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THE AGRICULTURAL MARKETING ACT OF 1929: A STUDY OF THE LEGISLATIVE PROCESS

A Thesis

Presented to the Department of History and the Faculty of the Graduate College University of Nebraska at Omaha

In Partial Fulfillment of the Requirements for the Degree Master of Arts

> by Donald L. Wilson August, 1973

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THESIS ACCEPTANCE

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Graduate Committee Department Name Willia R. Pational Hata Political Science Oralle D Menard

<u>Federie W</u> Gdu Chairman <u>July</u> 27, 1973 Date 7

TABLE OF CONTENTS

Chapter

Ι.	INTR POLI	ODUCT TICS	ION	•	INT	ERES	TEI) P	'AR	TI.	ES	А	ND	•	•	•	•	•.	1
II.	THE	HEARI	NGS		PRO	GRAM	IS	٠	•	•	•	•	•	•	•	•	•	٠	26
III.		HOUSE NISTR											•	•	•	•	•	•	43
IV.	THE	SENAT	E -	TH	E D	EBEN	ITU	RE	ΡL	AN	I	•	•	•	•	•	•	•	61
V.	THE	CONFE	REN	CE	СОМ	MITI	ΈE	-	PO	WE	R	PC	LI	ΤI	CS	;	•	•	78
VI.	CONC	LUSIO	N:	EC	ONO	MICS	S OI	ξ F	OL	ΓI	ΊC	S	• -	•	•	•	• '	•	97
APPENDI	х	* •	•. •	•	•••	• •	•	•	•	•	•	•	•		•	•	•	•	114
BIBLIOGRAPHY											•	•	•	122					

ii

. 1

INTRODUCTION

INTERESTED PARTIES AND POLITICS

On June 15, 1929, President Herbert Hoover signed the Agricultural Marketing Act into law bringing to a close eight years of intensive work by many people interested in the farm problem. Thus, the President had redeemed a campaign pledge to call a special session of Congress and secure a far-reaching piece of farm legislation. The course of agricultural relief, from its origin in the farm depression to the enaction of the new law, was influenced by practical politicians, professional farm representatives, and economic theorists. Each group had an impact on the final solution.

The fact that the problem existed and the urgency of the problem was generally recognized in 1928. Alfred E. Smith, the Democratic nominee for President, noted that between 1921 and 1927, the value of industry had increased by fifty-six per cent, while the value of agriculture had decreased by thirty-six per cent. Furthermore, the operating costs of the farmer had increased by sixty-two per cent.¹ Most Republican leaders agreed that the farmer had

¹New York Times, June 15, 1928.

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problems.² Most observers agreed that since the post-war deflation of 1920-1921, the American farmer had been in serious trouble. The price received for his crops had dropped drastically, but the price of goods and services he used had remained the same or increased. The chief causes of the farm distress seem to have been overproduction, the inflation-deflation cycle of World War I, and the generally rising cost of living.³ In an attempt to develop the countervailing power to help him deal with his problems, the farmer, as had many other groups, organized agricultural associations. There were three main types of farm groups: political pressure organizations, marketing cooperatives, and general associations.

The most important general associations were the Farm Bureau, the Farmers' Union, and the Grange. The oldest of these was the National Grange, which was founded by Oliver Hudson Kelly in 1867.⁴ By the 1920's its official doctrine

²Ibid., June 11, 1928. It was interesting to note that several Republicans were skeptical. Dr. Hubert Work, who became Hoover's campaign manager, said that he did not believe that the farmer was really in trouble. (New York Times, July 4, 1928) Senator George Moses of New Hampshire agreed, adding that the sale of lumber and farm implements was up in the farming regions. (New York Times, August 22, 1928.)

³George F. Warren and F. A. Pearson, <u>The Agricultural</u> <u>Situation: the Economics of Fluctuating Prices (New York:</u> <u>J. Wiley and Sons, 1924)</u>, pp. 19-21 and 87. For further background information on the general situation see Murray Reed Benedict, Farm Policies of the U.S., 1790-1950 (New York: Twentieth Century Fund, 1953).

⁴Solon Justus Buck, The Granger Movement; a Study of Agricultural Organization and Its Political, Economic, and <u>Social Manifestations: 1870-1880</u> (Cambridge: Harvard University Press, 1933), p. 53.

stressed the need for the farmer to help himself and not rely on the government for assistance.⁵ This position made the Grange the most conservative of the major groups. The Grand Master of the National Grange, L. J. Taber, in his testimony at the Senate hearings, said that the Grange was active in thirty-three states through eight thousand subordinate branches, comprising 800,000 members.⁶ Taber, in a speech given during the special session of Congress, stated that the Grange supported the export debenture program, and proposed revisions of the tariff laws which would be favorable to the farmer.⁷

The newest and largest of the three farm organizations was the American Farm Bureau Federation. It was founded in 1919 as an attempt to recruit all farmers into a super-organization, and received the support, both organizationally and financially of the business community and government. The founders hoped to create a less radical, better organized group to help stabilize the farm situation.⁸ In the midtwenties, the Farm Bureau's support of the McNary-Haugen Bill

⁵New York Times, April 20, and June 17, 1928.

⁶U.S., Congress, Senate Committee on Agriculture and Forestry, Farm Relief Legislation, 71st Congress, 1st Session, 1929, p. 510. Hereafter cited as Senate, <u>Farm Relief</u>.

⁷New York Times, June 17, 1929.

⁸Theodore Saloutos and John D. Hicks, <u>Twentieth Century</u> <u>Populism</u> (Lincoln: University of Nebraska Press, 1951), <u>p. 255.</u> Hereafter cited as Saloutos and Hicks, <u>Populism</u>. A good history of the Farm Bureau Federation is outlined in Chapter IV of this book. caused a partial separation from the non-farm interests which had been important early in its development. The Farm Bureau continued its support of the equalization fee idea through the campaign of 1928 and into the Special Session of 1929.⁹ At this time, Sam H. Thompson, President of the American Farm Bureau Federation, told the Senate Committee on Agriculture that his organization was active in forty-two states and had a million members, who were engaged in all types of farming.¹⁰

The smallest of the three general organizations, considered by most people to be the most radical, was the Farmers' Educational and Cooperative Union. It had been founded in 1902 by Isaac Newton Greshem, and became known for its aggressive policies.¹¹ The Farmers' Union was undergoing a tremendous internal struggle in 1928-29. One faction within the Farmers' Union believed that the farmer could only help himself through cooperatives, while the other maintained that government help in securing "cost of production" price was essential. The latter group apparently held the majority position, but the organization as a whole played a relatively unimportant roll in charting the course

¹⁰Senate, Farm Relief p. 28.

¹¹Soloutos and Hicks, <u>Populism</u>, p. 217. The history of the Farmers' Union is covered in Chapter VIII of this book.

⁹New York Times, June 8, 9, 10, 1928; Senate, Farm Relief, pp. 28-37; and U.S., Congress, House, Committee on Agriculture, Hearings on Agricultural Relief, 71st Congress, 1st Session, 1929, pp. 7-27. Hereafter cited as House, Hearings.

of the proposed farm relief.¹² Many of the Union's officials spoke out on a personal basis, but none represented the group.

The general farm organizations had official policies of noninvolvement in partisan politics, but each maintained extensive lobbying services which ultimately helped shape the outcome of the farm relief effort. There were, however, other groups whose major purpose was clearly political pressure. They were usually organized within geographic areas or around specific crops. Foremost among these were the Corn Belt Federation and its political action arm, the Committee of Twentytwo. Whatever the specific goals of the pressure group, they were to be reached through nonpartisan political activity.¹³

The Corn Belt Committee or Corn Belt Federation was typical and perhaps the most successful of this type of group. It was formed in 1925 specifically to lobby for the McNary-Haugen proposal then in Congress.¹⁴ By 1928 the Federation was made-up of thirty-two farm organizations in fourteen midwestern states, with a combined total membership of over one million.¹⁵ The national political conventions of 1928 provided a convenient springboard for the Federation, which made full use of it. National attention was focused on the farm problem as the Federation announced its positions on

¹²<u>Ibid.</u>, p. 238.
¹³<u>New York Times</u>, September 1, 1928.
¹⁴Saloutos and Hicks, <u>Populism</u>, pp. 385-6.
¹⁵<u>New York Times</u>, September 1, 1928.

the various candidates and platform proposals of both political parties. 16

In 1926 the Corn Belt Federation formed a separate organization, the Committee of Twenty-two, presumably as an action group for the Federation.¹⁷ The new group was headed by Gcorge N. Peek, a well known farm lobbyist, and was made up of two delegates from each of eleven midwestern states.¹⁸ Peek and his committee were very active in the campaign of 1928.

Political pressure tactics and lobbying were restricted to the first two types of farm associations, however. The third type of organization did not maintain any employees for legislative activities at the national level, and seldom at the state level. If a specific legislative proposal effected one of the groups, it might send an officer or an executive secretary to testify at a hearing, but that was the extent of their national lobbying.

The third major type of farm organization was the marketing association. There were more than twelve thousand cooperatives in operation in the United States in 1929, and nearly every commodity had one or more marketing association.¹⁹

¹⁶New York Times, June 1, 1928.

¹⁷Saloutos and Hicks, Populism, p. 389.

¹⁸The eleven States were Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin. <u>New York Times</u>, July 29, 1928. See also Gilbert Courtland Fite, <u>George N. Peek and the Fight for Farm</u> <u>Parity</u> (Norman: University of Oklahoma Press, 1954).

¹⁹Lincoln Star (Lincoln, Nebraska) March 13, 1929.

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As a group, however, they were not politically effective during this period because of the diversity of interests they represented, and their lack of political orientation.

Despite the fact that many farmers belonged to one or more of these associations, by far the most important groups interested in farm relief were the two political parties. The agriculture question became central to the campaign of 1928 when both political parties declared it to be the most important issue.²⁰ Promises were made and new alliances were formed during the campaign which would change the course of farm relief legislation. The political importance of the issue came into sharp focus in the national conventions of 1928. The Republicans met first. The events before and during that convention thrust the farm issue into the prominent position which it was to hold until the election.

The action which caused the spotlight to fall on the farmer was President Coolidge's veto of the McNary-Haugen Bill in mid-May. Farm leaders were so outraged at this betrayal by the President that all agreed when Adam McMullen, the Governor of Nebraska, called for an army of farmers to go to the convention in Kansas City and make their feelings known to the Republican leaders.²¹ Coolidge had added insult to the veto by his harsh condemnation of the central ideas

²⁰Gilbert Courtland Fite, "The Agricultural Issue in the Presidential Campaign of 1928". <u>The Mississippi Valley</u> Historical Review, XXXVII (March, 1951), p. 653.

²¹New York Times, May 24, 1928.

of the bill. The <u>New York Times</u> considered the violence of his message out of character for the "cool" Coolidge, and speculated that he might have been politically motivated.²² Reaction to the veto crystalized around Governor McMullen when he passionately evoked the farmers to "arise as crusaders of old . . . ," and go to the convention one hundred thousand strong.²³ McMullen's farm crusade and its activities in Kansas City received national publicity and created a climate which insured that farm relief was to be the major topic at the convention.

Much of the pre-convention publicity focused on the farm groups and their march on Kansas City. <u>Time</u> reported that there were overtones of Coxey's Army in the vision of the Governor.²⁴ McMullen quickly responded that he wanted the farmers to meet in Kansas City and not march through the countryside like a "circus parade". Soon after that statement, the Nebraska governor withdrew entirely from leadership of the farmers' march and was replaced by Governor A. G. Sorlie of North Dakota.²⁵ The new leader called for caravans to be made up of new cars, and for the farmers to look prosperous. He said, "We are going down there

²²<u>Ibid.</u>, May 24, 25, and 27, 1928.
²³<u>Ibid.</u>, May 24, 1928.
²⁴"Fee, Fie, Foe, Farmers", <u>Time</u>, June 4, 1928, p. 10.
²⁵<u>New York Times</u>, June 5, and June 8, 1928.

to demand justice for agriculture. This isn't going to be a tattered mob pleading for bread."²⁶

Leaders of the farmers' march were confident upon the eve of the convention. Mark Woods, of Lincoln, Nebraska, predicted that one hundred-thousand "orderly but determined" farmers would arrive at the convention.²⁷ The Chamber of Commerce of Kansas City reported that it had arranged for five thousand rooms in private homes and for camping in public parks, if that became necessary.²⁸ If huge numbers of farmers had, in fact, ever planned to attend the convention, they must have changed their minds. Time reported that the center for the farmers' march had only fifteen cars parked near it and had registered only one hundred farmers after the first day of the convention.²⁹ There were undoubtedly more farmers and farmer representatives than that at the convention, but the actual number must have created a great deal of embarrassment for those who predicted one hundred thousand crusaders. Those who did go to Kansas City made their presence felt by marching on the convention, lobbying individual delegates, testifying before the platform committee, and presenting a minority farm platform to the convention.

²⁶Ibid., June 8, 1928.

²⁷Ibid., June 9, 1928.

²⁸Ibid., June 10, 1928.

²⁹"Farmers: Politics v. Economics," <u>Time</u>, June 25, 1928, p. 15.

All of these activities were coordinated by the Committee for that purpose. 30

Before the convention was under way, the nomination of Herbert Hoover was a certainty, so the farmers spent most of their time trying to influence the platform. They believed that a Republican President could not ignore their program if it was incorporated in official party policy. There were three groups interested in the agricultural sections of The administration's workers wanted the document the platform. to support the Coolidge veto of the McNary-Haugen Act, and little more.³¹ The Hoover supporters were anxious to have a platform that would hold the farming areas and still be comfortable for their candidate.³² The farm pressure groups were working for a platform which would pledge as much as possible for the farmer, including the equalization fee sections of the McNary-Haugen Act.³³ The first two groups were not in conflict and were certainly sympathetic to one another, so, in the end, the administration supporters and the Hoover forces wrote the 1928 Republican platform.³⁴

³⁰New York Times, June 3, 10, 14, 1928.

³¹O.G. Villard, "The Elephant Performs at K.C.," <u>Nation</u>, June 27, 1928, p. 711.

³²Evening State Journal (Lincoln, Nebraska), June 8, and 9, 1928, (Hereafter cited as <u>State Journal</u>) and <u>New York</u> <u>Times</u>, June 10, 1928.

³³"<u>Res Publicae</u>," <u>Time</u>, May 28, 1928, p. 9.

³⁴State Journal, June 1, 1928.

The campaign document took up the farm problem under two headings: agriculture and tariff. The latter section reaffirmed the principle of protection and discussed the importance of the tariff to general prosperity. A generally high standard of living in the United States was the greatest aid to the farmer, and therefore, a continuation and extension of the existing policy would be in his best interest.³⁵ The agricultural section briefly recognized the farm problem, outlined the previous Republican aid to the farmer, and proposed to put farming on an equal basis with industry by affording greater tariff protection and reorganizing the market system. The new marketing system was to be organized through cooperatives and stabilization corporations, directed by a federal farm board and financed by the federal government.³⁶ The passage of this platform, which contained little the farm spokesman had advocated, caused the collapse of the farm crusade. Its principle candidate for the Presidency, William Lowden, ex-governor of Illinois, withdrew his name from consideration, and the disorganized farm groups had little impact on the nomination.

Contemporary analysis of the Republican Convention was varied. Some observers like Senator McNary of Oregon pre-

³⁵Kirk H. Porter and Donald Bruce Johnson, <u>National</u> <u>Party Platforms 1840-1960</u> (Urbana: University of Illinois Press, 1961), pp. 282-283.

³⁶Ibid., 285-286.

dicted that the American farmer would support Hoover on election day.³⁷ Others were certain that the farmer would once again support a third party movement.³⁸ Some observers predicted a switch to the Democratic party by the agricultural Midwest. In fact, the National Chairman of the Democratic Party invited the farm leaders to the Democratic convention and promised them better treatment than they had received from the Republicans.³⁹

The farmer indeed found himself in a very advantageous position during the Democratic National Convention of 1928. <u>Time</u> characterized the meeting as being divided into two groups: ". . lean hungry Senators and Representatives from the South and West . . and . . . jovial, well-fed city bosses from the North and East."⁴⁰ The Convention was badly split over the issues of religion, machine politics, prohibition, and the nomination of Smith. The city bosses of the party were agreed on a candidate, and they held the power to control the convention.⁴¹ These hard-headed politicians knew that they needed support from outside their own areas, so they made every effort to build strength in the Midwest.

³⁷<u>New York Times</u>, June 17, 1928.
³⁸<u>Ibid</u>., June 9, 10, 1928.
³⁹<u>Ibid</u>., June 14, 1928.

40"National Affairs: The Democracy," <u>Time</u>, June 25, 1928, p. 8.

41_{Ibid}.

Their appeal started with the invitation extended by the National Chairman to the farm representatives. It continued when the keynote speaker, Claude G. Bowers, demanded that, ". . the hand of privilege be taken out of the farmers' pocket and off of the farmers' throat."⁴² Every effort was made to put the spotlight on the farm issue and take it off of the problem issues of prohibition, religion, and machine politics.⁴³ These issues, however, were of primary importance throughout the election period. Few other issues were as important.⁴⁴ Despite the intended use of the farm issue as a red herring, leaders of all agricultural organizations went to the convention with a great deal of optimism, and they apparently were able to influence the character of the Democratic platform.⁴⁵

Many delegates had called for a strong agricultural plank to split the Republican power in the Midwest. Representative Henry T. Rainey, of Illinois, asked for adoption of the McNary-Haugen principle, while Senator Pat Harrison

⁴²<u>New York Times</u>, June 23, 1928.
⁴³Ibid.

⁴⁴The best coverage of the Democratic convention and the issues before it is to be found in the <u>Nation</u>. See the following articles: James Cannon Jr., "Al <u>Smith--Catholic</u>, Tammany, Wet," <u>Nation</u>, July 4, 1928, pp. 9-10; L.S. Gonnett, "Big Show at Houston," <u>Nation</u>, July 11, 1928, pp. 34-5; L. S. Gonnett, "It's all Al <u>Smith</u>," <u>Nation</u>, July 4, 1928, p. 8.

⁴⁵<u>New York Times</u>, June 11, 23, 24, and 25, 1928.

of Missouri called for a plank that would pledge strong and quick action.⁴⁶ One of the most interesting pleas came from James W. Gerard, Treasurer of the Democratic National Committee. He noted that the party had been defeated on the tariff issue many times and concluded that the Democratic Party should recognize the popular support and not oppose the protection program. He argued that the benefits of the tariff which had been unequally distributed, should be extended to the farmer.⁴⁷ Support from the delegates, combined with farm lobbying had an impact on the Democratic Resolutions Committee. The program presented to that committee was the same as had been advocated at the Republican convention.⁴⁸

Ideas of the agricultural representatives were adopted almost completely, which caused the <u>Evening State Journal</u> to comment that the platform "... promised agriculture nearly everything a democratic convention could offer without endorsing a republican bill."⁴⁹ The farm plank was one of the longest of the entire platform and included an indictment of the Republican farm policy. It charged that the Republicans had supported only the reduction off output as a remedy which would force millions of farmers into the already crowded cities. One of the sections seemed to call for a

⁴⁶<u>Ibid.</u>, June 22, and 24, 1928.
⁴⁷<u>Ibid.</u>, June 22, 1928.
⁴⁸<u>Ibid.</u>, June 24, 1928, and June 26, 1928.
⁴⁹<u>State Journal</u>, June 29, 1928.

program designed to extend tariff equalization to the farmers, but was not specific about how this was to be accomplished and was inserted most unobtrusively.⁵⁰ The platform further called for ending special privilege in tariff matters, developing cooperatives, and reorganizing the marketing system. The farm plank stated that any program must include four things: credit aid to cooperatives, reduction of the difference between farm price and consumer price, consideration of the farmer in new tax laws, and a new farm policy under the direction of a federal farm board analogous to the Federal Reserve Board.⁵¹

The agricultural plank was well received by organizations and political leaders alike. Senator Harrison of Mississippi, called it a "forward declaration" which would add some traditionally Republican states to the Smith column.⁵² Senator Carraway of Arkansas characterized the plank as a recognition of the McNary-Haugen principle which would insure Democratic success in the fall.⁵³ Governor McMullen gave the platform his whole-hearted approval, commenting that the farm organizations should approve because it endorsed the McNary-Haugen principle. McMullen, however, refused to endorse

⁵⁰The American Farm Bureau was to charge later in the campaign that many rural newspapers printed the Democratic platform without this section. An investigation was promised, but no results were published. <u>New York Times</u>, July 7, 1928. ⁵¹Porter, <u>Platforms</u>, pp. 272-3. ⁵²w

⁵²New York Times, June 29, 1928.

53_{Ibid}.

Smith, and said that he preferred to "wait and see".⁵⁴ Farm organization leaders also announced their approval of the Democratic platform. George Peek and Sam H. Thompson gave statements indicating great support for the farm plank. They also refused to support Smith directly, but at the same time, left no question of their preference for the Democratic nominee.⁵⁵

Comments about the Democratic Convention were mixed. George Peek expressed confidence that the strong farm plank would overcome Midwestern reluctance for the "wet" Catholic son of the Tammany Tiger.⁵⁶ More conservative observers like Governor Christiansen of Minnesota said that there was little or no likelihood that the traditionally Republican farmers of his state would bolt the party for Smith.⁵⁷ The most realistic and honest observers like L.S. Gonnett of the <u>Nation</u> very candidly said that the real issues of the election were prohibition, Catholicism, and Smith's ties to big city machine politics.⁵⁸ These issues were not likely to produce a trend against Hoover in the farm states.

⁵⁴Ibid., June 30, and July 3, 1928.

⁵⁵Ibid., June 28, 29, 30, and July 3, 1928. Edgar O'Neill of the Farm Bureau and Gray Silver of the Farmers' Union, also endorsed Smith in this period.

⁵⁶Ibid., June 23, 1928.

⁵⁷Ibid., July 7, 1928.

⁵⁸L.S. Gonnett, "Big Show at Houston," <u>Nation</u>, July 11, 1928, pp. 34-5.

Following the conventions, the Midwest was commonly characterized as being in open revolt against Hoover. The Republican party would apparently be forced to spend time and money in this region as never before.⁵⁹ However, by late July the "corn belt revolt" was pronounced "dissipated", and the manager of the Hoover campaign in the West, James W. Good, announced that he thought the Midwest would remain Republican, "with a minimum of difficulty..., "⁶⁰ Senator Brookhart went further and announced that the region presented no contest for the Republicans.⁶¹ Only the most die-hard of the Smith supporters continued to hold any public hope of a real break between the grain farmers and the Republican party.

The Hoover strategy was calculated to take advantage of the traditional Republicanism of the Midwestern farmer. The campaign text pointed out that control in Congress had been in the hands of agricultural representatives and that the interest of the farmer had been well served.⁶² The virtue of party regularity was preached, publicly and privately, and had its impact on the politicians of the region. Very few Republican governors, senators, or representatives, ultimately refused to support Hoover, despite their previous opposition

⁵⁹Ibid., July 29, 1928. The <u>New York Times</u> editorially suggested that the best place for the Republicans to spend their campaign funds would be on the Grain Exchange in Chicago. <u>New York Times</u>, August 10, 1928.
⁶⁰Ibid., September 1, 1928.
⁶¹Ibid., September 6, 1928.

⁶²Ibid., September 4, 1928.

to his nomination. One of the first politicians to announce his support of the party nominee was Senator McNary of Oregon, Chairman of the Senate Committee on Agriculture. McNary said, soon after the convention, that he had met with Hoover finding the Secretary of Commerce sympathetic and anxious to help the The Senator believed that the platform program would farmer. certainly help the agricultural situation by forming a base for further Congressional action.⁶³ Reconciliation between a Senator closely tied to farm relief programs and nominee Hoover under-scored the vital nature of political regularity and served as a pattern to be followed by many other figures who had violently opposed the nomination of the Secretary of Commerce. Most of the political leaders of the Midwest finally came into the fold and either supported Hoover or made no effort against him. Perhaps the most notable of the anti-Hoover group who returned to support the ticket were Senator Smith Brookhart of Iowa, Senator William Borah of Idaho, Governor John Hammill of Iowa and Governor McMullen. In fact, all but the Nebraska governor became strong supporters of the Republican ticket.⁶⁴ The force of party loyalty was so strong that the only major Republican from

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⁶³State Journal, June 16, 1928.

⁶⁴The background of the decision of each of these leaders can be easily traced through the <u>New York Times</u> for June and July, 1928. Particular emphasis was placed on Brookhart and McMullen. The editorial section had a good time with the about-face of these two figures. See the <u>New</u> <u>York Times</u>, July 4, 1928, for the Brookhart editorial, and <u>August 28</u>, 1928, for the McMullen editorial.

the Midwest who actually declared his support for Smith was Senator George Norris of Nebraska.⁶⁵ The role of politics in these decisions was critical, but the Republican campaign efforts must have reassured many of these leaders that significant progress could be made with Hoover as President.

The Republican campaign followed the farm plank of the platform exactly. Hoover emphasized the concept of improved marketing in his speeches and promised stabilization financed by the Federal government and controlled by farm cooperatives.⁶⁶ The only real deviation from the platform and the general post-convention strategy was the apparent result of Senator Norris' announcement that he would support Smith. Senator Borah had previously urged Hoover to announce that, early in his administration, he would call a special session of Congress to consider farm relief. Following the defection of Norris, Hoover announced that he would follow Borah's suggestion, provided the upcoming short session did not deal with the issue satisfactorily.⁶⁷ The Republican campaign for capturing the farm vote was based on emphasizing the benefits of the traditional ties in the Midwest, the platform program, and a promise of immediate Congressional attention to the relief of agriculture.

^{6.5}New York Times, October 28, 1928.

⁶⁶See, for instance, <u>New York Times</u>, October 7, 1928, for a speech made in Elizabethtown, Tennessee.

⁶⁷New York Times, October 28 and 29, 1928.

The Smith campaign, on the other hand, was neither so well organized, nor so successful. The problem was obvious from the very beginning. The candidate's support was the big-city, industrial vote, but it was not large enough to carry him to the Presidency without help from other segments of the electorate. The most obvious potential allies were the Midwestern farmers, who were leaning away from Hoover anyway. Smith was faced immediately and throughout the campaign with the problem of appealing to the farmers without alienating his urban supporters.⁶⁸ The farm campaign was characterized by a certain vagueness and contradiction. Smith announced his support of the party platform and the principle of the equalization fee, but not the McNary-Haugen Bill itself.⁶⁹ He tried to clarify this position by saying that the McNary-Haugen principle was satisfactory, but that the details of the bill were not. 70 This uncertain distinction brought immediate criticism from Hoover supporters, who made a standard demand that Smith dispell the ambiguity of his position and either accept the McNary-Haugen Bill or reject it.⁷¹ About the only person who accepted Smith's remarks as encouraging to the farmer was George Peek, who

⁶⁸<u>Ibid.</u>, September 20, 1928. See also April 9, 1928.
⁶⁹<u>Ibid.</u>, July 10, August 4, and September 9, 1928, and <u>State Journal</u>, July 10, 1928.

⁷⁰New York Times, September 1, 1928.

⁷¹See for instance, <u>New York Times</u>, September 30, 1928.

announced that the candidate's acceptance of the principle was entirely satisfactory to him and that details could be worked out later.⁷² Support of Smith proved to be a typical response from farm association leaders.

Peek announced his personal support for Smith about a month after the Democratic Convention, although it had been apparent since the Republican Convention that his sentiments were for Smith. Many other Midwestern agricultural leaders also announced their support of the Democratic candidate. Sam H. Thompson, Chester C. Davis of the Committee of Twenty-two, and William Settle, were among the first to give their indorsement.⁷³ In addition, many associations adopted resolutions favorable to the Democratic ticket. Most of the major organizations could not directly name a candidate because of internal regulations, but most made their political intentions perfectly clear. For instance, the annual convention of the Iowa Farmers' Union passed a resolution supporting the Democratic platform and closed that session by singing

⁷²New York Times, August 3, 1928.

⁷³The only two farm organization leaders who announced support for Hoover were Charles Barrett, President of the National Farmers' Union, and Ralph Snyder, President of the Kansas Farm Bureau. For Barretts announcement, see <u>New York</u> <u>Times</u>, July 12, 1928. It should be noted that Barrett was from Georgia which might suggest that factors other than farm relief might have influenced his decision. For Snyder's position see <u>New York Times</u>, August 20, 1928. It must be remembered that Kansas was the home state of Charles Curtis, the Republican vice presidential nominee.

"The Sidewalks of New York," Smith's campaign song. 74

The actions of the farm organizations led to a split between the political leaders and the organization leaders of the Midwest. The resulting alienation was spotlighted by a bitter, public fight which broke out between George Peek and Governor Hammill during the campaign. These two had been friends and co-workers in their previous struggle for farm legislation, but each charged in the press that the other was unfaithful to his farm constituents.⁷⁵ The separation of these two leadership groups was to have an effect when the farm relief program moved into Congress. Apparently, the split negated the impact of traditional leaders in the campaign, and every farmer was left to choose for himself. The Democratic strategy for the Midwest region was based on the support of the farm association leaders. Inability to attract the average farmer without alienating Smith's base of support prevented the strategy from being successful. The campaign effort was further hampered by the general lack of a positive program. Vague promises of aid to the farmer, coupled with a hazy stand on the symbol of farm relief, the McNary-Haugen Bill, made the Democratic bid for Midwestern support a futile effort.

⁷⁵New York Times, July 30, August 6, and 7, 1928.

⁷⁴New York Times, September 21, 1928. Other farm organizations which made similar commitments were: The Missouri Farmer's Association, The Indiana Farm Bureau Federation, and The Corn Belt Committee. <u>New York Times</u>, July 11, 13, August 15, 17, and 30, 1928.

The election returns indicate the real hopelessness of the Democratic campaign. Hoover received over twenty-one million popular votes while Smith received only fifteen million. Smith carried only eight states in the solid South which made the electoral vote even more one-sided.⁷⁶ This landslide victory was interpreted by many Republicans as a mandate for the Hoover program in the areas of the tariff and agriculture.⁷⁷ Election analysts do not agree with that position, however. In fact, the negative aspects of the silent issues of prohibition, Catholicism, and big city politics seem to have killed Smith's hopes in the Midwest.⁷⁸ Reports from South Dakota and Nebraska about a month before the election indicated that the greatest problem the Democratic candidate faced was his religion. The dispatch from South Dakota even said that Smith could sweep the state if he were only Protestant.⁷⁹ The Nebraska report added that Smith's stand on prohibition had hurt his chances to carry that State.⁸⁰ The Grand Island Independent concluded somewhat later, that the election returns showed "too conclusively" that the central

⁷⁷New York Times, November 8, 1928.

⁷⁸See Edmund D. Moore, <u>A Catholic Runs for President:</u> <u>the Campaign of 1928</u> (New York: The Ronald Press Co., 1956), and New York Times, October 8, 1928.

⁷⁹New York Times, October 6, 1928.

⁸⁰<u>Ibid</u>., October 4, 1928.

 ⁷⁶Edgar Eugene Robinson, <u>The Presidential Vote: 1896-</u>
 <u>1932</u> (Stanford: Stanford University Press, 1934), pp. 24-27.

issues had been religion and prohibition.⁸¹ The issue of big city machine politics got more attention before the election. Senator Capper of Kansas remarked that Hoover was from the West and understood the farmer, while Smith, being from New York City, could never understand agricultural problems.⁸² Secretary of Agriculture Jardine commented that Tammany representatives in Congress had always voted against farm relief, and that Smith never carried the agricultural sections of New York State. The Secretary concluded that Smith was a loyal son of Tammany and should not be trusted.⁸³ The results, then, probably should not have been taken as a mandate for Hoover's policies.

Perhaps the best analysis of the farm vote was written by Anne O'Hare McCormick for the <u>New York Times</u>. She argued that the farm vote as a unified block did not exist because the farmer insisted on the right to cast his ballot as a completely free agent.⁸⁴ He had consistantly been guided by his general opinion more than his special interest, and had influenced every issue but his own.⁸⁵ She concluded that

⁸²Ibid., October 14, 1928. See also <u>New York Times</u>, October 14, 1928, for similar remarks by <u>Representative</u> L. J. Dickenson of Iowa.

⁸³New York Times, September 2, 1928. See <u>New York Times</u>, August 24, 1928, for similar remarks by Joseph L. Bristow, former Senator from Kansas.

⁸⁴<u>Ibid</u>., October 14, 1928. ⁸⁵<u>Ibid</u>., March 31, 1928.

⁸¹Ibid., October 4, 1928.

the farmer voted more from habit than from self-interest and that his trip to the polling place was "mostly for the sake of argument anyway".⁸⁶

The reasons for Hoover's victory in 1928 were not as important as the impact of the campaign and election on the process of farm relief legislation. Probably the greatest result was the elevation of the Hoover program to the head of the list of various legislative possibilities. Οf almost equal importance was the binding of Midwestern political leaders to the Hoover program and the alienation of the association leaders from the new President. The political leaders' support of the Republican ticket made it very difficult for them to oppose the administration's program when it was proposed in Congress. During the course of the campaign, farm association leaders had formed open alliances with the Democratic leadership, and the power of this coalition was entirely free of any control by the administration. In fact, it became the greatest obstacle to the Hoover program. Finally, the Hoover promise of a special session opened the doors of Congress to immediate and exclusive consideration of farm relief legislation.

86_{Ibid}.

CHAPTER II

THE HEARINGS

PROGRAMS

In March of 1929, the Committees on Agriculture, of both the House and the Senate, began hearings which were to mold the needs of the American farmer, the programs of the farm groups, and the promises of the politicians into proposed legislation.¹ Virtually the same effort had been made many times before, and committee members exhibited a sense of weariness during the opening sessions. The chairman of the Senate committee, Charles McNary of Oregon, instructed the witnesses that the committee would concede that the farm problem was "proverbial" if they would simply explain their proposed solutions.² Representative James Aswell of Louisiana remarked, on the opening day of the House hearings, that the Senate hearings had started two days before, and nothing new had been said. He suggested that the chairman ask the farm

¹New York Times, March 25 and 28, 1929. The Senate Committee began hearings on March 25 and the House Committee began on March 28.

²U.S., Congress, Senate Committee on Agriculture and Forestry, <u>Farm Relief Legislation</u>, 71st Congress, 1st Session, 1929, p. 28. Hereafter cited as Senate, <u>Farm Relief</u>.

hear the same old arguments again. Linwood Clark of Maryland replied that the committee had been requesting that for ten years.³ "The proceedings reminded one," according to <u>Time</u>, "of an 1890 melodrama revived and played straight."⁴ Despite the lack of enthusiasm among the committee members, the prospects of legislation emerging from Congress and being approved by the President were excellent. A New York Times editorial stated that the Republicans had to redeem their campaign promises while the Democrats wanted to prove that they were the real friends of the farmers.⁵ The Omaha Bee-News concurred, adding that if no help was forthcoming, the Republicans would be charged with "cheap and disreputable politics."⁰ Charles I. Stengle, editor of the National Farm News, testified before the House committee, that public sentiment had changed. Six years before, there had been no public support for the farmer, but there was great contemporary interest which was reflected by intense political pressures.⁷

Editors were not all optimistic, however. The <u>Lincoln</u> <u>Star</u> remarked that all the Congressional activity in Washington

³U.S., Congress, House Committee on Agriculture, <u>Hearings</u> on Agricultural Relief, 71st Congress, 1st Session 1929, p. 6. Hereafter cited as Senate, Farm Relief.

⁴"National Affairs: Farmers: Relief, Yet Again", <u>Time</u>, April 8, 1929, p. 10.

⁵New York Times, April 8, 1929.

⁶Omaha Bee-News (Morning Edition), June 12, 1929.

⁷House, Hearings, p. 675.

was vital to the region, but that the Republican leaders had forgotten the farmer.⁸ Every manufacturer in the country was in Washington for the tariff hearings, according to the <u>New York Times</u>, but very few farmers appeared. It concluded that the farmer had little real interest in the course of legislation and trusted Hoover to work for him.⁹ The <u>Hastings Democrat</u> went further and called the farmer a "helpless and innocent bystander".¹⁰ Both the optimistic and pessimistic observers agree, however, that the time was right for the passage of farm legislation. Although the result would not emerge for nearly two months, the legislative process began with hearings in both committees.

The witnesses who testified reflected the diverse interests involved. Farmers, farm organization representatives, political leaders, executive branch spokesmen, representatives of business organizations, labor leaders, private citizens, and professional economists were all present to attempt to influence legislation. There were sixtysix witnesses before the House Committee, which held nine sessions between March 27 and April 4.¹¹ An equal number appeared before the Senate Committee which met from March 25

⁸Lincoln (Nebraska) <u>Star</u>, March 17, 1929. See also May 9, 1929.

⁹<u>New York Times</u>, March 31, 1929. It should be noted that tariff hearings were also being held in conjunction with the Special Session.

¹⁰Hastings (Nebraska) Democrat, May 16, 1929.
¹¹House, Hearings, pp. 1-870.

to April 12.¹²

The testimony offered by these experts was as divergent as the group itself. No one was quite as succinct as I. H. Hull, of the Indiana Farm Bureau, who reported that there were only two problems: high costs and low prices.¹³ Much statistical evidence was given to indicate the general plight of the farmer.¹⁴ Dudley G. Roe, a Maryland legislator and wheat farmer, outlined three areas of general agreement among farmers. First, there was a farm problem. Second, the solution was to get rid of surplus commodities. Third, the problem was caused by the tariff policy. He argued that the farmer was forced to buy in a protected market, but had to sell in the world market. If it was fair to protect the manufacturer, then it was also fair to protect the farmer by making the tariff work for agriculture.¹⁵ These arguments were echoed and re-echoed through both committee rooms during the entire hearing period. The rational offered in support of the simpler solutions was that they would make the tariff more beneficial to agriculture. Attacks on the basic assumptions of the tariff were almost completely absent from the hearings.

¹²Senate, <u>Farm Relief</u>, pp. III-IV.

¹³House, Hearings, p. 238.

¹⁴Senate, <u>Farm Relief</u>, p. 5. For further statistical evidence see: <u>New York Times</u>, May 31, 1929, and <u>Keith County</u> (Ogallala, Nebraska) <u>News</u>, March 7, 1929.

¹⁵House, <u>Hearings</u>, pp. 352-357.

Two programs for making the tariff effective on farm commodities were presented. Both were already familiar to the committee members, as well as the interested public. One was the export debenture program; the other was the equalization fee idea. The McNary-Haugen Bills, which had gained great popular support in the twenties, were built around the equalization fee. The bill had been introduced into five Congresses, passed by two, and vetoed twice. The plan had been devised by George N. Peek and Hugh S. Johnson of the Moline Plow Company. The Peek-Johnson plan was based on the assumption that if the surplus crop could be withheld from the domestic market to be released during slack seasons or sold on the world market, domestic prices could be maintained at a higher level. The cost of the loss incurred by buying on the home market and selling on the world market was to be paid by the producers.¹⁶ Under the McNary-Haugen program, the government was to organize a huge export corporation which was to trade commodities on the domestic market at a certain "ratio price". This was similar to the later parity price concept and was to be determined by the pre-war value of the commodities. The plan would stabilize the domestic market at a level satisfactory to the farmer. When any commodity was originally sold under the program, the farmer

¹⁶Murray Reed Benedict, Farm Policies of the U.S., <u>1790-1950</u> (New York: Twentieth Century Fund, 1953), pp. 208-210. Hereafter cited as Benedict, Farm Policies.

was to receive a certain part of the ratio price in cash and the rest in script, which would be redeemed yearly for a percentage of its face value. The withheld portion was to cover the export loss and the administration of the program.¹⁷ The McNary-Haugen program was so familiar to the committee that no formal presentation of the plan was made. Many witnesses expressed approval or disapproval, and nearly all were asked to evaluate the plan.

S. H. Thompson, President of the American Farm Bureau Federation, was one of the stauchest supporters of the equalization fee. He said that his testimony was drawn directly from a policy resolution approved at the last annual meeting of the Farm Bureau. He began by stating that, under present circumstances, an American price for farm commodities was impossible. Therefore, an American standard of living could not be enjoyed by farm families. This situation could never be improved until the entire crop was placed under the control of "efficient marketing and distribution." Thompson suggested that a combination of the equalization fee and cooperative marketing associations would be necessary to solve the farm problem.¹⁸ Chester H. Gray, a lobbyist for the American Farm Bureau, also appeared before the House Committee. He stated that the members of the Farm Bureau had studied the equalization fee for four years before they

¹⁷<u>Ibid</u>., pp. 212-213.

¹⁸Senate, <u>Farm Relief</u>, pp. 28-29.

approved it, and they were not going to give it up suddenly.¹⁹ When Gray was asked if he would support the McNary-Haugen bill without the fee idea, he answered, "No". When asked if he would accept the export debenture plan as a substitute for the fee, again he simply answered, "No".²⁰

The equalization fee, however, was not universally supported in the hearings. Many witnesses passed it by in favor of other proposals, and some actively opposed it. S. J. Cothington, President of the Farmers Grain Dealers Association of Iowa, and L. O. Moser, President of the American Cotton Growers Exchange, flat 1y opposed the equalization fee. C. S. Ralston, representative of the National Potato Institute, testified that the fee did nothing for the potato growers, so they were largely indifferent to the plan.²¹ Even the committee members themselves seemed reluctant to endorse the fee idea again. Representative Aswell took one witness to task for wasting the time of the committee with his discussion of the fee.²² He implied that Coolidge's veto of the earlier McNary-Haugen Acts had sealed the fate of the equalization fee. The ex-President's vitriolic attack on the equalization fee must have made more than one committee member reluctant to try that solution again. Coolidge and

¹⁹House, <u>Hearings</u>, p. 9. ²⁰<u>Ibid</u>., p. 15. ²¹<u>Ibid</u>., pp. 233-234. ²²<u>Ibid</u>., p. 27. his Attorney General had argued the fee was, in fact, a sales tax. The taxing power Constitutionally rested with Congress and could not be shifted to a farm board. Therefore, the measure was unconstitutional. The ex-President also believed that the bill was unsound. He reasoned that if the program raised prices, it would promote a gigantic surplus which would choke the entire program.²³ The total enemity of the previous administration and the supposed opposition of the new President seemed to doom the equalization fee to oblivion.

Another, similar idea, the export debenture plan, was presented as an alternative to the equalization fee. Although the debenture was quite an old idea, it had received little Congressional attention until the Special Session. The contemporary form of the debenture program seemed to be the work of Professor Charles L. Steward of the University of Illinois. Under his program, any exporter of an agricultural commodity which was protected by a tariff, was to be issued a debenture credit for each bushel of the commodity shipped out of the country. The value of the debenture was to be a proportion of the tariff. Any merchant could use the debenture to pay the duty on any imported item.²⁴

²³ 'Fee, Fie, Foe, Farmers," <u>Time</u>, June 4, 1928, pp. 10-11.

²⁴Benedict, Farm Policies, pp. 226-227. As an example, the tariff on wheat was forty-two cents per bushel and the proposed debenture rate was fifty per cent. A wheat exporter would receive debenture credits amounting to twenty-one cents per bushel. Any one could then use the debentures to pay the tariff on any imported goods.

Louis J. Taber, Grand Master of the National Grange, appeared before both committees to support the export debenture program. Most of his testimony was in the form of a written report stating the position of the National Grange. 25 This paper advocated a four part program, including a system of cooperative marketing, the export debenturc program, tariff reform, and changes in public land policy. The Grange maintained that all four must be put into effect, because none would be really effective alone.²⁶ Congress was asked to alter the land policy by ending all programs which would expand the amount of farm land. No more reclamation colonization, irrigation, or drainage projects were to be In addition, a program of reforestation was to be started. immediately undertaken. The Grange also agreed with the idea of expanding the cooperative marketing system which was to reduce the distribution costs. The new system was to be directed by a federal farm board. The Grange position would not accept a weak or political board. The Grange did support the debenture program, because it would reduce the surplus without destroying the domestic price. The experience of foreign countries had originally interested the Grange in the debenture system, and the association considered it a "necessary complement", of the tariff system.²⁷

²⁵Senate, Farm Relief, pp. 508-510. ²⁶Ibid., pp. 509-10. ²⁷Ibid., p. 509.

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Taber, in his personal testimony, emphasized the debenture plan. He reminded the committees that Alexander Hamilton had endorsed the system as the only way to raise prices on exported goods.²⁸ Taber reported a study of the estimated cost of the debenture program if it had been in effect over the past five The statistics indicated that the cost would have been years. less than one hundred and fifty million dollars per year. More than half of that total would have been paid to cotton exporters. Tobacco, wheat, and wheat flour dealers would have been the next largest recipients.²⁹ Taber believed that the cost was justified by the aid being given to manufacturers. In addition, the rising farm prices would increase the purchasing power of the farmer, thus aiding the manufacturer Further, the income tax would increase, thereby and laborer. partially compensating for the initial expense.³⁰ Taber concluded that he was not asking for anything the government was not already doing. The farmer was in need of the debenture program in the same way other segments of the economy needed the tariff.³¹

During the questioning session which followed Taber's testimony, Senator George Harris of Nebraska stated that

²⁹Ibid., pp. 514-515. The actual dollar amounts, in millions per year, were: cotton 89.4, wheat 20.2, tobacco 15.4, wheat flour 12.0.

³⁰<u>Ibid</u>., p. 519. ³¹<u>Ibid</u>., p. 522.

²⁸<u>Ibid</u>., p. 512.

while the equalization fee put the cost on the farmer, the debenture program was funded by the treasury. He rhetorically asked how anyone could expect a President, who was against the former, to support the latter.³² Representative Aswell asked if the Grange would accept a program without the debenture feature. Taber replied, "We are going to continue to fight for complete equality, but we will accept partial equality, if we are compelled to."³³

In stark contrast to the simplicity of the export debenture and the equalization fee, a complex, comprehensive program was presented by Professor John D. Black of the department of economics at Harvard University. He introduced and explained a written report which he had prepared. The professor's work was predicated on the idea that the farm problem was not a real depression, because it was not cyclical in nature. He argued that agriculture had reached a new phase which was likely to be more or less permanent. American production was out of proportion to the population and had to readjust to this new level or find some artificial scheme to raise domestic prices. Black concluded that the only way to raise domestic prices quickly and appreciably was to use a combination of tariff readjustment, the export debenture plan, and a program called the domestic allotment.

The domestic allotment plan was a program designed to

³²Ibid., p. 518.

³³House, Hearings, p. 691.

create an artifical shortage of commodities in the domestic market. Under this plan the Department of Agriculture and the Department of Commerce were to estimate the total demand for a commodity during the following year. A mathematical formula would be used to determine the amount of that crop which could be sold under the domestic allotment program. This amount would be slightly smaller than the anticipated demand.³⁴ A share of this total was then to be alloted to each farm using a formula which was as mechanical as possible. An individual farm share would depend on acreage, yield, and sales for the preceeding five years.³⁵ The farmer could then sell up to his share of the commodity in the protected market. If a farmer raised more than his allotment allowed him to sell, he could either purchase additional allotments from other farmers, or sell his produce on the world market. Any domestic processor of a commodity covered by the allotment program must have allotment certificates, tariff receipts, or revenue stamps equal to the amount of the tariff for all of the crop that he consumed.³⁶ The domestic allotment program would create an artificial scarcity on the domestic market and drive the price of a covered commodity to the world price plus the tariff. Black considered the following advantages of the program: no stimulation of overproduction, the

³⁴Senate, <u>Farm Relief</u>, p. 89.
³⁵<u>Ibid</u>., p. 69.
³⁶<u>Ibid</u>., p. 85.

allotments themselves were a source of credit and insurance, the portions of the crop used for feed and seed were unaffected, the program did no harm to foreign farmers, and it was selffinancing. He considered administrative problems, increased cost of living, impossibility of new farmers entering the field, and limited applicability as the chief disadvantages.³⁷

Black believed that the domestic allotment program would be useful if applied only to wheat and cotton, because they were the only major crops which were largely exported. To raise the prices of other crops, other devices had to be used. He suggested higher tariff duties on certain products which were largely imported. Much study of the effect of substitute products was essential to make the tariff truly effective. Black said that the export debenture was needed to aid certain kinds of products. It was to be used on commodities which were mainly consumed in the domestic market, but the exported portion was determining the market price of the whole crop. Black testified that these three measures taken together formed the best solution, because each part could be applied to the commodities which it was best suited to help.³⁸

Three of the four major programs presented in the hearings were to bring tariff equalization to the farmer. The fourth, which became closely identified with President Hoover, emphasized a different aspect of the problem. It suggested

³⁷Ibid., pp. 80-81.

³⁸Ibid. p. 66 and p. 70.

that orderly marketing was the best answer. The ideas which were brought together as the administration's program were more difficult than the previous programs to trace through Hoover seemed reluctant to offer a detailed the hearings. farm relief program. Secretary of Agriculture, Arthur M. Hyde, was asked to testify as an administration spokesman, but he announced that he had to return to his home in Missouri on personal business.³⁹ It appeared for awhile that there would be no specific word from the White House during the hearings. In the early days of the proceedings, Senators McNary, Caraway, and Norris each said that they had no idea of what Hoover wanted in the farm relief bill and asked his aid in preparing legislation.⁴⁰ Many newspaper editors suspected that these agricultural-political leaders might find it politically painful if they reported a bill without the equalization fee unless they could tell their constituents that it was the President's plan.⁴¹ The Norfolk Daily News, a typical paper from Nebraska, cynically remarked, ". . . Congress finds farm relief an exceedingly hot potato and would much prefer that it be the presidential fingers, if anybody's, that get burned."⁴² The political pressures

³⁹New York Times, March 22 and 23, 1929.

⁴⁰Senate, <u>Farm Relief</u>, pp. 2, 4, and 18.

⁴¹See for instance; <u>New York Times</u>, March 22 and 25, 1929; <u>Omaha World Herald</u>, March 28, 1929; or <u>Hastings Democrat</u>, <u>April 11, 1929</u>.

⁴²Norfolk (Nebraska) <u>Daily News</u>, March 30, 1929.

generated by Hoover's reluctance to announce a specific proposal seemed to be the source of the ultimate split between the Senate and the White House on farm relief. If Hoover had proposed a program similar to the one that was ultimately passed, much of the difficulty of the Special Session might have been avoided.

Despite Secretary Hyde's personal business, he was able to return to Washington in time to testify before both committees. Hyde asserted that his testimony was personal and did not represent the views of anyone else.⁴³ The New York Times reported, however, that everyone believed that the Secretary was speaking for Hoover.⁴⁴ Secretary Hyde began by reminding the committees that the Republican platform made three promises to the farmer: tariff protection, reduction of freight costs, and improvement of marketing. 45 His testimony recited the multitude of problems facing the farmer. The only solution, he suggested, was to create a farm board with broad, general powers and very few specific functions to carry-out. It was to be as free as possible to deal with any situation.⁴⁶ The farm board was without precedent and should be allowed to work out its own methods through trial and error experience.⁴⁷ The secretary was

⁴³ Senate, <u>Farm Relief</u> , p. 489.	
44 New York Times, April 4, 1929.	
⁴⁵ Senate, <u>Farm Relief</u> , p. 490.	
46 <u>Ibid</u> .,	
47 <u>Ibid.</u> , pp. 626-627.	1

either unprepared or unwilling to be more specific about the farm board. He was closely questioned by several Senators, but he refused to discuss any details.⁴⁸ Hyde did, however, outline a marketing system which was to be heavily financed by the federal government.⁴⁹ Money was to flow from the farm board to cooperatives founded to stabilize specific crop markets.⁵⁰ Secretary Hyde's testimony seemed to be best summed-up by the following statement: "The most I would offer the farmer is an instrumentality clothed with authority to deal with his problems, an instrumentality composed of men sympathetic with his problems."⁵¹

The administration seemed intent on the creation of a farm board with authority and money to organize and stabilize the entire marketing system. A great deal of the testimony before the committees was given supporting or opposing various parts of this program, but no one except Secretary Hyde spoke directly for the administration. Both the Farm Bureau and the National Grange had identified marketing reorganization as an integral part of their programs, but it was a secondary issue for both groups.⁵²

⁴⁸See for instance Senate, <u>Farm Relief</u>, pp. 493-494, for Senator Norris' questioning.

⁴⁹Senate, <u>Farm Relief</u>, p. 492.
⁵⁰House, <u>Hearings</u>, p. 625.
⁵¹Senate, <u>Farm Relief</u>, p. 497.
⁵²House, <u>Hearings</u>, pp. 13, 17-18, and 689.

The members of the two committees then heard the presentation of two relatively simple programs of tariff reform, a more complex plan of tariff changes, and a rather sketchy program of marketing reform. None of these ideas were entirely new, and the committees seemed to show little enthusiasm for any of the programs. The consensus of opinion was that whatever Hoover wanted was what would ultimately pass. The reluctance of the Senate Committee to report a bill without specific guidelines from the President began to reopen old wounds. Hoover's apparent refusal to cooperate with the committee was the major source of problems for those who supported farm legislation.

After the public hearings closed, the committees retired into executive session to consider the testimony and write their respective bills. These proposals, which were to be reported to Congress during the opening days of the imminent Special Session, represented the sum of the forces and needs which were at work during the hearings. The two committees emerged from executive session with different proposals. The Senate committee recommended the debenture program as an addition to the plan suggested by Secretary Hyde. The House committee presented a program which was quickly characterized as the administration's plan.

CHAPTER III

THE HOUSE OF REPRESENTATIVES

THE ADMINISTRATION PROGRAM

On Monday, April 15, 1929, the Congress of the United States met in special session. It convened in response to a proclamation issued by President Hoover which concluded ". . . legislation to effect further agricultural relief and legislation for limited changes of the tariff can not in justice to our farmers, our labor, our manufacturers be majorities in both houses of Congress which should have guaranteed easy passage of the Administration's program.² However, antagonism which had developed between Hoover and some of the farm leaders had become apparent again during the hearings. This lack of harmony indicated that the farm relief program might be contested after all. Even before the session opened, the New York Times reported that the House and Senate were likely to pass substantially different bills. The resulting deadlock would require strong action by the

²<u>New York Times</u>, April 7, 1929. See also Appendix A.

¹U.S. Congressional Record, 71st Congress, 1st session, 1929, LXXI, part 1, page 19. Hereafter cited as <u>Congressional</u> Record.

President to force Congress to arrive at a solution.³ The procedures of the House of Representatives, however, gave little indication of the growing struggle which was centered in the Senate. The proposed bill that was introduced into the lower house was popularly known as the Administration Plan. Its progress through the legislative procedures was a study in well-organized, well-oiled, power politics. The Republican leadership was powerful enough to move the program through the House virtually without amendment and entirely without discussion of any alternative programs.

The first order of business in the House, after its organizational details, was to receive a message from President Hoover. William Tyler Page, the Clerk of the House, read the message which opened with the reminder that the Special Session had been called to consider, ". . . farm relief and limited changes in the tariff . . .," which represented commitments made during the 1928 campaign.⁴ The President then listed the causes of agricultural distress as he saw them: deflation, poor marketing systems, increased costs, world competition, overproduction, and decreased consumption. "The general result of these problems," he wrote, "has been that our agricultural industry has not kept in pace in prosperity or standards of living with other lines of industry."⁵ Hoover emphasized that the Republican platform

³Ibid., April 13, 1929.

⁴Congressional Record, p. 46.

⁵Ibid.

called for multiple solutions to the problem and that the people had given a special mandate for action. The cornerstone of the administration's program was to be a federal farm board given enough money and latitude to help the farmer in a variety of ways. The members of the board were to be free of politics so that they could react in a logical manner to the economic forces which plagued the farmer. The farm board, as Hoover explained it, was to encourage agricultural research, guidance, and Its major function however, was to reorganize development. the marketing system. Already existing cooperatives were to be used and expanded to form the basis of the new marketing system. Federal funds were to be channeled from the board to the cooperatives to help them stabilize the marketing of farm commodities.⁶ The tone and content of the message should not have come as a surprise to anyone, as it followed the Republican platform and the hesitant testimony of Secretary Hyde.

Public comment on the message was surprisingly limited. Perhaps the most interesting was a statement released by Charles E. Hearst, President of the Iowa Farm Bureau Federation, and Milo Reno, President of the Iowa Farmers' Union, which expressed disappointment over the President's comments. Reno said, "If the position of Brookhart, Dickinson and some of

⁶Ibid.

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these other farm relief advocates who supported Hoover weren't so pathetic, I would be inclined to give them a big hearty laugh"⁷ The statement confirmed the fact that the split between the farm organization leaders and the farm political leaders had not healed. There was, on the other hand, some editorial support of Hoover and his program. For instance, the <u>Lincoln Star</u>, from the representative farm state of Nebraska, announced its approval of the President's program at this time.⁸ The editors of most Nebraska papers ignored specific proposals until later in the session.

Gilbert Haugen, Chairman of the Committee on Agriculture, introduced House Resolution One on the first day of the special session. Its descriptive title was: "A bill (H.R.1) to establish a Federal farm board to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, and to place agriculture on a basis on economic equality with other industries." The bill was assigned to the Committee on Agriculture, which reported it back to the House two days later with no amendments.⁹ In order to expedite the proceedings, the entire bill was printed in the Congressional Record on April 16.¹⁰

⁸Lincoln (Nebraska) Star, April 16, 1929.

⁹Congressional Record, p. 27.

¹⁰Ibid., pp. 49-50.

⁷New York Times, April 17, 1929. Reno was referring to Senator Smith Brookhart and Representative L.J. Dickinson. Both were Iowa Republicans who had supported Hoover's election.

The opening section of House Resolution One stated that the purpose of Congress was to place agriculture on an equal basis with other industries by promoting effective marketing practices. This end was to be accomplished by protection, stabilization, and control of the marketing of farm commodities. It was the intent of Congress to encourage and finance marketing associations which would guide and direct the stabilization efforts for each crop. A federal farm board was to be created to carry out the policy outlined in this section.

Section Two of the resolution outlined the structure of the farm board. It was to have five members, a chairman, and the Secretary of Agriculture as an ex officio member. The members were to be appointed by the President, with the approval of the Senate, for six year terms. The chairman was to be similarly appointed to serve at the pleasure of the President. This section instructed the board to establish a main office in the Department of Agriculture in the District of Columbia, to hire any needed experts, and to do all the necessary things to begin operations.

The next two sections established the duties of the board. The first was to define the various commodity groups which would be treated under this act. The board was then instructed to invite the existing cooperatives in each commodity group to create an advisory committee to represent that crop before the board. The purpose of these advisory committees was to provide expert council to the board on matters relating to

the marketing of their specific commodities. The board was also directed to carry out several minor functions which were largely in the area of research or education.

The fifth section of the bill provided for an appropriation of \$500,000,000 to be used as a revolving fund. Loans were to be made with the interest paid to the federal treasury while the principal was to return to the board's revolving fund. Four types of loans could be made: loans to assist "effective merchandising" of farm commodities, loans for the construction or lease of physical marketing facilities, loans for the formation of clearing houses, and loans to help expand membership in cooperatives.¹¹ The board was further authorized under this section, to create an insurance system which would prevent financial losses to marketing instruments through declining prices. Premiums were to be charged for this service, but until the system began to function profitably, costs were to be paid from the revolving fund. No action of the board could be undertaken if it was found to increase the amount of crop surplus.

The sixth section provided for the creation of stabilization corporations to function as the marketing instrument for each commodity group. These were to be legally recognized corporations which were wholly and exclusively owned by cooperative associations. The function of the stabilization

¹¹Ibid., p. 49. There were limitations on construction loans which restricted the size of the loan in relation to the total value of the construction. No construction was to take place if it duplicated existing facilities.

corporations was to be marketing. They were to buy from the farmers at fixed prices and store the commodity until demand raised the market price to an acceptable level. The stabilization corporation was central in the new marketing system proposed by the Committee on Agriculture.¹²

On April 17, the bill was assigned to the Committee of the Whole House on the State of the Union for further consideration.¹³ The next day, the first example of the power and organization behind this version of the bill was revealed when an unusual rule was adopted. House Resolution Twentyone mapped out the entire life of the bill in the House of Representatives. The rule directed the Committee of the Whole to meet immediately to consider the relief bill exclusively. Debate was to be controlled by the Chairman of the Committee on Agriculture and the ranking minority member of the Committee. General discussion was to end at the adjournment of the session on April 20. The bill was then to be read for amendment following the five-minute rule. After the amending process, the bill was to be reported to the House and the previous question ordered immediately.¹⁴

Representative Clarence Cannon of Missouri rose and passionately argued against the rule. He charged that the

¹²Ibid., p. 50. The last sections of the bill were basically house-keeping in nature.

¹³<u>Ibid</u>., p. 75. ¹⁴<u>Ibid</u>., p. 124.

proposal was designed to ". . . jam this bill through the House . . . " with no opportunity for debate or amendment. Control of time was normally given to one person in favor and one opposed to the bill, which was not the case under this rule. Anyone who opposed the bill or wanted to amend it had to be granted time by a leader who was favorable to the bill in its present state. Cannon concluded that this was the first time in his twenty years of service that the rights of a bill's opponents had been suspended.¹⁵ Cannon's remarks implied strong bipartisan support for the bill which was, in fact, revealed later. Representative Edward Pou, the highest ranking Democratic member of the Rules Committee, answered Cannon's charges. Pou said that ample time and access were given for general debate. Furthermore, under regular rules, everyone had equal opportunity to offer any The resolution was then agreed to by voice amendment. vote.¹⁶

50

Discussion of the measure in the Committee of the Whole began immediately. Chairman Haugen began by presenting the report of the Committee on Agriculture. The opening paragraphs of the statement obviously had been written in answer to Coolidge's veto of the McNary-Haugen measure. The report considered the ex-President's objections to the previous bill as they related to the proposal before the House. The report

¹⁵<u>Ibid</u>., pp. 127-8.

¹⁶Ibid., p. 130.

began, "We believe that this program avoids the difficulties on which past legislation has been wrecked."¹⁷ It further stated that the bill was clearly Constitutional, offered no subsidy, did not put government in business, fixed no prices, did not tax the farmer, created no bureaucracy, and was economically sound. The report then summarized the machinery created by the bill, emphasizing that it represented the maximum amount of help that the government could give.¹⁸ As a personal conclusion, Haugen said that the proposal might not do everything everyone wanted, but it provided an instrument with sufficient latitude and backing to solve the problems, if the farmers would work with the board.¹⁹ Haugen asked unanimous consent to disperse with the first reading, no one objected, and general consideration began.²⁰

The rhetoric which followed could hardly be considered debate. Although a few Representatives rose to criticize the bill, the next sessions of the House were filled by a parade supporting the bill. Some apparently liked the bill, but many supported it only because there was nothing else practical at that point. Representative James Aswell of Louisiana supported the bill and said, "It is the best bill we can get

¹⁷<u>Ibid</u>., p. 127. ¹⁸<u>Ibid</u>. ¹⁹<u>Ibid</u>., p. 140. ²⁰<u>Ibid</u>., p. 131.

for agriculture."²¹ He seemed to imply that nothing else would get Hoover's approval. Edgar Howard of Nebraska made the implication even stronger when he announced that he supported the bill, ". . . because I know it is the only bill for which I can get a chance to vote."²² Many of the reluctant supporters were Democrats who also voiced an appeal for others of their party to vote for the bill. David Kincheloe of Kentucky stated that although he was a Democrat, he would follow the lead of the President in this matter.²³ Representative Aswell went further and asked his fellow Democrats not to amend the bill. He explained that this would make the Republicans entirely responsible.²⁴ Thomas Williams of Illinois voiced the idea that the matter was economic in nature and not political. Therefore, partisanship should play no part in the decision. He further reminded the House that the proposal had been prepared by the entire Committee on Agriculture and that parts of the bill had been written by minority members of that committee.²⁵

Dispite the plea for universal support of the bill, some Representatives voiced their desire to include the debenture or equalization fee plans in the bill. Charles Adkins of

²¹<u>Ibid.</u>, p. 129. ²²<u>Ibid.</u>, p. 474. ²³<u>Ibid.</u>, p. 146. ²⁴<u>Ibid.</u>, p. 129. ²⁵<u>Ibid.</u>, p. 128. 52

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The equalization fee and the debenture plan were both proposed as amendments to House Resolution One. The power and organization of administration forces were clearly shown by the method of handling each proposed amendment. On April 24, Representative Cannon offered the equalization fee as an amendment to the bill. Fred Purnell of Indiana objected on the grounds that the amendment was not germane to the The Chairman of the Committee of the Whole simply bi11. ruled in favor of the objection.²⁸ On April 25, Representative Jones offered the debenture plan as an amendment. Representative Williams objected, alleging that the new issue was not germane. The Chairman once again sustained the objection. He explained that it was not enough for an amendment to be on the same topic; it had to follow the same idea to be germane.²⁹ The nature of these decisions

²⁶Ibid., p. 146. ²⁷Ibid., p. 132. ²⁸Ibid., pp. 480-1. ²⁹Ibid., pp. 564-566. by the Chairman clearly underlined the support for the program as it had been introduced, and the power that the supporters had at their disposal.

Those speakers who clearly supported the bill emphasized the need for immediate relief, the possible flexibility of the farm board, and the limited nature of the bill. Representative Kincheloe emphasized that the bill hoped only to stabilize the marketing situation.³⁰ Scott Leavitt of Montana added that the proposal was not designed to be a universal aid to the farmer, but only specifically to help reorganize marketing.³¹ Chairman Haugen added in his extended remarks that the aim was to control and stabilize marketing. The bill did not call for any specific method, leaving the ultimate decision to the board.³² Haugen had remarked earlier that the board would be expected to make the tariff effective by controlling surplus and promoting orderly marketing.³³ L.J. Dickinson of Iowa emphasized the importance of the board in the price stabilization effort.³⁴ Representative Aswell called the board the. "... heart, soul, [and] the life of the measure. The character, the integrity, and the vision of these six men will definitely determine the success or failure of

³⁰<u>Ibid</u>., p. 140. ³¹<u>Ibid</u>., p. 178. ³²<u>Ibid</u>., p. 136. ³³<u>Ibid</u>., p. 133.

³⁴Ibid., p. 169.

this plan."³⁵

Not all of the comments on the bill were favorable, however. There were expressions of dissatisfaction and disappointment sprinkled throughout the discussion. Representative Cannon was one of the most outspoken of the opponents. He said that the bill was a waste of time and, "the greatest gold brick ever handed to the American farmer. . . It fails every major test. It does not make the tariff effective. It does not control the surplus. And it makes no provision against over production."³⁶ Representative Jones argued that the board might be able to stabilize prices, but what the farmer really needed was higher prices. The tariff had allowed other prices to increase, and some plan to make the tariff effective on farm products was needed.³⁷ Elbert Brigham of Vermont argued that the bill could not He believed that ending crop surplus by cutting prowork. duction was the only long-range solution.³⁸ Many Representatives had argued that, if nothing else, this bill was a beginning which could be built on later. Ralph Lozier of Missouri disagreed and said that he feared that the act was actually a, ". . . step backward, a plunge into . . . inaction." He knew that the House would not pass any other bill, but

³⁵<u>Ibid</u>., p. 129.
³⁶<u>Ibid</u>., p. 128.
³⁷<u>Ibid</u>., p. 157.
³⁸<u>Ibid</u>., pp. 169-171.

hoped that the Senate would force a better solution on the lower House. 39 .

The power of the forces behind the bill were very apparent as the bill was read for amendment in the Committee of the Whole. The process began on April 23 and ended April 25. During the three day period numerous amendments were proposed, but only three were accepted. Two were editorial and were approved by the Committee on Agriculture. The other was only a very minor change.⁴⁰ The bill was reported out of the Committee and was recommended for final passage on April 25.⁴¹

The original rule governing the course of House Resolution One called for one motion to recommit the bill to committee. This motion was made by Representative Cannon and was defeated three hundred two to sixty-three. The previous question was then ordered, according to the Rule, and the bill was passed. The House was divided as follows: yeas, 366; nays, thirty-five; present, two; and not voting, nineteen.⁴² Statistical analysis of the results indicated that ninety-two per cent of the members voted either for or against the measure. Of those Representatives, ninety-one

³⁹Ibid., p. 415.

⁴¹Ibid., p. 572.

⁴²Ibid., pp. 572-573. At that time there were four vacancies in the House. That left nine Representatives whose position was not recorded at this time.

⁴⁰Ibid., pp. 542-3.

per cent voted in favor of passage, and only nine per cent voted against. This landslide victory of the proposal in the House revealed how the managers of the bill were able to force it through the process without any major contest.⁴³

Examination of the vote by political parties indicated that although there was almost unanimous Republican support for the measure, there was substantial Democratic support as well. Ninety-two per cent of the Republican members voted in favor of the measure while less than one per cent voted against. On the Democratic side, seventy-three per cent voted yes, and twenty per cent voted no. Even more revealing was the fact that only sixty-seven per cent of the yes votes were Republican, but ninety four per cent of the no votes were cast by Democrats. Most of the Republicans who did not vote for the bill also did not vote against it. They voted present or did not vote. The Democrats, on the other hand, who did not vote with the majority, largely voted against the bill.

<u>Time</u> announced that the "docile and well pledged" House of Representatives had passed the President's bill. "Fenced off with barbed wire of special rules which kept out all amendments including the debenture plan, the measure," it continued, "was practically unchanged by eight days of

 $^{43}{\rm Ibid}$. A statistical analysis of the vote will be found in Appendix A.

⁴⁴See Appendix A.

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debate."⁴⁵ The <u>Omaha Bee-News</u>, on the other hand, praised the bipartisan support of the measure. In an editorial, the Nebraska paper believed that the House had acted for the farmer instead of against the President.⁴⁶. That comment previewed much of the criticism which was to be leveled at the Senate. The range of editorial comment on the House action was from indignant opposition to warm support.

The <u>New York Times</u> was perhaps warmest in its praise of the bill. Omission of the equalization fee and the debenture program was the strongest part of the measure according to the New York paper.⁴⁷ The <u>Omaha Bee-News</u> flatly stated that it favored the administration's proposal as passed by the House.⁴⁸ The rest of the Nebraska editors were more hesitant in their reaction to the House version. Those who did favor the proposal did so reluctantly. The <u>Kearney Hub</u> supported the bill as a foundation which could be built on later. It maintained that the bill was worthy of support even though it did not do everything for everyone. The editorial concluded, "A hungry man does not refuse half a loaf because he is not offered a whole one."⁴⁹

Much of press reaction, however, was unfavorable to the

- ⁴⁵"National Affairs: Husbandry: Senators vs. Hoover", <u>Time</u>, May 6, 1929, pp. 13-14.
 - ⁴⁶Omaha (Nebraska) <u>Bec-News</u> (Morning Ed.), March 17, 1929.
 ⁴⁷New York Times, April 16, 1929.
 - ⁴⁸Omaha Bee-News, (Morning Edition), April 27, 1929.

⁴⁹Kearney (Nebraska) <u>Hub</u>, May 11, 1929.

58

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Several basic problems were cited: the creation of bi11. new bureaucracy, competition with private enterprise, and the lack of tariff equalization. The Omaha World-Herald particularly raised the last issue. The editor pointed out that stable prices might not be high enough to aid the farmer. The only way to insure a higher price was to make the tariff work for the farmer through the debenture program or equalization fee. The only way to raise prices was to limit production, and the World-Herald bitterly opposed that alternative.⁵⁰ The idea that the activities of the farm board would compete with private enterprise was emphasized by the national coverage given to a statement issued by the Northwestern Grain Dealers. Their annual convention passed a resolution which charged that the House version was unfair to their interests. They opposed the administration proposal on two grounds: first, cheap credit would be readily available to the cooperatives, but not to grain dealers, and second, grain dealers would be taxed to help their competitors.⁵¹ The Lincoln Star opposed the House version because of the additional bureaucracy it created. This would add to the cost of government and not necessarily solve the problem. The Star believed that marketing reorganization alone would

⁵⁰Omaha World-Herald, April 12 and 16, 1929. See also the Lincoln Star, June 16, 1929.

⁵¹New York Times, April 18, 1929 and "National Affairs: Husbandry: Houses Divided," <u>Time</u>, April 29, 1929, pp. 11-12.

not aid the farmer.⁵² In many ways the <u>Beatrice News</u> summarized the Nebraska press reaction to the House proposal. Its passage was reluctantly greeted as an advancement. At the same time, the editor expressed great doubt if the bill would do anything positive for the farmer. The editorial concluded, "If the end of ten years sees the success of the plan, Herbert Hoover will deserve more credit than we fear he will ever receive."⁵³

Dispite the cool reception its program received, the House had acted. It had voted in a largely bipartisan manner for a bill reported to have the blessing of the President. Most importantly, it had acted with an overwhelming display of strength. The possibility of passing any measure which was substantially different from the one already acted upon would have seemed remote indeed. There were, however, forces growing in the Senate which would pass a bill that was drastically different and then would try to force the House to accept the new measure.

^{5.2}Lincoln (Nebraska) Star, April 15 and 16, 1929.
^{5.3}Beatrice (Nebraska) News, May 2, 1929.

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CHAPTER IV

THE SENATE

THE DEBENTURE PLAN

On April 15, 1929, the Senate of the United States convened in Special Session to consider farm relief legislation. The upper house met in response to the same call which had summoned the House. Forces were already in operation which would make the Senate proceedings much different from those of the House. The political realities of the situation made many Republican Senators believe that they could support the President's program only if he were to clearly ask for help. The Senate Democrats were prepared to oppose anything which was connected with Hoover. The managers of the administration's program simply did not have the voting strength to force their measure through, as they did in the House. The first order of business in the Senate, as in the House, was to listen to the reading of the President's message. This was the last time the actions of the two houses coincided until they both passed the Agricultural Marketing Act nearly eight weeks later.

The Senate Committee on Agriculture did not present their proposal on the first day of the session. In fact, the

bill was not introduced until April 18, and the Committee did not report it back to the Senate until April 23. This lag seemed to have had two causes. First, and probably least important, the Committee had written a hill containing the export debenture program, and there was a dispute about the right of the Senate to introduce a measure effecting revenue.¹ The other reason for delay was the Committee's reluctance to introduce their bill until the President had issued a statement about his program for farm relief.²

As early as April 11, a group of Senate leaders had presented the debenture plan to Hoover asking for his comments and suggestions. The President had agreed to review the plan and to advise the Senate Committee of his opinion.³ For the next week the Committee was inactive, waiting for the President's reply. In the meantime, pressures were growing. Nearly everyone interested in farm relief was anxious to get a bill introduced and the legislative process started. The Committee decided, on April 11, to report the bill with a provision allowing the farm board to use the debenture program as one of their optional powers. This decision was partially based on the knowledge that this proposal would be made on the floor if it were not included.⁴ The Committee would have

¹New York Times, April 18, 1929.

²New York Times, April 16, 1929.

³New York Times, April 12, 1929. The Senators who presented the plan were McNary, Norbeck, Cooper, Heflin, and Ransdell.

⁴New York Times, April 17, 1929.

preferred to wait for Hoover's reply, but they decided that they could wait no longer.

Charles McNary of Oregon, chairman of the Senate Committee on Agriculture, introduced the bill on April 18. Its descriptive title was, "A bill (S. 1) to establish a Federal farm board to aid in orderly marketing and in the control and disposition of the surpluses of agricultural commodities in interstate and foreign commerce." It was assigned to the Committee on Agriculture and Forestry The bill was nearly a carbon copy of the House version. The declaration of policy in the opening section emphasized that the bill was to deal primarily with marketing. The purpose of the bill was two-fold. First, to end price fluctuations caused by surpluses, and second, to encourage a, "substantial and permanent" betterment of the farm situation.⁶ The details of the bill as developed in the next sections followed the House's version closely, but differed slightly in minor The only major difference in the two bills appeared details. in Section Ten of the Senate's version. It called for the export debenture program. The plan was not mandatory but could be used at the discretion of the farm board. The chairman needed only to notify the Secretary of the Treasury to put the plan into effect. The debentures were to be

⁶<u>Ibid</u>., p. 360.

⁵U.S., <u>Congressional Record</u>, 71st Congress, 1st Session, 1929, LXXI, part 1, p. 102. Hereafter cited as <u>Congressional</u> <u>Record</u>.

valued at one-half of the tariff rate on any commodity, and they were to be used to pay duties on any imports.⁷ This small difference engendered nearly two months of political fighting between the Senate on one side, and the House, allied with the President, on the other.

The press reaction to the introduction of the Senate bill was very sparse. What comment there was either praised the proposal or charged that inclusion of the debenture program was a political maneuver. The New York Times reported that the debenture program had a good base, both politically and logically. The Republicans had promised tariff equalization, and the Senate measure delivered on that promise. The paper, however, held no hope for the passage of the measure. It said that the Republican leadership had long since learned that it could ignore farmers' demands.⁸ The Hastings Daily Tribune supported the Senate program. The editor of the Nebraska farming community paper argued that the proposed improvements in the marketing would be welcome help to the farmer, but the problem was larger in scope. A substantial part of the problem was world-wide in scope. The debenture program would help solve that aspect of the problem, if Congress and the President would approve it, but the paper held little hope that the measure would pass.⁹

⁷<u>Ibid</u>., p. 362.

⁸New York Times, April 24, 1929.

⁹Hastings (Nebraska) <u>Tribune</u>, April 27, 1929.

Criticism of the Senate proposal centered on the idea that the debenture plan was simply introduced for political motives. The <u>Kearney Daily Hub</u> seemed to have been one of the first papers to make those charges, although, before the bill was passed, many papers were to join in the chorus. As early as April 20, the Nebraska paper charged that opposition to the President's program was forming and was "deliberately anti-Hoover" in nature.¹⁰ They later charged that the debenture proposal was not made in an attempt to aid the farmer, but, ". . . to create an issue . . . that offers endless discussion . . .*."

Introduction of the debenture program seemed to have forced the President to act. On April 20, Hoover issued a statement which chastised those who would divide the Republican ranks. He called for unity under the party platform.¹² On April 21, the President notified Senator McNary that he would respond to the Senate the next day, and would submit reports from the Secretaries of Agriculture, Commerce, and the Treasury. The position of the Administration was opposition to the debenture program.¹³ When the report was released to Senator McNary, it proved to be a strong condemnation of the program. Hoover stated,

¹⁰<u>Kearney</u> (Nebraska) <u>Daily Hub</u>, April 20, 1929.
¹¹<u>Ibid</u>., April 22, 1929.
¹²<u>New York Times</u>, April 20, 1929.

¹³Ibid., April 21, 1929.

". . I am convinced that it would bring disaster to the American farmer."¹⁴ The President then summarized ten weaknesses of the program. Debentures, he argued, amounted to a subsidy directly from the United States Treasury costing over two hundred million dollars per year. The first result of the debenture plan, the report maintained, would be a gigantic windfall profit to grain dealers and speculators without aiding the farmers at all. Grain owned by merchants would immediately increase in price, and increased prices could not filter to the farmer until the next harvest period. Hoover further stated that when the benefit of the program reached the farmer, it would stimulate vast over-production which would ultimately choke the program. The President feared that making export crops more profitable would slow down the process of diversification of farming. This, he believed, was one of the best long-range solutions. Hoover argued that although the debenture plan was optional, the farm board would be quickly pressured into using it. The President maintained that the subsidy was only indirectly beneficial to the farmer. If the farmer received any aid at all, it would be reduced by the process of discounting the debentures. Furthermore, foreign manufacturers could buy their raw materials cheaper than competing American manu-In some cases this might have allowed foreign facturers. competitors to ship goods to the domestic market cheaper than

¹⁴Ibid., April 21, 1929.

they could be produced in this country. . In the same vein, foreign livestock producers could buy their feed cheaper than domestic stockmen. The relatively higher price of the American commodities could have resulted in a loss of sales in foreign markets. The President noted that all countries considered the export debenture system to be dumping, and most would certainly retaliate by raising their import duties. Finally, Hoover argued that the export debenture program would force a sizeable increase in domestic taxes. The loss in revenue from the debentures would have to be made-up through internal taxation. The President concluded that the program ultimately would not benefit the farmer and would. ". . . inevitably confuse and minimize the much more far reaching plan of farm relief, upon the fundamental principles of which there has been general agreement."¹⁵

The initial press reaction to the President's message was largely positive. Most editors seemed convinced by his arguments. The <u>Kearney Daily Hub</u> stated, "President Hoover cuts the ground completely out from under the debenture plan. He shows that it would be unscientific, costly, oppressive, and self-defeating." The editor went on to praise the President for acting at this time instead of waiting to veto the proposal.¹⁶ Many other Nebraska editors expressed strong

¹⁵Ibid., and <u>Congressional Record</u>, pp. 367-368. Reports from the Secretaries of Commerce, Agriculture and the Treasury are to be found in both sources as well.

¹⁶"The President is Right," <u>The National Republic</u> as quoted in the <u>Kearney Daily Hub</u>, <u>April 30</u>, 1929.

opposition to the debenture program.¹⁷ The only negative comment came from the editor of the <u>Grand Island Daily</u> <u>Independent</u> who noted that the President's message was a contradiction of his earlier position. The <u>Independent</u> pointed-out that the President had promised not to dictate to Congress, but as soon as any action was taken which was not included in the administration program, Hoover reacted strongly.¹⁸

The President's negative reply to the committee put considerable pressure on its members. Should they report the bill as it had been introduced, or should they delete the debenture program? Chairman McNary had been authorized, by a previous vote, to report the bill without amendment. He chose, however, to submit the bill to the committee again.¹⁹ The members were split on the issue of the debenture. Eight favored maintaining it, and six voted to strike it out. The vote on the entire bill was unanimously favorable, so the measure was reported out of committee without amendment, and passage was recommended.²⁰ The committee submitted

¹⁷See <u>Norfolk</u> (Nebraska) <u>Daily News</u>, April 23, 1929, or <u>Wayne</u> (Nebraska) <u>Herald</u>, April 25, 1929.

¹⁸Grand Island (Nebraska) Daily Independent, June 13, 1929.
¹⁹New York Times, April 21, 1929.

²⁰<u>Congressional Record</u>, p. 363. There seems to be no political or geographic rational for the split vote. The Republicans split four to four on the measure while the Democrats carried it four to two. The breakdown on either side of the vote would indicate no geographic prejudice in the outcome. a report to the Senate on the bill, which emphasized the need for a multi-faceted approach to the farm problem.²¹ It stated, ". . no single measure will suffice...."²² The report concluded that the bill was to strengthen the national situation regarding surpluses and to bring effective, farmer control of marketing.²³

The debate which followed was nearly always more heated than discussion in the House had been. It was not, however, appreciably more illuminating. Debate seemed to offer the opportunity for various Senators to explain their positions. No serious attempt to sway the opinions of other members seemed to have been made. In fact, two Senators mentioned that the issues had already been decided. Simon Fess of Ohio said, "I doubt very much whether any vote will be changed by anything that is said by any member on the floor." He concluded that a vote taken on that day and two weeks from that day would be identical.²⁴ J. Thomas Heflin of Alabama voiced a similar idea. He added that the result, ". . is already decreed. It is cut and dried. The arrangements have all been made."²⁵

²¹Congressional Record, pp. 364-367 ²²Ibid., p. 364. ²³Ibid., p. 366. ²⁴Ibid., p. 731. ²⁵Ibid., p. 722.

The highlight of the first day of debate was a speech made by T.H. Caraway of Arkansas. The Senator took the opportunity to reply to Hoover's message about the debenture plan. Carraway took an angry, blustery tack which had strong, humorous overtones. At one point he remarked, "If anyone can accept . . . [Hoover's] reasoning he does not need information to have faith."²⁶ In his discussion of the supporting document written by Secretary of Agriculture, Hyde, Carraway said, ". . . if the Senators will read the statement . . . before the committee, they will acquit him of having any information on the subject."²⁷ The Senator did, however, ably defend the debenture program. He expressed an idea that was not often heard during that period, either in Congress or out. He suggested that the best solution might be to end the tariff program and put all segments of the economy on their own.²⁸ He argued that as long as the tariff was in effect, a program of tariff equalization was needed. The Senator personally favored the equalization fee, but was willing to accept the debenture plan because it was faster.²⁹ He charged that the Administration's program was a political bill to solve a political problem, and that without the debenture program, the whole thing was worthless.³⁰

²⁶<u>Ibid</u>., p. 371. ²⁷<u>Ibid</u>., p. 372. ²⁸<u>Ibid</u>., p. 372. ²⁹<u>Ibid</u>., p. 375. ³⁰Ibid., p. 374.

Many Republican Senators criticized Hoover and his handling of the entire farm relief situation. Joseph Robinson of Arkansas theorized that if the President had acted more promptly, the debenture feature might never have been introduced. He pointed out that the idea was included only after a prolonged wait for Hoover's opinion.³¹ Smith Brookhart of Iowa was one of the Senators who had been effected the most by the President's stand on the debentures. Brookhart had campaigned strongly for Hoover, and had assured the farmer that the Republican candidate stood for real farm relief. The Senator clearly felt betrayed. "I had a distinct understanding," he said, "of what farm relief meant. I went out in the best of faith I know how to exercise. I believed in be a hereafter about all this."³³ Other Senators from farming regions joined Brookhart in his protest. They had all supported Hoover and believed that they had received nothing for their trouble.³⁴ The only Midwestern Republican who was not affected by the President's position on farm relief was Senator Norris who had openly opposed Hoover's election. The Senator accused the President of allowing farmers to believe, during the campaign, that his administration would

³¹Ibid., p. 1241

³²Ibid., p. 735.

³³Ibid., p. 436.

³⁴See for instance, <u>Congressional Record</u>, pp. 523-525 and 737.

advocate a strong farm relief measure, then, after the election, supporting a weak measure.³⁵

The Senate Democrats were also critical of Hoover's stand. Pat Harrison of Mississippi echoed Norris' speech very accurately and added that the pressure from the administration was mounting.³⁶ Senator Robinson expanded the idea of Administrative pressure and revealed that some Senators had been threatened with changes in the tariff schedules if they supported the debenture program.³⁷ The <u>New York Times</u> reported that some Senators who supported the debenture plan had been ignored by the President in his consideration of patronage appointments. The paper reported that Senator W. B. Pine, a Republican from Oklahoma, had submitted a suggestion for a position in the Indian Bureau which had been overlooked, following the Senator's vote for the debenture plan.

Those Senators who supported the Administration's program of market reorganization explained their positions in several ways. Senator McNary made a curious statement: "This bill is of an emergent character. It is designed to meet a present situation and might be called a short-time approach to the problem." He stated that this was not the time to evolve a long-range program.³⁸ The Senator's

³⁵<u>Congressional Record</u>, pp. 733-734.
³⁶<u>Ibid</u>., pp. 1251-2.
³⁷<u>Ibid</u>., pp. 1249-51.
³⁸<u>Ibid</u>., p. 368.

position seems contrary to the actual workings of the President's program. He was later questioned about his support of the administration's proposal. McNary answered bluntly, "I stated very plainly that sometimes you must forego your own views in order to get legislation."³⁹ The rest of the ideas expressed in the debate in support of the administration's proposal were identical to those expressed long before the Senate session began. There were a few amendments to the bill, but they were mainly minor in nature. All-in-all, the Senate seemed to be a forum for beginning a Senator's next campaign. Especially if that Senator was from a farm state.

The press reaction to the Senate's activity was almost universally negative. There were only three Nebraska papers that supported the debenture aspect of the proposal, and support was somewhat tenuous. The general reaction could be readily divided into two categories: criticism of the political motives, and criticism of the debenture plan itself. Most papers took the former position, but many considered the debenture plan to be most important. Most of the editorials followed Hoover's criticisms very closely. They cited, often without giving credit, the reasons the President gave Congress for his position. Some papers went a bit further. The Omaha <u>Bee-News</u> called the plan "fatuous . . . paternalism."⁴⁰ The

³⁹<u>Ibid</u>., p. 599.

⁴⁰Omaha (Nebraska) <u>Bee-News</u> (Morning Edition), May 9, 1929.

Lincoln <u>State Journal</u> commented that the debenture program was, "a plan of farm relief for which there exists no demand among the farmers and which offers no substantial relief to agriculture, and what is more, stands no chance of being put into effect!"⁴¹ Those papers that supported the plan universally emphasized the fairness of the debenture system. If tariff support was important and justifiable for one segment of the economy, then it should be made to work for the rest of the economy as well. The <u>Grand Island Daily</u> <u>Independent</u> stated that case and speculated that opposition to the debenture was based on opposition to rising food costs.⁴² The <u>Hastings Daily Tribune</u> editorially asked, if subsidy is wrong for wheat, why is it not wrong for everything else?"⁴³

The charge that support of the debenture plan was politically motivated, received a great deal of editorial space. Nearly every paper repeated the accusation at one time or another. Senators Brookhart and Borah were often singled out for specific criticism. The Lincoln <u>State</u> <u>Journal</u> suggested that Senator Brookhart should begin to think before he made a speech, and further suggested that a critical evaluation process would leave the Senator with

⁴¹(Lincoln, Nebraska) <u>Evening State Journal</u>, May 13, 1929 Hereafter cited as <u>State Journal</u>.

⁴²Grand Island Daily Independent, May 20, 1929.

⁴³Hastings Daily Tribune, May 11, 1929.

little to say.⁴⁴ The Democrats who supported the debentures received their share of criticism. Most papers charged that their position was dictated entirely by politics.⁴⁵ The Lincoln <u>State Journal</u> was bitterly critical of the Democratic proponents of the debenture plan. It argued that the program was completely antithetical to party policy, yet many Senators supported it anyway. The paper concluded, ". . . party leadership has fallen so low that it has nothing of its own to offer and it is content with the crumbs that fall from the tables of the insurgent Republicans,"⁴⁶ The over-whelming press reaction, then, was against the Senate's attempt to include the debenture proposal in the farm relief program.

The first real test of the relative strength of the various groups came when James Watson of Indiana proposed an amendment to strike the debenture plan.⁴⁷ The amendment was narrowly defeated forty-seven to forty-four.⁴⁸ Analysis of the voting revealed that the Republican Senators voted three-to-one to strike the debenture section. Nearly ninety per cent of the Democrats, on the other hand, voted to keep the section in the bill. The strength of the Republican

⁴⁴Lincoln Star, June 12, 1929.

⁴⁵See <u>Kearney Daily Hub</u>, May 7, 1929, or <u>Omaha Bee-News</u> May 9, 1929.

⁴⁶State Journal, May 13, 1929.

⁴⁷Congressional_Record, p. 730.

⁴⁸Ibid., pp. 997-998.

party was clearly behind the President. The debenture feature was saved by the block vote of the Democrats combined with a few insurgent Republican Senators.

The next major obstacle for the Senate version of the farm relief program was the vote on final passage. The Senators concluded their debate and voted on the measure on May 14. The bill was approved easily, fifty-six to thirty-nine.⁵⁰ The majority of the Republican party still voted against the measure, and ninety-four per cent of the "no" votes were cast by Republicans. The Democratic block once again solidly supported the measure. Eighty-five per cent of the Democratic Senators voted for the bill, and a majority of the "yes" votes were cast by Democrats.⁵¹ One of the peculiar things about these two votes in the Senate was that the whole bill passed by a larger margin than the debenture feature. Nine Senators, eight Republicans and a Democrat, voted against the debenture feature, but for the whole bill. The Grand Island Daily Independent noted that they were all from farm states.⁵² These Senators must have believed that opposition to the debenture plan was not as important as getting some farm relief passed. It was quite clear the Senate's version

⁴⁹See Appendix B.

⁵⁰Congressional Record, p. 1296.

⁵¹See Appendix B.

⁵²Grand Island Daily Independent, May 16, 1929, and Appendix B. was passed by the solid support of the Democratic wing. The insurgent Republicans got most of the attention in the press, but the Democrats saved the program.

The Senate, then, had finally completed its version of the farm relief program. The process took nearly three weeks longer than it had in the House. The differences between the two houses were marked. The strong leadership of the House was not apparent in the Senate. Neither group in the Senate seemed to have any organization or even any general plan of attack. The House measure was clearly a Republican program. The Senate's version was carried by solid Democratic support.

The opponents had clearly identified themselves: the Senate majority on one side, with a coalition of the House and the Administration on the other. The battle ground became the Conference Committee's room and the national press. The process of resolving the differences between the two versions of the bill would take another month. The clash of political power that was exercised during the Conference period was to force the bill into its final form.

Chapter 5

THE CONFERENCE COMMITTEE

POWER POLITICS

The Conference Committee, which was appointed to resolve the differences between the two versions of the farm relief bill, proved to be the center of the last battle of the Special Session. The political maneuvering, however, took place in both Houses of Congress, in the national press, in the offices of the President, as well as in the committee sessions themselves. The political aspects of farm relief came to the front more obviously than they had at any other stage of the legislative process. All the skill and power of the managers of the President's program were ultimately called upon to carry the farm relief program to completion.

The House of Representatives had completed its version of the bill several days before the Senate. The lower house had passed the Administration's version, but the Senate had added the debenture program. Although this was the only major difference, it was not certain, at that point, whether or not the conflict could be resolved.

The plan of action of the House leadership was not

clear in the early stages of the final struggle. The New York Times reported that a strong division existed among the House Democrats on the debenture plan.¹ A sizeable number of Representatives favored not considering the Senate version of the bill, thereby refusing to approve a conference.² The reason for this position was the argument that the debenture feature effected the income of the United States and should, therefore, be considered a revenue measure, which could only be originated in the House.³ The New York Times reported that if the House chose to make an issue of the Constitutionality of the Senate's action and refused to accept their bill, the whole farm relief effort might die. The paper speculated that a method of circumventing the deadlock would be found to save some part of the entire program.⁴ There were four apparent courses open to the House leaders. They could have moved for unanimous consent for a conference, which would have been refused. They might have referred the Senate bill to the House Committee on Agriculture for action, which was not likely. They could have proposed a special rule that would gloss over the Constitutional issue. Or, they could have flatly refused to accept the Senate version

¹New York Times, May 15, 1929.

²Ibid., May 16, 1929.

³"National Affairs: Husbandry: III Winds," <u>Time</u>, May 20, 1929, pp. 9-10.

⁴New York Times, May 16, 1929.

of the measure. The <u>New York Times</u> believed that the third alternative was the most likely.⁵ The next day, the <u>Times</u> reported that the House managers would, indeed, ask for a special rule which would bypass the Constitutional issue and send the measure to conference. Pressure from the administration was considered to be the reason for attempting to ignore the Constitutional question.⁶

On May 17, Bertrand Snell of New York, Chairman of the House Rules Committee, rose and presented a resolution which was the course of action decided upon by the leadership of the House. The resolution stated that there was a Constitutional question involved with the Senate's version of the bill, but existing circumstances were such that the House would ignore the question and consider the Senate's proposal. This action, however, was not to be considered a precedent in any other situation, present or future. The resolution proposed the House accept the Senate's version, but not accept the Senate's amendment, and agree to the conference asked for by the upper house.⁷ Representative Snell was the principal speaker in favor of the resolution. He reported that he personally believed that the Senate's proposal was unconstitutional. This remark was greeted by applause from

⁵<u>Ibid</u>.

⁶Ibid., May 17, 1929.

⁷U.S., <u>Congressional Record</u>, 71st Congress, 1st Session, 1929, LXXI, p. 1448. Hereafter cited as <u>Congressional Record</u>. the other members of the House. He continued by reporting that others of "equal ability" believed the opposite. The question could have easily provoked argument which might have required many months or even years to resolve. Snell concluded that the proposed rule should be adopted and work continued.⁸ <u>Time</u> reported that Snell later explained that a Constitutional argument would not have been understood by the people who wanted farm relief at once, and that a compromise was necessary.⁹

Arguments against the resolution centered on one idea: the rule gave the members of the House no chance to vote on the debenture plan separately from the rest of the proposal. Eward Pou, of North Carolina, ranking minority member of the Rules Committee, was first to oppose the measure. He called it a "steamroller" action which would not be easily accepted by the general public who did not give the House any credit for courage anyway. He asked that the debenture plan be brought to a specific vote.¹⁰ Clarence Cannon of Missouri called the resolution a, "gag rule of the most arbitrary character . . ."¹¹ He charged that this was one more example of the power politics which had been used

⁸Ibid.

⁹"National Affairs: Husbandry: Sick Giant," <u>Time</u>, May 27, 1929, pp. 12-13.

¹⁰Congressional Record, p. 1448.

¹¹<u>Ibid.</u>, p. 1450.

since the beginning of the session.¹²

Representative Jones of Texas presented a convincing argument concerning the Constitutional question. He maintained that the debenture plan was not a revenue measure within the definition of the Supreme Court. The court had ruled that for the Constitutional prohibition to be in effect, the measure had to deal primarily with raising funds. Since the debenture program was essentially a farm relief measure, the Senate could, quite properly, propose it.¹³

The resolution was brought to a vote and passed by a two-to-one margin.¹⁴ The Speaker of the House appointed the following Representatives to act as conferees: Gilbert Haugen of Iowa, Fred Purnell of Indiana, Thomas Williams of Illinois, James Aswell of Louisiana, and David Kincheloe of Kentucky.¹⁵

The President of the Senate had previously appointed the following to the committee: Charles McNary of Oregon, George Norris of Nebraska, Arthur Capper of Kansas, Ellison Smith of South Carolina, and Joseph Ransdell of Louisiana.¹⁶

¹³<u>Ibid.</u>, p. 1112. The <u>New York Times</u> editorially concurred with this opinion, arguing that the actual effect of the debenture was the expenditure of funds and not actually raising money. New York Times, May 16, 1929.

¹⁴Congressional Record, p. 1454. The actual vote was 249 to 119, with 58 Representatives not voting.

¹⁵<u>Ibid</u>., p. 1455. ¹⁶<u>Ibid</u>., p. 1269.

¹²Ibid., p. 1451.

These ten Congressmen were charged with the duty of ironingout the differences between the two versions of the farm relief proposal. <u>Time</u> reported that farm relief had, "disappeared into the subterranean chambers of the capitol . . ." and stated that the failure of the debenture plan seemed certain. Three of the five Senate conferees and all five from the House had opposed the program.¹⁷ In short, the administration forces had packed the Committee.

Comment from the press concerning the Congressional activity still seemed to be against the Senate's stand on the debenture issue. The <u>Omaha Bee-News</u> called for the House to stand-up and repudiate the Senate action.¹⁸ The <u>Wayne Herald</u> was hopeful that the two houses could agree on something that would not hurt the farmer even if it did not help him.¹⁹ The <u>Kearney Daily Hub</u> predicted that the debenture proposal would fail, or that no measure would be passed at all.²⁰ The <u>New York Times</u> speculated that the House expected the Senate to give-up on the debenture program, and if the Senate refused, all farm relief efforts would fail. It also predicted that the Senate would use a specific defeat of the debenture proposal by the House as a good excuse to abandon

- ¹⁷"National Affairs: Husbandry: Sick Giant," <u>Time</u>, May 27, 1929, pp. 12-13. ¹⁸Omaha Bee-News, (Morning Edition), May 17, 1929.
 - ¹⁹Wayne (Nebraska) Herald, April 25, 1929.

²⁰Kearney (Nebraska) <u>Daily Hub</u>, May 10, 1929.

that part of their program. In that way; the Senate could insure farm relief legislation and still save face.²¹

The Conference Committee met for the first time on The differences were quickly isolated. The House May 21. Conferees insisted that the committee consider the debenture issue first. The members from the Senate refused to consider a compromise on the debenture section until the House had taken a roll call vote on the proposal. The conferees from the House asked for time to consult their leaders and report back.²² They reported the next day that there was no change in their previous position.²³ The leaders of the House were simply unwilling to allow the Senate to dictate procedures to them.²⁴ The Committee continued to meet daily until May 26, when the Representatives walked-out of the meeting. They stated that there was no reason to continue, and that the debenture issue was the entire cause of the problem. The New York Times speculated that this break-down would allow Congress to recess and escape from Washington for the summer months.²⁵

The demand for some kind of farm relief legislation proved to be too strong to allow a recess, however. Pressure

²¹New York Times, May 17, and 20, 1929.

²²<u>Ibid</u>., May 21, 1929. See also, <u>Congressional Record</u>, pp. 255607. ²³<u>Ibid</u>., May 22, 1929. ²⁴<u>Ibid</u>., May 26, 1929. ²⁵<u>Ibid</u>. had been exerted on all sides to get work under way again. An action of the Florida legislature was often cited as representative of the general mood of the country. The legislature passed a resolution which instructed its Senators to get on with farm relief and abandon the debenture proposal.²⁶ The imminent arrival of summer was also cited as a factor in getting the conference underway again.²⁷ President Hoover expressed his opposition to taking a recess until the farm relief bill was passed.²⁸ The following day, Congressional leaders announced that they would not allow the summer recess to begin until the farm question was settled.²⁹

The Conference resumed on June 2 and compromises were reached on all contested issues except the debenture program.³⁰ The deadlock continued as before. On June 6, the committee finally reached an agreement which abandoned the debenture section of the bill. The vote was eight to two with only Senators Norris and Smith dessenting.³¹ Senator McNary explained that the majority of the Senate's Conferees had agreed to drop the debenture section because they believed

²⁶<u>Ibid</u>., June 1, 1929. ²⁷<u>Ibid</u>. ²⁸<u>Ibid</u>., May 30, 1929. ²⁹<u>Ibid</u>., June 1, 1929. ³⁰<u>Ibid</u>., June 2, 1929. ³¹<u>Ibid</u>., June 6, 1929. that their action would not harm the debenture proposal if the Senate wanted to insist upon it. Their decision could also have hastened the course of legislation if the Senate were willing to abandon the provision. McNary concluded that the Representatives on the Committee were completely unwilling to accept the debenture program or recommend a roll call vote on the issue.³²

The Conference Report was presented to the House of Representatives on June 7. A statement was issued by the Conferees from the House which explained the changes and recommended that the compromises be accepted. The report stressed that the bill was primarily the original House Bill with a few minor changes.³³ The question of agreeing to the Conference Report was called and the Report was accepted.³⁴

The Conference Report was presented to the Senate on June 6.³⁵ Discussion of the report centered on the refusal of the House to vote directly on the debenture section. Claude Swanson of Virginia stated that the Senators who supported the debentures had the right to force each Representative to make his position known to the public.³⁶

³²<u>Congressional Record</u>, pp. 2556-2557.
³³<u>Ibid</u>., pp. 2520-2523.
³⁴<u>Ibid</u>., p. 2531.
³⁵<u>Ibid</u>., p. 2409.
³⁶<u>Ibid</u>., p. 2563.

Senator Norris believed that the Representatives could campaign safely now regardless of their actual feelings on the debenture issue. He stated that if the House refused to accept the debenture provision, he would vote for the bill without it.³⁷ The question of agreeing to the Conference Report was called, and the Report was refused. The vote was forty-three to forty-six with six Senators not voting.³⁸ The Senate further resolved to insist on its original version and to ask for a further conference. The same five Senators were appointed as conferees.

The <u>New York Times</u> reported that the farm program hung, "in the balance." The only hope for passing legislation acceptable to the President was for the House to vote directly on the debenture question.⁴⁰ The <u>Times</u> charged that the Senate's action was politically motivated, and that the campaigns of 1930 and 1932 had already begun.⁴¹ The Republican leadership was made aware of a growing anti-Republican trend by a special election which had been held in Kentucky. In November, the Republican candidate had won the election by over four thousand votes. In May, the Democratic candidate had won by more than one thousand votes. One of the reasons

³⁷<u>Ibid</u>., p. 2562.
³⁸<u>Ibid</u>., p. 2661.
³⁹<u>Ibid</u>.
⁴⁰<u>New York Times</u>, June 10, 1929.
⁴¹<u>Ibid</u>.

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cited for the change was growing disaffection caused by the delays in the farm relief program. 42

After the defeat of the first Conference Report, President Hoover assumed the leadership in the fight for farm relief legislation. His first action was to release a strong statement to the press. He praised the version passed by the House as a long-range method of improving the farm situation. Hoover stressed that no one had adequately refuted his arguments against the debenture program. The President concluded that the Senate had at best delayed action and at worst had killed all hope for farm relief.⁴³

Hoover's second action was to have a conference with Congressional leaders. The Senators present were: McNary of Oregon, James Watson of Indiana, David Reed of Pennsylvania, Walter Edge of New Jersey, and George Moses of New Hampshire. Speaker Nicholas Longworth of Ohio, Representative John Tilson of Connecticut and Representative Bertrand Snell of New York were invited from the House of Representatives. Hoover was aided by Secretary of Agriculture Hyde, Secretary of War Good, and the President's secretary, Walter H. Newton. Exactly what was said during that ninety minute conference was not revealed to the press.

⁴³<u>Ibid.</u>, June 12, 1929.

⁴⁷Ibid., June 3, 1929. Another special election was held in Minnesota slightly later. The results showed the same trend as Kentucky had exhibited, only stronger. Lincoln (Nebraska) Star, June 21, 1929.

It was apparent that the President was trying to find some way to get the farm relief legislation through Congress.⁴⁴ <u>Time</u> reported that Hoover exerted his authority as party chief and President. He virtually ordered the leaders of the House to bring the debenture measure to a vote.⁴⁵ A <u>New</u> <u>York Times</u> editorial had remarked that Hoover's prestige had been wounded by the Senate's action. The President had clearly announced his opposition to the debenture, but his advice had been ignored. The paper concluded that the House had to act quickly to rescue the President's image and possibly to save all of Hoover's legislative program.⁴⁶

The House indeed acted quickly. The next morning, Representative Haugen moved that the House insist on its version of the bill and agree to a new conference. John Tilson of Connecticut offered an amendment which would, if approved, instruct the conferees from the House to demand the omission of the debenture program.⁴⁷ The <u>New York Times</u> reported that this procedure was agreed upon to meet the Senate's demand for a direct, roll call vote on the debenture program.⁴⁸ Representative Tilson said that his motion was

44_{Ibid}.

⁴⁵"National Affairs: The Presidency: Constructive Start," <u>Time</u>, June 24, 1929, p. 11.

⁴⁶New York Times, June 12, 1929.

⁴⁷Congressional Record, p. 2788.

⁴⁸New York Times, June 13, 1929.

designed to end the controversy over the debenture plan and that it provided, ". . . the most direct way and perhaps the only way that we can get this bill passed."⁴⁹ The amendment was accepted, two hundred and fifty to one hundred and thirteen. 50 Statistical analysis of this vote indicated a reasonably strict division by political party. Sixty per cent of those who actually voted on the measure were Republicans, indicating their majority position. Eighty-seven per cent of the "yes" votes were cast by Republicans, and eighty-eight per cent of the "no" votes were recorded by Democrats. Eighty-one per cent of the Republican Representatives voted to remove the debenture plan, while sixty-one per cent of their Democratic counterparts voted to keep that portion of the program.⁵¹ The administration's control over the House was clearly demonstrated. The Republican majority once again carried the President's program. The House concluded its consideration of the matter by appointing the same conferees who had served before.⁵²

The <u>New York Times</u> called the vote a "notable" victory for President Hoover. The editors reported that the only reason that the House had resisted so long was to keep some Mid-western Republicans from having to vote against the

⁴⁹<u>Congressional Record</u>, p. 2788.
⁵⁰<u>Ibid</u>.
⁵¹See Appendix C.
⁵²<u>Congressional Record</u>, p. 2789.

debenture program.⁵³ The <u>Omaha World-Herald</u> commented that the House had uncritically accepted the President's suggestions. The Representatives had refused to consider improvements, but followed directions instead. "That makes the kind of a legislative body," the <u>World-Herald</u> concluded, "any executive can easily learn to love."⁵⁴ The press generally took the position that the House had been blocking the legislative process by refusing to vote on the debenture issue and expressed the hope that the Senate would move quickly on the farm relief proposal.⁵⁵

The conference began the following morning, June 14. It was unanimously agreed to resubmit the same report which had been presented before.⁵⁶ The Conference Report was filed with the House as the first order of business. Representative Haugen simply asked that the report be accepted, and it was, by voice vote.⁵⁷ Senator McNary introduced the Conference Report to the upper house and asked that it be considered at the end of that day. His request was also accepted.⁵⁸ After a minimum amount of debate, the question of agreeing to the

⁵³New York Times, June 14, 1929.

⁵⁴Omaha Morning World-Herald, June 14, 1929.

⁵⁵See for instance, <u>Grand Island</u> (Nebraska) <u>Daily Independent</u>, June 10 or 14, 1929, or <u>Kearney Daily Hub</u>, June 14, 1929.
⁵⁶<u>Congressional Record</u>, p. 2781.
⁵⁷<u>Ibid</u>., p. 2894.
⁵⁸<u>Ibid</u>., p. 2870.

report was moved. The report was accepted seventy-four to eight.⁵⁹ Statistical analysis of the vote indicated that the Republican majority had carried the bill. The Democratic Senators cast only one-third of the "yes" votes. They did record, however, sixty-three per cent of the "no" votes. Nearly sixty per cent of the total votes actually cast for or against the measure were recorded by Republican Senators. Curiously enough, the Report received more nearly universal support within the Democratic party than within the Repub-The numerical superiority of the Republicans allowed lican. them to claim the bill as a Republican measure.⁶⁰ This vote was a distinct contrast to the earlier returns on the Senate's version of the bill. That measure had been largely carried by a solid block of Democratic Senators. The substantial Republican support of the Committee Report, coupled with a slight Democratic shift against the successful version, gave the Senate's action a definitely Republican flavor.⁶¹

The immediate reaction to the passage of the bill was contradictory. The <u>McCook Tribune</u> praised the House for not wavering from the Republican platform, and for its support of the President.⁶² The <u>Grand Island Daily Independent</u> attacked the House with equal enthusiasm. It charged that

⁵⁹<u>Ibid.</u>, p. 2886.
⁶⁰See Appendix D.
⁶¹See Appendixes B and D.
⁶²McCook (Nebraska) <u>Tribune</u>, June 21, 1929.

the Representatives had played politics first and placed the relief question second.⁶³ The <u>Hastings Daily Tribune</u> stated that the recent actions of Congress might be an argument favoring a unicameral legislature.⁶⁴ Dispite the wide variation of reactions, most papers agreed that the actions of Congress had to be considered a definite victory for President Hoover.⁶⁵ Apparently his leadership in the latter stages of the process had saved his prestige. <u>Time</u>, however, believed the President's victory had been a difficult one. Hoover had been forced to give up the idea that the Executive shculd not interfere with Congress. In fact, the President had, "very definitely interfered, [and] very distinctly dictated."⁶⁶

Immediately after the Conference Report was approved by both houses, the measure was signed by the Speaker of the House and the Vice President of the United States.⁶⁷ The Committee on Enrolled Bills sent the measure to the President that same day, June 14.⁶⁸ The next day, Hoover held a signing ceremony and made his approval official. The President greeted many Congressional leaders for the event which

⁶³Grand Island (Nebraska) Daily Independent, June 12, 1929.
⁶⁴Hastings (Nebraska) Daily Tribune, June 14, 1929.

⁶⁵McCook Tribune, June 21, 1929, or <u>Omaha Morning World-</u> <u>Herald</u>, June 21, 1929.

⁶⁶"National Affairs: The Presidency; Constructive Start," <u>Time</u>, June 24, 1929, p. 11.

⁶⁷<u>Congressional Record</u>, pp. 2886 and 2935.
⁶⁸Ibid., p. 2977.

was attended by many reporters and extensively recorded by press photographers.⁶⁹ The President signed his first name with one pen and his last name with another. He then presented the pens to Senator McNary and Representative Haugen.⁷⁰ Hoover delivered a short speech which concluded: "After many years of contention we have at last made a constructive start at agricultural relief with the most important measure ever passed by Congress in aid of a single industry.⁷¹

The national reaction to the passage of the farm relief measure seemed, on the balance, to be favorable. Senator Arthur Capper of Kansas, in an article written for the <u>New</u> <u>York Times</u>, reported that the legislation was a vital measure for the farmer. "It is intended to be for agriculture," the Senator wrote, "what the Federal Reserve Act is for commerce, what the transportation act is for the railroads, [and] what the protective tariff is for manufacturing and labor."⁷² S. H. Thompson, President of the Farm Bureau Federation, hailed the bill as the beginning of a "new era in farming," and stated that the bill would bring prosperity

⁶⁹Senator Watson was reported to have remarked that a photographer was the only person in the world who could keep four Senators quiet for three minutes. <u>New York Times</u>, June 16, 1929.

⁷⁰<u>New York Timés</u>, June 16, 1929. ⁷¹<u>Ibi</u>d. ⁷²Ibid., June 18, 1929.

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to the farmer once again.⁷³ The National Grange was the only organization that expressed disappointment over the exclusion of the debenture plan. A news release from the Grange stated that the bill as enacted was not strong enough, and that the debenture idea would be heard of again.⁷⁴

The local reaction was mixed. The Lincoln Star pointed out that on the same day that Hoover signed the bill, the price of wheat on the grain exchange fell. The reason for the decline, the paper reported, was a drought-breaking rain in the Canadian wheat-growing region. The paper concluded that the grain dealer had much more faith in rain than the government as a factor in wheat prices.⁷⁵ The North Platte Tribune offered a typical criticism when it suggested that the program was a long-range solution and that the farmer was in immediate need of aid.⁷⁶ The Wayne Herald suggested that the measure would provide only psychological help in the short-run. The long-run impact of the program was completely unknown, the Herald concluded.⁷⁷ Much of the comment stressed the sincere effort on the part of the Administration and emphasized that the program should be considered an

⁷⁴Kearney Daily Hub, June 24, 1929.

⁷⁵Lincoln Star, June 17, 1929.

⁷⁶The North Platte (Nebraska) <u>Tribune</u>, July 12, 1929.
⁷⁷Wayne (Nebraska) <u>Herald</u>, June 20, 1929.

⁷³Ibid., June 16, 1929.

experiment to be changed or discarded as experience dictated.⁷⁸ The over-all reaction was regarded as cautiously optimistic. An editorial in the <u>Grand Island Daily Independent</u>, based on an informal survey of Nebraska newspapers, expressed the general feeling. It reported that generally the press supported popular acceptance of the new legislation and called for a fair trial period before final conclusions were reached. The Grand Island paper was, however, quite skeptical about the potential success of the bill.⁷⁹ The <u>Lincoln Sun</u> shared the skepticism, but hoped, "that Mr. Hoover's program succeeds beyond expectations."⁸⁰

The Agricultural Marketing Act of 1929 was a reality. The Federal government had responded to an apparent need. Its action had been shaped and dictated by the pressure groups interested in the solution. The groups with great political power influenced the outcome greatly. Those groups with lesser power had less influence on the outcome. This kind of problem-solving apparatus, when faced with a complex problem with multiple potential solutions, was always subject to question. Did the solution resolve the problem?

⁷⁹Grand Island Daily Independent, Jume 22, 1929.
⁸⁰Lincoln Star, June 17, 1929.

⁷⁸See, for example, <u>Hastings Daily Tribune</u>, June 13, 1929, and <u>Evening State Journal</u> (Lincoln, Nebraska), June 25, 1929.

Chapter 6

CONCLUSION: ECONOMICS OR POLITICS

The final judgement regarding the potential usefulness of the Agricultural Marketing Act in solving the farm problem was difficult to reach. There was no real contemporary The history of the Farm Board proved that it did consensus. not work, but the unusual economic conditions of the early thirties might have prevented a system from working at that time which could have succeeded under more stable conditions. It would seem, therefore, that the potential had not been fairly tested. The final decision could be reached only after a process of analysis of the economics of agriculture, with particular emphasis on the farm problem of the Twenties. A concept of what was needed could then be developed, and compared with the Agricultural Marketing Act. An analysis of the differences between the hypothetical, ideal solution and the actual legislation could be made. Finally, suggestions could be offered to account for the differences.

The agricultural industry was in a peculiar economic position. First, the farmer sold in a market over which he had absolutely no control. Second, he had little ability to adjust his production. Third, he sold a product for which

the total demand was inelastic. The demand for farm commodities was most significantly related to population.¹ The total demand for food was relatively unresponsive to either price changes or rising consumer's income. It has been estimated that for every one per cent increase in income, the demand for farm commodities only increased one tenth of one per cent. In fact, the demand for certain foods decreased as income increased.² While consumer expenditures for food increased as income rose, the major portion of the increase went to pay for packaging and convenience services.⁵ The farmer, then, operated in a situation in which general prosperity was transmitted to him only in limited amounts. Even without other agricultural problems, the increasing wellbeing of the United States during the Twenties could have aided the farmer only in greatly diminished portions. Agriculture simply could not accrue benefits which other segments of the economy enjoyed.

The individual producer had only limited ability to adjust his total production. The proportion of his fixed costs to variable costs was so high that he was forced to produce the maximum amount, regardless of projected demand. Although the farmer had some variable costs, the bulk of

¹Earl O. Heady, <u>A Primer</u> on Food, Agriculture, and <u>Public Policy</u> (New York: Random House, 1967), p. 9. Hereafter cited as Heady, <u>Agriculture and Public Policy</u>. ²<u>Ibid</u>., pp. 9-10. ³Ibid., p. 10.

his annual expenditures were fixed long in advance by a series of mortgage and loan agreements.⁴ In this situation, the annual income of the typical producer varied a great deal more than his annual costs.⁵ The only factors which really affected production were non-economic, and largely uncontrollable: weather, insects, and disease.⁶ This dependence on uncontrollable factors virtually guaranteed great price and income instability.⁷ In addition, the farmer was forced to continue to make large capital expenditures in order to compete with his neighbors. If he failed to increase his production as his competitor-neighbors had, he would be forced to meet falling prices with a relatively smaller amount of his crop for sale.⁸ The only way for the individual producer to help himself was to increase his productivity. When this factor was applied on a national scale, the total production increased, and prices fell even more. The farmer was caught in a nearly impossible situation. In order to maintain his competitive position, he was forced to make large expenditures to be amortized over a long period

⁴Adlowe L. Larson, <u>Agricultural Marketing</u>, (New York: Prentice-Hall, Inc., 1951), pp. 22-23. Hereafter cited as Larson, <u>Marketing</u>.

⁵Heady, <u>Agriculture and Public Policy</u>, p. 26.
⁶Larson, <u>Marketing</u>, p. 22.
⁷Heady, <u>Agriculture and Public Policy</u>, p. 25.
⁸<u>Ibid</u>., p. 56-57.

of time. The resulting high, fixed costs forced the farmer to produce the maximum amount each year. The ever-increasing supply continually depressed the market prices, leaving the entire industry in worse condition each year.⁹

The individual producer's relationship to the commodity market placed him in a difficult position. The market was one of the last examples of pure capitalism. No individual farmer produced enough to have any impact on the market. He was forced into the position of "price-taker," who could sell all or nothing at one, stated price.¹⁰ The farmer's gross income was equal to the price received, multiplied by the quantity sold, minus the marketing costs. Without interference from outside of the market, the price was not adjustable, but was inversely proportional to the total The quantity sold was, to some degree, quantity sold. adjustable, but other forces dictated that the maximum possible quantity would be produced. Furthermore, as the total amount sold increased, the price fell, offsetting any potential increase in the farmer's gross income. The cost of marketing was, perhaps, subject to adjustment, but only through large-scale activity.¹¹ The agricultural industry was caught in another situation which was largely beyond the control of the individual farmer. Only through

⁹<u>Ibid</u>., pp. 26-28.
¹⁰<u>Ibid</u>., p. 24.
¹¹Larson, <u>Marketing</u>, pp. 42-44.

massive cooperative activity could the farmer effect his gross income. Even then, the potential increase in income was small at best, and total income would still be subject to large fluctuations.

There were additional forces in operation during the Twenties which mutiplied these general agricultural difficulties. The basic problem of the period was over-production. It was caused by improved farming techniques, shifting demand, and the artificial stimulation of production during World War I. The result of the surplus had been drastically lower prices. The problem was worsened by the continually rising costs of production and living.¹² Statistics indicated that during the period from before the war to the early Twenties, farmer's taxes had increased 126 per cent, farm mortgage debt had increased 132 per cent, freight rates had risen steadily, and farm wages had increased 115 per cent. Wholesale prices of non-agricultural products had increased by seventy-two per cent from their pre-war level. At the same time, the dollar value of all farm products had increased by only twenty-two per cent.¹³ The increased commercialization

¹²Murray Reed Benedict, Farm Policies of the U. S.: 1790-1950 (New York: Twentieth Century Fund, 1953), pp. 236-237, hereafter cited as Benedict, Policies, and George Frederick Warren and F. A. Pearson, <u>The Agricultural Situation</u>, Economics of Fluctuating Prices (New York: J. Wiley and Sons, Inc., 1924), pp. 19-21 and p. 1, hereafter cited as Warren and Pearson, Fluctuating Prices.

¹³Warren and Pearson, <u>Fluctuating Prices</u>, p. 1.

of farming, accompanied by increasing dependency on outside goods, made the farmer even more at the mercy of rising costs.¹⁴ The farmer seemed to be suffering from his enthusiastic response to the unusual demand created by World War I. He bought land and equipment to meet the demand. When the economy readjusted to normal following the war, the farmer was left with the capacity to produce at the emergency level, and the economic necessity to use that capacity.

In order to develop a concept of what might have been done for the farmer in 1929, it was necessary to examine the types of policies available. Agricultural economist Earl 0. Heady wrote that there were three general types: compensational, developmental, and regulatory.¹⁵ The latter were designed to protect the health and welfare of the consumer, and did not seem applicable to the situation of the Twenties. The Congress of the United States had instituted developmental programs from its beginning. The earliest stages of the developmental policy featured cheap land, and the Homestead Act was the evolutionary result. As the public land was used-up, Congress shifted emphasis and began to support an agricultural policy which featured research and education programs.¹⁶ Then, as agriculture began to shift

¹⁴Ibid., pp. 26-27.

¹⁵Heady, <u>Agriculture and Public Policy</u>, p. 48.

¹⁶<u>Ibid</u>. Such programs as the Land Grant Colleges, the creation of the Department of Agriculture, the Hatch Act, the Smith-Lever Act, and the Smith-Hughes Act were cited by Heady as examples of this phase.

from labor-intensive toward capital-intensive, the policy began to provide credit designed especially for agricultural needs.¹⁷ These developmental policies were so successful that early in the Twenties the new problem of surpluses was created. From that point on, any further efforts of a developmental nature benefited only the consumer, not the farmer.¹⁸ The first responses to over-production were attempts at self-These largely failed because of the scope of the help. problem. The demand for governmental assistance grew, and the idea of a compensational policy evolved.¹⁹ The aims of this new policy were to offset the effects of the developmental policy, and to pay the farmer compensation for low prices.²⁰ The result of this new emphasis was to treat the effects of the problem without attempting to solve them. Compensation did not impose any permanent readjustment in the agricultural sector of the economy.²¹ Heady argued that any permanent solution had to, ". . . require or encourage a shift in the farm resource mix to a richer proportion of capital, a greater reliance on management, a numerically smaller labor force, and larger and fewer farms." These

¹⁸<u>Ibid</u>., pp. 56-57. ¹⁹<u>Ibid</u>., pp. 58-59. ²⁰<u>Ibid</u>., pp. 59-60. ²¹<u>Ibid</u>.

¹⁷Ibid. Programs like the Farm Loan Act, the Federal Land Bank System, and the Federal Intermediate Credit banks were cited as examples of this phase.

changes were necessary to allow agriculture to take advantage of economies of scale, and return adequate rewards to those farmers remaining.²² Another agricultural economist pointedout that the least productive one-third of the American farms produced only four per cent of the total output.²³ The relatively high proportion of low-production farms would indicate that Heady's analysis was probably correct.

The ideal solution would have been one which would have sought a permanent, long-range end to the farm problem; a solution which could have ultimately resulted in a selfsufficient, healthy industry. This far-reaching program could logically have been accompanied by a short-run compensation program which would have aided the industry during the transitional period. Professor John D. Black of Harvard University outlined this concept before the House and Senate Committees on Agriculture. He testified that production was out of proportion to population and that a long-range adjustment of production had to be undertaken. Black proposed a program of tariff adjustment schemes as a means of easing the problem, while long-range solutions were evolved and put into effect.²⁴ The Professor's analysis of the situation and proposals would seem to have been the

²²Ibid., p. 41.

²³Larson, <u>Marketing</u>, p. 26.

²⁴See Chapter II for a more detailed discussion of Dr. Black's testimony.

soundest presented to the Committees.

The Agricultural Marketing Act was clearly a compensation program.²⁵ There was nothing in the bill which would force or encourage any adjustment of production to current demand. It must have been considered, therefore, a temporary solution, one which would be effective until a more permanent program was evolved. Even as a short-range solution, the validity of the new program must have been questioned. The lack of any provision to control production was a serious defect. It insured that any slight price rise would be greeted by increases in supply. Growing surpluses would guarantee that the five hundred million dollars would be too small a sum to stabilize the markets and raise prices.²⁶ Few contemporary sources voiced this opinion. One exception was the Lincoln Star which was very critical of the new program. It stated that the problem was not marketing, but surplus. The editor argued that the best marketing system could not digest two hundred million bushels of surplus wheat per year and still raise prices. The Star concluded that if any program was to be valuable in the long-run, "It must deal with the surplus. The sane, simple and economic way is to avoid creating it."²⁷

The drastic changes in the non-agricultural segments of the American economy in late-1929 insured the failure of the

²⁷Lincoln (Nebraska) <u>Star</u>, July 1, 1929.

Agricultural Marketing Act. The Farm Board had been created to function modestly in normal times, and not as a tool for emergency use. When the total economic climate got worse, the experiment was doomed.²⁸ As it became apparent that the Federal Farm Board was failing, it was rejected by the public. Funds were exhausted, and the board became inactive. Finally, on May 26, 1933, the Agricultural Marketing Act was repealed.²⁹ Its failure, however, should not be attributed entirely to the non-agricultural situation. Farmers produced recordbreaking crops during the active period of the Farm Board. The expense of buying and storing the surpluses actually exhausted the financial capacity of the program.³⁰ The overgal14 economic situation probably only hastened an inevitable result.

If the Agricultural Marketing Act could not solve the farm problem and had little chance of easing the interimperiod, why was it passed? The final form of this piece of legislation was determined by at least four factors: the nature of the democratic process, conflicting interests, tradition, and a general over-simplification of the problem. The combination of these factors in this situation produced the weak solution.

The farm problem was over-simplified by nearly every

²⁸Benedict, Policies, p. 257. -

²⁹Ibid., p. 264.

³⁰"Farm States Rage at the Farm Board," <u>Literary Digest</u>, July 18, 1931, pp. 8-9.

interested group. It was most often narrowly defined as a problem of price or income level, to the exclusion of any other aspect.³¹ The root of the problem, overproduction, was seldom mentioned in Congress or the press. When it was discussed, it was often viewed as a temporary, adjustment type of problem.³² In fact, many people rejected the idea of surplus control as foolish, dangerous, or unconstitutional.³³ Refusal to accept surplus production as a major factor of the problem and surplus control as a potential solution, may have been caused by two things. First, the ability to produce consistant annual surpluses was quite new and might reasonably have been misunderstood. Prior to the Twenties, surpluses were temporary and could be absorbed within a few years. The fact that the imbalance of production was not cyclical was not widely recognized. Secondly, if there were a chronic surplus problem, there must also be a surplus of farmers and farm capacity as well. To recognize the former, dictated the recognition of the latter. The exodus of farmers to the city was already considered critical.³⁴ То have suggested that this flow should have increased would

³¹See for instance, U.S. Congress, House Committee on Agriculture, <u>Hearings on Agricultural Relief</u>, 71st Congress, 1st Session, 1929, p. 238.

³²See, for instance, Senate, Hearings, p. 21.

³³See, for instance, Senate, <u>Hearings</u>, pp. 21, 33, 532, or House Hearings, p. 690.

³⁴See, for instance, Senate, <u>Hearings</u>, p. 532, or <u>Nebraska</u> <u>News-Press</u> (Nebraska City, Nebraska), May 30, 1929.

have been heresy. Oversimplification of the problem, for whatever reason, caused attention to be focused on the symptom, low prices, instead of the cause, surplus production.

The second major obstacle in creating a strong solution to the farm problem was tradition. The role of tradition in any democratic problem-solving situation cannot be overstated. The beliefs, prejudices, and expectations of everyone concerned with the problem dictated the form of the final solution.³⁵ Tradition moulded thinking about the farm problem in many different ways. One of the most basic ideas in nearly everyone's thinking was that the life of the rural citizen was somehow better than that of his urban counter-part. Rural life was to be protected at any cost. Professor Edwin R. A. Seligman expressed this idea most succinctly: "The farmer must not only be preserved from approaching the status of the European peasant, but he must maintain his position as the fountain head of American energy."³⁶ This prejudice also prevented serious consideration of proposals which would have utilized production limitations or would have increased the migration to the cities.

³⁵For an excellent discussion of this topic see: Glynn McBride, "Foundation and Purpose of Public Policy in Agricultural Markets," <u>Agricultural Market Analysis, Development,</u> <u>Performance, Process, ed. Vernon L. Sorenson (East Lansing,</u> <u>Michigan: Bureau of Business and Economic Research, Graduate</u> School of Business Administration, 1964), pp. 263-274.

³⁶See footnote 69 in Chapter II. This same theme was followed in an editorial in the <u>Norfolk</u> (Nebraska) <u>Daily</u> <u>News</u>, April 16, 1929.

Another area where tradition affected thinking about the farm problem was the tariff policy. Benefits derived by the farmer from the tariff were tenuous at best. They were based on the argument that prosperity was brought to the industrial sector of the economy by the tariff. This brought general prosperity to the United States and, thereby, to the farmer. The farmer was harmed to the extent that he bought products at a higher price than would have prevailed without the tariff. Economic experts could not agree whether the tariff was financially beneficial or harmful to the farmer. One expert concluded that the problem was so intangible that it was impossible to assess.³⁷ Most farmers seem to have believed that the tariff was harmful to their personal interests.³⁸ At the same time, many farmers supported the tariff as a guarantee of general prosperity.³⁹ This situation caused a great deal of attention to be focused on tariff equalization schemes which were of questionable, short-range benefit and did nothing to solve the long-range problem. 40

Tradition further hampered the problem-solving process

³⁷Edwin R. A. Seligman, <u>The Economics of Farm Relief</u> (New York: Columbia University Press, 1929), pp. 209-210.

³⁸See, for instance, <u>Kearney</u> (Nebraska)<u>Daily</u> Hub, April 29, 1929, or <u>Hastings</u> (Nebraska) <u>Daily</u> Tribune, May 11, 1929.

³⁹See, for instance, The Lincoln (Nebraska) <u>Star</u>, May 11, 1929, or the <u>Hastings Daily Tribune</u>, May 11, 1929.

⁴⁰For an excellent discussion of the tariff as it applied to the farmer, see the testimony of Dudley Roe of Maryland. House, Hearings, pp. 352-364. by limiting the solution to the common conception of the role of government. Nothing could be done which seemed to break the ideal of non-interference with the economic system or private matters. The issues of paternalism and over-extension of government powers were raised many times.⁴¹ The idea of production limitations was particularly attacked as being outside of traditional boundaries. Senator J. Thomas Heflin of Alabama even stated that acreage controls were unconstitutional.⁴² Tradition, then, excluded from consideration in 1929, many ideas which ultimately formed the basis of legislation. The over-all impact was to force the problem-solvers to choose solutions from within certain acceptable limits which were determined by social considerations. Any idea outside of tradition had no chance of being transformed into legislation.

The third major factor which determined the form of the Agricultural Marketing Act was the conflict of interests involved in the problem-solving process. There were conflicts within the agricultural industry as well as between various farming interests and other segments of the economy. The fact that a successful solution to the farmers' problems would have raised the price of his product caused conflicts with outside interests. An increase in the cost of food or raw materials was not going to be widely accepted outside of the agricultural

⁴¹See, for instance, <u>Omaha Bee-News</u>, May 9, 1929.
⁴²Senate, <u>Hearings</u>, p. 33.

segment of the economy.⁴³ The obviously depressed state of agriculture with the accompanying loss of purchasing power lessened the impact of any great rebellion against farm relief. Any measure which would make the American farmer into a consumer would have been happily accepted in many areas.⁴⁴

Conflicts within the agricultural industry were probably more damaging, because they split the united front which could have been presented. Many farmers were commercial consumers of agricultural commodities. For instance, the livestock feeder bought grain from other farmers. Any part of the farm relief program which aided the grain farmer raised the costs of the stockman.⁴⁵ This kind of problem was common within the industry and undoubtedly made the passage of useful legislation more difficult. It certainly made the passage of any one-dimensional program nearly impossible. The general result of conflict of interests was to make the course of legislation more complex. Conflicts between

⁴⁵The same type of conflict arose around all types of livestock feed. See, Norfolk Daily News, March 25, 1929.

⁴³This feeling was strongly expressed on the Nebraska editorial pages. See, for instance, <u>Hastings Daily Tribune</u>, April 27, 1929, or <u>Nebraska News-Press</u>, (Nebraska City, Nebraska) March 20, 1929.

⁴⁴See, for instance, Senate, <u>Hearings</u>, p. 532. The ambivalent position which some industries were in, was illustrated by the testimony of Robert Amory, who represented three cotton manufacturers in Massachusetts. House, Hearings, pp. 521-533.

agriculture and other segements of the economy created automatic opposition to any program. Conflicts within the industry diluted the impact of the farm vote and engendered feelings ranging from indifference to hostility.

The final factor which shaped the form of the Agricultural Marketing Act was the nature of the democratic process. The problem-solving apparatus tended to be dominated by a large number of limited-interest groups. A solution could only be enacted when enough of these groups to form a majority could agree on one solution. The multiplicity of groups and the diversity of their interests tended to force legislation to be the simplest and least effective possible measure. Common ground had to be found which a majority of these interest groups could accept. This forced the groups who were most directly interested in the solution to propose legislation which was hopefully strong enough to solve the problem, yet weak enough to invite enough support to insure its passage. Once the common ground had been delineated by the legislative processes, the bill was quickly passed.

In conclusion, the Agricultural Marketing Act could not have been considered an attempt to solve the long-range farm problems. It made no mandatory adjustments which could ultimately solve the problem. At the same time, its potential value as a short-range, transitional solution must have been seriously questioned. The ability of the Federal Farm Board to raise prices, or stabilize them, must have been considered

limited at best. It was suggested that the weakness of this act resulted from a combination of factors which were almost completely outside of the control of the farmers. A solution which might ultimately have solved the farm problem could have only been evolved at a time when all of these factors aligned themselves perfectly. The Special Session of Congress in 1929 was not that time.

APPENDIX A

Statistical analysis of vote on House Resolution 1.*

	Total	Rep.	Dem.	Farm labor
Yes	366	246	+ 119	1
No	35	2	33	
Present	2	2		
Not Accounted For	9	3	6	
Not Voting	19	14		
Vacant	4	· · · · · · ·		
Total	435	267	163	1

All responses by political party.

Distribution of responses within the whole House and within each political party by percentage.

	······································	· ·		····
	All Members	Rep.	Dem.	Farm labor
Yes	84.0	92.0	73.0	100
No	8.0	0.8	20.1	
Not Voting	4.4	5.2	3.0	、 、
Voting Present	0.5	0.8	· · · · · · · · · · · · · · · · · · ·	
Not Accounted for	2.1	1.1	3.7	
Vacant	1.0			
Total	100.0	100.0	100.0	100.0

*U.S. Congress, <u>Congressional Record</u>, 71st Congress, 1st. Session, 1929, LXXI, part 1, pp. 572-573, and U.S. Congress, <u>Congressional Directory</u>, 71st Congress, 1st. Session, 1929, pp. 137-144.

Distribution of vote by political party within each response by percentage.

	Rep.	Dem.	Farm Labor	Total
Yes	67	33	0.3	100.3
No	6	94		100
Not Voting	74	26		100
Present	100			100
Not Accounted for	3.3	67		100

Relative size of all groups actually voting for or against the measure by percentage.

	Rep.	Dem.	Farm Labor	Total
Yes	61.4	29.7	0.2	91.3
No	0.5	8.2		8.7
Total	61.9	37.9	0.2	100.0

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APPENDIX B

Statistical analysis of vote to strike the debenture proposal from S. 1, and vote on whole S. 1.*

All responses by political party of vote to strike debenture proposal from S. 1.

		Rep.	Dem.	Farm Labor	Total
Yes		4 2	2		44
No	· .	13	34	· · · /	47
Paired			3	1	4
Not Voting					1
Total		56	39	1	· 96

Distribution of responses within the Senate and within each political party on vote to strike debenture proposal from S. 1 by percentage.

		Senate	Rep.	Dem.	Farm Labor
Yes		46	75	5	
No		4.9	23	87	
Not Voting		4	ladata da a ta baga ta tata	8.	100
Not Accounted	for	1	2		
Total		100	100	100	100

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*U.S. Congress, <u>Congressional Record</u>, 71st Congress, 1st Session, 1929, LXXI, part 1, pp. 997-998 and 1269. U.S. Congress, <u>Congressional Directory</u>, 71st Congress, 1st Session, 1929, pp. 135-136. Distribution of political party membership within each reaction on vote to strike debenture proposal from S. 1. by percentage.

	Rep.	Dem.	Farm Labor	Total
Yes	9.5			100
No	28	72		100
Not Voting		7 5	25	100
Not Accounted for	100		· · · ·	100

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Relative size of groups actually voting yes or no on motion to strike the debenture proposal from S. 1 by percentage.

		Rep.	Dem.	Farm Labor	Total
Yes	:	46		· · · · · · · ·	48
No		14	37		51
Total		60	39		99

All responses by political party of vote on S. 1.

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	Rep.	Dem.	Farm Labor	Total
Yes	21	33		54
No	31	2		33
Paired	3			8
Not recorded	1		1	1
Total	56	39	1	96

Distribution of responses within the Senate and within each political party on vote on S. 1 by percentage.

	Senate	Rep.	Dem.	Farm Labor
Yes	56	3.7	85	
No	34	5.5	5	
Not Voting		6	10	100
Not Recorded	1	· · · · · · · · · · · · · · · · · · ·	0	
Total		100	100	100

Distribution of political party membership within each reaction on vote on S. 1 by percentage.

	Rep.	Dem.	Farm Labor	Total	
Yes	39	61		100	
No	94			100	
Not Voting	37	50	13	100	
Not Recorded	100	· · · · · · · · · · ·		100	

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Relative size of groups actually voting yes or no on S. 1 by percentage.

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	Rep.	Dem.	Farm Labor	Total
Yes	2.4	38		62
No	36	2		38
Total	60	40		100

APPENDIX C

Statistical analysis of final vote on Conference Report in the Senate and the vote to strike the debenture section in the House.*

All responses by political party of final vote on Conference Report in the Senate.

		· ·			
· · · · · · · · · · · · · · · · · · ·	,	Rep.	Dem.	Farm Labor	Total
Yes		47	27		74
No		3	5		8
Not Voting		5	· · · · · · · · · · · · · · · · · · ·	1	13
Not Recorded		1	0		1
Total		56	39	1	96

Distribution of responses within the Senate and within each political party by percentage on final vote on Conference Report in the Senate.

	Rep.	Dem.	Farm Labor	Total
Yes	84	69	100	77
No	5	13		8
Not Voting	9	18		14
Not Recorded	2			1
Total	100	100	100	100

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*U.S. Congress, <u>Congressional Record</u>, 71st Congress, 1st Session, 1929, LXXI, p. 2886 and pp. 2788-2789, and U.S. Congress, <u>Congressional Directory</u>, 71st Congress, 1st Session, 1929, pp. 135-144. Distribution of vote by political party within each response by percentage on final vote on the Conference Report in the Senate.

 		Rep.	Dem.	Farm Labor	Total
Yes		64	36	. , .	100
No	· · ·	37	63	· · · · · · · · · · · ·	100
Not Voting		38	54	8	100
Not Recorded		100			100

Relative size of all groups actually voting for or against the Conference Report in the Senate by percentage.

	· · · · · · ·	Rep.	Dem.	Farm Labor	Total
Yes		57	33		90
No		4	6		10
Total		61	3.9		100

All responses, by political party, on vote to strike the debenture section from House Bill.*

,	Total	Rep.	Dem.	Farm Labor
Yes	250	217	33	
No	113	13	100	•
Present	2	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	
Not Voting	64	3.5	28	· <u>1</u>
Not Recorded	3	2	1	·
Vacant	3		• • • • • •	
Total	4 3 5	268	163	1

*There is a discrepancy in the <u>Congressional Record</u> on this vote. In the text, the "not voting" total was reported as sixty-five. However, only sixty-four names were listed in that category. This table, and those following, were prepared assuming that sixty-four was the correct figure.

Distribution of responses within the House and each political party on the final vote to strike the debenture section from the House Bill by percentage.

	A11	Rep.	Dem.	Farm Labor
Yes	57	81	20	
No	····· 2 .6····	5	61	
Present	0.5	0.4	0.6	
Not Voting	15	13	17	100
Not Recorded	0.7	0.7	0.6	
Vacant	0.7			
Total	100	100	100	100

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Distribution of vote by political party within each response on the final vote to strike the debenture section from the House

Bill by percentage.

	Rep.	Dem.	Farm Labor	Total
Yes	87	13		100
No	12	88		100
Present	50	50		100
Not Voting	5.5	4.4	1.6	100
Not Recorded	67	33		100

Relative size of all groups actually voting for or against striking the debenture section from the House Bill by percentage.

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	Rep.	Dem.	Farm Labor	Total
Yes	60	9		69
No	3	28		31
Total	63	37		100

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