Rural Iowa in the 1920S and 1930S

Leland L. Sage
Rural Iowa in the 1920s and 1930s

Roots of the Farm Depression

LELAND L. SAGE

Of the two decades under examination in this conference, the second has enjoyed far more exploitation by scholars and is far better known by general readers than the first. The twenties have elicited many different interpretations over succeeding decades. If the experts disagree, sometimes violently, what can we expect from those who read as they run? There is a tendency, among people in all walks of life to ignore or minimize the farm depression of the twenties. The scenario so often presented is that of a decade of prosperity ending with the slide into the Wall Street debacle of 1929, followed by the Great Depression and then the rescue by the New Deal. The Farm Depression, if remembered at all, is brought in as an afterthought. Reference here is not to agricultural historians, who properly treat those years as a decade of farm tragedy, monumental in themselves, and as prelude to and partial cause of the catastrophe of 1929.

1. Henry F. May, "Shifting Perspectives on the 1920s," *Mississippi Valley Historical Review* 43 (December 1956), 405-27, deals mostly with art, literature, and philosophy, but has a few pages on economic history, 421-425. Paul Allen Carter, *Another Part of the Twenties* (New York, 1977), has nothing on the subject of agriculture, but has many insights of value for a student of the era.
THE ANNALS OF IOWA

If we can rid ourselves of the notion of "definitive" history in favor of Professor Richard N. Current's definition of history as an "ongoing colloquy" rather than a presentation of final truth, we may expect more writing and more light on the twenties and thirties. This conference is to be commended as a part of that ongoing colloquy.

Students of recent farm history seem to be agreed that since World War I the United States agricultural establishment, of which Iowa is an important part, has faced the continuous and continuing problem inherent in its capability to produce surpluses—marginal amounts—which are beyond the capacity of the national free enterprise system to absorb in an economic manner. A corollary to this point is the search for parity of farm prices in relation to the prices of goods the farmers must buy. In a word, we call this the "farm problem." When did that problem first appear and what are its roots?

This capability is not a post-1918 phenomenon: The United States was on the verge of such a problem in 1913-14 as the Golden Age of Agriculture, so called because parity prices were a reality, was coming to an end. Only the unexpected advent of World War I saved us from an almost certain surplus. The war created an insatiable market for all that our agricultural and industrial systems could produce. The amount of production, and therefore the volume of exports in 1914, was pretty well determined by late July-early August, when the war began, but in 1915 and 1916 exports rose noticeably. Then with the United States' entrance in the war on April 6, 1917, the demands for

2. There is some divergence among scholars as to the dates of the Golden Age of Agriculture. John T. Schlebecker, *Whereby We Thrive: A History of American Farming, 1607-1972* (Ames, Iowa, 1974), 151, uses the dates 1898 to 1914; Willard W. Cochrane, *The Development of American Agriculture: A Historical Analysis* (Minneapolis, 1979), 100, sets 1910 to 1914 as the Golden Age, and labels the period of 1897 to 1910 as the "good years." Schlebecker, 159, presents convincing evidence of the decline of our domestic and export markets by 1914; the per capita consumption of meat, potatoes, and wheat flour fell off noticeably between 1900 and 1914. Cotton exports held up though cotton was selling in 1914 for seven cents per pound. The percentage of the wheat and corn crops exported was down from 1900: wheat from 35.84 percent to 19.07 percent. Census figures show that the average net income from farming, nationwide, rose only from $4,176,000,000 to $4,181,000,000 between 1910 and 1914. U. S. Department of Commerce, *Historical Statistics of the United States: Colonial Times to 1957* (Washington, D. C., 1960), 483.
goods of every sort became limitless. Farmers were challenged: "If You Can’t Fight, Farm: Food Will Win The War." They were encouraged to plough up their pastures and the roadsides and to employ the utmost in skill and know-how in order to increase production. Worse yet as to future effects but seemingly good business at the time, the government and private bankers urged farmers to use their profits and their credit and buy more land, even at the high prices of 1918-19. Farmers went the limit on production and in land purchases—how could one lose with the demand for food so great and a safety net of guaranteed minimum prices? Unfortunately there was no Jeremiah around in 1917-18 to warn farmers that this was an open invitation to disaster; early in 1919, when much of the damage had been done, Henry C. Wallace did speak up when he editorialized on the dangers of the mania for more land: "If we don’t start climbing down the ladder a rung at a time, there will be a disturbance of some kind and someone will get pushed off the ladder to land with a thud at the bottom."

The wartime prosperity created a dizzying effect for the moment, a kind of fool’s paradise, and also created two long range effects: First, the United States was turned rather suddenly into a creditor nation instead of a debtor, with all the varying aspects of that unaccustomed role. And second, by 1917 the Entente Allies had exhausted their available gold and their savings based on trade credits, which had enabled them since 1914 to pay in cash. They were now forced into a borrowing program which created the War Debts Problem which was to poison international relations for a generation, and domestic

3. William G. Murray, “Iowa Land Values—1803-1967,” *The Palimpsest* 18 (October 1967), 461-68, deals with the years 1901 to 1920. Other sections of the article have information of great value.

4. Quoted in Donald L. Winters, *Henry Cantwell Wallace: As Secretary of Agriculture 1921-1924* (Urbana, 1970), 69. Another who wrote even more strongly against the mania-buying was a young economist at Iowa State University, Dr. Edwin G. Nourse, later a nationally recognized authority on agricultural economics: "... Iowa land [may go to $500 or $1,000 an acre] but that is no excuse for paying such prices now if the earning power ... is not here, and here to stay. Every boom has a stampede of buyers just at the climax, before the recession begins. And the last buyer is the one who gets stung. The land boom should have stopped the day the armistice was signed..." Quoted in Murray, “Iowa Land Values,” 468. Both warnings were good examples of “too little, too late.”
politics as well. Few Americans could ever master the simple economic principle that foreign debts can be settled in only three ways: gold, services, or goods, or some combination of the three. Our European allies found it difficult to pay their "war debts" and at the same time import farm produce from us. Fortunately for humanitarian purposes but unfortunately for the economic situation, the war ended somewhat unexpectedly in November 1918 instead of some time in 1919 or later, as had been the expectation in early 1918 when crops were planted and the industrial plant tooled up for record outputs. Now that "peace had broken out," no one was ready with plans for the transition to a peacetime economy. Momentum carried the economy through the year 1919 because continued aid to Europe allowed United States exports to hold up, and the return of some two million service men added to the domestic demand. The safety net of guaranteed minimum prices for certain crops was maintained.

Even so, national leaders made some mistakes in 1919 and 1920 that were certain to bring on disaster in succeeding years. First of all, in keeping with textbook ideas on economic theory, President Wilson favored a quick return to the principles of a free enterprise economy. He may have remembered that Adam Smith had allowed for abandonment of that philosophy in wartime and in other crises, but he did not grasp the idea that the transition to peace was really a part of a war situation. Nothing was done to assist those farmers who had taken the government's advice and their private bankers' advice and mortgaged their farms (and their souls) to the hilt in order to buy more land. Instead, the Federal Reserve Bank, in its first real test of wisdom since creation of the system in 1913, chose this time as the occasion for raising the discount rate, thus cutting off or reducing credit for farmers at the very time that credit was most needed. Then, as part of the messy story of the return of the railroads to private ownership after wartime control, the Inter-

5. A fierce debate has taken place over the merits or demerits of the Federal Reserve policy in this instance. Arthur S. Link, "The Federal Reserve Policy and the Agricultural Depression of 1920-21," Agricultural History 20 (July 1946), 166-75, is a spirited defense of the Federal Reserve Bank's policy.
state Commerce Commission authorized the rails to raise freight rates, 25 percent or more, adding to the farmers’ woes in a time when the railroads still enjoyed a virtual monopoly on freight hauling. The crowning blow was the withdrawal of the wartime price controls in 1920, at a time too late for adjustments in spring planting. Guarantees for wheat, for example, came off at midnight on May 31, 1920, with little advance warning. Soon after, the rug was pulled from under our European friends and real allies, and a protective tariff followed in 1921 and 1922. Prices of farm produce and farmland plummeted; from a wartime prosperity the country plunged into a peacetime depression. The “thud at the bottom” of the ladder which Secretary Wallace had prophesied took the form of a prolonged depression of disastrous proportions, a story filled with foreclosed mortgages and bank failures. Any description of the present farm economy must begin with this reference to the episode of 1914 to 1920.

From this point onward, the story—not only of the 1920s and 1930s but down to the present—is a story with a simple theme: the search for a scheme, plan, operating philosophy, whatever, with or without government assistance, whereby farmers who own or rent farmland, some of it as good as the best anywhere in the world, with the best field power in the world at their disposal, can live and produce with reasonable hopes of long-run profit, security, and a chance to enjoy the

7. See Wallaces’ Farmer, 11 June 1920, 1566-67, for E. E. Reynolds’ weekly column, “Farm Interests at Washington,” which includes these statements: “Federal control of wheat and wheat products ended June 1st, which means the passing of the government guarantees of $2.20 a bushel for wheat, established during the war. . . . A powerful effort was made to have the government continue its price guarantee another year. Quite a number of representative grain growers from Oklahoma and other western states . . . said they favored extension of price control, providing some other agency of enforcement were established to take the place of the Federal Grain Corporation. . . .”
8. A good factual summary of statistical data on the farm depression, nationwide, is in Theodore Saloutos, The American Farmer and the New Deal (Ames, Iowa, 1982), 3-14. The same can be said for James H. Shideler, Farm Crisis 1919-1923 (Berkeley, 1957), 46-75. For the effects on Iowa farm families, good descriptions can be found in Carl Hamilton, In No Time At All (Ames, Iowa, 1974), 25-33 and James Hearst, Time Like A Furrow (Iowa City, 1981), 123-34.
same good life as their counterparts in the towns and cities. It remains to be asserted that this formula does not include the request for any special treatment or consideration by the government over or above that given to any other segment of the economy and the social structure of the nation.

In the very midst of the breakdown of the farm economy in 1919-20, two developments should be noted. The first is the birth and growth of the American Farm Bureau Federation (AFBF), which soon superseded its rivals as the leading, most of the time the acknowledged, spokesman for American agriculture. As a force working for a better life for the farm population, Iowans can take just pride in the part therein played by some of its citizens. Beginning in 1912 with the formation of township and county organizations under various names, by 1916 the name “Farm Bureau” had become the preferred title. Clinton County claims the honor of being the first to organize; Marshall County was second, Black Hawk was third, and soon every county had its own bureau—Pottawattamie had two. A state organization followed in 1918, with James R. Howard of Marshall County as the first president and John Walter Coverdale of Clinton County the first secretary. These two men had leading roles in the formation of a national group in 1919-20, emerging with the same offices. The organization’s day-to-day manager and lobbyist on the Washington scene was Gray Silver of West Virginia.

Almost simultaneously came the organization of the Farm Bloc in the Senate and later in the House. Some overlook that the first step in organization was a preliminary meeting held in Des Moines in the offices of the Iowa Farm Bureau Federation at which Senator William S. Kenyon of Iowa and four Iowa congressmen set forth the guiding principles for the Farm Bloc in


10. Robert P. Howard, James R. Howard and the Farm Bureau (Ames, Iowa, 1983), 102-141; D. B. Groves and Kenneth Thatcher, The First Fifty: History of the Farm Bureau in Iowa (Des Moines, 1968), 1-47. The special contribution of the book on James R. Howard is that it makes clear that Howard wanted the good life for farmers, but he wanted it to come by virtue of a good income and economic independence. It follows that he wanted the AFBF to support policies that aimed in this direction.
operation: to work for anything favorable for agriculture and to work against anything unfavorable to agriculture. Kenyon gathered eleven other senators into a tightly-knit well disciplined group, soon to be called by the French label of “bloc,” working with and sometimes taking orders from Gray Silver and Jim Howard. A bit later a group of one hundred members of the House, led by Congressman Lester B. Dickinson of Iowa, added its clout to their program. President Coolidge and Secretary Hoover of the Department of Commerce opposed this move on behalf of farmers with every means at their command, but without success. The AFBF and the Farm Bloc combined forces to enact several pieces of important legislation for the benefit of agriculture, which are still in effect, notably the Packers and Stockyards Act, the Grain Futures Trading Act, and the Capper-Volstead Act which exempted farm cooperatives from antitrust laws.

An important part of this new activity and the new spirit among farm leaders was an interest in the new idea known as “equality for agriculture.” This general and somewhat nebulous idea to which all farmers and many others could pay lip service as a specific idea was the brain child and promotional project of George N. Peek, president, and Hugh S. Johnson, general counsel, of the Moline Plow Company. They had self-centered interests, of course, but also had the interest of all of American agriculture at heart. The basis of their plan for the benefit of farming interests was the principle of a tariff equivalent which would do for agriculture what the protective tariff had done for certain segments of American industry. In broad detail the idea contemplated two markets, the domestic, on which farmers would sell as much as possible of their product at the American price, and the foreign market, on which they would sell through an export corporation as much as possible at the world price—whatever price it would bring. The latter price would almost inevitably mean a loss for American producers, a loss which would be made up by an “equalization fee,” assessed on all pro-

11. Leland L. Sage, A History of Iowa (Ames, Iowa, 1974), 260-61, and 360 (fn 28), where the Des Moines Register, 14 November 1920, is cited for the Iowa meeting.

ducers. A special tariff wall would be erected to protect the American market from a backwash of the produce which had been dumped on the world market. The net effect would be an increase in income for farmers and the achievement of parity.

Although the Peek-Johnson plan had been bruited about for some time, its authors hoped that it could be presented and explained before the nation and the world at a National Conference on Agriculture to be held in Washington in early 1923. The conference was ostensibly called by President Warren G. Harding, who had accepted the idea from his secretary of agriculture, Henry C. Wallace. Secretary Wallace was preoccupied with other requests and recommendations for speaking time on the formal program of the conference and rejected Peek and Johnson's bid for an invitation to speak without so much as looking at the contents. The two men therefore had to be contented with making a brief explanation of the prevailing conditions which they hoped their plan would relieve. As Henry C. Wallace's biographer explains: "The episode would not have been significant, except for the fact that Wallace was eventually to turn to the 'Peek plan' after other solutions to the farm problem had failed."14

So would others turn to the Peek-Johnson plan, including Henry Agard Wallace, who had succeeded his father as editor of Wallaces' Farmer, and Frank Orren Lowden, former governor of Illinois. It was taken over in the Senate by Charles L. McNary of Oregon and in the House by Gilbert N. Haugen of Northwood, Iowa. In all there were five different McNary-Haugen bills; two passed both chambers only to be vetoed by President Coolidge. He could claim good company in James R. Howard of Iowa, recently president of the AFBF, who thought that the plan would not work.15

By the time of the second veto the plan had become a political issue that had little to do with its merits. The issue took the form of a question: Should the government do something for agriculture? President Coolidge, strongly backed by his secretary of commerce, Herbert Hoover of California,\(^\text{16}\) and his secretary of the treasury, Andrew Mellon, upheld the negative view; Lowden, Henry A. Wallace, and most AFBF members took up the fight for the proponents. The real decision came at the Republican National Convention at Kansas City rather than in the halls of Congress; Hoover easily bowled over Lowden for the nomination, thereby dealing a virtual death blow to the Peek-Johnson plan. Such was the temper of the times that thousands of Iowa farmers switched their votes, some to Al Smith in 1928 and many more to Franklin D. Roosevelt in 1932, partly because they indicated a deep concern for farmers. Roosevelt’s victory is credited to his success in building an East-West-South coalition; true, but it should be stressed that such a coalition included thousands of Iowa farmers and agribusinessmen and their fellows all over the Midwest who were enacting a silent revolution in their desertion of the Republican party.

As an economist and political scientist, Hoover was justified, in the opinion of many, then and later, in opposing McNary-Haugenism, but as a grassroots politician he made the mistake of not overtly showing his sympathy for the plight of the farmers and their allies in agribusiness. To give Hoover his due, it is not at all true or fair to accuse him of being devoid of sympathy for farmers. Unfortunately, he could only theorize that Europe would not long permit the United States to dump its

\(^{16}\) The author does not mean to commit an act of treason to Iowa by calling Hoover a Californian. The facts are that birth in a state does not make a person a “son” of that state, nor do seven years of boyhood in Iowa make an “Iowan.” In going before the Republican National Convention of 1928 as a candidate, Hoover’s managers denominated him a “Californian,” for obvious reasons. Except as a vote-getting ploy when he made his first campaign speech at West Branch, Hoover showed little interest in his Iowa connections until approaching the end of his career.
surpluses on their shores, an argument not well understood by farmers. If actions speak louder than words, it should be noted that the first important piece of legislation in his administration was one for farmers: the Farm Marketing Act of 1929. Of course, by that time, he had already lost the farmer vote. Hoover believed, as had others for years gone by, that cooperatives, properly managed, would suffice as a remedy for farmers' troubles. He had a place for farmer organizations in his theory of the "associative state." He was at least a temporary convert to the idea that government must take a hand in assisting business when it becomes a victim of circumstances beyond its control; he had the misfortune of not extending that philosophy to farmers in the same degree and in the same spirit that he displayed in his cooperation with the savings and loan industry, banks, insurance companies, and railroads, in saving them from total failure and ruin.

The late twenties and early thirties were remarkable for illustrations of how ordinarily peaceful law-abiding citizen-farmers could approach the breaking point as economic desperation drove them to the edge of despair, occasionally to violence. In Milo Reno such men met their ideal leader as if foreordained for the role. A lay preacher-exhorter by inclination, he had the oratorical powers necessary for stirring men to action, though he was no rabble-rouser. He would have been more at home among the individualists who made up the Populists of the 1890s than in the more highly developed

17. U.S. Statutes at Large, 71 Cong., 1 Sess., 11-19. There the act is titled the "Agricultural Marketing Act."


19. Roland White, Milo Reno: Farmers Union Pioneer (Iowa City, 1941); John L. Shover, Corn Belt Rebellion: The Farmers Holiday Movement (Urbana, 1965). The latter is virtually a biography of Milo Reno, far superior to the Roland White book. Lowell K. Dyson, Red Harvest: The Communist Party and American Farmers (Lincoln, NE, 1982), has much material on Reno and the Farmers Holiday activities, including contacts with Communist operatives in Iowa and adjacent states, but little biographical data of note. Dyson attributes Reno's radical hell-raising temperament to his mother, an erstwhile Granger and Greenbacker.
capitalistic agricultural environment of the 1920s and 1930s. The Farmers Holiday Movement which he directed—the road blockades and milk dumping of 1932-33—does not seem in retrospect so outrageous when one considers the years of hardship these men had suffered. The program of "demands" which he presented to the General Assembly of Iowa on March 13 on behalf of some three thousand protesting farmers, makes tame reading today. One demand called for the same sort of protection for farmers as had been arranged for bankers in the Bank Holiday; another demanded a "dollar" which would serve as an "honest measure of value"; still another demanded a national moratorium on mortgage foreclosures; another, the refinancing of mortgages with fiat money (presumably similar to the Greenbacks of 1862); another demanded a government takeover of the banking and currency system as a public utility. A steeply graduated income tax, "cost of production" for farmers, passage of the soldiers' bonus bill, representation of farmers in the drafting of new agricultural legislation—all seem reasonable enough, as do the Populists' demands in their platform of 1892 when read in the context of ideas accepted later by the major parties. The only negative demand was for Congress not to waste money on congressional hearings on the "non-sensical domestic allotment" bill. One item set May 3, 1933, as the deadline for "legislative justice" or a strike might be called. By that time enough had been done in Washington and Des Moines that Reno would not lose face by calling off the threat of a strike. This was his last bid for attention to the farmers' troubles. Each bit of progress towards relief reduced his influence proportionately. Compared with the reprehensible actions of the mobs in Primghar and Le Mars in humiliating officers of the law and a distinguished district judge, Reno seems quite honorable and law abiding. 20

Other papers in the remaining programs will cover the New Deal relief measures for agriculture. It may be asked, however, if farmers were better off in 1940 than in 1920. It is generally

20. Shover, Corn Belt Rebellion, is the best source in print for following the varied activities of Milo Reno and the Farmers Holiday movement. The thirteen demands as presented to the General Assembly of Iowa are reprinted in Sage, A History of Iowa, 296.
agreed that the New Deal had not helped as much as its champions have claimed for it; that there was a depression in 1937 through 1938, from which the nation was rescued by the coming of World War II. In many ways it seems that farmers were better off in 1940 as compared with 1920. Undoubtedly the standard of living had improved, at least in material things. In 1920 tractor farming employed only 246,000 machines; in 1930, 920,000; in 1940, the figure was up to 1.6 million. This meant that the means of farming had been made much easier and less time consuming; farmers could now take jobs in nearby towns and cities and still complete their farm work. Later figures would show that income from this extra work exceeded the farm income. Farm wives were not forgotten in this drive towards the use of machinery. Electrical appliances made housework and farm chores easier; no longer were wives expected to look after the garden and the chickens and save their "egg money." Farm wives shopped for food and clothing in towns and cities and made a good showing compared with their urban sisters. The family car or cars made church attendance and movie going in town the order of the day; family cars and school buses made township or county schools available for the children. The use of hybrid seed corn was now universal and soybeans were a new cash crop. Commercial fertilizers had become commonplace. In short, farming had become more of a business than just a way of life. Ding Darling's straw-sucking, bib-overalled, fat, jolly farmer type was no longer true to life, one his few anachronisms.

Our era of examination began with the coming of peace after a great world war and it ends with the United States standing on the brink of entrance into another such war, in some ways already a participant though not yet a combatant: Again the nation was enjoying prosperity caused by war markets. No American wants this kind of solution to our farm problem, nor do we want the solution of a garrison state. Autarchy cannot be enforced without an authoritarian state and cannot be long endured by a people long accustomed to freedom. For reasons of prosperity and for peace of mind, the farmer is directly in-

21. These figures are taken from Cochrane, Development of American Agriculture, 108, 126.
interested in peace, as much so as any citizen in the land. The decline in the number of farms and farmers has brought the farm population to the astounding figure of only 2 to 3 percent of the nation’s population, but with the people’s dependence on food and the support of those in agribusiness and more distantly related areas of the economy, farmers can still wield vast influence. There are more important things to be considered than prosperity; perhaps our farmers will lead the way.

22. Gilbert C. Fite, American Farmers: The New Minority (Bloomington, IN, 1981), is a masterful study of American farming in the twentieth century, stressing the striking fact that more and more acres of farmland are being farmed by fewer and fewer people who produce more and more from these larger farms, resulting in a decline in farm population from 75+ percent of the total in the eighteenth century to the 2 to 3 percent of today.