibid., 1490.

[38] Ibid., 1530-31.

Then, Congressman E. E. Cox of Georgia, began the process of burdening the domestic allotment bill with extraneous matters when he proposed that the House include peanuts in the products protected by the measure. Marvin Jones attempted to block Cox by claiming that peanuts were not produced in exportable quantities and thus were outside the scope and purpose of the bill. But Cox presented figures to illustrate that there was a peanut surplus. Jones could not counter effectively, and the amendment was passed.[39]

Next Congressman August H. Andresen, Republican of Minnesota, who was an open opponent of the domestic allotment plan, offered an amendment to extend the provisions of the bill to also include dairy products. Again Jones rose to take the floor, repeating that the dairy industry did not produce an exportable surplus, but produced strictly for the domestic market. By this time the supporters of the measure knew full well what was happening. Congressman Harlan of Ohio characterized these developments as "peanut politics," but because of the dairy interest in Ohio, declared that he would have to support Andresen's amendment. Congressman Tom D. McKeown of Oklahoma also objected to the tactics of the bill's opponents, who, he said, were trying to kill the measure by loading it down. When peanuts had been tacked on, he said, "it smells as if something is rotten in Denmark."[40]

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[39] _Ibid._, 1532.

[40] _Ibid._, 1536.

Nevertheless, dairy products were included by a vote of 102 to 75.[41]

To further confuse the issue, Congressman Harry P. Beam of Illinois, and Congressman Harold McGugin of Kansas, made a determined effort to drop hogs from the domestic allotment bill. At the end of the January 10 session, Beam moved an amendment to this effect, which was not voted until the following morning. It was then defeated 189 to 88.[42]

On January 11, the opponents of the domestic allotment bill continued their dilatory tactics, determined to make the bill so obnoxious that its defeat would be insured. Thomas Hall, Republican of North Dakota, offered an amendment to bring flax seed under the provisions of the bill, which was rejected. The supreme point of obstructionism came when John C. Schaefer, Republican of Wisconsin, tried to have the production of goats added to the list of agricultural goods covered by the bill. Jones rose to his feet angrily to denounce Schaefer:

> Mr. Chairman, I have no objection to a little entertainment on the part of the gentleman from Wisconsin. I knew he had many qualities, but this is the first time I ever knew that he was a goat specialist. The gentleman from Wisconsin relies upon his memory for his jests, uses his imagination for his facts, and depends upon noise as a substitute for understanding.[43]

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[41] *Ibid.*, 1541.

[42] *Ibid.*, 1584.

[43] *Ibid.*, 1587.

The amendment was rejected, but similar tactics were used throughout the day.

On January 12, after all amendments had been voted on, the bill, now including dairying and peanuts under its provisions, was voted upon. A motion to recommit was defeated, and the bill was passed 204 to 151.[44] Nevertheless, by this time Wilson, Wallace, and Tugwell had concluded that nothing could be done for the domestic allotment plan in the current session. All would have to wait until the Roosevelt Administration took office.[45] The passage of a few days proved them correct.

On January 13, the House sent the passed bill to the Senate where it was referred to the Committee on Agriculture and Forestry. There it remained for well over a month. As the days passed it became apparent that the bill would die in the Senate. On January 26, 1933, the Emporia (Kansas) Gazette carried an editorial entitled "Goodbye Allotment." "The domestic allotment bill," it said, "is dead for this session of Congress, probably for all time. . . . A number of farmers' organizations are still for the domestic allotment but every day the chances for the passage of the bill grow weaker."[46] The Gazette was only partially

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[44] Ibid., 1693.

[45] Wilson to Ronald, January 11, 1933, Wilson Papers.

[46] Daily Emporia Gazette, January 26, 1932, p. 4.

correct. It was dead as far as the Seventy-second Congress was concerned, but the New Deal Congress was another story.

The Senate Committee on Agriculture finally reported an amended bill on February 20. The Senate committee had altered the bill completely, so much so that if it had passed it would have been rejected by the original proponents. The Senate committee stipulated that the new bill was to be limited to wheat and cotton, and most important, the vital acreage-control provisions were eliminated.[47] No action was taken on the measure for several days. Then, as the session was drawing to a close, Senator Lynn Frazier tried to have the bill considered, but a lethargic Senate could not be moved. All was over.[48]

Yet this was no more than the supporters of the measure had anticipated. Wilson, as well as the other campaigners, realized months earlier that their hope lay in a sympathetic administration. They had achieved this on November 8, and the election of Roosevelt remained the basic victory for the domestic allotment in 1932. Wilson and his friends had only to wait a few days for the Republican administration to be replaced by one committed to a new approach to farm policy. In May, 1933, the New Deal Congress passed the Agricultural Adjustment Act. Enactment of this bill signaled

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[47] U. S., Congressional Record, 72d Cong., 2d Sess., 1932, p. 5518.

[48] Ibid., 5307-8.

recognition that American agriculture had passed into a new age.

CHAPTER IX

IN RETROSPECT: 1932

Since the establishment of American colonies farmers had been continuously expanding their production. After the Civil War new machinery and more scientific methods of farming, chiefly developed by Land Grant Colleges and agricultural experimental stations, taught farmers to become even more productive. Heavy output and fairly good prices led to a period of prosperity for farmers in the early part of the Twentieth Century.

Under pressure of increased wartime demands, farmers responded to prospects of greater income and the pleadings of government to further increase production after 1917. The result was eventual disaster, for with the return of peace came a decline in the market demand for American agricultural products leaving productive capacity far in excess of both domestic and export needs. Farmers then turned to government for help.

The forces pushing inexorably toward the new direction of governmental planning for agriculture arose primarily in the 1920's and were strengthened by the economic adversities of the depression. Conditions had been serious in the twenties, but not sufficiently depressed to overcome the natural antipathy to governmental planning held by those educated in an age that believed the well being of citizens could best be promoted by keeping government within a narrowly limited field of activity. Farmers, like other producers, were subject to the law of supply and demand. For government to tamper with sacred relationships meant venturing into programs where every eventuality could not be foreseen. Theories could be advanced partially illuminating the darkness of the unknown, but this was not enough. Those entrusted with political leadership preferred the light of high noon, even if the current procedures and methods resulted in tragedy such as that existing in 1932.

The political leaders and the recognized farm leaders, of course, saw that the relationship between supply and demand was unbalanced. Clifford Hope, a Congressman from Kansas, analyzed the problem for his colleagues in the House of Representatives:

> The great problem confronting agriculture today is to adjust production to demand. This can be done in two ways. We can bankrupt and starve the American farmer and force him out of production, or there can be a planned, controlled effort along economic lines to adjust production to consumption. Due to the lack of organization in agriculture and to the fact that it is composed of 6,000,000 scattered production units, such economic planning and control can only be brought about through the voluntary cooperation of farmers under the supervision of some

> governmental agency. This is the fundamental theory and philosophy back of [the Voluntary Domestic Allotment Plan], and its most important long-time feature is the opportunity which is offered to reduce and control production.[1]

To say that the Hoover Administration chose the first alternative--that of achieving decreased production by allowing farmers to become bankrupt and impoverished--is harsh indeed. The president, of course, did not want such an eventuality and would look upon it as a tragedy in the extreme. But in the conditions of 1930-32, doing nothing or doing too little would eventually achieve precisely this result. It is an extremely rare statesman who can discard his inbred notions of something so fundamental as the relationship of government to the economy. The man who sat in the White House in 1932 could not find sufficient reason for doing this.

The Agricultural Marketing Act represented the extreme limit of President Hoover's aid for farmers. He would help the farmer solve his own problems. But Congressman Hope struck the issue dead-center when he declared that "6,000,000 scattered production units," rendered the surplus-production problem too much for farmers to solve themselves. The extent to which farmers could help themselves was demonstrated by the futile Farmers' Holiday Movement. Even when faced with all-time low prices and the threat of

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[1]U. S., Congressional Record, 72d Cong., 2d Sess., 1932, pp. 1373-1374.

the loss of their farms, farmers found cooperation extremely difficult. And so it became apparent that the new approach demanded by the new era, and emphasized by the depression, could come only with a change in political leadership.

The very low level of economic activity reached in 1932 magnified the change that had developed in American agriculture. Farmers were producing much more than the American market could consume, and old markets they once held no longer absorbed the excess over that required for the home demand. In short, American farmers were producing for a nonexistent market. The depression and its low prices, its foreclosures, and eventually the farmers' strike and other protest movements forcibly pressed home to many the need for government leadership in balancing supply to the decreased demand.

Numerous political leaders maintain that a prime function of academicians, especially those concerned with public policy, is to suggest ways and means whereby that policy can be improved. The impetus behind the shifting of the agricultural policy in 1932 came from such a source. Milburn L. Wilson provided the leadership and inspiration for a concerted effort to persuade the political leaders that more government planning for agriculture was needed. The Wilson group discarded the popular equalization-fee plan as inadequate to meet the conditions of 1932. It made no effort to directly reduce production. Accepting the thoughtful advice of Henry Harriman, they proposed to apply the force of government directly to reducing surplus production and at the same time provide farmers with much needed relief.

The domestic allotment plan was admittedly not a cure-all for farm ills. Some aspects of the new approach could and would cause trouble. It would require a large administrative force to implement it, which would provide ample opportunity for abuse. It would further require some cooperation of farmers in working toward the goal to reduce production, and many farmers were unconvinced that this was necessary. It also had inherent legal problems--constitutional difficulties--that were eventually used by a conservative controlled Supreme Court to declare the law unconstitutional. However, this domestic allotment plan was designed on the premise that decreased production was indispensable to agricultural prosperity; and it, of all suggestions made in 1932 from whatever quarter, was the only plan that made a realistic attempt to apply the leadership of government to the reduction of production.

Although Wilson and his group won increasingly wider support in 1932, they were unable to sell the Hoover Administration on the production-control methods of the domestic allotment plan. Nor could the backers of the domestic allotment make any headway with the large farmers' organizations. These groups were identified too closely with other ideas and found it difficult to believe the production-control method was an improvement over what they already supported. Fortunately, 1932 was a presidential election year, one that provided an opportunity for gaining support from the opposition party.

It was further fortunate that Rex Tugwell was included within the "Brain Trust." He provided the necessary inside track to Franklin Roosevelt, the Democratic Party candidate. Tugwell was an economist who was moved by the wrongs suffered by farmers and friendly toward a more active governmental role in directing the economy. He brought the domestic allotment plan to Roosevelt's attention and persuaded him to support it. This plan, however, was wholly consistent with Roosevelt's own attitude toward the function of government. It seems entirely likely that he would have come to support it, or a similar plan, if Tugwell had not been a part of the "inside group." Yet Tugwell's role in the drama of 1932 was no less decisive because of Roosevelt's friendliness toward expanded government activity. Conditions of 1932 made it imperative that Roosevelt have a program ready for the recovery of agriculture when he became president in March, 1933. If Tugwell had not been in a position to influence Roosevelt, the new president might have settled on the equalization-fee scheme, for he was prone to follow the lead of farm organization leaders, especially since he had not thoroughly studied the farm problem himself. Presenting Congress with the equalization-fee plan in 1933 would only have delayed implementation of a plan consistent with the needs of the new age of American agriculture.

The year 1932 was an extremely bitter one for almost all the people of the United States. The problems facing Americans, especially farmers, were overwhelming. Penetrating insight was not required to recognize that farmers were ill-equipped to solve their problems. The year was one of recognition by influential persons that a new era had already more than appeared. When the Agricultural Adjustment Act was passed in May, 1933, American farm policy stepped finally into the Twentieth Century. The great importance of the approval of the domestic allotment plan was that by its acceptance American political leaders illustrated an awareness that government had a responsibility for farmers. The plan, itself, was helpful, but did not bring prosperity. After all, the return of prosperity depended on many factors unrelated, or only indirectly related, to farmers and their level of production. But, an important, highly significant step had been taken, one that started American agriculture down a new road, one it still travels. The victory of 1932, solidified in May, 1933, surely was recognition that the prosperity of all economic groups is inextricably bound together, and that if the road for farmers is rough then it is rough for all.

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