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HOOVER'S AGRICULTURAL POLICIES

1921–1928

Herbert Hoover's agricultural policies have been doubly damned. First, he himself admitted that he was less than successful in solving the postwar problems of American farmers as secretary of commerce and president. Second, most studies of agriculture in the 1920s have not only accepted his personal assessment of failure, but have also sided with Hoover's contemporaries who opposed his handling of the farm problem between 1921 and 1933.¹

Some of this opposition on the part of historians is due to a partisan attempt of liberal Democrats to justify the farm policies of Franklin Delano Roosevelt by contrast. Most of it has simply been the result of the absence until recently of serious scholarly research into the 1920s—a period sandwiched in between the seemingly more important events that immediately preceded or followed it: the Progressive Movement and World War I; the New Deal and World War II. Ending as it did in the nation's worst depression, the decade was first repressed by many who had lived through it and then later portrayed by social scientists as frivolous at best and reactionary at worst.

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¹ Following the trend of Hoover's contemporary critics, the first scholarly works on agricultural policy in the decade following World War I began to appear in the 1950s with a negative interpretation of his relationship to the agricultural industry. They include: Theodore Saloutos and John D. Hicks, *Agricultural Discontent in the Middle West, 1900–1939* (Madison: University of Wisconsin Press, 1951); Murray R. Benedict, *Farm Policies of the United States, 1790–1950* (New York: Twentieth Century Fund, 1953); Gilbert C. Fite, *George N. Peek and the Fight for Farm Parity* (Norman: University of Oklahoma Press, 1954); James H. Shideler, *Farm Crisis, 1921–1923* (Berkeley: University of California Press, 1957); James G. Patton, *The Case for the Farmers* (Washington: Public Affairs Press, 1959); Murray R. Benedict and Elizabeth K. Bauer, *Farm Surpluses: U.S. Burden or World Asset?* (Berkeley: University of California Press, 1960); Edward L. and Frederick H. Schapsmeier, *Henry A. Wallace of Iowa: The Agrarian Years, 1910–1940* (Ames: Iowa State University Press, 1969); Donald L. Winters, *Henry Cantwell Wallace as Secretary of Agriculture, 1921–1924* (Urbana: University of Illinois Press, 1970).

Many of the following studies do not deal exclusively with farm policy, but nonetheless are critical of Hoover's, and antedate or were influenced by the above mono-

Another factor contributing to the uniformly negative appraisal of Hoover's economic policies in general and his agricultural ones in particular is more complex and abstract. It is related to the general search for a new political and economic order undertaken by the executive branch of government, individual corporations, interest groups, and all types of American reformers—a search, semiconscious at best, that had begun in the 1880s. The first phase of this quest for more efficient governmental and economic organization climaxed in the United States just before and after World War I with the appearance of federal regulatory agencies and departmental restructuring, along with the revitalization of specialized trade associations and such broadly based, influential national economic groups as the National Association of Manufacturers, the American Bankers Association, the Chamber of Commerce of the United States, the American Farm Bureau Federation, the Farmers Union, and the National Livestock Producers Association.

It was an agonizing search for a new sense of order among human values and for more efficient organizational and industrial techniques. And it took many different forms among government officials, businessmen, farmers, and social reformers, especially during the Progressive Era. Viewed as part of the pervasive thrust toward greater rationalization of society, which was common to all industrialized nations at the

graphs: George Soule, *Prosperity Decade: From War to Depression, 1917–1929* (New York: Rinehart, 1947); Arthur M. Schlesinger, Jr., *The Crisis of the Old Order, 1919–1933* (Boston: Houghton Mifflin, 1957); William E. Leuchtenburg, *The Perils of Prosperity, 1914–1932* (Chicago: University of Chicago Press, 1958); John D. Hicks, *Republican Ascendancy, 1921–1933* (New York: Harper, 1960); Robert K. Murray, *The Harding Era: Warren G. Harding and His Administration* (Minneapolis: University of Minnesota Press, 1969); Gene Smith, *The Shattered Dream: Herbert Hoover and the Great Depression* (New York: Morrow, 1970).

A few books discussing Hoover's agricultural policies have broken with this completely negative pattern, including: Grant McConnell, *The Decline of Agrarian Democracy* (Berkeley: University of California Press, 1953); Harris G. Warren, *Herbert Hoover and the Great Depression* (1959; rpt. New York: W. W. Norton, 1967); Joseph Dorfman, *The Economic Mind, 1919–1933* (New York: Viking, 1959); Joseph Brandes, *Herbert Hoover and Economic Diplomacy: Department of Commerce Policy, 1921–1928* (Pittsburgh: Pa.: University of Pittsburgh Press, 1962); Albert Romasco, *The Poverty of Abundance: Hoover, The Nation, The Depression* (New York: Oxford University Press, 1965); J. Joseph Huthmacher and Warren I. Susman, eds., *Herbert Hoover and the Crisis of American Capitalism* (Cambridge, Mass.: Schenkman, 1973) and almost all of William Appleman Williams's writings, especially *The Tragedy of American Diplomacy* (New York: World, 1959) and *The Contours of American History* (Cleveland: World, 1961). The most positive reevaluation to date of Hoover's agricultural policies is Gary H. Koerselman, "Herbert Hoover and the Farm Crisis of the Twenties: A Study of the Commerce Department's Efforts to Solve the Agricultural Depression, 1921–1928" (Ph.D. diss., Northern Illinois University, 1971).

turn of the century, this search for a new order in the form of socio-economic organization followed corporatist lines in the United States.² There were two courses open to Progressive reformers who wanted to implement a corporatist economy in the United States in the early twentieth century. (In the election of 1912 these two alternatives were confusingly represented by the New Freedom of Woodrow Wilson and the New Nationalism of Theodore Roosevelt.) One stressed completely cooperative economic organization and regulation along neoguildist and voluntary associational lines. The other stressed federally directed and enforced organization along rigidly bureaucratic and statist lines.

The American corporatism that first grew out of these different means of implementation was an ambiguous and often contradictory structure of federal regulatory agencies and antitrust procedures purporting to preserve liberal democratic concepts about private property, individualism, voluntary effort, and local control. Concurrently, there was a significant increase in monopolistic or oligarchic economic practices and large-scale national economic organizations at all levels of society; these often came to dominate and utilize the federal regulatory apparatus in their own interests. This phenomenon even occurred on occasion in the agricultural sector of the economy, which was one of the most disorganized and chaotic of all the natural resource industries.³ It is against this background of a general search for order

² For discussion and documentation of this search for a new order through corporatism see: Joan Hoff Wilson, *Ideology and Economics: U.S. Relations with the Soviet Union, 1918–1933* (Columbia: University of Missouri Press, 1974), vii–xii, notes 3–6; Ellis W. Hawley, “Herbert Hoover and American Corporatism, 1929–1933,” in *The Hoover Presidency: A Reappraisal*, ed. Martin L. Fausold and George Mazuzan (New York: State University of New York Press, 1974); Eugene Golob, *The Isms* (New York: Harper, 1954), 541–97; Robert Wiebe, *The Search for Order, 1877–1920* (New York: Hill and Wang, 1967), passim.

³ Hoover considered agriculture one of the “sickest” natural resource industries in the 1920s along with lumber, petroleum, and bituminous coal because of their practice of destructive and wasteful competition. He never gave up hope that he could convince them that less disorganization and more associationalism was the way to maximize profits. Even within these atomistic industries, however, there were a few strong organizations and pressure groups. A good example within agriculture was the way in which the five powerful meat-packing companies backed by such groups as the congressional Farm Bloc, the American Farm Bureau Federation, the National Grange, and the Illinois Agricultural Association were able to transfer federal regulation of the packing industry from the Federal Trade Commission to the Department of Agriculture where it would be more lax. This occurred with passage of the Packers and Stockyards Act of 1921. See Koerselman, “Hoover and the Farm Crisis,” 237–51. The same interest-group defiance of federal regulation can be seen in the relationship between the Chicago Board of Trade and the implementation of the Grain Futures Act of 1922, and the way in which that legislation benefited primarily the large wheat producers. See William R. Johnson, “Herbert Hoover and the Regulation of Grain Futures,” *Mid-America* 51 (July 1969): 155–74 and Koerselman, “Hoover and the Farm Crisis,” 252–58.

through progressive, corporatist reform⁴ that all of Hoover's attempts at national economic planning must be viewed.⁵

Beyond any doubt agriculture more than any other "sick" sector of the economy seemed to defy his New Era economic theories. Hoover regretfully admitted that it was proving next to impossible to integrate the agricultural industry into his comprehensive plans for eliminating the contradiction between the domestic and foreign policies of the United States because of the "extreme individualism" of the American farmer "which persistently keeps individuals competing with the [farmers'] cooperatives, and the natural inability of the farmers themselves to provide the large sums of working capital" to build more cooperative associations. He also believed that the agricultural industry in general lacked "skilled direction" in establishing marketing cooperatives and diversifying crop production.⁶

⁴ For discussion and documentation of neoguildist and statist versions of progressive corporatism see: Joan Hoff Wilson, *American Business and Foreign Policy, 1920-1933* (Lexington: University Press of Kentucky, 1971), 2-7; Wilson, *Ideology and Economics*, xi-xii, note 6; Wilson, *Herbert Clark Hoover: Forgotten Progressive* (Boston: Little, Brown, 1975), 36-44, 66-74; Otis L. Graham, Jr., *The Great Campaigns: Reform and War in America, 1900-1928* (Englewood Cliffs, N.J.: Prentice Hall, 1971), 1-51, 97-169; Ellis W. Hawley, essay and rejoinder in *Hoover and Crisis of Capitalism*, 3-34, 115-20; Hawley, *The New Deal and the Problem of Monopoly* (Princeton, N.J.: Princeton University Press, 1966), 35-52, 472-90; Herbert Stein, "Pre-revolutionary Fiscal Policy: The Regime of Herbert Hoover," *Journal of Law and Economics* 9 (October 1966): 189-223; Louis Galambos, *Competition and Cooperation* (Baltimore: Johns Hopkins Press, 1966), 199-202; James Olson, "The End of Voluntarism," *Annals of Iowa* 41 (Fall 1972): 1104-13; John A. Garraty, "The New Deal, National Socialism and the Great Depression," *American Historical Review* 78 (October 1973): 907-36.

⁵ While Hoover believed that the American economic potential was nearly limitless, he was proud of the fact that the United States exported only 6 to 10 percent of its total productivity, and confident that even this remarkable level of domestic economic self-sufficiency could be surpassed with careful planning of domestic consumption. So he argued that because "we consume an average of about 90 percent of our own production of commodities," the United States could boost domestic consumption so that 97 percent of all agricultural and manufacturing products, regardless of economic conditions in Europe, would be marketed internally, making the United States "more self-contained than any other great nation." See: Hoover, draft of letter, 10 January 1922, Economic Recovery in Europe File, Herbert Hoover Commerce Department Papers, Personal File (hereafter HHCD-PF), Herbert Hoover Presidential Library, West Branch, Iowa; Hoover address to U.S. Chamber of Commerce, 16 May 1922, address to National Council of Cooperative Marketing, 7 January 1925, "Business Depression and Policies of Government in Relation to It," delivered 15 June 1931, State of the Union Message, 8 December 1931—all in Herbert Hoover Public Statements, nos. 228, 431, 1587, 1729 (hereafter HHPS), Herbert Hoover Presidential Library, West Branch, Iowa. For the impact this concept of economic self-sufficiency had on his foreign policy views, see Wilson, *Hoover: Forgotten Progressive*, 170-71, 244-45.

⁶ Hoover, transcript of remarks to Business Man's Conference on Agriculture, 15 April 1927, HHCD-PF; Hoover, address to U.S. Chamber of Commerce, 12 May 1926, HHPS-579.

Hoover thought that the American farm problem was aggravated by what he called the socialist ideas of the secretary of agriculture in Harding's cabinet, Henry Cantwell Wallace. While the charge of socialism was exaggerated, it is true that before his death in 1924 Wallace and his Farm Bloc friends did more than any other single group to thwart Hoover's plan for expanding the powers of the Department of Commerce at the expense of the Department of Agriculture. They also persistently interfered with the creation of voluntary marketing corporatives, which Hoover regarded as the equivalent of trade associations for farmers, and irrevocably tarnished his postwar image as a Progressive.⁷

The clash between Hoover and Wallace was a classic one of personality and ideology that had begun during World War I. Convinced that Hoover was an "exceptionally big-brained business man" who did not understand the unique problems of the farmer when he was the wartime Food Administrator, Wallace opposed the presidential boom for Hoover, throwing his support at the GOP convention of 1920 to the Illinois governor, Frank O. Lowden. Nonetheless, Hoover recognized that Wallace was "admirably fitted for the work" of secretary of agriculture. Therefore he refused to oppose the nomination of the fiery farm editor when he learned that Harding was considering him. However, Hoover steadfastly refused as secretary of commerce to turn his Food Administration files over to the Department of Agriculture because he did not want to continue their dispute over wartime price supports.⁸

These two Iowa-born cabinet members immediately disagreed about which department should have exclusive authority to send agricultural attachés abroad to obtain information needed to broaden the foreign market for American exports. As part of a general reorganization of the executive branch of government proposed by Hoover, the Jones-

⁷ James H. Shideler, "Herbert Hoover and the Federal Farm Board Project, 1921–1925," *Mississippi Valley Historical Review* 41 (March 1956): 721; Edward L. and Frederick H. Schapsmeier, "Disharmony in the Harding Cabinet: Hoover-Wallace Conflict," *Ohio History* 75 (Spring/Summer 1966): 134–35; Koerselman, "Hoover and the Farm Crisis," 2–8; Winters, *Wallace*, 217–45; Wilson, *Hoover: Forgotten Progressive*, 84–85, 103–10.

⁸ Schapsmeier and Schapsmeier, "Hoover-Wallace Conflict," 128; Winters, *Wallace*, 31–33, 244; Fite, *Peek*, 126–27; Herbert Hoover, *Memoirs*, vol. 2, *The Cabinet and the Presidency, 1920–1933* (New York: Macmillan, 1952), 109; Gary Dean Best, *The Politics of American Individualism* (Westport, Conn.: Greenwood Press, 1975), 109; Hoover to Wallace, 25 February 1922, H. C. Wallace Folder, 1922, Herbert Hoover Commerce Department Papers, Official File (hereafter HHCD-OF), Herbert Hoover Presidential Library, West Branch, Iowa. The Food Administration Files I consulted for this paper are housed at the Hoover Institution on War, Revolution and Peace, Stanford, California.

Winslow bill would have given such authority to the Department of Commerce, but Wallace forces in Congress finally defeated it in June 1924. As a result this jurisdictional conflict was never resolved. In fact it was exacerbated by the respective reorganizational efforts of both secretaries during the first half of the decade. Hence, the two departments often duplicated one another's domestic and overseas work in a perfect example of the kind of inefficient, bureaucratic "overlap" that Hoover so detested.⁹

Their major confrontation, however, occurred over the best way to bring the American farm industry out of its postwar decline. The secretary of agriculture favored direct government intervention in the form of a federal export corporation established for the purpose of purchasing surplus agricultural commodities and selling them abroad. Variations of this idea appeared in various congressional bills throughout the decade, most notably in McNary-Haugen legislation which embodied the so-called two-price system—a high domestic price and a low export price. The former would have been arbitrarily determined by the U.S. government without relation to actual domestic supply and demand, while the latter would have been automatically determined by the current world price.

In contrast, the secretary of commerce opposed such federal tampering with domestic prices and the natural laws of supply and demand. He also feared foreign retaliations against such large American agricultural exports in the form of trade embargoes or prohibitive tariffs. So Hoover urged instead that the government develop a system of voluntary marketing cooperatives to reduce "waste of materials and motion between the farmer and the consumer . . . and thus give a larger part of the consumer's dollar to the farmer." These cooperatives, according to an address to the American Dairy Federation on 1 October 1924, would have also encouraged greater diversification of crops among farmers who found themselves suffering from "continuous over production," conversion of "occasional seasonal surpluses" into alterna-

⁹ As secretary of commerce Hoover attempted not only to reorganize his own department, but also the entire executive branch to improve efficiency and avoid duplication of work. For details of his successes and failures see: Wilson, *Hoover: Forgotten Progressive*, 80–90; Ellis W. Hawley, "Herbert Hoover and the Expansion of the Commerce Department: The Anti-Bureaucrat as Bureaucratic Empire-Builder," paper delivered at the Organization of American Historians convention, April 1970. Wallace's reorganization of his department began on 1 July 1921 with the merger of the Bureaus of Markets and Crop Estimates. Finally on 1 July 1922 the Bureau of Agricultural Economics (BAE) was established incorporating all of the economic functions of the Department of Agriculture into a single division. It was in this area of gathering statistical data for marketing American agricultural products abroad that the two departments most often clashed and duplicated one another's work. See Winters, *Wallace*, 116–25, 222–45.

tive by-products, and standardization of quality subject to government certification. “Generally,” he said later in the same year at the President’s Agricultural Conference, “the fundamental need is the balancing of agricultural production to our home demand.”¹⁰ These ideas constituted the underlying philosophy of both the Cooperative Marketing Act of 1926 and of the Federal Farm Board created when Hoover was president.

On 8 April 1924, Wallace presented his most specific objections to Hoover’s legislative suggestions for creating a Federal Marketing Board and system of marketing cooperatives, in a four-page letter to President Coolidge.¹¹ Arguing that the Capper-Williams bill unnecessarily altered the previous relationship of government toward agricultural cooperatives, Wallace said his department’s traditional policy of simply providing information to farmers about cooperatives was satisfactory. From Wallace’s point of view, dissemination of information about cooperatives was enough because he did not think they represented adequate means for solving the farm problem. Furthermore, he accused those who did of confusing the marketing of agricultural products with industrial products. (This latter argument was, of course, an indirect reference to Hoover’s presumed identification with big business and inability to understand agricultural problems. A point that later pro-Farm Bloc historians accepted as fact.)¹²

¹⁰ Hoover, “Advancement of Cooperative Marketing,” address to American Dairy Federation, 1 October 1924, 2, 6, H. C. Wallace Folder, 1923–1924, HHCD-OF; Fite, *Peek*, 129; *Some Long Views for Improvement of the Farmers’ Profit: A Condensation of Statements by Herbert Hoover* (Washington: n.p., 1925) 5–6; Hoover, address to National Council of Cooperative Marketing, 7 January 1925, HHPS-431.

¹¹ Wallace to President Coolidge, 8 April 1924, H. C. Wallace Folder, 1923–1924, HHCD-OF. Wallace was obviously satisfied with the Capper-Volstead Act of 1922 which had exempted farm cooperatives from prosecution under the antitrust laws and which was administered by his department. The Hoover-sponsored Capper-Williams bill of 1924 went far beyond what Wallace thought necessary and was Hoover’s attempt to counter the early McNary-Haugen bills pending in Congress.

¹² For the standard references to Hoover’s antiagrarian and probusiness attitudes see the works cited in first paragraph of note 1, above. Hoover repeatedly denied this charge and carefully distinguished in many statements between the problems of agriculture and the problems of industry—all to no avail because he continued to advocate associationalism for both. For example, he clearly told the American Dairy Federation in 1924 that “we should not mislead ourselves into thinking that cooperation is the complete solution to the problem of marketing all agricultural produce. Nor is the form of cooperative organization the same in any two commodities.” Part of this problem of communication was that Hoover always viewed the farm crisis as an international rather than simply a domestic problem, unlike his critics. While they believed the agricultural depression was simply a temporary result of the dislocation caused by World War I, Hoover knew that some of the basic economic maladjustments between nations in the postwar period were being caused by worldwide overproduction in agriculture and that simplistically nationalistic plans for exporting American meat and grain surpluses, like the 1921 Norris

By thinking more of the “particular crop than the individuals who grow it,” Wallace told the president, they made the organization of marketing cooperatives an end in itself when it was at best only one of many ways to help the American farmer. He also opposed the hierarchy of farm boards proposed by the Capper-Williams bill and endorsed by Hoover because it would create unnecessary overhead expenses. The work of these boards was already being done by the Department of Agriculture or could be undertaken by it using existing personnel, according to Wallace. In addition, he predicted that such federally sponsored boards would not command the “confidence, loyalty, and whole-hearted voluntary support of the individual member” of the average cooperative. Although Wallace admitted that the federal government could do more to encourage farmers’ cooperatives, he wanted this done through additional appropriations to his department, not to Hoover’s.¹³

At the end of 1924 the Annual Report of the Department of Agriculture contended that the cooperative movement in agricultural areas had actually been “somewhat retarded in recent years by over-enthusiastic persons who have held it up as a panacea for all the ills from which the farmers are suffering.” As Wallace had earlier, this report overstressed the danger of what the Department of Agriculture thought government controlled cooperatives would be, saying in what sounds curiously like Hoover’s own philosophy of federal guidance rather than federal dictation: “The relationship of the Government to cooperation should be one of service. It should help the farmers market their crops just as it helps them to produce crops not by doing the work but by supplying information which the farmers cannot get for themselves. To go further would be to injure rather than aid the cooperative movement.”¹⁴

plan for creating a Federal Farmers Export Financing Corporation, would not remedy what was a long-term international problem. However, his substitute counterproposal did not solve the problem either. It resulted in the Agricultural Credits Act of 1921 which financed the sale of agricultural surpluses through a continuation of the War Finance Corporation and made up for weaknesses in the Federal Reserve System’s agricultural loan policy. Nor was the subsequent passage of the Intermediate Credit Act of 1923 any more successful. They were simply less aggressively nationalistic attempts by Hoover to develop a comprehensive national agricultural policy, rather than stopgap measures as so many of the Farm Bloc proposals were. See: Koerselman, “Hoover and the Farm Crisis,” 111–41; and Hoover addresses, 7 January 1925, 11 August 1928, HHPS-431 and 878; Hoover to Harvey Ingham, 19 September 1925, 4 November 1925, HHCD-PF; Wilson, *Business and Foreign Policy*, 8–14, especially notes 17 and 18.

¹³ Wallace to Coolidge, 8 April 1924, H. C. Wallace Folder, 1923–1924, HHCD-OF.

¹⁴ Department of Agriculture, press release, 11 November 1924, and *Annual Report*, 8 December 1924, both in HHCD-PF. It should be noted that these appeared after Wallace had died in October 1924.

Hoover in turn made known to President Coolidge his detailed criticisms of Wallace's attempt to subsidize agricultural production through various export debenture plans and the two-price system. First he questioned the constitutionality of the "equalization fee" which would be charged either producers or processors under the two-price system to make up for any loss to the government for selling surpluses at world prices. Hoover also opposed price-fixing by the U.S. government on the basis of his wartime experiences. "I have done more of it than any other man who lives . . .," he once stated, "and I would not propose price-fixing in any form short of again reentering the trenches in a World War."¹⁵ Unlike Wallace and other advocates of McNary-Haugenism, who cited the marketing operations of the U.S. Grain Corporation during the war as precedent for establishing a Federal Export Corporation, their opponents said this was an illusory comparison because the former had succeeded in time of crisis through the voluntary and patriotic efforts and "personal influence of a small group of leading grain merchants," while the latter would now be opposed by those same private exporters. Citing examples of foreign agricultural pools established after the war, the opponents of McNary-Haugenism said such pools usually led to strict government control of prices and production and that this would be resisted by American grain producers as contrary to their best interests in time of peace.¹⁶

In addition, Hoover personally thought that most farm prices had been "fixed" too high during the war and as a result had encouraged the very overproduction from which farmers were then suffering in the 1920s. Although this position was very unpopular among farmers, he remained absolutely certain from his experiences as Food Administrator that even greater surpluses from overproduction would result if the government established artificially high domestic prices for a select group of agricultural commodities. (Based on the "parity" principle these prices were designed to give farmers the purchasing power they had in the years before 1914.)¹⁷

Hoover and his advisers also foresaw that diplomatic complications would arise if these surpluses were "dumped" on foreign markets by the proposed Export Corporation in violation of the antidumping laws of many countries, including the United States. They said, among other things, that nations which normally exported agricultural pro-

¹⁵ Hoover, transcript of remarks to Business Man's Conference on Agriculture, 15 April 1927, HHCD-PF.

¹⁶ Alonzo E. Taylor, "Analysis of Senate Bill 2012," 13, HHCD-PF; Johnson, "Hoover and Grain Futures," 155–61, 167–74.

¹⁷ Hoover, transcript of remarks to Business Man's Conference on Agriculture, 15 April 1927, HHCD-PF; Fite, *Peek*, 126; Hicks, *Republican Ascendancy*, 199.

ducts were bound to initiate economic retaliation in the form of remission of taxes, export bonuses, subsidies in shipping, and higher tariff barriers. But even more serious than this, according to Commerce Department reports, was the fact that all export debenture plans represented direct "government interference in international commercial affairs."¹⁸

In developing his economic foreign policy for the United States, Hoover repeatedly opposed government control of private traders in his battle against foreign cartels and Soviet-controlled marketing agencies. Accordingly, Dr. Alonzo E. Taylor, one of Hoover's closest advisers on farm policy and head of the Stanford Food Research Institute, reiterated in his criticism of the first McNary-Haugen bill a common Hoover principle of international economic relations: "Government interference in international commercial affairs tends in the direction of international trade wars." Finally, these intradepartmental reports asserted that larger American agricultural exports would hinder those debtor nations which also happened to be grain surplus-producing nations in their payment of international debts, especially to the United States, the world's leading postwar creditor.¹⁹

Hoover's supporters aimed their strongest criticisms of McNary-Haugenism, however, at its domestic, rather than foreign, economic and political ramifications. Although the two-price system was popular in agricultural areas because it offered "sure fire methods of getting farmers more money," it was at best a temporary expedient and not a remedy for the basic problems of the industry. By arbitrarily raising commodity prices "sharp increases in wholesale and retail prices of food" would result. Then, this argument continued, "organized consumers, particularly the labor unions, would react with demands for wage advances." If granted they "would promptly reappear in the prices of finished goods," and parity commodity prices would have to be readjusted upward once again. "We would thus have inaugurated," said one critic of McNary-Haugenism, "the same vicious circle of pyramidding [*sic*], of which we have had so many illustrations in Europe since the war." In the process "the exportable surplus might become so large that actual losses would result to the Government" unless the equalization fees were indefinitely raised, which they thought unlikely.²⁰

All of these potentially negative political and economic ramifications of McNary-Haugenism finally prompted Hoover to predict that since

¹⁸ Taylor, "Analysis of Senate Bill 1912," 16-17, 19, HHCD-PF; Theodore D. Hammatt (BFDC) to Hoover, 21 November 1927, HHCD-PF.

¹⁹ *Ibid.*

²⁰ *Ibid.*

there were six times as many families (18,000,000) who “are solely consumers of wheat” as there were wheat-farming families (3,000,000), “sooner or later this vast majority would force action of government officials against the farmers’ interest.” “In any event,” he said, “if we are to go into socialism I prefer that we should do so by the front and not the back door.” In 1925 he was most pessimistic about the “justice or ability of government officials” to act fairly under such circumstances “no matter how hard they try.”²¹ After two more years of trying against impossible odds to change the character of Washington’s bureaucratic structure, he was more convinced than ever in 1927 that the federal government was not fit to run a business.

I can’t see how this Government of ours could expect, with its loosely knit system and all the political activity we have, to expand its activities into buying and selling without complete disaster. The loosely knit character of local government against federal government and its entanglements, to say nothing of the character of our election system give it no adaption [*sic*] whatever to the administration of business. No one can sit in the middle of the Federal Government and watch this operation of bureaucracy, even in its best sense, and have any confidence whatever as to its ability to buy, sell, and distribute commodities and services.²²

What all of these anti-McNary-Haugen arguments came down to (in addition to possible disruption of harmonious economic relations with certain foreign nations) was that on the basis of his wartime experiences as Food Administrator and his own personal adherence to a cooperatively decentralized economy Hoover believed that such legislation would: (1) create uncontrolled inflation in food prices and correspondingly inflationary demands for increased wages by organized labor; (2) encourage the same type of overproduction in agriculture that the war had; (3) benefit primarily the large agricultural producers rather than the small, traditionally independent and stubborn farmers and thus possibly produce oligopolistic control of the industry; and (4) prompt other industries to propose that the federal government aid them in a similarly direct fashion. This, of course, would mean the politicizing of the American economy with Congress becoming the focal point of extensive lobbying by major interest groups.

“I hesitate to contemplate the future of our institutions, of our government, and of our country,” Hoover once remarked, “if the preoccupation of its officials is to be no longer the promotion of justice and

²¹ Hoover to L. J. Keating, 5 March 1925, HHCD-PF.

²² Hoover, transcript of remarks to Business Man’s Conference on Agriculture, 15 April 1927, HHCD-PF.

equal opportunity but is to be devoted to barter in the markets." Thus, to Hoover McNary-Haugenism meant the ultimate destruction of the American system as he envisaged it based on informal guildist corporatism. And he was correct, for it became one of the first steps in the direction of statist corporatism taken by New Deal agricultural reformers under the leadership of Wallace's son, Henry Agard Wallace.

This is not to say that Henry Cantwell Wallace always agreed with his son's views and would have supported the same course of action in the 1930s had he lived. For example, they differed in the early 1920s over the value of high protective tariffs for farm products and the need for the government to redirect agricultural production. The elder Wallace and his son did, however, perceive differently from Hoover the use of federal power during World War I. Their opposing interpretations of wartime efforts to control farm prices lie at the heart of their socioeconomic differences in the 1920s over McNary-Haugenism and other farm measures. In particular, the depth of the Hoover-Wallace disagreement over the way the Food Administration had handled the supply and price of pork during and immediately following the war explains much of the petty personality clashes in which they became embroiled in the early 1920s.²³

Recent research has concluded that Hoover as Food Administrator did indeed make every effort to keep price supports for hog growers through the spring of 1919. He achieved this over the opposition of Secretary of the Treasury Carter Glass by obtaining a liberal interpretation of Liberty Loan provisions for extending credit to the former Allied powers, by successfully lobbying for a 100-million-dollar congressional appropriation enabling neutral and newly liberated areas to purchase American agricultural products at established wartime prices, and by working to end the Allied blockade of other potential European markets.²⁴ Even Wallace's son agreed privately in

²³ Donald L. Winters, "The Hoover-Wallace Controversy During World War I," *Annals of Iowa* 34 (Spring 1969): 586-97; Winters, *Wallace*, 98-99, 150; Russell Lord, *The Wallaces of Iowa* (Boston: Houghton-Mifflin, 1947), 193-200, 211-15, 221, 265-66, 275-80; Arno J. Mayer, *Politics and Diplomacy of Peacemaking* (London: Weidenfeld and Nicolson, 1967), 270-73; Gary Dean Best, "Food Relief as Price Support: Hoover and American Pork, January-March 1919," *Agricultural History* 45 (April 1971): 79-84.

²⁴ Best, "Food Relief as Price Support," 81. Confusion and bitterness had arisen between the Wallaces and Hoover over the 13-bushel-of-corn ratio that the former insisted was necessary to encourage enough corn to go into hog production. This meant that the farmer could count on getting for each 100 pounds of pork ready for market thirteen times the average cost per bushel of corn fed each hog. Hoover reluctantly proclaimed this as a *statement of intention* in November 1918, only to finally peg the price at a \$17.50 minimum, which was in effect a ratio of 10.8 bushels. Moreover, his international activities were aimed at prices paid to meat packers who in turn were supposed to meet the price supports set for pork by the Food Administration. These middlemen did not always honor their commitment to the government and Hoover.

1944 that when he had joined his father in criticizing Hoover in 1919 he “was not familiar with other aspects of the situation. . . . Looking back on it now I feel that the plan which I recommended to the Food Administration, while undoubtedly effective in bringing about increased hog supplies, also had inflationary possibilities of a serious nature.”²⁵ These possibilities Hoover recognized at the time and he vowed never again to place himself in the position of guaranteeing specific prices to farmers for their products. Consequently he admitted that his food program for starving Europeans after the war was “in no sense a relief operation but purely a commercial operation in the promotion of the sale of American [surplus] commodities.”²⁶ But he did not want the country to be forced in the future to use food relief as a means of price support.

Hoover and Wallace were never able to resolve their personal differences over their wartime experiences with price supports. The secretary of commerce viewed price-fixing as at best a necessary evil in time of war and wanted no more of it in the twenties, while the secretary of agriculture hoped to see the practice perfected in time of peace by Washington officials who understood agricultural problems. Wallace was more than willing, therefore, to use the vast power and financial resources of the federal government to establish and maintain a two-price system and an Export Corporation, yet he exhibited an excessive fear about government influence over farmers’ marketing cooperatives. Hoover, on the other hand, opposed government price-fixing, but not government-encouraged and financed cooperatives. In essence, both secretaries were proposing solutions for agricultural marketing problems. They were disagreeing over whether federal power should be used *to force cooperation* from independent farmers in the marketing of basic commodities by having them all pay the equalization fee (to make up for any loss incurred when the government sold surpluses at low world prices), or *to elicit voluntary cooperation* from them in following federal guidelines not only for marketing purposes, but also to control production (which would have meant alienating some of the largest producers and cooperative marketing associations whose power was not threatened by the various McNary-Haugen proposals of the 1920s).²⁷

The other irreconcilable factor in their relationship as members of Harding’s cabinet was Hoover’s conviction that the Department of Commerce, and not the Department of Agriculture, “can materially assist in the economic settlement of our foreign relations.” With respect

²⁵ Lord, *Wallaces of Iowa*, 279–80.

²⁶ Hoover to Food Administration, February 1919, in Suda L. Bane and Ralph L. Lutz, *Organization of American Relief in Europe, 1918–1919* (Stanford, Calif.: Stanford University Press, 1943), 238.

²⁷ Fite, *Peek*, 61, 128–29; Koerselman, “Hoover and the Farm Crisis,” 312–25, 340–56.

to American agriculture this meant several things to Hoover. First, the exportation of farm products could not “be separated from the other great issues of commodity movement such as transportation, foreign tariffs, foreign exchange, credits, foreign purchasing power, economic conditions, foreign commercial law, exchange of imports, etc.”²⁸ Second, in view of the traditional significance of agricultural exports for the country’s economic foreign policy, the “Department of Agriculture should tell the farmer what he can best produce based on soil, climatic, and other cultural conditions, and the Department of Commerce should tell him how best to dispose of it.”²⁹

Aside from these two basic disagreements Wallace and Hoover agreed on a limited number of solutions to the farm problems, even if their most vociferous supporters did not. It is unfortunate that they never cooperated with each other in a joint effort to help the farmer. Such cooperation would not have solved the postwar agricultural crisis, which was complex and worldwide,³⁰ but it might have eliminated some of its least admirable characteristics. Instead, even when Hoover and Wallace agreed on a particular farm problem, they usually managed to disagree over the cure. At most, they often ended up supporting one another’s worst ideas and opposing each other’s best ones.

Both, for example, recognized that the fundamental problem of American agriculture after World War I was overproduction. Neither, however, was willing to support plans for federally enforced acreage allotments. Hoover did advocate voluntary methods for curtailing farm output, and gave strong support to ideas for converting marginal lands to pastures and for diversifying traditionally one-crop areas like the grain belt. However, he usually denied in public that he was for production control, i.e., economic scarcity for agriculture, for he knew this idea was very unpopular among most farmers. Ultimately Hoover did not think there would be a surplus problem within ten years because the “growth of population would overtake the production of non-marginal lands and when that situation arrived and increase in marginal lands was required, then farmers’ prices would rectify themselves upon a tariff protected domestic market.” On this question of surpluses

²⁸ Hoover to Adolph C. Miller, governor of the Federal Reserve Board, 11 February 1925 (with enclosed 19 December 1924 letter to George N. Peek), and Miller to Hoover, 25 February 1921, both in Board of Governors, FRB File of the Adolph Miller Papers at the Herbert Hoover Presidential Library (hereafter FRB File, Miller Papers).

²⁹ Hoover’s testimony before House Agricultural Committee, 68 Cong., 2 sess., 1923, 18:456.

³⁰ For reasons behind the postwar farm crisis and the details of its magnitude see: Winters, *Wallace*, 61–71, 246; Koerselman, “Hoover and the Farm Crisis,” 50–90.

Wallace, just as simplistically, insisted that they had to be exported by the government, regardless of rising European agricultural production.³¹

Hoover and Wallace also related this surplus problem to tariff protection for the American farmer. And they appeared to give equal support to high import duties on foreign agricultural products.³² But as long as there was a domestic surplus, high tariff rates on wheat, for example, did little for the wheat farmer because his surplus drove the domestic price down to the world market level. Hence they did not dispute the fact that unless the surplus was eliminated tariff production could never be as effective for the farmers as Republican politicians had been promising them since the 1890s. It was a question of how to eliminate the domestic surplus: through voluntary production control, crop diversification, more efficient interstate distribution methods, and increased home consumption, as Hoover advocated, or by government purchase and indiscriminate sale abroad, as Wallace proposed.

In addition, the two secretaries believed that farmers needed low interest rates and short-term credit. Yet they never participated in a joint effort to obtain such legislation. The result was the woefully inadequate Agricultural Credits Act of 1923. Both further agreed that more facts were needed to properly analyze the farmer's problems, but each questioned the reliability of the data gathered by their respective departmental agents in the field. They were particularly suspicious of each other's statistics on agricultural conditions in foreign countries and the purchasing power of postwar American farmers. (Commerce generally pegged the latter higher than Agriculture.)³³ Finally, both

³¹ Fite, *Peek*, 128–30, 137; Hoover, address to National Council of Cooperative Marketing, 7 January 1925, HHPS-431; Hoover to *Journal of Land and Public Utility*, n.d. (contained in enclosures sent to J. G. Mitchell, 7 August 1926), HHCD-PF; interview with Hoover in *Baltimore Sun* by John F. Sinclair, 31 March 1925, Achievements of the Department of Commerce, 1925, HHCD-OF.

³² They did not in fact support tariff protection of American agricultural products for the same reasons. A high level of agricultural duties was one of Wallace's original postwar demands and was considered an end in itself by him, but not by Hoover. For Hoover understood that the Emergency Tariff Act of 1921 had not benefited farmers as its supporters claimed it would and viewed tariff policy in general as simply one part of a very complex foreign and domestic program for transforming "the whole super-organization of our economic life." Tariff protection was necessary, according to Hoover, to maintain an expanding domestic market for agricultural and manufactured goods; that is, it was a means for increasing American consumption of homegrown products, not an incentive to farmers to increase production for foreign exportation as Wallace and most farm organizations viewed it. See Wilson, *Business and Foreign Policy*, 71, 87–98.

³³ Hoover to Wallace, 7 October 1921, and Wallace to Hoover, 17 October 1921, in H. C. Wallace Folder, 1921, and Gray Silver (Washington representative of the American Farm Bureau Federation) to Hoover, 24 April 1923, Hoover to Silver, 26 April 1923, H. C. Wallace Folder, 1923–1924, all in HHCD-OF.

men were considered “progressive” on the farm question by their followers, but by the middle of the decade Hoover’s well-publicized (and often misrepresented) opposition to McNary-Haugenism had alienated him from some of the leading Progressives in the Congressional Farm Bloc and the leaders of most of the national agricultural associations.

In large measure this represented the loss of a public relations battle, which the Wallace forces simply waged much better than Hoover’s supporters because they successfully capitalized on misleading populist-sounding rhetoric. Nonetheless, Department of Commerce records and the *Congressional Record* clearly indicate that Hoover retained throughout the decade the support of a number of individual small farmers and some congressional Progressives. This was because the failure of the initial Farm Bloc program to solve the postwar farm crisis by 1922 increased dissension and dissatisfaction among agricultural groups, including Farm Bloc members themselves.³⁴

Ironically, it was under the leadership of George N. Peek, successful midwestern farm-implement executive and president of the American Council of Agriculture, a powerful lobbying organization, that hostile relations between the country’s agrarian interests and the secretary of commerce temporarily escalated after Wallace’s unexpected death in October 1924. Peek could scarcely qualify as an unselfish spokesman for the common “dirt” farmer and yet that is exactly how standard agricultural studies have portrayed him. At the end of 1924 Hoover privately accused Peek, who was the chief architect of the two-price system, of distributing a memorandum containing “gross misrepresentations” about the Department of Commerce. It included the charges that Commerce officials were “invading the functions of the Department of Agriculture in foreign trade,” and that Hoover personally was “endeavoring to secure the transfer of the Bureau of Markets from the Department of Agriculture.”³⁵

Hoover categorically denied both charges. With respect to the first one, he counterattacked by saying it was the Department of Agriculture that was encroaching upon the long-established and legitimate promo-

³⁴ In particular the Farm Bloc began to disagree in 1922 over the effectiveness of tariff protection because the bloc comprised high-tariff western Republicans and low-tariff southern Democrats; rural credits also created dissension. Most important, however, in the decline of the Farm Bloc was the formation of a new congressional bloc of Progressives which siphoned off the more radical members of the original Farm Bloc like LaFollette, Norris, and Edwin F. Ladd. See Winters, *Wallace*, 89–90. For other difficulties of the Farm Bloc and for those who supported Hoover’s agricultural policies or at least questioned those of his opponents see: LeRoy Ashby, *The Spearless Leader: Senator Borah and the Progressive Movement in the 1920s* (Urbana: University of Illinois Press, 1972), 36–37, 218–37; Koerselman, “Hoover and the Farm Crisis,” 255–61, 274–91.

³⁵ Hoover to George N. Peek, 19 December 1924, HHCD-PF.

tion of U.S. trade abroad by Commerce officials, citing the longer experience and greater number of his personnel engaged in aiding the export of foodstuffs. On the second charge Hoover's case was considerably weaker because the transfer of the Bureau of Markets had appeared in his first reorganization plan.

As early as 1921 Hoover had asserted that the "functions of the Department of Agriculture should end when production on the farm is complete and movement therefrom starts, and at that point the activities of the Department of Commerce should begin."³⁶ Consequently, he argued that this proposed transfer had originated in 1921 with Walter F. Brown, chairman of the Joint Committee on Reorganization, and that he had "strongly advised against the transfer on public grounds," although it was a logical suggestion. As adviser to Brown at that time, Hoover wrote him a letter and memorandum on 20 October 1921 which left little doubt that since Wallace's Bureau of Markets was sending trade promotion representatives abroad to compete with those of the Commerce Department, Hoover strongly favored the transfer. He simply found it impossible to effect in 1921–1922 and therefore expedient to deny in 1924–1925. So he switched his emphasis to gathering data on foreign sources of raw materials and on potential agricultural export markets, which less obtrusively encroached on the existing functions of the Bureau of Agricultural Economics of the Department of Agriculture. This ended up in an inconclusive congressional fight in 1924 over which department should be the sole agency for investigating and reporting on the overseas economics and commercial aspects of American agriculture.³⁷

When Peek refused Hoover's private requests to cease his propaganda campaign, Hoover insisted on a thorough investigation from Wallace before his death and then specifically requested an official denial of the charges from the interim secretary of agriculture, Howard M. Gore, at the end of 1924. Reiterating that the memorandum being distributed by Peek and the American Council of Agriculture "was a gross violation of the Cabinet confidence and deliberately intended to mislead," Hoover went out of his way to exonerate the late Secretary Wallace of the whole affair by saying "he was too great a gentleman to have had any part in such transactions," although Wallace had officially com-

³⁶ Fite, *Peek*, 127–28; Hoover to Walter F. Brown, 20 October 1921 (letter and memorandum), HHCD-PF.

³⁷ Christian Herter (for Hoover) to editor of the *Cleveland Leader*, 19 January 1922, with attached correspondence over reorganization plans of the Department of Commerce, Hoover to Brown, 3 March 1925, W. M. Jardine Folder, all in HHCD-OF; Hoover's review of his own reorganizational plans in relation to Peek's charges, 24 November 1924 and 23 December 1924, Hoover to Peek, 19 December 1924, all in HHCD-PF; Winters, *Wallace*, 225–41.

plained to Brown in January 1923 about Hoover's transfer ideas.³⁸

A legal brief and detailed report prepared for Hoover on 25 May 1925 stated that Peek's memorandum had been drafted and run off by Agriculture personnel who copied almost verbatim from an editorial published in the *St. Paul Dispatch* on 18 November 1924. The information upon which the editorial was based had originally come from a mimeographed memorandum in the files of the Department of Agriculture summarizing data compiled between May 1921 and June 1924 on the subject, "Encroachments of the Department of Commerce upon the Department of Agriculture." The evidence was such against Peek, other officials of the American Council of Agriculture, and certain junior members of the Department of Agriculture, according to this thirteen-page account, that Hoover could prosecute them under Sections 19 and 37 of the Conspiracy Statutes for attempting to discredit him and his department in the minds of other government officials and the agricultural population of the country.³⁹

No legal action was ever taken against Peek, however, and the entire squabble ended unsatisfactorily for all concerned. Hoover never received the personal vindication he wanted from the Department of Agriculture, and through the summer of 1926 he continued to complain privately about Peek's attempts to smear him. "As you know," he wrote to a fellow Iowan, "I would like to find some way out of the agricultural situation just as much as would anyone in the United States but so long as the farmer is busy chasing rainbows set up by such people as George Peek, he will not listen to reason. Any suggestion advanced only brings a storm of protest that one is a criminal trying to swindle the farmer. I have made up my mind, therefore, that I will take no part in agricultural problems until I am requested to do so from a responsible section of the industry." In the Peek camp there was also little evidence of satisfaction, for the Farm Bloc in Congress was not able to overcome two presidential vetoes of McNary-Haugen legislation, and the attempt to deliver eleven midwestern food-producing states to Al Smith in 1928 failed, although farm leaders campaigned against Hoover as the "arch enemy" of farm relief.⁴⁰

³⁸ Hoover to Howard M. Gore, 26 November 1924, H. M. Gore Folder, HHCD-OF; Hoover to Peek, 19 December 1924, HHCD-PF.

³⁹ Legal brief and memorandum, "On Attempt to Discredit Hoover by Peek," 25 May 1925, Agriculture and Commerce Departments Propaganda Folder, HHCD-PF.

⁴⁰ Hoover to William M. Jardine, 13 October 1925 and 1 April 1926, Agriculture Department File, HHCD-OF; Hoover to Peek, 25 June 1926, Hoover to Eugene Funk, 5 February 1926, HHCD-PF; Gilbert C. Fite, "The Agricultural Issues in the Campaign of 1928," *Mississippi Valley Historical Review* 37 (March 1951): 46-64; Hicks, *Republican Ascendancy*, 213.

Despite his running battle with Peek, Hoover's relations with the Department of Agriculture in general improved perceptibly after Wallace's death in the fall of 1924. Hoover even joked with the interim secretary, Howard M. Gore, about how he was "not trying to absorb the activities" of that department. Most important, however, after President Coolidge appointed William M. Jardine to take Wallace's place Hoover felt freer to explain his ideas and programs to aid the farmer in greater detail than ever before. Jardine's ideas, according to Hoover, were "sane and in line with the declared principles of the Republican party." Translated this meant Jardine supported cooperative marketing and voluntarily controlled agricultural output.⁴¹

Always denying that he was trying to dictate or determine farm policy, Hoover wrote to Jardine and others during 1925–1926 elaborating at length the proposals for national legislation that he had been making for over two years. In particular he carefully pointed out to the new secretary of agriculture how his farmers' cooperatives were in actuality intended to be "farm marketing organizations rather than the narrower interpretations sometimes applied to cooperatives." It was absolutely necessary, he said, to get "sound . . . marketing organizations started" with government advice and financial assistance, but not government control, before individual solutions for each commodity problem could be worked out.⁴²

In the short run Hoover wanted to assist farmers in forming these new organizations by creating a Federal Cooperative Marketing Board and Farm Advisory Council representing all farm commodities on a geographical basis. He estimated that federal working capital for such a nationwide endeavor would amount to 10 or 15 percent of the entire cost, or approximately \$100 to \$150 million. After this initial investment by the government, other sources of private credit could be drawn upon. Ultimately Hoover envisaged the creation of Central or Regional Marketing Associations "with wide power and based on the membership of existing Farmers' Marketing Organizations having the liberty to act also for non-members." These Central Marketing Associations would work to "lessen competition between [local cooperatives] and eliminate waste in distribution."⁴³

⁴¹ Hoover to Howard M. Gore, 11 February 1925, H. M. Gore Folder, Hoover to Walter F. Brown, 5 March 1925, W. M. Jardine Folder, both in HHCD-OF; Winters, *Wallace*, 242–43.

⁴² See letters to Jardine cited in note 40, above.

⁴³ *Some Long View Policies for Improvement of the Farmers' Profit: A Condensation of Statements by Herbert Hoover* (Washington, 1925); Hoover to (no name, but presumably a midwestern farmer), 25 June 1926, Agriculture File, Corn Belt Folder, HHCD-PF.

"I believe," Hoover wrote in June 1926 to a midwestern cornbelt farmer, "that progress toward the elimination of agricultural booms and slumps lies in this direction . . . to regulate in greater measure the supply to the demand is consonant with the development of all forms of industry and is a necessity if the farmer is to have an equal voice in bargaining." Above all Hoover stressed that his cooperative approach for alleviating farm distress would not put the "government into the business of buying and selling. It is not government price fixing. It does not impose political control over farmers' marketing. It places entire direction of farmers' marketing within his own control."⁴⁴

Hoover always asserted that his plans for the American farmer, unlike McNary-Haugenism, were based on economic, not political, thinking, and he logically followed up his pleas for legislation to create a system of marketing cooperatives with a call to exempt these organizations from the "restraint of trade laws." His argument here did not contradict the defense he made of antitrust legislation in connection with trade association activity because, as he stated in several addresses and press releases in 1925, "agricultural products differ from other products in that an excessive price cannot be fixed and maintained in the event a cooperative obtained a monopoly of a product." In other words, Hoover believed that

there can be no continuous organization of the farmers in the marketing of their product which will militate against public interest. The reason is simply that if the production or combination of producers of any farm product demands more than his fair proportion of the total national income he will at once stimulate competition and real overproduction which will overwhelm him. . . . All of the alarm that has been expressed at the possible combination of the farmer to override the consumer against public interest is to my mind entirely unnecessary and not worthy of consideration.⁴⁵

Even though he outlined his farm policy in greater and greater detail

⁴⁴ Ibid.

⁴⁵ Hoover press release, 17 July 1925, HHCD-PF; Hoover, address to National Council of Cooperative Marketing, 7 January 1925, HHPS-431. For details of Hoover's evolving position on the application of antitrust legislation to trade associations and marketing cooperatives see Robert F. Himmelberg, essay and rejoinder in *Herbert Hoover and the Crisis of American Capitalism*, 59–85, 128–32, and Wilson, *Hoover*, chaps. 4–5. There is no doubt that Hoover was willing to accommodate a greater degree of relaxation of antitrust laws and, hence, encouragement of cartel development in "sick" natural resource industries like agriculture than he was in other sectors of the economy. In retrospect it is clear that his suggestions for greater cooperation and associationalism failed to take hold in those industries which were the most disorganized and whose profits were below the national average. In these instances he was willing to allow for less strict application of antitrust legislation if that would result in their economic stabilization.

after 1925, most of Hoover's public statements as secretary of commerce on the question show an uncertainty that cannot be found in his pronouncements about the economic problems of other industries. Indeed, the ingrained individualism of the average farmer seemed to defy his scientific as well as his cooperative solutions. It was almost as though he unconsciously recognized that all his talk about applying the standards of the factory system to the farm did not quite ring true, or at best applied only to those farmers dealing in perishables, like the dairy and citrus fruit industries, where marketing cooperatives had been most successful. On more than one occasion he frankly admitted that he did not know of any panacea for the farmers' dilemma, but he always qualified this admission with the idea that the right kind of conference could find the answer. "I confess I do not know how to go about it at the moment," he wrote J. G. Mitchell, a Des Moines lawyer, on 3 July 1926, "but if we could get 25 sensible men in a room together without the pressure of either publicity or politics I believe the agricultural industry of the United States could be put on a basis more stable than any other industry."⁴⁶

Hoover's most candid remarks about the agricultural problem were made two years before he became president during an off-the-record question-and-answer session at the Business Man's Conference on Agriculture in April 1927. In forty-three pages of transcript Hoover talked extensively about some of the "external issues" which complicated the farm problem such as the land boom in sections of the Midwest, the financial problems of the average farmer and how businessmen could help alleviate them, what his department was doing outside of promoting cooperatives to aid agriculture, and the relationship of the protective tariff to the farmer.⁴⁷ Hoover's frankness at this conference simply confirmed that the Commerce Department under his leadership generally recommended solutions for agricultural problems similar to those for other "sick" industries; that is, tariff protection combined with more efficient and economical production and marketing systems, resulting in lower costs and higher wages for all Americans. The major difference between Hoover's economic policies for agriculture and for the mining or manufacturing industries was that he did not anticipate a growing foreign market for American staples, as he did for American manufactured products. Hence, he placed more emphasis on providing

⁴⁶ Hoover, "Advancement of Cooperative Marketing," address to American Dairy Federation, 2 October 1924, HHCD-OF; Soule, *Prosperity Decade*, 245; Hoover to J. R. Howard, editor of the *Homelands Farm* (enclosing all correspondence with J. G. Mitchell), 6 July 1926, Hoover to J. G. Mitchell, 7 August 1926, HHCD-PF.

⁴⁷ Hoover, transcript of remarks to Business Man's Agricultural Conference, 15 April 1927, HHCD-PF.

short-term agricultural credit and on crop diversification than on staple production or refined food products for export in the belief that population growth in the United States would expand the domestic market until it absorbed the bulk of farm crops.⁴⁸

The degree to which Hoover believed that international relations affected American agriculture cannot be overestimated. But he was never able to convince opponents of his farm policies that the United States had to consider the production capabilities and export needs of foreign nations as well as its own. He had demonstrated his willingness to export food products for famine relief abroad, especially if the American market were suffering from a surplus, as was the case in the early 1920s. Under his direction the American Relief Administration in Russia did just this between 1921 and 1923 and even sold a certain percentage of the 1922 U.S. wheat crop to the Bolsheviks whom Hoover would not deal with under any other circumstances. He also deliberately expanded the foreign offices of the Bureau of Foreign and Domestic Commerce (BFDC) not only to aid the sales of manufactured goods abroad, but also to gather information and data on possible foreign agricultural markets as well. Nonetheless, he refused to view the farm problem as an isolated domestic issue and always dealt with it in terms of tariff policy, international loans, and balance of payments, and the rate of postwar reconstruction taking place in various European nations. In particular he refused to operate under the illusion of Wallace, Peek, Norris, and others that the United States could simply replace Russia as the grain supplier of Europe.⁴⁹

Above all else, Hoover feared making farm profits dependent upon any extensive foreign marketing schemes (illusory or otherwise) because of his belief in establishing as much economic self-sufficiency for the United States as possible. He already thought that manufacturing profits were too dependent upon overseas sales. But he worried more about

⁴⁸ Theodore D. Hammatt (BFDC) to Hoover, 21 November 1927, W. H. Cowles to Hoover, 20 December 1927, Hoover to Cowles, 4 January 1928 (with enclosed critical responses by Hammatt and the *Spokesman Review* to Cowles's agricultural plan), all in HHCD-PF; Hoover, address to National Council of Cooperative Marketing, 7 January 1925, p. 3, HHPS-431.

⁴⁹ Hoover to Representative John C. Ketcham, 14 February 1925, HHCD-PF; Benjamin M. Weissman, "The American Relief Administration in Russia, 1921-1925: A Case Study in the Interaction Between Opposing Political Systems" (Ph.D. diss., Columbia University, 1968), 325-32, passim; George W. Hopkins, "The Politics of Food: United States and Soviet Hungary, March-August 1919," *Mid-America* 55 (October 1973): 245-70; Koerselman, "Hoover and the Farm Crisis," 117-22, 152-233. It is usually forgotten that the United States was *not* the leading grain exporter in the 1920s and 1930s that it has become since World War II. See Sterling Wortman, "Food and Agriculture," *Scientific American* 235 (September 1976): 37, and Harry D. Fornari, "U.S. Grain Exports: A Bicentennial Overview," *Agricultural History* 50 (January 1976): 142-47.

how foreign debtor nations which produced the same agricultural surpluses for export as the United States would be able to meet their balance of payments if they had to compete with American farmers than he worried about those debtor nations which were trying to sell manufactured goods in direct competition with the United States. This seeming inconsistency possibly reflects what Wallace and Peek (and later historians) thought was Hoover's unconscious businessman's bias against farmers. Hoover personally denied this, insisting that such markets would be much more limited in the future than those for American manufactured products and that manufactured exports would not obtain the same degree of dependence on foreign markets as was the case with agriculture.⁵⁰

His critics notwithstanding, during his eight years as secretary of commerce Hoover did influence the agricultural administrative policy, if not popular agricultural attitudes, to a large degree. Despite the less than successful President's Conferences on Agriculture in 1922 and 1924, and the Business Man's Conference on Agriculture in 1927, the business community in general endorsed Hoover's cooperative marketing approach rather than subsidy plans based on a two-price system or export debenture programs. (However, the annual National Agricultural Conferences called by the Wallace-Peek forces during the decade invariably supported plans for subsidizing farm production.) Hoover's greatest influence over agricultural policy was directly exercised when, largely upon his advice, President Coolidge vetoed two consecutive McNary-Haugen bills passed by Congress in 1927 and 1928.

Another feature often overlooked about his agricultural policies is how much they influenced some of his other domestic programs. This was particularly true in the area of transportation because he believed that the distribution problems so many farmers faced was a matter of eliminating waste—in this case inefficient or inadequate transportation systems. So his railway, waterway, highway, subsidized shipbuilding, and even airway projects were all related directly or indirectly to the agricultural problem. And so, of course, were his activities in the field of conservation and his attempts to make notes from farm cooperatives "eligible for rediscount with Federal Reserve banks." But little credit

⁵⁰ While these commercial calculations were not entirely correct, they did significantly affect Hoover's foreign-policy views both as secretary of commerce and president because of their relationship to economic self-sufficiency. This becomes an even more evident factor in his foreign-policy views after 1933. See: Hoover, "Economic Prospects of 1924," Economic Situation in the U.S. File, HHCD-PF; Hoover, "The Future of Our Foreign Trade," 16 March 1926, Foreign Trade File, HHCD-OF; Hoover, "Our Future Economic Defense," 18 September 1940, in *Addresses Upon the American Road, 1940–1941* (New York: Charles Scribner's Sons, 1941), 23–24.

has been given to the comprehensive view that he took of the farm crisis or of the general services that his department rendered to the agricultural industry.⁵¹

Hoover estimated in his *Memoirs* that inquiries from farmers' organizations and agricultural commodity exporters to the Department of Commerce asking for assistance increased from 42,000 in 1922 to 400,000 by 1927. Although a few of these were critical of Hoover or represented quack propositions, most indicated that Hoover's reputation for honest, efficient business advice and objective statistical data was respected by agricultural exporters within the farm community despite their opposition to some of his specific proposals for ending the farm crisis.⁵²

Despite Hoover's less-than-positive reputation among organized farm interest groups, President Coolidge offered him the position of secretary of agriculture upon Wallace's death. Hoover refused without hesitation, as he had the year before declined to become secretary of the interior, because he believed he was in the process of creating a Department of Commerce that could best serve all the major economic needs of the country. By remaining where he was he thought that he could continue to aid the American farmer, albeit indirectly, by combating waste, unemployment, and widely fluctuating business cycles with his cooperative and scientific methods, by developing waterways and generally improving national transportation systems, by generally promoting a high standard of living for all Americans through tariff protection and by expanding foreign exports. Hoover also explained to Coolidge while refusing to take Wallace's place that while he was no "technologist on agricultural production," he would continue to support all sound proposals for alleviating the surplus problem which was at the heart of the depressed condition of the postwar farmer.⁵³ It is possible, however, that one of his unstated reasons for refusing to replace Wallace was the fact that he could see no sure way of solving the complex problems of American agriculture.

There is no doubt that Hoover's ideas about agricultural policy evolved in the course of the decade. In 1920 he simply recommended that foreign purchases of American surpluses be facilitated through pri-

⁵¹ Wilson, *Hoover: Forgotten Progressive*, chap. 4; Koerselman, "Hoover and the Farm Crisis," 369-71. For his early FRB correspondence about farm cooperatives see: Hoover to Miller, 29 June 1921, Miller to George C. Jewett, 23 June 1921, Miller to Hoover, 30 June 1921, all in FRB File, Miller Papers.

⁵² Arthur March to Hoover, 2 February 1925, Agriculture File, HHCD-OF; Hoover, *Memoirs*, 2:110; Koerselman, "Hoover and the Farm Crisis," 167-69.

⁵³ Hoover, statement refusing the secretaryship of the Department of the Interior, 6 January 1923, statement refusing the secretaryship of the Department of Agriculture, 16 January 1925, HHPS 278 and 436; Hoover to General E. H. Woods, 1 January 1925, HHCD-PF; Hoover, *Memoirs*, 2:110-11.

vate loans abroad, although both during and after the war he had attempted whenever possible to use these excess food products in his relief operations. Then he proceeded to develop his cooperative marketing theories and between 1920 and 1925 cooperative farm sales increased 85 percent in volume. By the end of the decade almost two million farmers belonged to cooperatives which distributed about \$2 billion in farm products annually. But this still represented only a small fraction of agricultural production for the country. Soon Hoover saw the need for voluntary crop reduction—a proposal that even his enemies later admitted was ten years ahead of its time—and finally suggested a federally financed system of agricultural cooperatives and stabilization corporations to achieve both reduced output and higher prices for farmers. This finally became a reality in the Agricultural Marketing Act of 1929 which established a Federal Farm Board. It has been called an “almost perfect illustration” of Hoover’s decentralized corporatist approach to voluntary regulation of the American economy.⁵⁴ Unfortunately it became one of the first of many legislative victims of the Great Depression.

We know that farmers ended up accepting federal production controls in the 1930s under the New Deal, and one wonders why they would not do so voluntarily in the 1920s when Hoover suggested it. According to agricultural historian Gilbert C. Fite, the reason for this was that farmers naturally resisted the idea of economic scarcity for agriculture, especially when it came from someone their leaders told them was trying to sell agriculture out to industry by advocating unlimited production and exports for manufacturers, but not for farm interests. Also, Hoover’s insistence on voluntary production limits seemed too complex, too long-term, when what the average farmer wanted was an immediate price-lifting solution guaranteed by the government. In writing about the economic history of this period George Soule once said that a “better solution” to the farm problem than McNary-Haugenism or later New Deal measures “would have been to increase the purchasing power both of the consumers of food throughout the world and of the American farmers themselves, by larger production and lower prices of manufactured products. But this solution would have involved extensive reform in the nonagricultural sections of the economic structure.”⁵⁵

As an integrated part of his comprehensive economic plans for the

⁵⁴ Fite, *Peek*, 16; Ray Lyman Wilbur and Arthur Mastick Hyde, *The Hoover Policies* (New York: Charles Scribner’s Sons, 1937), 147, 150; Soule, *Prosperity Decade*, 245; Romasco, *Poverty of Abundance*, 23; Hoover, memorandum on Farm Board Organization and Possible Procedure, Farm Matters File, Herbert Hoover Presidential Papers File; Hoover, Message to Congress, 16 April 1929, HHPS-1011.

⁵⁵ Fite, *Peek*, 130, 137; Soule, *Prosperity Decade*, 248–49.

United States, Hoover's multifaceted agricultural policy was the only one in the 1920s which held out the possibility of being a "better solution" according to the terms outlined by Soule. It also was the only one which called for changing the negative attitude of farmers about cooperative production control, which was at the root of the surplus problem. From the beginning of the decade Wallace and Peek insisted that it was impossible to reeducate farmers along the lines of cooperative individualism because they were too insulated from normal publicity tactics and public pressure. Possibly. But in taking this position Wallace and Peek were ignoring the recent developments in mass communication and were acting like self-fulfilling prophets by refusing to participate in any long-term educational program aimed at changing the values of farmers. One wonders if a less traditional and expedient attitude would have resulted in a more successful handling of the post-World War I agricultural problem.

Finally, the charge that Hoover deliberately sacrificed the American farmer on the altar of big business in the 1920s is patently false. Hoover's comprehensive planning and belief in preserving American economic self-sufficiency did not tolerate such shortsighted tactics. This is not to say that all of the assumptions upon which he based his agricultural and other economic theories were correct, but they were internally logical. It did not make sense for the United States with one third of its population living on farms in the 1920s to "submerge agriculture under industrial domination," as England did with the repeal of the Corn Laws in 1846. Hoover simply saw that foreign nations could not absorb our agricultural surplus, as they did our manufactured goods, because of their own production capacities. He accepted the unpleasant fact and tried to devise a long-term solution for the farm dilemma that was based on integrating farmers into the modern technological economy of the United States, rather than leaving them an exception to it.

It has been evident since the New Deal that there is little hope of reconciling domestic farm policy with promotion of unlimited American economic expansion abroad as long as the agricultural program is aimed at keeping tariffs high and at establishing governmental control for output and prices, while until recently international trade policies moved in the direction of lower tariff barriers and equal opportunity to compete for world markets.⁵⁶ Hoover was one of the few public figures in the 1920s who anticipated this basic conflict and who tried to

⁵⁶ John M. Leddy, "United States Commerce Policy and the Domestic Farm Program," in *Studies in United States Commercial Policy*, ed. William B. Kelly, Jr. (Chapel Hill: University of North Carolina Press, 1963).

avoid it by bringing farm production in line with what he overestimated to be an ever-increasing domestic demand, and by supporting a system of high tariffs for American agriculture and manufacturing which would promote qualitative as well as quantitative expansion abroad. While his farm policy was destroyed by the depression before it was ever adequately tested, he correctly predicted that surplus production and overdependence on foreign markets would remain major farm problems despite all the government controls instituted after 1933.