CHAPTER ONE

The Plight of the Farmer

The huge surpluses of food and fiber that caused so much consternation among those aware of the hunger of the unemployed did not begin with the Depression. In fact, surpluses had plagued farmers sporadically for half a century and had crippled the agricultural sector for most of the decade before the Crash. The surpluses were both symptom and symbol of the deeply-rooted process of change in American agriculture. In the early decades of the American republic, when the vast majority of Americans were farmers and most farm products were consumed at home, the idea that an abundant harvest could be a problem would have seemed absurd and probably irreverent. But as subsistence farming and pioneer lifestyles gradually gave way to commercial agriculture and industrialization, and large, impersonal, aggregate markets replaced home consumption and neighborly trade, farmers faced the anomalies of overproduction. Increasingly, they found their well-being determined not by their own effort, thrift, and competence nor by the familiar hazards of weather, soil, and pests but by the mysterious fluctuation of prices. Looking back from the 1930s, a North Carolina textile mill worker recalled:

> We started off farmin' and stuck to it up to the fall of 1913 and '14. That year we planted cotton on a fourteen cent basis and got six cent for some and four and a half for the rest. Europe had got started in the war and the countries that had put in orders for cotton countermanded 'em and flooded our home market. Me and Sally made fourteen bales of

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> cotton, thirty-one barrels of corn and three hundred bushels of potatoes besides a sight of peas. It was one of the best crop years I ever knowed in Johnson County and we come out about the porest we ever done. We worked let me tell you, we worked to make that crop.[1]

Deeply schooled in agrarian values of hard work and individual responsibility for prosperity or poverty, farmers met these changes with confusion and resentment. With each successive drop in prices, new groups of agriculturalists were forced off the land or, as the economic literature labels the process, "released from agriculture." Since only fairly large farms could hope to make a living from the comparatively low prices of farm commodities, the maxim of the day became "get big or get out."[2] For those who did not have the resources to get big, the available choices were often painful ones. Getting out of agriculture is not as simple as switching from the manufacture of shoes to gloves; it involves the loss of a whole way of life, and as Harry Braverman has pointed out, a tremendous de-skilling of the worker.[3] Some of those "released," like the textile worker quoted above, found work in such rural small town industries as textiles. Some followed their sons and daughters to the big cities where industrial jobs were concentrated, adding the shock of a new environment to the misery of the loss of a farm. Some stayed behind, slipping down the agricultural ladder from owner to renter, from cash renter to sharecropper, eking out a meager living from a combination of subsistence farming and production of their region's cash crop. "He tried mill work," sociologist Margaret Hagood reports of one of the many southern tenant farmers she studied, "but after being outdoors all his life he could not endure being shut up inside, and so he soon went back to farming. He prefers farming to anything else and the first thing he would do if he had some money would be to buy a piece of land of his own."[4]

The percentage of farms operated by tenants increased steadily from the late 1880s through the relatively prosperous decades at the beginning of the twentieth century. By 1920, 38 percent of American farmers did not own the land they farmed. The rate of tenancy varied with region, and the term embraced a range of situations from relatively prosperous cash renters on good cropland in the Midwest who were accumulating money with which to make a down payment on a farm to the virtual debt peonage of the sharecroppers in the cotton or tobacco lands of the South who depended on the landlord for "furnish"—tools, feed, fertilizer, work animals, and rations—as well as land and living quarters.[5] Haphazard and inequitable tenancy laws gave tenants few rights and little se-

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curity of tenure: leases generally were renegotiated each year and tenants frequently were evicted if the landlords thought they could do better with other renters.[6] As a result, both the land and the people suffered. "Renters don't take care of the land," said one tenant farm wife interviewed by Margaret Hagood, "because it ain't theirs and they don't know when they'll be leaving."[7] "The trouble is," said another tenant, "that just as sure as a tenant makes a farm more productive, the owner boosts his rent."[8]

The more prosperous farmers who did get big often did so by mortgaging the land they had in order to purchase additional acres or modern farm equipment. As the supply of free homestead lands dwindled, land values increased rapidly and so did the willingness of investors to lend money on farm mortgages. Meanwhile, the mechanization of agriculture, especially the substitution of the tractor for the horse- or mule-drawn plow, made larger holdings feasible and attractive.[9] With the pressure to expand operations on the one hand and readily available credit on the other, mortgage-financed farming rapidly became the norm in the first few decades of the twentieth century. The value of farm mortgages rose from $3.2 billion in 1910 to $10.2 billion in 1921.[10]

The First World War accelerated the process of change in agriculture. In response to war-generated demand and government urging, farmers expanded the acreage under cultivation and adopted such scientific techniques as increased use of chemical fertilizers to raise the productivity of their holdings. For most crops, however, the actual expansion of output did not occur until the war was nearly over, and with demand far exceeding supply, prices of agricultural commodities mounted rapidly. Inflated wartime prices sent cropland values soaring, creating a land boom in many farm areas and fueling an enormous expansion of credit at high wartime interest rates.[11] As described by an Iowa lawyer, the boom period initiated a land craze involving financial institutions and many segments of the population.

> The town barber and the small-town merchant bought and sold options until every town square was a real estate exchange. Bankers and lawyers, doctors and ministers left their offices and clients and drove pell mell over the country to procure options and contracts upon this farm and that, paying a few hundred dollars down and expecting to sell the rights before the following March brought settlement day. . . .
>
> During this period, insurance companies were bidding against one another for the privilege of making loans on Iowa farms. . . . Second, third and fourth mortgages were considered just as good as government bonds. Money was easy, and every bank was ready and anxious to loan

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> money to any Tom, Dick or Harry on the possibility that he would make enough in these trades to repay the loans almost before the day was over.[12]

The nationwide index of land prices rose from 129 in 1918 to 170 in 1920, with the rise of values much greater in the Cornbelt of the Midwest and in the south Atlantic states. "The bulk of this increase," according to economist Murray Benedict who made an extensive study of the problem, "was sheer inflation, an added dead weight of investment to be carried by American agriculture; a valuation supported by the input of large amounts of wartime savings and a greatly increased farm mortgage debt."[13]

Eventually and inevitably, a day of reckoning arrived. European relief measures organized under the leadership of President Hoover continued the abnormally high demand for American farm products for a brief period after the war, but as the European combatants reestablished their own agricultural systems, they reduced their purchases of costly imports. Croplands in Canada, Argentina, and other nations had also been dramatically expanded during the war to meet European demand, and farmers in these areas, with virgin soils and lower costs of production, were able to undersell American farmers in the European market. Congress made matters worse for the American farmer by adopting a strongly protectionist trade program and by terminating credits to European allies. The Federal Reserve system raised the discount rate sharply, putting tremendous pressure on member banks to reduce the volume of loans that had been permitted to expand during the war. And the Interstate Commerce Commission dealt another blow by granting the railroads sharp increases in freight rates.[14]

Farm prices began to decline rapidly midway through 1920, and by 1921 a full-scale farm depression was in progress. The overall index of farm prices fell from 228 in 1919 to 128 in 1921. The drop was even more precipitous in wheat, cotton, corn, and hogs. A typical variety of wheat brought $2.94 a bushel at the Minneapolis market in July 1920, but by December 1921, farmers were getting only $.92 for the same grade and type. Even at such prices, the world market could not absorb all that was produced, and huge surpluses of corn, cotton, and wheat began to accumulate, casting a pall over the Midwest, the South, and the nation's wheat-producing regions.[15] Perishable crops also were affected. As one commentator explained to a congressional committee, "The potato crop of the North was not worth at digging time the actual cost of the seed planted."[16] Others reported thousands of tons of cabbage and onions

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plowed back into the earth because growers could not find a market at any price.[17]

What the agricultural sector needed was an orderly means of adjustment to the reduced demand and a way of lessening the burden of debt contracted under inflated wartime conditions. The processes that led to increased output, however, were not easily reversed. When demand for a manufactured product decreases, industrialists can usually cut costs substantially by laying off workers and cutting back production. But the individual farmer, heavily committed to permanent capital investment in land and equipment, cannot significantly decrease costs by reducing output. Neither can the farmer exert much influence on the size of the total supply, since each is responsible for only a tiny share of a largely undifferentiated market. As prices fell, many farmers sought to increase their harvests and thus their share of the sagging markets, producing even greater surpluses and lower prices.

Nonfarm prices also underwent readjustment after the close of the war but not as sharply as agricultural prices. While farm prices fell, on the average, to little more than half their wartime levels, nonfarm prices fell by about 25 percent and then stabilized. The farmer was required to trade a substantially larger portion of his crop for a given nonfarm item than had been the case before the war. This change was drastic for some commodities. In 1919, a farmer could purchase five gallons of gasoline with the proceeds from a bushel of corn; in 1920, a bushel would buy only one gallon. In 1921, two bushels of corn were needed to obtain a gallon of gas, a particularly bitter blow for those who, in response to the lure of wartime price increases or the call of patriotism, had mortgaged land and livestock to replace horses or mules with a gasoline-powered tractor.[18]

This disparity between the levels of farm and nonfarm prices aggravated old agrarian resentments: the tariff, the cost of transporting produce to market, and a credit system and government more responsive to the needs of industry than of farmers. Farmers felt victimized and betrayed. A South Dakota lawyer, testifying before a congressional committee, captured the prevailing feeling:

> Our farmers, in response to the propaganda for "greater production," insistently urged by accredited representatives of the Government, did everything possible to raise a maximum crop. . . . If they had loafed upon their jobs, and had worked 8 hours a day instead of 16, and raised only one-half or two-thirds of a crop, it would have been worth a great deal more than the entire crop which they did produce.[19]

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The farmers' frustration and the rural-urban rift were intensified as a wave of mortgage foreclosures and rural bank failures in the early 1920s placed the ownership of more and more farmland in the hands of city-based financial institutions, particularly insurance companies.

The worsening conditions generated an increase in political activity among farmers and a series of plans for dealing with their deteriorating economic condition. Marvin Jones, who began serving on the House Agriculture Committee in 1920, recalled:

> People in farming regions felt that the national policies were wrecking agriculture. The crisis of 1920 served to confirm the growing realization that widespread and cohesive organization among people in agriculture would be indispensable to insuring agricultural interests and a political voice powerful enough to influence national policy was needed.[20]

Organization among farmers was not new, but the postwar problems provided a spur to the existing farm organizations. Their increased activity was reflected not so much in rising membership rolls—numbers of paid-up members fell off as times got harder—as in militancy and visibility in Washington. Three national farm organizations competed to represent agriculture as the farmer's woes deepened: the National Grange, the Farmers' Union, and the American Farm Bureau Federation.

The oldest, and at the end of the war the largest, of these three was the National Grange or Order of the Patrons of Husbandry. Founded in the 1860s, the Grange was patterned on the Masonic Order. Secret rituals supplemented its social and educational program at the local level, and it had a state and national hierarchy of degrees, levels, and arcane titles. In the 1870s and 1880s, the Grange had been politically active and had won a number of important concessions from state legislatures and Congress, including railroad regulation, rural free delivery of mail, and various electoral reforms. But with the rise of the Farmers' Alliance, the militant farmers' movement of the late 1880s, the spirit of militant agrarianism had passed on to the Populists, and the Grange had retreated primarily to its fraternal and educational activities and some ill-fated ventures in cooperative business. It remained important in country life, however, providing an opportunity for social activities and the development of leadership skills. Regionally, it was especially strong in the older farming areas of the Northeast and in some parts of the Far West. During World

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War I, it espoused peace and prohibition, and it did not establish a legislative office in Washington until after the war. Nevertheless, with a membership totaling well over half a million, the Grange was the largest farm organization at the end of the war.[21]

The Farmers' Educational and Cooperative Union of America, or the Farmers' Union, was the second oldest, the least conservative, and the smallest of the three national groups. Founded in Texas in 1902, its primary strength was in the cotton-producing areas of the South and the wheat-producing prairies. Its founder was an organizer for the Farmers' Alliance, and thus, the Farmers' Union was a direct heir of the populist tradition. Its program stressed the elimination of speculation in farm products, an end to the credit and mortgage basis of farming, the creation of farmer-controlled cooperatives, and the need for a more egalitarian society. In its first two decades, the Farmers' Union tried to achieve higher prices by holding crops off the market, but not until the 1920s, did it become active in a concerted effort for national legislation. After rapid growth in its first decade, membership of the Farmers' Union leveled off to about 140,000 at the end of World War I.[22]

The rising star among farm organizations was the American Farm Bureau Federation. The Farm Bureau was a peculiar creature, and since it became a dominant force in farm policy and politics, some background is in order. The introduction of new farming methods and technologies became something of a crusade in the early years of the twentieth century, as decades of research and technological innovation culminated in a rise in productivity for farms employing modern approaches. To disseminate these innovations, however, something more effective than lectures and exhibits at agricultural fairs or articles in the farm papers was needed. Demonstrations of new methods on the farmer's own land met this need, and the county agricultural demonstration agent, or county agent, became the channel through which the Department of Agriculture, with the assistance of the Rockefeller-funded General Education Board, and donations from Julius Rosenwald and several other philanthropic and business groups, encouraged farmers to experiment with and adopt new methods. At first, county agents were paid with private funds, but as the success of the approach gained recognition, both the Department of Agriculture and the states began allocating more and more public money to the system. By the time the Smith-Lever Act formalized federal participation by establishing the Extension Service in 1914, several hundred county agents were at work and more than $1.5 million dollars in state and federal pub-

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lic funds was being spent yearly. With special appropriations beginning in 1917 and pressure for increased agricultural production, both generated by the war, the system grew rapidly.

Since county agents could hardly work individually with each farmer, they were instructed to organize and work with local groups, called farm bureaus. Such groups were to be "nonpolitical, nonsectarian, nonsecret" and representative of "the whole farming population," but since the county agents' purpose was to inspire the adoption of new methods, they were directed to work with the most prosperous and the most respected farmers. These, it was assumed, would be most influential in the farming community. Once organized, the local bureaus were expected to contribute to the support of the agents' work, either directly from dues or indirectly by obtaining appropriations of county funds. Thus, the county agents became dependent upon the local farm bureaus, both as evidence of the effectiveness of their work and as a source of funds. Officially, the agents were employees of the federal, state, and county governments, and they were supervised by the director of the Extension Service attached to the state's land-grant college through which the federal share in the funds was channeled; but at the practical, day-to-day level, the agent was beholden to the local farmers who ran the farm bureau. "The farm advisers tended," Murray Benedict, has summarized," to be more responsive to the wishes of their constituents than to those of extension administrators." And as the local farm bureaus united into state organizations, and the state groups federated into a national unit, the county agent became, in political scientist Grant McConnell's words, "the publicly paid organizer of the American Farm Bureau Federation." Even after the Department of Agriculture belatedly realized the problems that might arise from the county agent's role as servant of the local farm bureau and tried, beginning in 1921, to proscribe the agent from such tasks as operating Farm Bureau membership campaigns and editing Farm Bureau publications, the Farm Bureau Federation had, in the county agent, a resource unparalleled in any other farm organization.

The national federation was organized in 1919 and 1920; by 1921, it claimed a membership of over four hundred thousand persons. Membership dropped off to around three hundred thousand where it remained for most of the Depression; many poorer farmers were deterred from membership by the relatively high dues set at the local level—typically ten or fifteen dollars. Although some initial disagreement arose between representatives of southern and eastern state federations who thought that the primary purpose of the national organization should be educational and

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those from the Midwest who advocated business operations and legislative action, the Cornbelt activism soon won out, and the Farm Bureau Federation opened a Washington office. "The Farm Bureau Federation," McConnell reports, "was a major political power from the first year of its formation."[23]

In the spring of 1921, the Farm Bureau Federation's Washington representative, Gray Silver, was instrumental in the formation of a bipartisan farm bloc in Congress. The bloc was composed of senators and representatives from the farm areas who committed themselves to work for legislation benefiting farmers without regard to party affiliation. Since the bloc quickly achieved control of the Senate Agriculture Committee, this challenge to traditional party discipline attracted considerable attention and excited some exaggerated fears. Although the farm bloc's existence as a formal organization was short, its members continued to work together to protect the interests of agriculture throughout the twenties, and its existence contributed to a growing recognition of farmers as an interest group among members of Congress, leaders of both parties, farmers themselves, and the general public.[24]

Despite the spate of organizational activity, farm leaders were confused about the causes of the farmers' plight and about possible remedies for it. During the early 1920s, most analyses of falling agricultural prices focused upon the peculiar conditions of farm marketing—the large number of farmers competing to sell in a limited market, the necessity of selling perishable crops immediately after harvest, the influence of storage facilities and freight routes on the sale of storable commodities, the long distances between the points of production and terminal markets—and other factors that induced farmers to take what they could get for their crops rather than holding out for more favorable prices. The proponents of market reform argued that the individual farmer had little control over market conditions but asserted that organized groups of farmers might emulate the monopolistic practices that kept industrial prices comparatively high.

The idea of cooperative marketing was not new. Most of the major farm organizations had advocated it, but producers' cooperatives, while providing many important services to farmers, had been generally unsuccessful in their attempts to secure higher prices for their members. Efforts to organize growers of such major crops as grains and cotton had failed to achieve control over a sufficient portion of the crop to have any substantial influence on prices. During the world war, however, producers of raisins, nuts, and other specialty crops in California had organized into

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highly successful marketing associations. The achievements of these organizations, some gaining control of more than 90 percent of their particular crop, led to renewed interest in marketing co-ops in the early 1920s. Efforts were made to organize large-scale, even nationwide, cooperatives for growers of the nation's major agricultural commodities using legally enforceable contracts to ensure the loyalty of participating producers. But this co-op movement, like its predecessors, ran aground on the traditional shoals of cooperative organization. As Murray Benedict has summarized, "Farmers were too numerous, too difficult to organize, and too hard to keep in line to make such an ambitious scheme work on a voluntary basis. It was the recognition of this fact that led eventually to a more general acceptance of the idea that government should be urged to help farmers carry out this program which they had found themselves unable to carry through without government aid."[25]

The most important theme in the demand for government intervention was the notion of altering the balance between farm and nonfarm prices to enhance the farmers' purchasing power of nonfarm goods. Looking back to the years before World War I as a kind of golden age, many farm leaders called for a restoration of the relationship between farm and nonfarm prices that had prevailed then. This relationship, statistically calculated on a crop-by-crop basis, was dubbed "parity" by *Wallace's Farmer*, an Iowa farm journal. It has been an important part of U.S. agricultural politics and policy ever since.

As farmers and farm organizations analyzed the agricultural price structure, their attention increasingly focused on the surplus as the villain. They concluded that the world price, at which any surplus that existed after domestic consumption would be sold, controlled the domestic price, even when the surplus constituted a relatively minor part of the total crop. One spokesman summarized this argument for a congressional committee:

> In other words, the 3.8% of these grain crops which we sent abroad to meet the general trade price level of the world in competition with the products of the Hindus and peons and the peasants of Europe, and the cheaper labor and the cheaper lands of other countries, that little dinkey surplus automatically fixes approximately the price of the 96.2% of that crop which we consume at home, and regardless of the cost of production.[26]

With this general analysis perceived as the root of the problem, farm leaders began looking for a plan to make the tariff effective for agricul-

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ture, to place American agriculture on an equal footing with American industry by segregating the surplus from the amounts sold for consumption at home.

In 1922, an agricultural implements manufacturer named George Peek and his associate at the Moline Plow Company, General Hugh Johnson, who had served together on the War Industries Board, published a pamphlet entitled *Equality for Agriculture* in which they proposed a government-sponsored, two-price system to aid American agriculture in achieving parity prices. One price would apply to goods in the American market; it would be protected by tariffs, thus enabling the farmer to regain a competitive footing with tariff-protected American industry. The surplus that could not be sold at home at the protected domestic price would be purchased by a government corporation and dumped abroad at whatever price could be secured on the world market. The losses incurred in this process were to be made up by assessing producers a small sum, an "equalization fee," for each unit of produce sold at the higher domestic price.[27]

George Peek was a tireless advocate for his plan, bringing it to the attention of Secretary of Agriculture Henry C. Wallace and various farm and rural business groups. In 1924, Secretary Wallace endorsed the plan and asked an Agriculture Department consultant to draft a bill embodying the Peek-Johnson proposal. Called the McNary-Haugen plan after the senator and representative who introduced it in legislative form, it became the central focus of efforts to obtain federal intervention on behalf of agriculture until the late 1920s. Support developed early in the wheat states where conditions closely approximated the problems that Peek's approach was designed to redress, but farm organizations in many parts of the nation opposed the plan at first or gave it only halfhearted support, viewing it as a sectional measure. As the plan was adjusted to include the interests of more and more producers, however, support for the McNary-Haugen legislation grew. The plan eventually gained the support of the three national farm organizations and of the congressional farm bloc, and by the late 1920s, opposition to McNary-Haugenism was equated with hostility to agriculture in many powerful circles. Congress passed the plan in 1927 and again in 1928, but a presidential veto was sustained in both instances, and it never became law.[28]

Critics of the McNary-Haugen approach argued that the higher, tariff-protected prices would stimulate greater production in those very crops requiring downward adjustment and that the limitation of McNary-Haugen protection to only a few basic commodities would make the plan an in-

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ducement to single-crop farming with its attendant evils. "The bill upholds as ideals of American farming the men who grow cotton, corn, rice, swine, tobacco, or wheat, and nothing else," said President Calvin Coolidge in his first McNary-Haugen veto. "These are to be given special favors at the expense of the farmer who has toiled for years to build up a constructive farming enterprise to include a variety of crops and livestock that shall, so far as possible, be safe, and keep the soil, the farmer's chief asset, fertile and productive."[29] The equalization fee was viewed by critics as an unfair and possibly unconstitutional use of taxing power since its purpose was not to raise revenue but rather to benefit selected groups of producers. The same criticism, proponents answered, might be made of the tariff protecting industrial products, but these tariffs had been deemed neither unwise nor unconstitutional by Congress. The probability that the measure would invite tariff reprisals by nations adversely affected by export dumping was another frequently heard criticism, as was the prediction that the program would be an administrative nightmare.[30]

The regressive nature of a tax on food received little attention in these discussions, and the fundamental issue of the wisdom of raising agricultural prices as a means of raising farm income was barely discussed. Direct supplementation of income, as opposed to manipulating prices, was probably too far beyond the scope of American experience and philosophy to receive much discussion, and the few free trade voices calling for adjustment of the disparity between farm and industrial prices by lowering or eliminating protective tariffs on industrial products were fighting a losing battle in a decade of increasing economic nationalism.[31]

Despite the measure's failure to become law and the probable validity of much of the criticism leveled against it, the McNary-Haugen fight had long-term implications for American agricultural policy. It called national attention to the needs of farmers and the problems of low farm prices and agricultural surpluses; it solidified the demand for government action to assist the farm economy; it popularized, among farmers at least, the demand for parity between agricultural and nonfarm prices and consolidated support for the idea that the prewar years of 1910–1914 had represented a fair price relationship between the two sectors. It served as a vast campaign of public education for farmers, their representatives in Congress, and many segments of the public, concerning the possibility of a fundamental shift in the role of the state in the direction of more active intervention in a whole sector of the economy. In doing so, it paved the way for even more drastic and far-reaching changes in agricultural policy that were to come in the 1930s. It provided a unifying focus for the efforts

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of the farm organizations, especially the American Farm Bureau Federation, and the McNary-Haugen plan's passage in Congress, despite the presidential vetoes, gave credibility to the organizations that had supported it. The duration of the McNary-Haugen crusade and its penetration of grass roots as well as state and national farm organizations left as a legacy a huge network of farm leaders, agricultural economists, and "dirt farmers" who knew each other, were used to working together, and were accustomed to thinking about and articulating the needs of farmers. This network was to prove important in agricultural politics and policymaking, and thus in the development of food assistance, for decades.

Enthusiasm for the McNary-Haugen plan began to decline after its second veto. Foreign countries had begun raising their own tariff walls against American farm products, making dumping abroad a less feasible approach to the disposal of surplus products, and concern about the tendency of higher prices to induce greater production increased as a general recovery of farm prices brought additional acres under cultivation. The farm organizations that had been briefly unified behind the McNary-Haugen plan went their separate ways. The Grange began advocating an export debenture plan that suffered from the same problems of reliance on international trade and inducement of increased output as the equalization fee approach. The Farmers' Union began calling for prices set by law to cover the cost of production. And the Farm Bureau Federation, which was so young as a national entity that much of its identity had been formed by the McNary-Haugen fight, began groping for an alternate approach. In the late 1920s, a number of agricultural economists, notably John D. Black at Harvard, W. J. Spillman at the U.S. Department of Agriculture, and M. L. Wilson at Montana State College, began to develop the idea of adjusting production to domestic need—or more accurately, to American buying power—through a program that would offer farmers a protected price for only a portion of their crop. This "domestic allotment" plan, as it came to be called, eventually became a cornerstone of New Deal agricultural policy.

With the election of Herbert Hoover in 1928, McNary-Haugenism retreated even further. Hoover, as Secretary of Commerce under Harding and Coolidge, had been one of the staunchest foes of the subsidized export plan. He saw it as a threat to international trade so important to the Commerce Department, an abuse of the taxing power, and most important, an unwarranted expansion of the role of the federal government. Farmers, he believed, should be helped to help themselves through aid to their cooperatives and other voluntary, rather than government and thus

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coercive, agencies. Hoover did see the need for some sort of assistance to farmers; in fact, in his speech accepting the Republican party's nomination, he referred to agriculture as "the most urgent economic problem in our nation today."[32]

Shortly after his inauguration in the spring of 1929, Hoover called a special session of Congress to deal with tariff revision and agricultural relief. The session took no action on the tariff but after much controversy, adopted a version of the president's recommendation for dealing with the agricultural situation embodied in the Agricultural Marketing Act of 1929. The act established a Federal Farm Board to encourage the organization of commodity-marketing cooperatives and promote effective marketing practices. A $500 million revolving fund was created from which the Farm Board was authorized to make loans to commodity cooperatives, primarily for organizational purposes, and to stabilization corporations created by the cooperatives to support prices by controlling surpluses. This latter provision eventually became much more important in Farm Board operations than the backers of the Marketing Act had foreseen. The Agricultural Marketing Act was a compromise measure that involved the government more heavily in agricultural affairs than the administration desired, but not so much as the farm organizations wanted; the government still could not reduce production or limit output to prevent the accumulation of surpluses, although the stabilization corporation provisions did allow the use of federal funds to assist in the removal of surpluses from the market.[33]

On the eve of the Great Depression then, American farmers were in a state of profound economic exhaustion. Prices had recovered somewhat from their disastrous postwar levels but not sufficiently to relieve most farmers of their debt burden; mortgage foreclosures, tax sales, and other debt-induced transfers had continued throughout the decade. Many farmers who held on to their land had been unable to make needed repairs or to replace aging equipment and livestock, and as the decade wore on, they had fallen further behind in the fierce competition for markets. Those who had savings or reserves generally used them; those who had none were in debt and over extended. Few were in any condition to weather the economic storm that lay just around the corner.

Politically, farmers were organized but defeated. The battle for equality for agriculture had been lost, and the outlines of new campaigns were hazy. Nearly a decade of political effort had produced a Federal Farm Board that inspired little hope or confidence, and disappointment created a sense of failure and confusion among farm leaders and rank-and-file

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dirt farmers. Farm organizations had been unable to solve the farm problem through the voluntary cooperation so prized by the new Hoover administration, nor through pressure for government action. Meanwhile, the apparent prosperity of the industrial sector and the visibly rising standard of living of nonfarm families heightened the farmers' sense of grievance. Carl Sandburg captured the spirit of the farmer in the late twenties when he recalled:

In the Sunflower State 1928 Anno Domini
a Jayhawker sunburnt and gaunt
drove to a loading platform
and took what he got for his hogs
and spoke before two other hog raisers:
"Everything's lopsided.
"I raise hogs and the railroads and the banks take them away
from me and I get hit in the hind end.
"The more hogs I raise the worse my mortgages look.
"I try to sleep and I hear those mortgages gnawing in the night
like rats in a corn crib.
"I want to shoot somebody but I don't know who.
"We'll do something. You wait and see.
We don't have to stand for this skin game if we're free Americans."[34]

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