

1992

"We want our money back!": the story of the National Farmers Process Tax Recovery Association

Jean Choate
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**“We want our money back!” The story of the National Farmers
Process Tax Recovery Association**

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Iowa State University, 1992

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"We want our money back!"
The story of the National
Farmers Process Tax Recovery Association
by
Jean Choate

A Dissertation Submitted to the
Graduate Faculty in Partial Fulfillment of the
Requirements for the Degree of
DOCTOR OF PHILOSOPHY

Department: History
Major: Agricultural History
and Rural Studies

Approved:

Members of the Committee:

Signature was redacted for privacy.

In ~~Charge~~ of Major Work

Signature was redacted for privacy.

For the ~~Major~~ Department

Signature was redacted for privacy.

Signature was redacted for privacy.

For ~~the~~ Graduate College

Iowa State University
Ames, Iowa

1992

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TABLE OF CONTENTS

	Page
CHAPTER I. INTRODUCTION: THE SUPREME COURT STRIKES DOWN THE PROCESSING TAX	1
CHAPTER II. THE "LONG DRAWN FIGHT": THE NATIONAL FARMERS PROCESS TAX RECOVERY ASSOCIATION IN IOWA	15
CHAPTER III. REACHING INTO MINNESOTA	53
CHAPTER IV. D. B. GURNEY'S CAMPAIGN	78
CHAPTER V. ORGANIZING ILLINOIS	102
CHAPTER VI. NEBRASKA, MISSOURI, KANSAS, THE MISSING STATES	126
CHAPTER VII. "THE GREATEST LEGALIZED STEAL IN AMERICAN HISTORY"	146
CHAPTER VIII. "A PROGRAM FOR THE FARMERS"	176
CHAPTER IX. "THE LEGISLATIVE REMEDY"	223
CHAPTER X. CONCLUSION	270
BIBLIOGRAPHY	281
ACKNOWLEDGEMENTS	293

CHAPTER I
INTRODUCTION

Speaking before a packed courtroom on January 6, 1936, Supreme Court Justice Owen Roberts read the court's decision in the case of U.S. v. Butler, which challenged the constitutionality of the New Deal Agricultural Adjustment Act.

Although the decision was to affect millions of American farmers, the case which brought on the decision came from a suit between the federal government and eastern business interests. The Federal government had brought legal action against the receivers of a bankrupt New England textile company (Butler et al.) requiring them to pay a processing tax on cotton. They refused, lost in the District Court but won on appeal to the Court of Appeals. Then the Supreme Court decided to hear the case.¹

In late November of 1935 the lawyers for the cotton mills and their receivers filed their brief. Their arguments were along these lines: that Congress exceeded its limited powers and trespassed upon the powers reserved to the states in authorizing and applying the taxes under the Agricultural Adjustment Act. The processing tax was a violation of the fifth amendment, because it taxed one class for the benefit of another. The AAA was "invalid in that it delegates legislative power to the secretary of agriculture."²

During this time many processors had begun to put their taxes in special court supervised accounts. Some company officials felt in the event of a decision against the processing tax, they would be able to recover their processing taxes more quickly from court accounts than if they had been paid into the treasury. Payers of processing taxes, according to some estimates, had recently diverted some 70 percent of the processing taxes into court registries and only 30 percent of the taxes were being paid into the treasury. Some estimates of the amount of taxes impounded ran as high as \$120,000,000.³

The possibility of the voiding of the AAA had been discussed within the Department of Agriculture. Department of Agriculture Secretary Henry A. Wallace, when questioned by reporters about the possible outcome of an adverse Supreme Court decision, replied that if the Supreme Court found all or part of the AAA unconstitutional, "I have no doubt we will have something to offer." This, and other evidence suggests that officials in the Department of Agriculture had been considering alternative action if the AAA was declared unconstitutional.⁴

In early December, the lawyers for the cotton mills and the lawyers for the federal government began their oral arguments before the Supreme Court justices.⁵ Two hours were allowed for each side to state their position. U.S. Solicitor General Stanley Reed presented the case for the AAA and former Republican Senator from Pennsylvania, George Wharton Pepper, argued for the textile manufacturing company interests. Supreme Court Justices asked pointed questions of the lawyers. Reed was asked about

Congressional delegation of tax powers by some of the more conservative justices of the Court, including Justices James McReynolds, Pierce Butler, and George Sutherland. On the other hand, Justices Louis Brandeis and Harlan Stone, who were generally considered liberals, asked questions which seemed more friendly to the government position. Solicitor Reed argued that the processing taxes were for revenue and not for regulation.⁶

Some people guessed that the Supreme Court might issue a split decision. McReynolds, Butler, and Stone seemed antagonistic in their questioning. Brandeis and Cardozo were more friendly. The two men who often had held the balance of power in the court, Hughes, and Roberts, were silent.⁷

On the second day of arguments, Pepper, the counsel for the Massachusetts cotton mills had shouted that the Agricultural Adjustment Act was forcing the farmer to "sell his freedom for a mess of pottage." He also prayed that God would avert the "regimentation" of America.

Government defense, Solicitor General Reed, had said that the AAA was needed for the "general welfare." When he went on to argue another case before the Court, he became ill and collapsed. Justice Hughes adjourned court fifteen minutes early.⁸ Later that day the government rested its case.

The Supreme Court justices then deliberated and later recessed for Christmas. Observers hoped that the court would announce its decision when it met again on January 6, 1936. During that recess editors across the country speculated as to what the decision of the court would be. The

editors of Business Week suggested that the Court "will probably sustain the act, and if it does invalidate it, the reason assigned will probably be of a sort that will permit a quick remedy by the Congress in the early weeks of the session."⁹ While the editor of The Daily Republic, a South Dakota newspaper, feared that the Supreme Court would decide against the AAA and commented that "A decision seriously crippling the AAA would be a disaster to this section of the nation."¹⁰

When the justices filed into the courtroom at noon on January, 6, 1936, the room was packed, "jammed to capacity, and outside long lines were waiting."¹¹ The clerk called the room to order and ended with the refrain, "May God save the United States." The spectators resumed their seats.

Within eight minutes Justice Owen Roberts fixed his glasses on his nose and began to read the majority opinion of the court in the case of U.S. v. Butler, the court's long awaited decision on the constitutionality of the AAA. The audience listened carefully, trying to catch a glimpse of what the decision would be. First, Roberts began by reviewing the account of Hamilton's broad view of the powers of Congress to tax and spend for the general welfare. This was contrasted with Madison's more narrow view of these powers. When Roberts seemed to be focusing on Hamilton's view, his hearers believed that the AAA was safe under this broader interpretation.¹² Roberts did not deny that the federal government had the power to tax for regulatory purposes if the purposes were within the powers of the federal government. Nor did he deny that the processing tax was raising huge sums of money.¹³ But then, as Roberts continued reading his twenty closely

printed pages, he stated the processing tax was not only a tax but a part of a plan. The plan was to regulate and control agricultural production, which Justice Roberts said was "a matter beyond the powers delegated to the federal government." Justice Roberts rejected the contention that the plan was not compulsory. He said farmers might refuse to comply but the price of this refusal was the loss of benefits. He declared that the "power to confer or to withhold benefits is the power to coerce or destroy." Furthermore, he said, "Congress has no power to enforce its demands on the farmer to the ends sought by the Agricultural Adjustment Act. It must follow that it may not indirectly accomplish those ends by taxing and spending to purchase compliance." The majority opinion of the court held that the AAA was unconstitutional.¹⁴

A little over half an hour was required for Judge Roberts' reading of the majority opinion. This was followed by Justice Stone's delivery of the dissenting opinion which was concurred in by Justices Cardozo and Brandeis. Justice Stone said, "The Constitution requires that public funds shall be spent for a defined purpose, the promotion of the general welfare." He believed that already government gave seeds to farmers and suggested where they should be planted and gave aid to the unemployed and required that they labor in return. The majority opinion would not permit such commonly accepted practices. He said that the justices of the majority were using a "tortured construction of the Constitution," and justifying it by

recourse to extreme examples of reckless congressional spending.
. . . Such suppositions are addressed to the mind accustomed to believe that it is the business of courts to sit in judgment on the

wisdom of legislative action. Courts are not the only agency of government that must be assumed to have capacity to govern.¹⁵

His words would affect judicial interpretation at a later time, but for now the AAA had been declared unconstitutional.¹⁶

Throughout Washington, the news aroused excitement. Secretaries hurried to bring the news to President Roosevelt and Secretary Wallace who made no immediate announcements. When the news was brought to the U.S. Senate, the clerk was reading President Roosevelt's budget message. A buzz of conversation broke out immediately between the senators and nearly drowned out the clerk's voice.¹⁷

House reports indicate that many of the Republican representatives were overjoyed but declined to comment because farm relief was a potentially dangerous political question, with supporters and opponents on both sides of the party lines. Democrats seemed stunned by the news. Recovering their voices some senators and representatives commented to newsmen. Senator Charles McNary said he intended to introduce his own farm bill providing for export debentures, domestic allotments, and the equalization fee. "The AAA is dead and we must get something else." Senator Daniel Hastings said "this re-establishes constitutional government in this land-the most salutary thing that could be done." Senator Lynn Frazier commented that he never quite agreed with the power of the Supreme Court to declare laws of Congress unconstitutional. He predicted that Congress might pass a law taking from the Supreme Court its assumed power. Senator Arthur Capper said "This doesn't mean the AAA will be put out of business. I think the Secretary of Agriculture already has in mind that

something like this might happen and has been working on a plan to continue the AAA." Senator Peter Norbeck declared,

If the court has said that Congress has no right to lift agriculture to the level of industry, it has created a situation that is impossible. Three of the best legal minds in the United States, now on the Supreme bench, disagreed with the opinion. So do I. The Constitution is silent and the court is trying to fill in.¹⁸

The announcement of the Supreme Court decision also affected the stock market. Shares of food, packing, and textile companies freed of the processing taxes pushed up around \$1 or more a share on the stock exchange. On the other hand, stocks of companies manufacturing goods which the farmers bought such as automobiles, farm equipment, and mail order stocks fell at the same time. Commentators wrote that the drop in prices was based on the fear that the farmers' buying power would be diminished due to the overturning of the AAA.¹⁹

The heads of departments and legal counsel of the Agricultural Adjustment Administration met all day and into the night following the Supreme Court decision. They planned an immediate introduction of a bill to Congress providing for the payment of \$250,000,000 which had already been promised to American farmers for the fulfillment of their 1935 production control contracts. Meanwhile the mailing of all benefit checks to farmers for compliance with the contracts was halted, and the U.S. Secretary of the Treasury, Morgenthau, announced that "no further steps would be taken for the collection of processing taxes."²⁰

What was this legislation which the Supreme Court had declared unconstitutional? How had it worked? The Agricultural Adjustment Act had

been introduced and passed in the early months of Roosevelt's first term. (It was signed by President Roosevelt on May 12, 1933.) Considered one of the important pieces of legislation of the New Deal, it was an attempt to cope with what the agricultural planners felt was a "chronic condition of surplus" in the United States which they believed was responsible for the lowered prices farmers were receiving for their goods.²¹

It had been a new program attempting in a different way to deal with the problems of the agricultural section of American life. President Roosevelt in his message to Congress when he sent the proposed legislation to congress had said, "I tell you frankly that it is a new and untrod path, but I tell you with equal frankness that an unprecedented condition calls for the trial of new means to rescue agriculture."²²

The Act listed seven commodities as "basic." These were: cotton, wheat, corn, hogs, rice, tobacco, and milk. In 1934 the act was amended to add sugar, beef and dairy cattle, peanuts, rye, flax, barley, and grain sorghums. These products were chosen because they were subject to the greatest price fluctuations, because they all passed through some form of processing, and because they accounted for approximately 50 to 55 percent of the revenue from American agriculture.²³

The Agricultural Adjustment Act imposed a processing tax on the first domestic processing of the enumerated commodities. In the case of wheat, the tax would be paid by the millers; in the case of hogs, the tax would be paid by the meat packing companies. Generally, the processors seemed to be passing the taxes on to the consumers. This was especially so in the case

of cotton goods and wheat flour. The funds then were used to make payments to farmers who agreed to cut their production. In the case of hogs, even the Department of Agriculture was not so sure who paid the taxes. In a Department of Agriculture bulletin, issued in 1934, the Department of Agriculture said that the effect of the hog processing tax had been varied and admitted that especially in the early months the price of hogs had fallen and "many farmers assumed that they themselves were paying part of the tax."²⁴ The tax had been applied gradually, beginning at 50 cents per hundred pounds live weight in November 1933, rising to \$2.25 per hundred pounds in March 1934 and remaining that high until the Act was declared unconstitutional on January 6, 1936.²⁵

The processing tax was used to make government payments to farmers who agreed to cut their production. In the case of cotton growers, they plowed up some of their cotton acreage the first year of the program; in later years they took some acres out of production. In the case of corn and hogs; an emergency corn hog program was begun in the fall of 1933 to try to cut down the number of pigs, and pregnant sows. This was followed by agreements which farmers would sign to show that they would reduce their corn acreage by 20 to 30 percent and reduce the number of hogs farrowed and produced for market by 25 percent. Those hog farmers who agreed to the contract would then receive a corn reduction payment of 30 cents a bushel on the estimated yield of acres no longer in production, and a hog reduction fee of five dollars a head on 75 percent of the farmer's base hog production.²⁶

Following the decision of the Supreme Court declaring the Agricultural Adjustment Act unconstitutional, there would be many actions taken, farm leaders were called to Washington, new legislation to replace the AAA was proposed, and the processors sued to recover the processing taxes which they had paid. In Iowa a group of hog farmers also formed an organization to recover the processing taxes on hogs. Nearly all of these developments have been detailed in many accounts of the period, but the story of the Iowa farm organization of hog farmers, the National Farmers Process Tax Recovery Association has not been told before.

The Recovery Association attempted to recover the millions of dollars of hog process taxes paid into the treasury.²⁷ They argued that returning taxes to the processors would give them unnecessary rewards or windfalls. When the court mandated just this return, the hog farmers felt that they also should recover the taxes.

The National Farmers Process Tax Recovery Association rose in the wake of the 1936 Supreme Court decision and lasted until 1942. The purpose of this dissertation is to analyze the nature of the Recovery Association and its relation to other groups in the New Deal era.

The group's grass roots will be analyzed through a sampling of the opinions expressed in letters sent to the Recovery Association and to D. B. Gurney who founded a similar movement in South Dakota which later joined the Recovery Association. In the Recovery Association's records, there are literally hundreds of letters which were written by middle western farmers.

They constitute a rich resource for the study of a relatively unexplored field, farmers' opinions of the New Deal agricultural program.

A second area discussed within this study is the nature of the organization's leadership and their recruitment activities. The leaders of the organization were a diverse group. Some of the leaders, such as Milo Reno and Edward E. Kennedy, had been farm leaders for twenty or thirty years. Others were new to farm politics, coming from entrepreneurial backgrounds. They brought a variety of views: some radical, some conservative.

The group organized first in Iowa, where it always had its strongest support, but also reached out into Minnesota, South Dakota, Illinois, Indiana, Nebraska, Missouri, and Kansas.

Another area of study is the Recovery Association's relationship to other farm organizations. Particular emphasis will be given to the Farmers Union, Farm Holiday, Farmers Guild, and Farm Bureau. Many National Farmers Process Tax Recovery Association leaders had been leaders in the Farmers Union and Farm Holiday movements but had found that their influence in these groups had waned by 1936. Building up the Recovery Association became a focus for their energies. The Recovery Association also became a staging ground for the formation of the Farmers Guild. Many leaders who worked in the Recovery Association became founding members and executive officers of the Farmers Guild. Throughout this period, the officers of the Farm Bureau and the Recovery Association fought a continuous battle, struggling for the allegiance of midwestern farmers.

The relationship of the farmers to the packers had often been antagonistic, and continued to be so into the 1930s. This relationship, as well as that of the Recovery Association to the Department of Agriculture, will be explored. Perhaps, because leaders of the Recovery Association had been strongly critical of the Department of Agriculture and the Agriculture Adjustment Act, Department officials worked in many ways to weaken the Recovery Association and to prevent the return of the hog processing tax to its members.

The struggle of the Recovery Association to recover the hog processing taxes finally moved to Congress. An analysis of the attempts to pass a bill to refund the hog process tax adds to our knowledge of the clashes and coalitions of farm interests that were seeking to influence national policy.

Endnotes

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³"AAA Officials Forced to Give Up Abandonment of Processing Tax Payments," Daily Republic, December 4, 1935, p. 2.

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⁶"Government Attorney Tells Court 3A Squares with U.S. Constitution; Hearing Opens," Daily Republic, December 9, 1935, p. 1.

⁷"Observers Predict Divided Opinion by Court on AAA," Daily Republic December 9, 1935, p. 2.

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¹³Carl Brent Swisher, American Constitutional Development (Boston: Houghton Mifflin Co., 1954), p. 934.

¹⁴U.S. v. Butler, 287 U.S. (1936) in American Law Reports, pp. 297-298.

¹⁵Evans, Cases on American Constitutional Law, p. 145.

¹⁶Swisher, American Constitutional Development, pp. 934-35.

¹⁷"Decision Astounds Congress Members," New York Times, January 7, 1936, p. 1.

¹⁸Ibid., pp. 1, 13.

¹⁹"Food Shares Rise: Store Prices Fall," New York Times, January 7, 1936, p. 1.

²⁰"Emergency Plan Framed," New York Times, January 7, 1936, p. 1.

²¹U.S. Department of Agriculture, Achieving a Balanced Agriculture (Washington, D.C.: Government Printing Office, 1934), p. 1.

²²Ibid., p. 24.

²³Ibid., p. 26.

²⁴Ibid., p. 37.

²⁵Ibid.

²⁶Theodore Saloutos, The American Farmer and the New Deal (Ames: Iowa State University Press, 1982), pp. 66-73.

²⁷U.S. Congress, Senate Committee on Agriculture, Refund of Processing Tax on Hogs to Producers, Hearings on S.J. Resolution 202, 75th Cong., 2nd sess., 1938, pp. 4, 5. Wm. Lemke estimated that the hog process tax refund could run as high as \$361,000,000. The exact amounts requested by the National Farmers Process Tax Recovery Association remain uncertain. One of the important issues in this matter is whether refunds would be paid to all hog farmers or only to those who did not sign with the AAA program.

CHAPTER II

THE "LONG DRAWN FIGHT": THE NATIONAL FARMERS
PROCESS TAX RECOVERY ASSOCIATION IN IOWA

Our hogs died in 1933 so we were out luck, no use in signing AAA, nor could we seal our corn which we gladly would have done but had to sell cheap. Thousands of farmers in the same fix as we, sure hit us hard, big fellows had the benefit. First it is hard to get the nonsigners together, then it is a long drawn fight to get the Pross tax back, if ever, But the AAA did not play fair.¹

The fight for the recovery of the process tax began in Iowa. Most of the National Farmers Process Tax Recovery Association leaders were from Iowa. The Association began in 1936 and lasted until 1942. In the words of one of its early members, it became a "long drawn fight."² Those who led the fight were a strange mixture of radicals and conservatives; united by their common agricultural background, and a distaste for the New Deal. Many of them, but not all, had been active in the Farmers Union.³ They were drawn together in the 1930s and early 1940s, facing the problems farmers faced at that time, to fight for the recovery of the processing tax.

The early thirties were tumultuous times in Iowa. Farm prices were very low. In 1932, many farmer's incomes had dwindled to half what they had received a year before. Milk was selling at 1 cent a pound, hogs at 3 cents a pound, cattle for 5 cents a pound, and corn for 10 cents a bushel.⁴ Prices were so bad that one of the future leaders of the Recovery

Association, A. J. Johnson a corn-hog farmer in western Iowa, received a total of 70 cents from a Sioux City packing plant for a 700-pound hog.⁵

Low prices kept farmers from making payments on their farms and equipment. In Iowa, 55 out of a 1,000 farms were being foreclosed in 1932. In 1933 foreclosures would rise to seventy-eight, the highest rate in the nation.⁶ The proportion of farmers who were tenants increased in Iowa in the 1920s and 1930s. In 1920 tenants were 41 percent of all farm operators in Iowa; in 1925, 44 percent; in 1930, 47 percent; and in 1940, 49.6 percent.⁷ Those who managed to hold on to their farms saw their value diminish. In 1930, the average value of an Iowa farm was \$19,000; in 1935 the average value of an Iowa farm was only \$11,000.⁸

Worried, unhappy, and angry, farmers sought various means of changing their situation. In March of 1932, Boone County farmers met at the county fairgrounds and agreed to "stay at home-buy nothing-sell nothing!" The idea of a farmers protest strike had been talked about by Milo Reno and other Farmers Union leaders for some time but this was the first organizing action of what would later be called the Farmers Holiday Movement.⁹

Reno was well-acquainted with the farmers' situation and for nearly all of his life had worked on the farmers' behalf. He became president of the Iowa Farmers Union in 1921, speaking out against the low farm prices while the rest of the country seemed to be enjoying prosperity.

With the coming of the Depression, Reno backed the idea of a farmers' strike and proposed the Farm Holiday Association urging farmers to withhold farm products from market in order to raise the prices which they received.

After a summer of meetings and plans, a farm strike was called for August 8, 1932. Most of the activity of the strike centered around Sioux City, where farmers closed off roads and turned back truckers bringing in produce. The strike changed only a few prices but was a strong expression of farmer discontent.

In the election of 1932 Reno supported Roosevelt believing that Roosevelt would promote the Farmers Union programs of cost of production which Reno believed would improve the lot of farmers. After his election, however, Roosevelt appointed Henry A. Wallace of Iowa as Secretary of Agriculture and Wallace favored production control rather than cost of production.

When the Agricultural Adjustment Act was passed farmers greeted it with enthusiasm. One Iowa farmer wrote:

Now this is the very best news that has come to me in the last three years it is what we have been so long waiting and praying for, the farming conditions have been discouraging and . . . the low prices of the last two years have about ruined us.¹¹

But soon Iowa farmers began to complain about the New Deal programs, especially those for corn and hogs. A farmer living near Mason City wrote:

I am not trying to criticize you or any body for I know it is a hard thing and everybody is trying to do all he can. But the plan you are trying on the pigs is not going to be of much help in the long run in my mind as it is really not going to put much money in the hands of the farmer as it takes so many men all the way down the line to take care of it.¹²

Another farmer wrote to Secretary Wallace in August of 1933,

How can we common fellows hold on much longer? I was forced to sell what corn I could spare last winter and got \$.10 per bu. could not hold enough to carry me thru as I wanted to so was forced again to sell part of my sows before very fat after weaning time.

He went on to say that the National Recovery Administration was raising prices on manufactured goods. "If I want a few posts or shingles the lumber man says 30 to 40 percent up. The implement dealer says 40 percent raise . . . I have to have more to pay my bills."¹³

Some said that the large farmers were getting an unfair advantage through the AAA program. C. P. Rusch, Secretary-Treasurer of the Iowa Farmers Union, commented that he had talked with

quite a number of farmers in regard to the method which is being followed to bring about a decrease in the number of hogs produced. . . . To me, as well as to others, it seems very unfair that the administration should follow a method whereby the farmer who is most to blame for the surplus should now reap the greatest benefit by the administration's program.¹⁴

Many complained that the processing tax was not really on the processors but instead charged to the producers. One farmer wrote, "I am a hog grower and protesting the present processing tax which is in fact not such a tax but rather a tax on the grower."¹⁵ Another farmer from Clarinda wrote:

You are either prejudiced or too ignorant if you think and feel there is justice and equality in the present hog deal. Your theory is that the processing tax is or should be passed on to the consumer. If the price of meat could so easily be raised do you believe that the packers would have carried such large stocks of meat over into the packing season.¹⁶

One of the strongest critics in Iowa of the Agricultural Adjustment Act and the hog processing tax was Milo Reno. Following the passage of the Agricultural Adjustment Act, Reno hesitated, reluctant to oppose the program which he hoped would help the farmers. But after the creation of the National Corn-Hog Committee which met in Des Moines, Iowa, Reno began

to oppose the New Deal. He disapproved of the people chosen to implement the program. The leaders chosen by the Department of Agriculture were well-to-do farmers, county agents, members of the Farm Bureau, and university professors, not the common "dirt farmers" who were members of the Farmers Union or Farm Holiday Movement.¹⁷

As president of the Iowa Farmers Union, Reno had long fought the Farm Bureau in Iowa. In a speech in 1921 he said,

When the Bureau came along, I joined it in good faith, just as hundreds of you did, believing we had an organization that would function for the men who dig in the dirt in the state. When the Farm Bureau got married to the Commercial Club and . . . bought body and soul by the devil, I went out of the organization.¹⁸

Reno also opposed the county agents, men and women who worked with the farmers in agricultural extension, but who had special ties with the Farm Bureau.¹⁹ In 1934 Reno wrote an editorial for the Iowa Union Farmer in which he stated, "When we warned the farmers, a few years ago that the county agent system was established for this very purpose, to force the final enslavement of the farmers, we were considered agitators, objectors, etc. Today any well-informed farmer knows the truth of this statement."²⁰

Reno opposed the Farm Bureau and the county agents, for some of the same reasons that he opposed the AAA because he felt that they took away the farmers' freedom. He believed that cost of production would have brought higher prices without government regulation. The Farmers Union had proposed cost of production legislation: government officials would determine the average expense of producing agricultural goods and federal law would require that anyone who bought the product would pay at least

this price. Although many Farmers Union leaders had argued in 1933 for cost of production legislation, Congress had enacted the production controls measures of the AAA instead. Reno compared the AAA to a "highway robber" because it did not give farmers a free choice; they either had to "sign this contract; (and) deliver" or the government "will take \$2.25 upon every hundred pounds of pork you produce (and) . . . will boycott and harass you in every way possible."²¹

Reno did not publicly censure President Roosevelt, who was quite popular nationwide.²² He continued, however, to criticize the New Deal and especially the programs of the Department of Agriculture and its Secretary Henry Wallace. He made numerous speeches. In May of 1934, speaking before a crowd of 2,000 members of the Farm Holiday Association, Reno called Wallace "the worst enemy the farmer has ever had in an official position."²³ Speaking over Radio Station WHO on Sunday, March 17, 1935, Reno said

the things that Henry Wallace stood for before he became Secretary of Agriculture, he repudiated in toto afterwards. Certainly he was the leading spirit in fixing the policies and the program of the Agricultural Adjustment Act! He and his associates conceived the idea of an 'economy of scarcity', the exact opposite of an 'economy of plenty'. Under his direction millions of hogs were murdered; under his direction, productive land was taken out of cultivation.²⁴

Reno continued to attack the Department of Agriculture and the AAA through radio speeches, editorials in the Iowa Farmers Union paper, and around the state "stump speeches." He urged farmers not to join the AAA. His criticism of the AAA and Secretary Wallace was echoed by other radical middle western leaders.²⁵ Perhaps because of the stand he and other

leaders in the Farmers Union took, many farmers throughout the Middle West refused to sign contracts with the AAA corn/hog program.²⁶ In some states more than half the farmers refused to join. In Iowa in 1935 out of 140,000 farmers producing hogs, approximately 40,000, did not sign the AAA corn/hog contracts.²⁷

Following the Butler decision, the Department of Agriculture invited some farm leaders to Washington to confer on proposals for new farm legislation. Although not invited, Reno was determined to go to the conference. In Sioux City, a group of Farm Holiday farmers from Iowa and Nebraska met and decided to contribute toward Reno's travel expenses. William Daniels, county chairman of the Farm Holiday Association said,

we had a farm program or rather we thought we did. Some of us weren't as enthusiastic about it as others. And now that it has been knocked out by the Supreme Court we have the same men in Washington attempting to write another program for us. Why should we be represented by college professors, newspapermen, and lawyers? Why should they help men like you and me?²⁸

Reno was finally permitted to attend the conference, but was disappointed with the results as the Department of Agriculture proposed legislation providing for production control as part of a program of conservation.

Returning to Iowa, Reno encouraged farmers, particularly those who had not signed the AAA crop reduction contracts, to join together to get their money back. Reno suggested farmers should meet and organize, so that together they could work for the recovery of the hog processing taxes.

Reno's ideas for the formation of a tax recovery association may have come from suggestions he received from farmers. On January 9, 1936, a

farmer from Masonville, Iowa, wrote to Reno saying he did not sign the corn and hog contract but still paid the processing tax:

I think I ought to get that money back. So I am writing you to know how to go about it. My hogs were sold to buyers here, who would you go after to get the processing tax, the packers or the buyers? Or would you get a bunch together and get it that way, it seems as that would be the cheapest way, that way one lawyer (if you had to have a lawyer) could get it all as one.²⁹

Reno replied,

I am suggesting that the farmers who did not sign the contract, form an organization to obtain justice. . . . Certainly the farmer who did not sign and who gets no processing tax back has a right to recover. I think the first step should be to interest all farmers in each county, who did not sign the contract, and establish a state organization to raise the funds necessary to pay expenses and, if necessary, send a committee to appear before Congress with their demands.³⁰

A woman from the Farmers Holiday Auxiliary in Missouri Valley commented "We are hoping the non-signers can go after them now and get back what we have paid in processing tax."³¹

Reno contacted various friends around Iowa, some members of the Farmers Union and some not, suggesting that they form an organization for the purpose of claiming the processing tax. One of the friends that Reno contacted and asked to become president of the organization was Donald Van Vleet of Greenfield, Iowa. Van Vleet remembered years later that Reno had called him up after the Supreme Court decision to discuss his idea of a new organization.³² Young and unmarried, Van Vleet had the time and freedom to devote to forming a new organization. Although not a member of the Farmers Union, he had experience working with farmers. Van Vleet had grown up on his grandparent's corn/hog farm south of Greenfield and traveled with his

father who was an auctioneer. One of Van Vleet's first jobs after graduating from high school was as an independent hog buyer for farmers who asked him to represent them at country auctions and select pure bred boars and gilts for them.³³ Later Van Vleet promoted wrestling and boxing exhibitions at many of these country auctions. He also served as advertising editor for a hog breeders newspaper.³⁴

Reno's proposal to form an organization proved a popular one.³⁵ He was not present at the first organizing meeting of the group, because he was sick and had gone to Excelsior Springs, Missouri, to recover (he later died there) but his advice and spirit still guided the organizers.

Letters were sent out to various farmers throughout the state calling for the meeting. In February, Donald Van Vleet wrote to one Iowa farm leader.

There is a very strong sentiment over the state in regard to forming an association to recover the processing tax. The fact is self-evident that inasmuch as all leading packers enjoyed the greatest prosperity during the past years when the processing tax was levied that they did not pay the tax. Therefore, why should they be allowed to retain millions of dollars already paid by the farmers just because the tax was unconstitutional?

Regardless of the unconstitutionality of the act, the farmer paid the bill and all those who refused to sign up were certainly unfairly discriminated against and at this time, before forming such an association, we are selecting a few reliable men, such as yourself, to get the sentiment in your community as to what the feeling is in regard to recovering the amount of money they have been unjustly deprived of.

If these reports are favorable, then there will be a call for a meeting in a very short time to set up such an organization.³⁶

On March 12, 1936, a cold winter's day, twenty-seven Iowa farmers met at the Farmers Union building in Des Moines to discuss ways of getting their money back from the processing taxes which had been levied under the

Agricultural Adjustment Act. They believed that the processors had deducted the process taxes from the payments they made to hog farmers for their hogs. They said, "We want our money back," and formed an organization.³⁷

Donald Van Vleet was elected temporary chairman. In order to establish his credentials as a leader and to further encourage the formation of the group, Van Vleet told of his previous experiences with opponents of the processing tax on hogs. Van Vleet said that there had been a meeting at the International Livestock Show in Chicago of those opposed to the processing tax and such organizations as the anti-New Deal American Liberty League were represented. At this meeting he had been designated to contact different packers in the country to find out what their attitude was on the processing tax. He said when he visited the different packer plants in the country the officials there all admitted that they had not paid the processing tax.³⁸

A. J. Johnson, a farmer from western Iowa who had been so active in Reno's Farm Holiday movement that he was jailed for several days, led part of the meeting.³⁹ This dignified middle aged farmer, Sunday School teacher, and father of seven children, expressed the hope that both the farmers who refused to sign the corn/hog contracts and those who did sign them would be able to get their processing taxes back. Even if they did not recover their taxes, he noted, the formation of the group would be a "hindrance" to any attempt in the future to "put out any other such measure

as the last Triple A." A telegram was read from Minnesota Senator Elmer A. Benson:

AUTHORITIES IN DEPARTMENT OF AGRICULTURE SAY POSITIVELY PACKERS DID DEDUCT PROCESSING TAX FROM PRICE HOGS HAVE ADMITTED IT REPEATEDLY TO FARMERS AND AT PUBLIC HEARINGS STOP TRIPLE A CHIEF HAS RESEARCH MAN COLLECTING SUBSTANTIATING TESTIMONY STOP SAYS WITHOUT DOUBT NON CONTRACT FARMERS CAN FORCE REPAYMENT AND CONTRACT SIGNERS MAY ALSO HAVE CASE IN COURT DETAILED LETTER FOLLOWS AIR MAIL.⁴⁰

The telegram from Senator Benson had been passed on to Iowa farm leaders. Johnson read it at the meeting. The question was also raised at the meeting as to how many hog producers in Iowa had not signed the AAA corn/ hog contract. The answer given was 40,000 in 1935 and somewhat less in 1934. Illinois had about 80,000 non-signers.⁴¹

The group set a membership fee of \$2.00 and 22 paid their dues as charter members. They came from all over Iowa; their addresses are of rural routes and little towns scattered throughout the state.⁴² Some of them were members of the Farmers Union; some had been members of the Farmers Holiday movement, and some were members of the Farm Labor party.⁴³ At the close of the meeting, they sent a letter to Reno thanking him for his efforts in "laying the foundation of this organization" and saying that they were hoping for his speedy recovery so that they might again enjoy his fellowship.⁴⁴

Following the meeting, cards and letters were sent out to prospective members and support continued to increase for the cause of recovering the processing tax. One farm woman wrote:

Our hogs died in 1933 so we were out luck, no use in signing AAA, nor could we seal our corn which we gladly would have done but had to sell cheap. Thousands of farmers in the same fix as we, sure hit us

hard, big fellows had the benefit. First it is hard to get the nonsigners together, then it is a long drawn fight to get the Pross tax back, if ever, But the AAA did not play fair. Glad the Sup. Judges decided it the way they did. Hope the Farmers will have more to say in the new AAA, Gentleman book farmers make the rules or law!⁴⁵

Her complaint that the AAA benefitted the "big fellow" and the small farmers suffered under the program was often made by other farmers.

Another farmer wrote:

Have been a Holiday Member, one of the first when organized here and never signed up for the AAA. And if there is any chance in getting my processing tax there is quiet [sic] a few around here that are non signers. I wrote to Mr. Reno and he stated they would organize in each state, I see by the Holiday News you are for Iowa. Would like to get what I think is coming and [learn] how to go at it to get it.⁴⁶

As the Farmers Process Tax Recovery Association grew in Iowa its leaders attempted to form similar organizations in other states of the Midwest. Many of the people they contacted had been active in either the Farmers Union or the Farmers' Holiday. Such people as Fred Winterroth of Illinois, John Erp of Minnesota, Harry Parmenter of Nebraska, and Emil Loriks of South Dakota were contacted. John Erp of Minnesota, eventually became the head of a processing tax recovery organization there. Harry Parmenter served on the board of the process tax association when it became national, and Fred Winterroth worked in the processing tax recovery fight in Illinois.⁴⁷

In South Dakota, D.B. Gurney, president of Gurney's Seed Company, endeavored to help the farmers recover the processing tax. He used his popular noon-hour farm program over Radio Station WNAX to urge his listeners to collect their hog receipts send them in to him and enroll in his program to recover the hog processing tax.

Efforts to establish organizations for the recovery of the hog processing tax in Minnesota, South Dakota, Illinois, Nebraska, Kansas, and Missouri will be discussed in later chapters.

Soon after the Iowa Farmers Process Tax Recovery Association was formed, Donald Van Vleet, the president of the organization received a letter from C.O. Dayton, a tax consultant in eastern Iowa offering his services in securing the tax refund. Dayton then enrolled many farmers in his area in the program. In 1936 the Iowa Farmers Tax Recovery Association and Dayton filed about 265 claims with the commissioner of Internal Revenue. The claims were rejected, however, on the grounds that the farmers did not have receipts showing they had paid the tax. As A. J. Johnson commented, "They were all turned down because we couldn't prove we were the taxpayers, though everyone knew we bore the burden."⁴⁸

During this time, leaders of the struggling group looked around for financial help. In June 1936, Van Vleet wrote to a member in Illinois: "I dont suppose that you received very favorable reports from the Liberty League either."⁴⁹ Later he was to contact Dan Casement of Kansas and Hanford MacNider of Iowa, both wealthy conservative owners of large farming establishments with requests for aid.⁵⁰

Van Vleet also visited some of the packing companies in Chicago searching for support. He visited Swift and Company in December 1937 and later urged them to support those "that have proven their friendship and are doing a tremendous job in trying to keep the farmer from being regimented. As we know, if this takes place, it also throws industry into

the same position. Another process tax on hogs will just about ruin the meat industry and the farmer because I doubt if we have a Supreme Court now that will declare it unconstitutional."⁵¹ There is no evidence to indicate, however, that the packers provided financial help to the Recovery Association.

After their failure with the Commissioner of Internal Revenue, the officers of the Recovery Association talked with a lawyer, Frederick Free of Sioux City, to see if he would represent the Association in a suit against the government. He agreed for a time to represent the group.⁵² George De Bar, a director of the Association wrote "We have assumed a responsibility to our members so I do not feel we should take our licking layed down."⁵³ Eventually, Free decided that a suit in the courts had little likelihood of success, because it was impossible to file all the cases under one head and each case should be filed separately. Therefore he recommended legislation.⁵⁴

Donald Van Vleet wrote several congressman asking their help in getting a hearing on a bill for the recovery of the hog processing tax. He wrote to Representative Hubert Utterback (D-Iowa)

Don't you feel that those men who had the stamina and intestinal fortitude to stay out of the AAA at a great personal loss of money should be compensated for this? . . . We are sending you full information regarding our association and hope you will study it carefully and . . . use your influence in the United States Congress to give us a hearing."⁵⁵

Utterback did not reply. Clifford Hope (R-Kansas) replied that he did not have time to help the group.⁵⁶ Republican Congressman William Lemke of North Dakota felt that it would be difficult to find all the farmers who

paid the tax.⁵⁷ Democratic Senator Guy Gillette of Iowa believed that some day in the future someone would sponsor a bill to give the non-signer his money back but that was as far as he would go.⁵⁸

Still Van Vleet was not discouraged. In a later letter he wrote to John Erp of the Minnesota Farmers Union and a director of the Recovery Association:

I think this battle is going to eventually narrow down to a legislative one and if we could just line up a few progressive representatives to fight this thing out in Congress, I actually believe that the conservatives would join in line with them to see if the man who objected to the AAA program and did not cooperate was compensated.⁵⁹

Help came from another source. In June of 1937, A. J. Johnson, the secretary of the Recovery Association, received a letter from Edward E. Kennedy. Kennedy had read an article in the Iowa Union Farmer on the recovery action the Iowa hog raisers were planning to get their money back. He had also received a letter from Christian Grell, a member of the Association, asking him to get a hearing on the subject before a Congressional committee. He continued, "Of course, A. J. I am at the service of these farmers but I cannot act without official authority from the association."⁶⁰ In effect, Kennedy was asking them to employ him as their lobbyist.

Johnson passed the letter from Kennedy on to Van Vleet and the two agreed that Kennedy's help might be useful in securing passage of their bill. A group of the Iowa Farmers Process Tax Recovery Association leaders went to Washington to confer with Kennedy.

Kennedy had been active in the Farm Holiday movement. He was a friend of Reno and had led in a memorial service for Reno in Washington, D.C. at the time of his death.⁶¹ He was a member of the Iowa Farmers Union, and in later years was to boast that he was one of the first to propose the penny sales used by farmers to prevent the foreclosure of their property by auction during the depression. Kennedy served as National Farmers Union secretary and editor of the National Farmers Union paper from 1932 to 1936 when he was ousted from that position in a close-fought battle.⁶² Since that time he had been lobbying for various state Farmers Unions and publishing a news letter from Washington.⁶³

Kennedy introduced the Iowa Farmers Process Tax Recovery Association leaders to various senators and representatives, including Senator Gillette, and Iowa Representatives Fred Gilchrist and Frederick Bierman. Johnson later reported before the House Agriculture Committee: "We must have met with 20 or 25 members and they all, all these Congressmen, advised legislation." The congressmen suggested that Lemke and Kennedy work on drafting legislation. The two had worked on other projects and Kennedy supported Lemke in 1936 when he ran for president on the Union party ticket.

At this point, the Iowa Farmers Process Tax Recovery Association leaders, at Kennedy's urging, decided to make their organization national. They increased their efforts in other states and changed the name of the organization to the National Farmers Process Tax Recovery Association. They also designated Edward Kennedy as their Washington representative.⁶⁴

At first, the relationship between Kennedy and Van Vleet was amicable and cooperative. Kennedy and Van Vleet cooperated in a variety of ways. Kennedy took responsibility for organizing recovery associations in Indiana, Michigan, and Ohio. He talked of organizing groups in Maryland and Pennsylvania.⁶⁵ Van Vleet worked with organizing the leadership in Iowa and nearby states and mailed out printed materials to the organizers of associations in new states. At one point Van Vleet complained, "We are beginning to believe here that we are no longer president or secretary but shipping clerks."⁶⁶ Together they filled in the forms from the various State Secretaries of State which were required for the groups to organize and operate in the different states.⁶⁷ Kennedy secured the posters, handbills, and press releases. He wrote about the National Farmers Process Tax Recovery Association in his Washington Letter, which he sent out to subscribers every few months. Kennedy also compiled data concerning the number of hog producers in the thirteen major hog producing states, indicating how many had signed up with the Agricultural Adjustment Administration reduction plans, and how many had not.⁶⁸ Van Vleet made arrangements for putting up the posters at community sales and placed the news releases that Kennedy sent to him in local newspapers.⁶⁹

During this time Van Vleet was quite optimistic. He wrote to Congressman Vincent Harrington, "We have in Iowa around two thousand members and also at the present time have a national organization under way in ten other states and before Congress is in session again we believe we will have at least twenty thousand members."⁷⁰

But problems began to arise over money almost from the very first. Kennedy had persuaded the national board of the Recovery Association to raise the percentage fees which new members would pay to join from 1 percent to 4 percent. (That is, raising the cost of joining the Association and filing a claim for a tax return from 1 percent of the anticipated returns on the processing taxes recovered to 4 percent of the anticipated returns.) Kennedy was also to receive half of the fees which were submitted. Van Vleet was not sure about both of these arrangements, but for the moment he concentrated on the size of the fees farmers were supposed to pay. He wrote, "There is still a doubt in my mind whether this 4 percent will work, but we can give it a trial and see. If it does not, I suggest that we go back to the 1 percent method."⁷¹ Van Vleet was also concerned that the local recruiters get enough to keep them encouraged and active. "I certainly hope that we can get this under way and producing at once not so much for the good of the organization but for the good of those out in the field who should make something as they go along so they will not be discouraged."⁷²

In October 1937, Van Vleet was beginning to sound discouraged, himself. "I don't know what ails my Western Iowa territory. . . . Things have not been booming here in the office the last few days. We are getting quite a little correspondence, but nothing of any business significance."⁷³

By November, Van Vleet was writing: "It seems like these fellows aren't functioning very well as yet. I really look for a great increase in

business after corn picking." Van Vleet was concerned about the fifty dollars needed to incorporate the organization in Ohio. He wondered if it was necessary to even start the organization there until some more money came in. "If our bills were all paid, our treasury would be just about on the rocks, itself." Then Van Vleet commented that two months had gone by since the new organization had been formed. He was afraid that people were refusing to join because the fees were too high. "I thought that the 4 percent was . . . too high."⁷⁴

In December Van Vleet was writing, "Too few know about this and the local papers simply will not give very much support." He felt that the reason the local papers would not publish much information about the Recovery Association was because they were "pretty much subsidized by the Farm Bureau."⁷⁵

In January 1938 another problem about money surfaced. Van Vleet had contacted the large MacNider corporation which owned thousands of acres of land in north central Iowa and was pleased that they had offered to put in a contribution for the fight. But Kennedy said that they should not be treated differently from any other farmers. They should not be allowed to make a token payment but instead should pay the same percentage of the amounts they claimed they had lost because of the processing tax as the small farmer operators. "They should be required to . . . [join] . . . on the basis of putting in a \$2500 or a \$5000 claim - put their money on the line, just the same as the other farmers."⁷⁶

In February there were more problems. Van Vleet telegraphed Kennedy:

COMPETITION KEEN CHICAGO ORGANIZATION CIRCULATING NORTHEASTERN IOWA
LETTER TERMS TEN PERCENT AFTER SETTLEMENT NOTHING DOWN STOP YANKTON
RADIO STATION BROADCASTING COLLECTION FOR TWO PERCENT DOWN PAYMENT OR
ONE PERCENT OF NINE HUNDRED DOLLARS SIX PERCENT ADDITIONAL FINAL
SETTLEMENT STOP SOLICITORS ANXIOUS HOW MEET COMPETITION . . .⁷⁷

Van Vleet wanted to lower the membership fees because the Iowa recruiters had found it difficult to persuade farmers to sign up at the higher rates. Furthermore, Van Vleet believed that the old Iowa Association had done better recruiting farmers when the rates were lower. "We raised ten thousand dollars at 1 percent here in the State of Iowa with a small organization. With this competition coming in, I believe it might be best to meet it."⁷⁸

Kennedy replied he thought it was a compliment that so many groups were becoming interested in recruiting farmers to recover the hog processing tax. The National Farmers Process Tax Recovery Association should emphasize to farmers that it was the only group of hog producers organized on a national basis with a representative in Washington to secure the enactment of a refund bill. The only way the farmers could get their money back was to get a law passed. Although his own office was running low on funds, Kennedy opposed lowering the rates.⁷⁹

Other questions concerning rates came because of the competition posed by D.B. Gurney's operation in South Dakota. Kennedy proposed that he and some of the Recovery Association leaders travel to South Dakota and talk with D. B. Gurney.⁸⁰ Kennedy arrived at the office in Des Moines

within a week.⁸¹ Then he, Van Vleet, and Johnson went from there to Yankton, South Dakota, to confer with Gurney. And an agreement was made.⁸²

On March 23, Van Vleet wrote a long letter to Kennedy. He said he had received Gurney's agreement to join with the Association. Van Vleet was signing the agreement but he felt that "it is a betrayal to the organizers of the Iowa Association. It deliberately sells them out and they after all are the ones who sacrificed their time and money and began working when absolutely nothing was definite or even talked about." He reminded Kennedy that the Iowa Association men had been working on forming an organization "when you were not in the least interested about the processing tax. You must remember that it took two long years before you were interested in the least."⁸³

Van Vleet said the representatives in the field all felt that they would have to lower the rates in order to compete with Gurney.

I sometimes wonder, myself, if we are not being pennywise and dollar foolish on this. We could have a far larger business in the office if we were set up a little cheaper. . . . this thing has never clicked, Ed, like it should have. There has been some money raised, but very, very few claims. . . . Now I know we need the money. We need it here and you need it down at Washington, but we are not getting it in.⁸⁴

Kennedy suggested that Van Vleet call a board meeting and that they restructure the rates. The farmers who had claims up to \$5,000 could pay 2 percent cash and write notes for 2 percent. Those with claims above \$5,000 could pay 1 1/2 percent cash and 2 1/2 percent in a note.⁸⁵

Van Vleet replied that he did not think there was enough money to finance a national board meeting.⁸⁶

The issue which was the most discouraging for him was the decision of the national board to make a deal with Gurney to "handle their business at so small a percentage that they could go out and undersell our men enabling them to sell the very same thing that we are selling at a fraction of the cost."⁸⁷ Van Vleet wrote that he believed the men in the field should be making more of a commission on the work they brought in. Instead, he felt too much money was going to support Kennedy and his efforts in Washington.⁸⁸

In March, in a letter to Harry Parmenter, Recovery Association leader in Nebraska, Van Vleet complained that "the minute you say 4 percent they (the farmers) put their nose up in the air. There is a lot of psychology on the 1 percent basis." He continued, "I have done all I can to try to convince Ed, but I can't. Neither have I had any luck with A. J. as Ed has him sold on any principle that he tries to put over to him."⁸⁹

Although Van Vleet had made threats to quit the organization, he was still working in April. But the tone of his letter was much more formal. "Dear Friend Ed," became "Dear Mr. Kennedy." He also complained in the letter about the promises made to him about payment. "My contract with the Iowa Association called for five dollars and travelling expenses for the first year and the same contract was in force for the second year and if I had drawn this money there just wouldn't have been any to start this National Association."⁹⁰

Van Vleet then held a meeting of the Iowa Farmers Process Tax Recovery Association and they re-elected him president. Agreeing with

Van Vleet that they could not compete with Gurney if their rates were higher than he charged, they reduced theirs. Notice of the Iowa meeting was then sent to the national board meeting which Van Vleet did not attend.⁹¹

Later in April Van Vleet resigned as president of the national board. "It was just impossible for me and Kennedy to get along together and as Kennedy appointed the national board he ran the entire show." Van Vleet said that he was still running the Iowa Farmers Process Tax Recovery Association and charging lower rates. He felt that the recruiters would be able to persuade more farmers to join if lower rates were charged. He hoped his letter would be kept confidential because he did not want anyone else to know that there had been a split in the organization. "In fact we may contribute some money to help the fight in Washington. However, the tail has been wagging the dog too long in this and our group really had the membership but yet they had the board."⁹²

For a time Van Vleet attempted to run the Iowa branch of the Process Tax Recovery Association. He wrote several letters to J. C. James, a Recovery Association recruiter in Nebraska, discussing his side of the question. Van Vleet complained that the change to a national organization and the raising of the fees, that is the percentages of expected returns which farmers were to pay to belong to the association, had made it much more difficult to get memberships. "We have been going on here at this office and to date show a loss of probably \$3,500. Under the old Iowa

Association, when we charged 1 percent, over \$15,000 was raised and we had in our treasury a very good sum at the beginning of this fight. I think that is proof enough that 4 percent just cannot get the job done. It is easier to sell a dozen farmers on the 1 percent or in fact they will come to you, or even 2 percent, than it is to whole hog them and fail to get the business."⁹³

Van Vleet also commented on another issue, accepting claims on a percentage basis. That is farmers who could not pay the rates established by the Recovery Association said that they would pay a higher percentage of their money when it was returned to them. Van Vleet wrote that Kennedy had told him not to accept percentage claims but since Kennedy had no actual authority over him as he was president of the organization he would file these claims away.⁹⁴

When Van Vleet resigned and wrote a letter to the Members of the Auditing Committee, there was some question about Van Vleet's establishment of a separate account in another bank. This may be related to the issue of how much farmers should be charged for filing their claims. Van Vleet explained it in this manner. He said that Gurney was charging only 2 percent for filing claims and many of the solicitors in the field, without the authority, began to accept claims for 2 percent also. Later, at Washington, a rule was passed which eliminated 2 percent claims. There were some claims, however, which had already been accepted by the solicitors under the 2 percent rule. Van Vleet said that he took these claims and deposited them in another bank account because he felt that

another association might be formed and they should have separate accounts. Whether this was actually the reason for starting another account or just an excuse which Van Vleet was using to defend himself in a compromising situation, it is difficult to determine at this point.⁹⁵

By October or November of 1938, the Iowa board passed a resolution charging Van Vleet with insubordination and asked him to step down. They then elected Christian Grell to take his place.⁹⁶ Donald Van Vleet tried to remain in office but within a month he resigned and submitted a hastily written note saying that he "waived all claims for salary or expenses." The resignation was accepted by Chairman Grell.⁹⁷

Kennedy tried to hold the group together but his base of operations was in Washington and he was becoming interested in other causes. Johnson stayed with the organization the longest, and became its real administrator.

For a time, managers were appointed, but they did not remain in office very long. Leon Garber was appointed in May of 1938.⁹⁸ But in July 1938, Johnson was reporting to Kennedy that things at the process tax recovery office were "still being run here on the hand to mouth method." Only a few memberships had come in, averaging about \$15.00 per member, "which is about enough income to keep Garber in the field."⁹⁹ A few weeks later, Johnson reported to Kennedy that Garber had decided to take another job "due to the uncertainty in the process tax field."¹⁰⁰

Johnson carried much of the load of keeping the Recovery Association operating. He wrote members of the Association to remind them about board

meetings which were often held in conjunction with National Farmers Union meetings because so many Association officers were leaders in the Farmers Union.¹⁰¹ He also corresponded with recruiters concerning operations of the Association on a day-to-day basis, sending printed materials or payments to organizers for their share of farmers' registration fees.¹⁰² He occasionally chided Association organizers because their arithmetic was faulty. "These small discrepancies cause much extra work in our office."¹⁰³

Johnson and another temporary Recovery Association manager, D. L. Harvey, arranged to publish a small newspaper, the County Farmer. The paper was printed in limited editions which could be mailed out to particular counties as a method of telling about the activities of the Association. They talked with the publisher of a small newspaper, who agreed to print the paper. The costs of printing and publishing the paper were advanced by the Association but later taken out of the 25 percent commission which the recruiters received from the membership fees in the counties where the papers were sent.

The County Farmer usually had the same articles on the front pages telling about the National Farmers Process Tax Recovery Association and its efforts to recover the tax for the farmers. The articles were written by Kennedy, Grell, Johnson, and others. Sometimes reprints of articles favorable to the processing tax refund cause were reprinted from other papers.¹⁰⁴ Also on the front page of the paper would be inserted a notice about local meetings of the National Farmers Process Tax Recovery

Association which farmers were urged to attend.¹⁰⁵ This notice was changed to fit the county to which the paper was sent.¹⁰⁶ On the back there were advertisements from local businesses. These advertisements also helped to defray the cost of publishing and distributing the paper.¹⁰⁷

One issue of the County Farmer was sent to members of Congress.

This issue of the County farmer is sent to you by an association of farmers who have banded themselves together for the purpose of getting back into their hands the processing tax. . . . We believe this paper carries valuable information that is of interest to you. . . . [We ask that you support] the passage of Senate Joint Resolution 66.

The letter was signed by Johnson.¹⁰⁸

Johnson also defended the Association against its critics. Reviewing the application for membership of a Nebraska farmer, Johnson saw the notation "Farmers Union Commission Firm [said] . . . that he could not collect the tax: Just throwing his money away: A racket: Etc." Johnson then wrote to the Farmers Union Commission Firm and told them that with the battle "more than half won . . . I feel confident that . . . you would not obstruct the movement which seeks to make possible the refunding of a tax which was unjustly collected."¹⁰⁹

Johnson and Kennedy worked together to counter unfavorable information put out by the Iowa Farm Bureau leadership. They said that the policy of the officers and representatives of the Recovery Association had been to avoid controversy as much as possible with any farm organizations. However they believed that the Iowa Farm Bureau had begun to wage "open warfare." As proof of this they cited a letter from Iowa Farm Bureau president, Francis Johnson posted on the bulletin board in the county

agent's office in Marshalltown. "If there is any possibility of recovery of these processing taxes, this possibility will not be particularly enhanced by the payment of any fees or membership dues to any association." Furthermore the writer suggested that if Congress refunded the taxes they probably will be handled by some local federal authority such as the county extension agents.

Kennedy wrote to the Iowa Farm Bureau president to protest his letter and suggested that Iowa farmers already resented the actions of the Agricultural Department and the president retracted his statements. Copies of the letters were published in the County Farmer.¹¹⁰

Johnson also worked to persuade members of the state legislatures of Minnesota, Iowa, and South Dakota to issue resolutions in favor of the processing tax refund. He wrote to a member of the Association. "I have not as yet been able to get the resolution passed through the Iowa Legislature . . . the South Dakota Legislature done so before adjourning . . . [and] the Minnesota legislature done likewise last Tuesday."¹¹¹ Later newspaper accounts told of the unanimous passage of a resolution in the Iowa House of Representatives urging the U.S. Congress to provide for the refunding of the processing tax.¹¹²

Johnson also wrote letters to Iowa members who were unhappy with the changes made in the organization. He received a letter from one organizer who had been asked to resign because he was not sending in many memberships. The organizer wrote that he would be glad to resign if someone else could do better. But, he continued, "our difficulty was to

collect fees when they run up to forty dollars and over." He did not believe that collecting high fees would be any more possible this winter, because times were still hard. "I believe its worse as money is not as plentiful. . . . We tried our best to correct this difficulty last summer and won support from all over the state, in fact our only opposition was Mr. Kennedy and we failed."¹¹³

As the years passed, and the Recovery Association seemed no nearer its goal, Johnson wrote to members who were wondering if they would ever get their money back. In February 1941, an Illinois farmer wrote asking, "Do you think it is any possibility of getting it [sic]." Johnson replied, "I know nothing that would lead me to believe that this tax will not be refunded in time. The officers of our Association realized at the beginning of this fight that it would be a lengthy one."¹¹⁴

As the unsuccessful efforts of the Association dragged on, Johnson faced dwindling finances. In March of 1941 Kennedy reported progress on the legislation but wondered if "we [are] going to have enough to continue the fight through this congress?"¹¹⁵

In June of 1941 the Senate passed a bill for refunding the processing tax to the farmers. Johnson received a telegram from Kennedy:

SENATE JOINT RESOLUTION THIRTYNINE PASSED SENATE YESTERDAY UNANIMOUS VOTE.

In 1941 Johnson, Kennedy, and Erp planned a concerted effort to enlist more members. Meetings were held in various towns in Iowa and Minnesota. Recruiters for the Recovery Association held one-day meetings

at Estherville on April 1 and Cedar Falls on April 8 and others in Swea City on September 20 and at Mechanicsville on October 14. The note in the Mechanicsville Pioneer Press, urged farmers to bring their sales slips, record books, or other data which would be required to show the number of hogs sold. There remained \$22,854,394.00 available for refunds of the processing taxes.¹¹⁶

These recruiting efforts brought some new members to the Recovery Association, but they were not enough to seriously affect the fate of the organization. It remained active in Iowa through 1941 and began to die out in 1942.

Let us turn now to the efforts to establish a processing tax recovery association in Minnesota.

Endnotes

¹Hattie Kroeger to Donald Van Vleet, March 19, 1936, National Farmers Process Tax Recovery Association Records (NFPTRA Records) in Special Collections, Parks Library, Iowa State University.

²Hattie Kroeger to Donald Van Vleet, March 19, 1936, NFPTRA Records.

³Joseph Frazier Wall, "The Iowa Farmer in Crisis, 1920-1936." Annals of Iowa 47 (Summer 1983): 118-127.

⁴John L. Shover, Cornbelt Rebellion: The Farmers Holiday Movement (Urbana: University of Illinois Press, 1965): 28; Frank D. Dileva, "Iowa Farm Price Revolt," Annals of Iowa 32 (January 1954): 172.

⁵Author interview with Virgil Johnson and Nola Eskelson, children of A. J. Johnson, June 7, 1991, transcript in Special Collections, Iowa State University Library.

⁶Shover, Cornbelt Rebellion, p. 16.

⁷Iowa State College, A Century of Farming in Iowa, 1846-1946 (Ames: Iowa State University Press, 1946), p. 12.

⁸U.S. Department of Commerce, United States Census of Agriculture: 1935, Vol. I (1936): 236.

⁹Shover, Cornbelt Rebellion, p. 37; Michael Schuyler, "The Hair Splitters, 1932-1933," Annals of Iowa 43 (Summer, Spring 1976-1977): 421.

¹⁰Roland A. White, Milo Reno, Farmers Union Pioneer, 1866-1936 (Iowa City, Iowa: Athens Press, 1941), pp. 19, 35-40.

¹¹Ardo W. Keil to Henry Wallace, Secretary of Agriculture, September 23, 1933, National Archives Record Group (NARG) 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

¹²Ray E. Sharpe to Henry A. Wallace, September 3, 1933, National Archives Records Group (NARG) 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

¹³Marion Dewell to Henry A. Wallace, August 22, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

¹⁴C. P. Rusch to Secretary Henry A. Wallace, November 27, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

¹⁵John Marnach to Secretary Henry A. Wallace, Dec 7, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

¹⁶Walter Bartels to Secretary Henry Wallace, January 13, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

¹⁷Shover, Cornbelt Rebellion, p. 142-45; William P. Tucker, "Populism Up-To-Date: The Story of the Farmers' Union," Agricultural History 21 (Oct. 1947): 199.

¹⁸White, Milo Reno, Farmers Union Pioneer, p. 196.

¹⁹Gladys Baker, The County Agent (Chicago: University of Chicago Press, 1939), p. 15.

²⁰Ibid.

²¹White, Milo Reno, Farmers Union Pioneer, pp. 67-69, 181.

²²Schuyler, "The Hair Splitters," p. 408.

²³"Huey Long Comments on Resolution to Oust Wallace," Unionist and Public Forum, May 17, 1934, pp. 1, 4.

²⁴Radio Address by Milo Reno over Radio Station WHO, March 17, 1935, NFPTRA Records.

²⁵Wallace Short, editorial "Is Henry Wallace Honest?" Unionist and Public Forum, September 26, 1935. p. 2.

²⁶C. M. Perrin, "The Paradise of Dreams vs the Stern Realities of Life or Myths vs Facts," Speech given at Monona County Farmers Union Meeting, Feb. 7, 1934, A. J. Johnson Scrapbook.

²⁷Figures from Edward E. Kennedy, Farmers Washington Service, October 25, 1937, NFPTRA Records.

²⁸"Farm Holiday Meet Demands Farm Program," Daily Republic, January 11, 1936. p. 2.

²⁹L. J. Erchaker to Reno, January 9, 1936, Milo Reno Papers, Special Collections, University of Iowa, Iowa City.

³⁰Reno to Erchaker, January 13, 1936, Reno Papers.

³¹Mrs. L. W. Cook, to Milo Reno, January 7, 1936, Reno Papers.

³²"Minutes of Iowa Farmers Union Councillors' Meeting," Reno Papers, June 24, 1942. p. 7.

³³"A Few Letters of Satisfactory Buying Service Rendered by Our Poland China Fieldman, Donald Van Vleet," Swine News, August 1930, p. 6.

³⁴Interviews with Dorothea Van Vleet, William Morrison, and Charlie Dwyer, October 18, 1991.

³⁵"Minutes of Meeting," March 12, 1936, NFPTRA Records.

³⁶Donald W. Van Vleet to L. A. Conrad, February 5, 1936, NFPTRA Records.

³⁷"Minutes of the Meeting" March 12, 1936, A. J. Johnson to Milo Reno, March 13, 1936, NFPTRA Records.

³⁸"Minutes of Meeting," March 12, 1936, NFPTRA Records.

³⁹Interview with Virgil Johnson and Nola Eskelson, children of A. J. Johnson, June 7, 1991, transcript on file in Special Collections of Iowa State University.

⁴⁰Elmer A. Benson to Arthur Le Sueur, January 15, 1936, NFPTRA Records.

⁴¹"Minutes of Meeting," March 12, 1936, NFPTRA Records.

⁴²Charter Members of Iowa Division Farmers' Process Tax Recovery Association, NFPTRA Records.

⁴³"Monona F.-L. to Meet at Onawa May 12"; "F. L. Federation Meeting Last Week," Unionist and Public Forum, May 12, 1936, p. 2.

⁴⁴A. J. Johnson to Milo Reno, March 13, 1936; G. L. Harrison, Christian Grell, and Henry Preyt to Milo Reno, March 12, 1936, Reno papers.

⁴⁵Hattie Kroeger to Donald Van Vleet, March 19, 1936, NFPTRA Records.

⁴⁶O. D. Ferry to Donald Van Vleet, June 21, 1936, NFPTRA Records.

⁴⁷"States Contacted," NFPTRA Records.

⁴⁸Statement of A. J. Johnson, Secretary of the National Farmers' Processing Tax Recovery Association, before the House Committee on Agriculture, NFPTRA Records.

⁴⁹Donald Van Vleet to George C. Stokes, June 16, 1936, NFPTRA Records.

⁵⁰"Minutes of Iowa Farmers Union Councillors' Meeting," Reno Papers, June 24, 1941, p. 7; Donald Van Vleet to Andrew Jensen, January 13, 1938, NFPTRA Records. (Although Shover in Cornbelt Rebellion, pp. 171-172, indicates that Van Vleet received money from Dan Casement, president of the Farmers' Independence Council of America, a branch of the Liberty League; my reading of the source material suggests that Van Vleet requested money from Casement. Other letters in the NFPTRA Records show that Van Vleet hoped to get money but was disappointed).

⁵¹F. M. Simpson to Donald Van Vleet, December 10, 1937; Donald Van Vleet to F. M. Simpson, Dec. 14, 1937, NFPTRA Records.

⁵²Donald Van Vleet to John Erp, July 15, 1937, NFPTRA Records.

⁵³George DeBar to Donald Van Vleet, May 26, 1937, NFPTRA Records.

⁵⁴Donald Van Vleet to Frederick Free, April 28, 1937; Frederick Free to Donald Van Vleet, June 3, 1937; Minutes of Annual Meeting, Farmers Process Tax Recovery Association, April 19, 1938, NFPTRA Records.

⁵⁵Donald Van Vleet to Representative Hubert Utterback, May 1936, NFPTRA Records.

⁵⁶Dayton Tax Service, Washington, Iowa, "To the Solicitors of the Processing Tax Recovery Association," March 17, 1937, NFPTRA Records; Donald Van Vleet to William Lemke, February 26, 1937; William Lemke to Donald Van Vleet, March 2, 1937; Donald Van Vleet to Dale Kramer, April 21, 1937, NFPTRA Records.

⁵⁷Donald Van Vleet to William Lemke, Feb. 26, 1937; William Lemke to Donald Van Vleet, March 2, 1937, NFPTRA Records.

⁵⁸Donald Van Vleet to Dale Kramer, April 21, 1937, NFPTRA Records.

⁵⁹Donald Van Vleet to John Erp, May 10, 1937, NFPTRA Records.

⁶⁰Edward E. Kennedy to A. J. Johnson, June 23, 1937, NFPTRA Records.

⁶¹"National Farm Leaders Attend Rites for Reno," Daily Republic, May 9, 1936, p. 12.

⁶²Tucker, p. 209.

⁶³Edward E. Kennedy, interview June 10, 1989; Shover, Cornbelt Rebellion, p. 210.

⁶⁴Statement of A. J. Johnson before the House Committee on Agriculture, May 16, 1939, NFPTRA Records.

⁶⁵Edward E. Kennedy to Donald Van Vleet, September 26, 1937, NFPTRA Records.

⁶⁶Donald Van Vleet to Edward E. Kennedy, September 27, 1937, NFPTRA Records.

⁶⁷Donald Van Vleet to Edward E. Kennedy, September 7, 1937, NFPTRA Records.

⁶⁸Edward E. Kennedy to Donald Van Vleet, September 29, 1937, NFPTRA Records.

⁶⁹Donald Van Vleet to Edward E. Kennedy, December 4, 1937, NFPTRA Records.

⁷⁰Donald Van Vleet to Vincent Harrington, October 13, 1937, NFPTRA Records.

⁶¹Donald Van Vleet to Edward E. Kennedy, August 20, 1937, NFPTRA Records.

⁷²Donald Van Vleet to Edward E. Kennedy, September 7, 1937, NFPTRA Records.

⁷³Donald Van Vleet to Edward E. Kennedy, October 1, 1937, NFPTRA Records.

⁷⁴Donald Van Vleet to Edward E. Kennedy, November 3, 1937, NFPTRA Records.

⁷⁵Donald Van Vleet to Edward E. Kennedy, December 16, 1937, NFPTRA Records.

⁷⁶Donald Van Vleet to Arthur Booth, January 13, 1938; Edward E. Kennedy to Donald Van Vleet, January 15, 1938, NFPTRA Records.

⁷⁷Donald Van Vleet to Edward E. Kennedy, Telegram, February 1, 1938, NFPTRA Records.

⁷⁸Donald Van Vleet to Edward E. Kennedy, February 2, 1938, NFPTRA Records.

⁷⁹Edward E. Kennedy to Donald Van Vleet, February 4, 1938; Mary Puncke to Helen Holehan, March 4, 1938, NFPTRA Records.

⁸⁰Edward E. Kennedy to Donald Van Vleet, February 4, 1938, NFPTRA Records.

⁸¹Edward E. Kennedy to Donald Van Vleet, February 28, 1938, NFPTRA Records.

⁸²Edward E. Kennedy to John C. Erp, March 2, 1938, NFPTRA Records.

⁸³Donald Van Vleet to Edward E. Kennedy, March 23, 1938, NFPTRA Records.

⁸⁴Donald Van Vleet to Edward E. Kennedy, February 9, 1938, NFPTRA Records.

⁸⁵Edward E. Kennedy to Donald Van Vleet, February 12, 1938, NFPTRA Records.

⁸⁶Donald Van Vleet to Edward E. Kennedy, February 14, 1938, NFPTRA Records.

⁸⁷Ibid.

⁸⁸Ibid.

⁸⁹Donald Van Vleet to Harry Parmenter, March 11, 1938, NFPTRA Records.

⁹⁰Donald Van Vleet to Edward E. Kennedy, April 16, 1938, NFPTRA Records.

⁹¹"Special Executive Board Meeting National Farmers Process Tax Recovery Association," April 22, 1938, NFPTRA Records.

⁹²Donald Van Vleet to Arthur H. Booth, April 26, 1938, NFPTRA Records.

⁹³Donald Van Vleet to J.C. James, April 30, 1938, NFPTRA Records.

⁹⁴Ibid.

⁹⁵Donald Van Vleet "To the Members of the Auditing Committee," NFPTRA Records.

⁹⁶A. J. Johnson to Edward E. Kennedy, July 15, 1938, NFPTRA Records.

⁹⁷Donald Van Vleet to the Board of Directors, December 20, 1938, NFPTRA Records.

⁹⁸Leon Garber to A.J. Johnson, May 21, 1938, NFPTRA Records.

⁹⁹A. J. Johnson to Edward E. Kennedy, July 15, 1938, NFPTRA Records.

- ¹⁰⁰A. J. Johnson to Edward E. Kennedy, August 19, 1938, NFPTRA Records.
- ¹⁰¹A. J. Johnson to Fred Wolf, November 3, 1938, NFPTRA Records.
- ¹⁰²Fred Wolf to A. J. Johnson, October 11, 1938; A. J. Johnson to Fred Winterroth, August 18, 1938; A. J. Johnson to J. P. Lingenfelter, December 19, 1938, NFPTRA Records.
- ¹⁰³A. J. Johnson to Julius O. Anderson, January 21, 1939, NFPTRA Records.
- ¹⁰⁴The County Farmer, Fayette County, May 1940, NFPTRA Records.
- ¹⁰⁵A. J. Johnson to Marshal McLouth, December 9, 1939; County Farmer; D. L. Harvey to A. J. Johnson, May 4, 1940, NFPTRA Records.
- ¹⁰⁶The County Farmer, "Where and How to Become a Member and Prepare Your Hog Process Tax Refund Claim," p. 1, May 1940, NFPTRA Records.
- ¹⁰⁷Dan Harvey to A.J. Johnson, May 4, 1940, NFPTRA Records.
- ¹⁰⁸A. J. Johnson to Members of Congress, NFPTRA Records.
- ¹⁰⁹A. J. Johnson to Farmers Union Livestock Commission, September 25, 1939, NFPTRA Records.
- ¹¹⁰Francis Johnson to H. J. Peterson; Edward E. Kennedy to Francis Johnson, May 3, 1940; Francis Johnson to Edward E. Kennedy, May 8, 1940; Edward E. Kennedy to Francis Johnson, May 10, 1940; A. J. Johnson to Members of the National Farmers Process Tax Recovery Association; "Farm Bureau Writes Letter to County Agents, Letter Answered by Washington D.C. Representative for the National Farmers Process Tax Recovery Association," The County Farmer, NFPTRA Records.
- ¹¹¹A. J. Johnson to Ray Schield, March 16, 1939; Edward E. Kennedy to A. J. Johnson, April 3, 1939, NFPTRA Records.
- ¹¹²"Processing Tax Refunds Urged," Des Moines Register, April 1, 1939, p. 5.
- ¹¹³Oliver Lee to A. J. Johnson, January 25, 1939, NFPTRA Records.
- ¹¹⁴Albin Hultgren to A. J. Johnson, Feb. 1, 1941; A. J. Johnson to Albin Hultgren, March 3, 1941, NFPTRA Records.
- ¹¹⁵Edward E. Kennedy to A. J. Johnson, March 14, 1941, NFPTRA Records.

¹¹⁶Estherville Daily News, March 24, 1941, p. 1; Waterloo Daily Courier, April 1, 1941, p. 13; A. K. Iverson to NFPTRA Sept. 15, 1941; Pioneer Press, October 9, 1941, NFPTRA Records.

CHAPTER III
REACHING INTO MINNESOTA

There were strong connections between the Iowa and Minnesota Farmers Union and Farm Holiday groups in the 1930s. Iowa organizers of the National Farmers Process Tax Recovery Association appealed to Farm Holiday and Farmers Union leaders in Minnesota to found a group there, and often received cooperation and help in their efforts.

Minnesota farmers also suffered from the effects of the Depression. Wheat production sank to low levels. The income of dairy farmers fell in 1931 to a fourth of its earlier level.¹ Farmers also received lower prices for both their corn and hogs. In 1929, Minnesota farmers received \$.67 for a bushel of corn. The prices then began to drop, falling to \$.28 in 1932. With the coming of the New Deal the prices rose erratically, rising to \$.44 in 1933, \$.76 in 1934, and \$.54 in 1935.² The annual average price of hogs also fell during the early years of the Depression. The average price of a hog per hundred weight in 1929 was \$9.20; then it fell to \$3.20 in 1932. In 1933 the price rose only a little to \$3.35, rising to \$4.00 in 1934, and \$8.70 in 1935.³

Farmers expressed resentment in many ways. In Minnesota the Farm Holiday movement was active. John Bosch, self-educated immigrant's son and president of the Kandiyohi Farmers Union, visited most counties in North Dakota and Minnesota recruiting farmers to the organization. On July 29,

1932, a great crowd of farmers met in St. Cloud, to hear Milo Reno and Edward E. Kennedy. The group decided to form the Minnesota Farmers Holiday, choosing Bosch as their state president.⁴ Bosch became also the vice-president of the National Farmers Holiday Association. Perhaps because of his immigrant background and espousal of peaceful methods, Bosch was able to establish strong Farm Holiday organizations in many counties of Minnesota. Minnesota farmers went out on strike on September 21, 1932. There were Farm Holiday parades in several Minnesota towns and even fireworks in Willmar. The Holiday pickets were able to establish a blockade around Montivedeo forestalling produce shipments for nearly a month. The strike in Minnesota was generally peaceful. Picketing farmers cooperated with local sheriffs; truckers played horseshoes with strikers; and town chambers of commerce announced their support for the aims of the Farm Holiday movement.⁵ The next year was to find farmers and townspeople less in support of the Holiday movement as co-op members voted to keep co-op produce stations and creameries open, and farmers formed "citizen protective leagues pledged to uphold the 'farmers right to market.'"⁶ Farmers throughout Minnesota, whether they joined in the Farm Holiday movement or not, wanted relief from plummeting farm prices and steady taxes and farm expenses.⁷ For the first time in Minnesota history, the citizens of the state voted to elect a Democratic president.⁸

With the inauguration of Franklin Roosevelt as president and the enactment of the New Deal came a new program for the farmers also. But some farmers were not completely satisfied with the New Deal for

agriculture. Although the intention of the Agricultural Adjustment Act had been to limit production and thereby raise prices, Minnesota farmers did not see significant increases in the prices they received for their corn and hogs. Many farmers believed that the processors were deducting the processing tax from the prices they paid the farmers, thus the farmers were receiving lower prices for their hogs because of the AAA program.

Farmers wrote to Washington to complain of their plight. One farmer from Hanley Falls commented to Secretary of Agriculture Henry A. Wallace in August 1933 that "times are a great deal worse now than a year ago everything we buy is higher."⁹ A farm woman from Hamel complained to President Roosevelt that nothing was being done to help the farmer and she feared that if things kept on farmers would loose their farms, "things have gone so far and so unfair it wont [sic] be long [until] we will be slaves."¹⁰ Another farmer from Good Thunder wrote to Secretary Wallace:

Last winter we could feed grain and get along. This winter we go behind on all the grain we feed. When you put the proses [sic] tax on hogs, the Packer took it out of us. . . . every time \$. 50 tax was put on our hogs dropped \$.50 and the Packer gets by with it."

He said he thought it was time for the small diversified farmer to get enough to live on and a "chance to get enough to pay his next taxes."¹¹

A farmer wrote that he was losing money by belonging to the program because of the processing tax. He said he had followed the corn/hog program requirements and reduced the hogs in his herd by 25%, and he received \$5.00 for the rest of the hogs he sold. But he lost money because of the processing tax. He said that the processing tax cost him about \$150 more than the corn and hog benefits he received.¹²

Some farmers wrote their congressmen complaining about the processing tax. They collected names of farmers on petitions, sent the petitions to the congressmen, and asked their congressmen to work for the repeal of the tax. One such petition was received by Minnesota Senator Henrik Shipstead. The farmers indicated that they believed the processing tax had resulted "in a disastrous hog market, even lower than that of one year ago." Senator Shipstead passed the petition on to the Department of Agriculture.¹³

Farmers used other means of expressing their discontent. One way was simply not to sign up. In Minnesota more farmers refused to participate in the AAA corn/hog program than joined. In 1934, for example, 79,594 Minnesota farmers signed corn/hog contracts, while 123,728 abstained. Those who signed had to reduce their hog production but got a \$5.00 federal payment for those they raised.¹⁴

In January 1936 the Supreme Court declared the Agricultural Adjustment Act unconstitutional. Comments in Minnesota on the Supreme Court decision varied. A. J. Olson, president of the Minnesota Farm Bureau, said he believed so much in the control act was good the whole plan should not be scratched. John Bosch of the Minnesota Farm Holiday expressed satisfaction with the decision. He said Minnesota farmers who did not sign the corn/hog agreements would jointly institute action to recover the hog processing taxes.¹⁵

Soon after the decision Minnesota Senator Elmer A. Benson sent a telegram to lawyer and political activist, Arthur Le Sueur of Minneapolis:

AUTHORITIES IN DEPARTMENT OF AGRICULTURE SAY POSITIVELY PACKERS DID DEDUCT PROCESSING TAX FROM PRICE HOGS HAVE ADMITTED IT REPEATEDLY TO FARMERS AND AT PUBLIC HEARINGS STOP TRIPLE A CHIEF HAS RESEARCH MAN COLLECTING SUBSTANTIATING TESTIMONY STOP SAYS WITHOUT DOUBT NON CONTRACT FARMERS CAN FORCE REPAYMENT AND CONTRACT SIGNERS MAY ALSO HAVE CASE IN COURT DETAILED LETTER FOLLOWS AIR MAIL.

The telegram from Benson to Le Sueur was passed from Le Sueur to the Iowa farm leaders who formed the Farmers Process Tax Recovery Association.

As the group grew in Iowa, its leaders attempted to reach out to farmers in Minnesota. Donald Van Vleet, as the newly elected president of the organization wrote to Le Sueur about the possibility of suing in court for the return of the hog processing tax or filing claims with the Bureau of Internal Revenue. Le Sueur said he would get in touch with John Bosch and suggested Van Vleet find cases in which Iowa farmers were willing to sue to get their money back on claims involving St. Paul processors. They would then be joined with some Minnesota cases to test the possibility of recovering the processing tax through the court system or through appeal to the director of Internal Revenue. Le Sueur hoped to place claims against the Hormel company. Other lawyers in Iowa and Missouri were also consulted. In 1936 Recovery Association members filed 265 claims with the commissioner of Internal Revenue. The claims were rejected, however, on the grounds that the farmers did not have receipts showing they had paid the tax. Therefore, they could not recover their tax money, despite evidence introduced showing that though the processors had paid the tax, they deducted the cost of the tax from the price paid to the farmers. (Farmers submitted receipts showing they received lower prices for their hogs after the processing tax was enacted.)¹⁷

The year 1936 was also a presidential election year. As usual the Grange (282 members) and Farm Bureau (17,740 members) remained neutral but some leaders of the Minnesota Farmers Union (2,041 members)¹⁸ and Farm Holiday (1,876)¹⁹ were more partisan. Edward E. Kennedy, the national secretary of the Farmers Union, led the pro-Lemke forces. He campaigned heavily for Lemke throughout most of the Middle West. He also wrote strong editorials in the National Union Farmer to endorse Lemke's candidacy.²⁰ The Northwest group of Farmers Union leaders including Charles Talbot of North Dakota and A.W. Ricker of Minnesota emphasized their neutrality. Talbot in an obvious reference to Kennedy, warned against partisan campaigning at Farmers Union meetings.²¹ Bosch campaigned against Lemke. He told the farmers at a Minnesota Farm Holiday Convention that he had known William Lemke for a long time but that he believed Lemke was making a mistake in running for president as a candidate of an undemocratic party, and since there seemed no other choice to Bosch, he supported Roosevelt over Landon or Lemke.²²

In the aftermath of the election, the National Farmers Union Convention was held. Lemke gave a speech that was poorly received. Everson was re-elected president. And Kennedy was opposed by the forces in the Farmers Union party who disliked his support of Lemke in the 1936 election. Kennedy lost in a closely fought election.²³

In the spring of 1937, in another effort to gain Minnesota support, Van Vleet wrote to John C. Erp, Canby farmer and president of the Minnesota Farmers Union, suggesting that he establish a branch of the Recovery

Association in Minnesota. Van Vleet reported he had written John Bosch asking for his help but, although Bosch supported the organization, Van Vleet feared that he "is so busy that he doesn't have time to give to it."²⁴

In July, 1937, he suggested that Erp accompany him and Johnson to Washington to see what could be done to advance the cause there. He wrote, "Although you have not been actively engaged in this work, we know you are in sympathy with this movement."

Apparently, Van Vleet also told Erp that the group planned to meet with Kennedy, who was lobbying for various farm groups. Erp replied that he was interested in the proposal advanced by Van Vleet and had heard that the Minnesota Farm Holiday Association had done some work earlier toward recovering the hog processing tax. He did not know, however, if the Holiday Association was doing anything more about the recovery of the processing tax. "I am at a loss to know if John Bosch has dropped it entirely or not. As I recall, there were two claims filed with the Attorney through the Holiday Association--one a contract signer and the other a non-contract signer." Erp regretted that he could not travel with the group from Iowa to Washington because he needed to attend a special state Farmers Union convention in Minnesota in July.²⁵

The Iowa group traveled to Washington, engaged the services of Edward E. Kennedy, who proceeded to work with William Lemke on writing and presenting a bill to Congress for the refund of the processing tax.

Later that month, at the annual meeting of the Minnesota Farmers Union in Granite Falls, the processing tax was discussed.²⁶

Van Vleet encouraged Erp, saying "the stronger this movement becomes and the more agitation there is for the payment of this money the better chance we actually have. . . . Your Mr. Benson was the man who originally started some agitation in behalf of the return of this processing tax." Van Vleet said that the group had two options: "We are working it from two different angles, the legislative angle and also the legal angle through the law already in force." Van Vleet also passed on more advice and suggestions. For filing the refund claim with the association, he said the organization could charge 1 percent of the amount of the tax refund requested; this money would then be divided among the solicitor, the state office, and the national headquarters.²⁷

Farmers in Minnesota were restless in 1937; farm prices had risen a little, but farm costs had risen much more. Feed, machinery, fertilizer, building materials, equipment and supplies, and seed all cost more. In 1936 the government reports indicated that the farmers were still not receiving prices equal to their costs of production. Also, farmers in the Middle West were still losing their farms. Of the total number of farmers declaring bankruptcy in the country, 20.5 percent in 1932, 23.8 percent in 1933, 22 percent in 1934, and 19.4 percent in 1935 were in the area which included Minnesota.²⁸ Thus, Erp found that there were farmers who were willing to organize to work to recover the processing tax.

In 1937 he began to organize a statewide recovery association in Minnesota. Because of his position as Minnesota Farmers Union president, Erp was able to encourage other officers to become active in the Recovery Association. A number of people holding office in the Minnesota Farmers Union became members of the Recovery Association and committeemen and/or solicitors for the organization.

County committees were appointed in most of the counties. Their members often solicited farmers to sign up with the organization to file for the return of their processing tax. Solicitors received a small portion of the new members' enrollment fees.

The largest membership in Minnesota came from Big Stone, Kandiyohi, Lac Qui Parle, Renville, Swift, and Wright counties--the counties hardest hit by the depression. (These counties, located in the western and central sections of the state, also figured prominently in the Farm Holiday movement.)³⁰

The Minnesota recruiters received some help from the national office in Des Moines. Van Vleet encouraged the leaders of the organization to request posters and other supplies. "We have the community sales posters or other supplies available any time that you need them. I believe it very important that this entire display be placed up all over the country so that farmers will have something permanent where they can go and see it and be educated to a certain extent on our organization."³¹

Nevertheless, the Minnesota branch of the National Farmers Process Tax Recovery Association never became very large. Membership numbered

about 650, and was only a small percentage of the 200,000 possible farmers. Many more farmers in Minnesota had lost money as a result of the processing tax. In 1934, for example, 4,500,000 hogs were marketed for slaughter, 2,480,000 by AAA signers, and 2,040,000 by nonsigners. That year the nonsigners received approximately \$10,208,000 less for their hogs because of the processing taxes. Although the AAA contract signers had been reimbursed by the AAA at a rate of \$5.00 per hog many authorities believed they had also lost because of the tax.³²

D. B. Gurney, operating in South Dakota, had needed no urging from Van Vleet to help the farmers recover their processing taxes--he initiated his own action.³³ In January, 1938, Gurney began suggesting over his popular noon-hour radio program that farmers collect their hog receipts and send them in to him. His fees were lower than the fees charged by the National Farmers Process Tax Recovery Association. Gurney's broadcasts and their appeal reached beyond state boundaries. He received a number of letters from farmers in Nebraska, Kansas, Iowa, and Minnesota, as well as other states.³⁴

Gurney also organized meetings in Minnesota where he or his representatives met with farmers to explain how claims should be filled out and what substantiating evidence was needed to support the claims. Meetings were held in Jackson, Brewster, Fairmont, and Albert Lea.³⁵

Commenting on the progress of his activities, Gurney wrote in a letter to a Montevideo farmer that since he had begun giving the farmers

information, "there has been a spirited move, and a great many have gotten behind this work with me."³⁶

Gurney's offer to help farmers recover their processing taxes was regarded by Recovery Association leaders with mixed emotions. They appreciated the fact that Gurney was attracting attention to their cause and Van Vleet wrote Erp that "Gurney is advertising over the radio quite extensively but according to some of your field men it is helping them more than it is hindering them."³⁷ Then Van Vleet began to hear from other local recruiters who resented Gurney's competition because Gurney's rates were lower than theirs. They feared that many potential members were joining him, instead of the association. Recruiters felt they had been leading the fight since 1936, and Gurney was a newcomer. Sympathetic to his local recruiters, Van Vleet changed his mind and began actively to oppose co-operation with Gurney's efforts.

Recovery Association leaders disagreed over their relationship with the Gurney organization. Van Vleet, fighting any efforts to join forces with the South Dakotan, was also being criticized by Erp and other leaders of the Recovery Association because of his efforts to combine recruitment with the sale of agricultural products such as harnesses and yeast pig feed. Amidst the controversy, Van Vleet resigned. In July 1938, Van Vleet notified Erp, the Recovery Association's vice-president, of his decision and Erp became president.³⁸

Earlier Erp had accompanied the group to Washington. In March of 1938 he testified for the tax refund bill. According to him, those farmers

who participated did so "not because they wanted to but because conditions in Minnesota were such that they thought that by going along, and in view of the drought, that there might be some benefit." He said farmers "were of the opinion that the tax was taken from them because of the low hog prices that we had during that period." Now the farmers were hoping that Congress would pass legislation to pay back to them the taxes that were collected from them on their hogs.³⁹

Erp was followed by other leaders in the National Farmers Process Tax Recovery Association, by John Vesecky, president of the National Farmers Union, and William Lemke, North Dakota Representative who had worked with Edward E. Kennedy to write and promote the Recovery Association bill.

The Recovery Association and Gurney encouraged farmers to write their congressmen. For a time, Gurney enclosed postcards in his letters to processing tax claimants asking that they send them to Washington. A farmer from Marshall wrote Gurney that he appreciated his "efforts in this good work," and added that he had written his senators and congressmen "and they have replied that they would use all their influence in obtaining passage of this bill."⁴⁰ Other farmers also wrote that they had corresponded with their congressmen and received similar assurances.⁴¹

The bill did not pass that session but the Recovery Association continued working through friendly congressmen to submit bills for each year from 1938 through 1941.

Association members continued to fight for repayment of the hog processing tax and to recruit members. In 1941 Recovery Association

leaders launched a concerted effort to enlist more members. Meetings were held in various towns in Minnesota. Carl Meints and Dan Harvey held meetings in Mankato on November 3 and St. James on November 5. A note in the New Ulm Daily Journal announced that a meeting would be held at the Grand Hotel in New Ulm on November 7.

Farmers continued their attempts to gather proof of their 1934 and 1935 hog sales. This was not always easy; although some farmers had kept receipts, many had thrown them away. One farmer wrote that he had destroyed his records and "I haven't any thing to show up, we had them all at the time this was agoing [sic] but after that we burned them."⁴² This happened frequently among farmers who had moved since 1934 or 1935.

Failing to find their receipts at home, many tried to contact the commission firms or packing yards for the receipts. Some farmers told the Recovery Association officers or Gurney that they were having difficulty getting their receipts from the processors. A farmer from Madison Lake wrote to Gurney: "Now on this sale slips all hogs I sold in Mankato, Minn. I went to them and . . . thay [sic] said no we will help you out when the Bill is pass . . . so with Mankato I will leve [sic] that to you."⁴³

A farm woman from the southwestern corner of the state sent Gurney a letter her husband received from John Morrell and Co. of Sioux Falls, South Dakota, saying the company would not give him the information unless it was given the actual dates of delivery and the reason for requesting the information. She sent Morrell's letter on to Gurney commenting that she hoped he would have better luck with getting their records from Morrell's

than either she or her husband had.⁴⁴ One farmer from Rogers wrote Gurney he shipped all his hogs to the Bennett Commission at South St. Paul and they too would not verify the number of hogs he sold and so he wondered if Gurney could help him with this.⁴⁵ Another wrote that his shipper told him that he had burned all of the records although the farmer did not know if he should believe the shipper or not.⁴⁶ A farmer from Bib Lake wrote that he talked with the commission firms in South St. Paul and they said they felt it was a lot of work to find the records and they did not want to do this unless there was "some definite assurance that we farmers will get the refund."⁴⁷ Yet another farmer related that the commission firm where he had shipped his hogs said they would not give out the information "unless legislation is passed."⁴⁸

Those farmers who had joined the AAA corn/hog program had already given their hog sales receipts to the local county agents. Some, however, found that they could not get the papers back.⁴⁹ One farmer wrote that when he contacted his county agent in order to get the figures for the year he was under the AAA program: the county agent told him "they got orders to keep them."⁵⁰

During these years when the Recovery Association was expanding into Minnesota, leaders found that they received varying degrees of support or opposition from the local newspapers. Many papers carried small news items concerning the meetings which were organized by National farmers Process Tax Recovery Association solicitors. For example the notice in the New Ulm Daily Journal told about the representatives of the Recovery Association

who had scheduled the meeting, and stated that \$22,854,394 was available to Minnesota hog farmers for refunds of the processing tax. The article writer suggested that farmers should bring sales slips, book records, or other data to the meeting where the representatives would assist the farmers in preparing their claims.⁵¹ Similar notices were also printed in other papers.⁵²

Less friendly material was printed in an editorial in the Minneapolis Farmers Union Herald in 1938. A. W. Ricker, the editor of the Herald, had long been a force in Farmers Union politics and was strongly allied with Farmers Union leaders Talbott and Thatcher from the wheatbelt.⁵³ He was a bitter antagonist of the branch of the Farmers Union (Simpson, Kennedy, Reno) that supported legislative efforts to achieve farmers' goals of cost of production etc. He was once in such a bitter argument with Simpson at a Farmers Union Convention in Omaha in 1933 that blows were exchanged.⁵⁴ Ricker wrote that there probably would not have been a process tax recovery movement if the packers had not kept millions of dollars which they collected from the farmers and did not turn over to the federal treasury after the Supreme Court Decision. Congress had voted windfall taxes against the packers but so far the returns on the tax had been small. Ricker had attended the hearings on the proposed return of the processing tax and felt the matter was considered of little importance in Congress and there was little likelihood of the bill becoming law. The recovery movement, he felt, was a "Racket" and was "designed primarily to collect fees from farmers who are persuaded that they may thereby some day get a

check from Uncle Sam."⁵⁵ Ricker's remarks echoed the stand of the Department of Agriculture. Indeed, at that time, the Farmers Union leaders from the grain states were drawing closer to the Roosevelt Administration.⁵⁶

One farmer wrote to Gurney that he had asked his county agent for a list of hogs which he sold while he was under the corn-hog program. But the county agent had only sent back a small slip of paper with the numbers but no name on it or on the envelope and then the next day he sent the Farmers Union Herald to him. "So you can see for yourself they aren't very much in favor of helping the farmers."⁵⁷

Ricker's article in the Farmers Union Herald was answered over the radio by D. B. Gurney who said that anyone who wrote in such a manner could not be a friend of the farmer.

Another article drew the wrath of A. J. Johnson who admitted that the Recovery Association's bill was opposed by the Farm Bureau, county agents, and AAA committeemen. While the Recovery Association did not hold any hard feelings against these organizations, he said they did feel called upon to "protect ourselves against UNDUE [sic] attacks and smears."⁵⁸

John Erp, recognizing that some papers were friendly to the movement and some were not, requested that the national office mail out multiple news releases. "When we have one committeeman to the county with only one news release, the article will be taken to one newspaper and if the newspaper is not favorable then nobody will get to know of what the Process Tax Recovery Association has or is accomplishing."⁵⁹

As one considers the farmers of Minnesota and the efforts to recover the hog processing tax the figures are surprising. Very few of the farmers joined the National Farmers Process Tax Recovery Association. Why did some join the Recovery Association and not others? Many joined for monetary reasons. They hoped to get their money back. For others it was probably a mixture of financial reasons and a feeling that it was the right thing to do; they had not approved of the processing tax, when it was first enacted or after living with it for a year. In 1934, \$.50 a hundred weight was one-seventh to one-eighth the cost of a hog, and although the prices of hogs increased in the next two years, the processing tax increased to \$2.25 a hundred weight as well. When the tax was declared unconstitutional, farmers felt it was right to attempt to get that money back.⁶⁰

Letters indicate that a number of farmers did not join the Recovery Association because the cost of two or three dollars for filing a claim was difficult to meet in the midst of a depression when every penny had to be accounted for. Some suggested that their filing fees be taken out of the refunds when the bill was passed. Both Gurney and the Recovery Association received many letters from people who were interested in their program but then dropped out before sending in their money.

Gurney's competition probably was responsible for a somewhat smaller number of Minnesota people joining the National Farmers Process Tax Recovery Association. They found that they could get similar service from Gurney at a lower price.

Another reason that more people may not have joined the Association was the difficulty of getting proof of hog sales during 1934-35. Many firms refused to look up the receipts or said they had been destroyed. A farmer might wonder then if there was any sense to joining a refund organization when he could not prove the number of hogs he had sold.

Other letters show that the writers wondered whether they would get their money back. They feared that the government would never refund their taxes. A farmer in the Brainerd area wrote that he had a long argument with his county agent over attempts to recover the processing tax. The county agent said he knew they would not get their money back because he "got a letter from D.C." saying the farmers would not receive the tax. The farmer said he and some others told the county agent "he had better stick with the farmers."⁶¹ Another wrote: "By when will we get this tax paid to us?"⁶² One commented: "Wish you the best of success in what you have undertaken. . . . This Wallace farming sure is a deterrent [sic] to us dirt farmers."⁶³ And in September 1941 a Willmar farmer wrote to A. J. Johnson. "When we join your Ass. we was promised to get our refund on processing tax on hogs. Three years have lapsed [sic] since this great golden promais [sic]. Now then is there or has there been any action on this bill."⁶⁴ Certainly, the adverse publicity in the Farmers Union own paper as well as unfavorable accounts in some papers, must have frightened some people.

Although the Recovery Association made progress in the late 1930s, it faltered in the 1940s. The loss of several founders adversely affected the organization. Reno died as the group was getting under way. Then

Van Vleet resigned in 1938. Van Vleet's departure was especially detrimental because he was well known and respected in Iowa, where the association had its strongest base. When Erp became president, he tried to hold the group together, but his strength lay in Minnesota, which had fewer members than Iowa. Kennedy also tried to hold the group together, but his base of operations was in Washington, and in 1941 he became interested in other causes.

The Farmers Union in Minnesota was also facing serious divisions. In 1936, Kennedy had lost his position in the Farmers Union due to the maneuvers of leaders such as Bosch of Minnesota, Emil Loriks of South Dakota, and Charles Talbott of North Dakota. Erp, long a friend of Kennedy, was angry and refused to deal with the new leadership in the Farmers Union. The Farmers Union board of directors met in Saint Paul in December 1937 and tried to get Erp to go along with national policy. Erp refused to attend the meeting. Therefore, the board authorized a move to organize a new Farmers Union in Minnesota.⁶⁵ Membership in the Minnesota Farmers Union fell from 2,041 in 1933 to 295 in 1938.⁶⁶ These frictions could only weaken the work of the National Farmers Process Tax Recovery Association in Minnesota since the group depended so much upon Farmers Union leadership.

Elmer Benson, who sent the telegram to LeSueur, was a United States senator with federal contacts in 1936. (One can only speculate as to which contacts in Washington had advised him that non-signers of the AAA corn/hog contracts had rights to the recovery of the hog processing tax. Was it

members of the Department of Agriculture; perhaps statisticians in the Bureau of Agricultural Economics?) In 1938 he left the Senate to become governor of Minnesota; as a result, during most of the years when the Recovery Association was fighting for passage of federal legislation, Benson was involved in Minnesota state affairs. He may have wished to stay out of a fight for the recovery of the process tax when farm leaders in his own state were deeply divided. Erp was in favor of recovering the tax; but Bosch by 1938 was opposed to Erp. The Farm Bureau, much larger than either the Farmers Union or the Farm Holiday, opposed the efforts of the Recovery Association.

The entrance of the United States into World War II irrevocably turned people's attention elsewhere. Farmers as well as the rest of the country geared up for war production. Issues of agricultural freedom or regimentation were set aside in the desire to fight the tyranny of the Axis powers. These issues would not be completely forgotten in the years ahead, however.

Decades later, Benson reminisced in Minnesota History about his earlier days and commented that Americans did not fully appreciate the many "grass roots protest movements which keep proliferating in our cities and on our farms."⁶⁷

Certainly, the National Farmers Process Tax Recovery Association was a grass roots protest movement which originated in Iowa but spread into Minnesota, using local leadership and building upon local grievances. These people, in the early days of the Depression had been supporting penny

sales and organizing withholding actions. Then in 1937, 1938, 1939, 1940, and 1941 they wrote their congressmen, fought with their county agents, paid fees, and hoped for the achievement of economic justice in a cause against the federal government.

Endnotes

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²⁵John Erp to Donald Van Vleet, July 6, 1937, NFPTRA Records.

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CHAPTER IV

D. B. GURNEY'S CAMPAIGN

Farmers in South Dakota lived through some very difficult times in the 1930s. They were struggling to keep their families and livestock fed, to pay their debts and tax bills, and keep their farms and ranches. In this struggle they had heavy problems of debt, drought, and depression to deal with. And while farmers had hoped that Franklin Roosevelt and his New Deal would defeat the depression, it continued throughout the 1930s. In these discouraging times, people looked to other leaders who offered help. One such leader was D. B. Gurney of Yankton, South Dakota.

The problems which South Dakota farmers faced were extensive. Many of them had borrowed to expand their farms and livestock and buy new machinery during World War I. When the war was over and European farmers returned to their fields, prices for American farm products fell drastically, making it nearly impossible for farmers to pay off their debts. For example, South Dakota farmers received \$1.33 per bushel for corn, and \$16.38 per hundred weight for hogs in 1919. Prices dropped to \$.25 for a bushel of corn and \$2.93 per hundred weight for hogs in 1932. Prices rose for a few years, and then dipped in 1938. In 1938, prices for agricultural products were still not up to pre-depression levels. Corn was \$.41 per bushel and hogs were \$7.54 per hundred weight.¹

The debt problems of the farmers were reflected in the many farm foreclosures and bank failures. During the period from 1921-1932, 31,419 farm foreclosures had been instituted; involving nearly 19.6 percent of the farm acreage on the tax rolls.² Between 1920 and 1933 about 71 percent of all state banks failed.³

Extreme drought struck parts of South Dakota in the 1930s. Eastern and central South Dakota suffered from low amounts of rainfall of approximately 12 inches in 1933. Western South Dakota received 7 inches of rainfall in 1931 and 13 inches in 1933.⁴ In 1936 the entire state of South Dakota received a little less than 11 inches of precipitation. The average yearly rainfall of South Dakota is 18.86 inches, with areas in the eastern part of the state generally receiving 20 to 26 inches of precipitation.⁵

Accompanying the drought came plagues of grasshoppers. They consumed the crops which the drought weakened, attacking various areas of the state throughout much of the thirties.

Besieged by debts, drought, depression, and grasshoppers, South Dakota farmers were willing to listen in January of 1938, when D. B. (Deloss Butler) Gurney of Yankton, South Dakota, president of Gurney's Seed Company and WNAX Radio Station initiated a campaign which promised to be of financial benefit to the hog farmers of the area. Gurney was known as a prominent state Republican, and a concerned public citizen who in the early 1930s had called for and received hundreds of railroad carloads full of local aid for drought victims in Arkansas, South Dakota, and Nebraska.⁶

He had also been a leader in calling for a special session of the state legislature to pass legislation to provide loans for farmers and ranchers to purchase feed for cattle because of the shortage of feed from the drought of the preceding year.⁷

The campaign which Gurney outlined in January of 1938 during his noontime farmers' hour over WNAX was a program for the recovery of the hog processing taxes which had been levied from 1933-1935 under the Agricultural Adjustment Act. When the processing tax had been declared unconstitutional in 1936, some Iowa farmers had banded together to form an organization for the recovery of the processing tax. They had tried to reach into South Dakota but had been unsuccessful.

In the fall of 1937, the Iowa based organization (by now calling itself the National Farmers Process Tax Recovery Association) had hired Edward E. Kennedy to represent them in Washington. He was able to persuade his long time friend, William Lemke, to introduce legislation calling for the return of the processing tax. The bill was introduced in August of 1937. On January 24, 1938, Congressman Lemke spoke in the House of Representatives in support of Senate Joint Resolution #202 for refunding the hog processing tax.⁸

Gurney had long supported Lemke and his legislative program.⁹ He knew about the National Farmers Process Tax Recovery Association and also that other groups were organizing at this time and seeking legislation for return of the processing taxes which had been levied on cotton and tobacco.¹⁰

So, the idea of forming an organization to promote the return to the farmers of the hog processing tax was not new when D. B. Gurney spoke over the radio urging his listeners who were corn/hog farmers to gather up their hog receipts from November of 1933 through January 6, 1936, and enroll with him in a program to get their processing taxes returned. Gurney was a showman, an entrepreneur,¹¹ and he used his enthusiasm and persuasive abilities in the struggle for the return of the processing tax.

Gurney said the farmers should enroll in his program, send in their receipts, pay a small fee, and together they would try to get their money back.

There wasn't much that Gurney could do about the drought or the grasshoppers, but he may have felt that through his campaign he could help the farmers benefit financially. Certainly, if the farmers' lot improved it would also benefit him and his seed company. Even if the processing tax were not returned, the effort to obtain its return would be a good public relations move for the seed company. Thus, through his campaign, Gurney hoped to win the goodwill of the farmers and perhaps improve his own business prospects.

So Gurney began to suggest to his listeners on his noon hour farmers' program that they collect their hog sales receipts from the years when the AAA corn/hog program was in effect and send them in to him at Yankton, South Dakota, and enroll in a program with him to attempt to get their money back. He really did not have much organization. The letters came either to Radio Station WNAX or to Gurney's Seed Company and then were

passed on to him. Gurney used the services of a few secretaries at Gurney's Seed Company to open the mail and record the payments, generally, answering people's letters himself.

Gurney was regarded as a friend by many of his listeners. One Minnesota farmer wrote, "Listened to WNAX station every day. Please send me all papers for corn hog collection and all necessary information how to get the money."¹² A farmer from Wisconsin commented, "We listen to you talk over the Radio at 15 to one every day, hope the refund will go thru that would be a real God's blessing."¹³ Another man explained, "I have heard you so many times on the Radio that I feel that I know you real well."¹⁴ Many other farmers wrote similar remarks on the letters they sent in to Gurney.

The letters came from listeners in South Dakota, Minnesota, Iowa, Wisconsin, North Dakota, Montana, Nebraska, Kansas, and Missouri.¹⁵ At that time Radio Station WNAX had one of the highest towers in the middle west and its broadcasts covered a five state range.¹⁶ Some of the letters came from people who did not even have a radio; they had heard about Gurney's plan to recover the hog processing taxes from their friends or neighbors and wrote in to Gurney to ask for more information.¹⁷

Occasionally, they would ask for sign up sheets for the processing tax recovery program at the same time they were ordering seeds, or baby chicks.¹⁸ One letter writer said he was sending his hog slips to Gurney and did not know if it would do any good but he hoped it would because he

needed a "lot of alfalfa seed and clover seed and this money would come handy and if you Get this for me you can sure expect a Big order."¹⁹

Often the letter writers asked questions concerning Gurney's attempt to recover the processing tax. One of the most pressing concerns seemed to be regarding eligibility. Listeners wanted to know, if the processing tax were returned to the farmer, which farmers would get the processing taxes returned to them, those who signed the government corn/ hog contracts (signers) or those who did not sign the contracts (non-signers)? The contract signers had received payments from the government for reducing their numbers of hogs, while the non-signers had not received any payments. At first the bill applied only to non-signers and so Gurney informed his listeners and letter writers that only those who had not signed up with the AAA corn/hog program were eligible.²⁰

A few farmers were quite indignant that the proposed bill would only include the non-signers. One farmer from Rockham, South Dakota, questioned: "There are certain things which I don't quite understand. What I would like to know is, Why the Signers are not initialed to there [sic] refund of the tax just as well as the non signers. I should think if a law is illegal for one it would also be illegal for another. The signer payed [sic] the tax just as well as the non signer."²¹

Gurney wrote to answer these concerns: "Personally I believe that the signer and the non-signer are equally entitled to this, but the present bills before Congress do not provide for the signer. I have promised you over the air that after this campaign is finished that I will see that

another bill is introduced, taking care of the signers."²² In a later letter Gurney explained to another correspondent, that he had asked to have the bill amended but some of the congressmen had said that amending the bill might delay its passage.²³ To another farmer Gurney wrote "I want every hog producer to get everything that is coming to him and do not want to overlook anything at all where the farmer and hog producer is concerned."²⁴

In March of 1938, the subcommittee of the Committee on Agriculture suggested that the signer and the non-signer be given the same rights for the refund of the processing tax in the proposed bill and recommended that the bill be passed as changed. Within a day or two after the change, Gurney was announcing the new policy over his radio program and in his letters.²⁵ On March 28, Gurney wrote to a farmer in Foreston, Minnesota: "I know this will be interesting to you and it is very pleasing to me because I have made a stand for this and have worked hard to put the signers on the same basis as the non-signers."²⁶

Many farmers responded to Gurney's proposal by busily hunting up their records of hog sales. Some farmers had very good records. They quickly filled out and returned a standard form which Gurney sent to them indicating whether or not they had participated in the government corn/hog program from 1933 to 1936. They were supposed to list the number of hogs sold, the purchaser, address of purchaser, total weight and total tax paid on the hogs. The sheet informed the farmers as to what the processing tax was during each year. (It was \$.50 per hundred weight in 1933, \$1.50 per

hundred weight for part of 1934 and \$2.25 per hundred weight from March 1, 1934, to January 6, 1936.) Then the farmers were supposed to total up their claim and pay Gurney about 2 percent of the amount claimed as a filing fee.²⁷ They also agreed that if the processing tax was refunded, Gurney could deduct 6 percent of the amount collected and forward the balance to the farmer.²⁸ Many farmers filled these forms out from records they had kept or were able to secure from small packing houses.

Others had more problems. Some farmers said that they had recently moved or cleaned house and destroyed or misplaced their records. Would they be able to get duplicates?²⁹ A Wisconsin farmer wrote that his wife had "burned up a lot of slips last fall she said they were no good."³⁰ Another farmer who lived near Herreid, South Dakota, expressed his concern that it was difficult to obtain new receipts as a lot of the buyers were "not around anymore."³¹

Farmers began to try to get copies of their hog receipts from the packing houses and commission firms. One South Dakota hog producer had gone to see his packer at Watertown and asked for the slips and "they turned me down cold."³² Another farmer from Dell Rapids, South Dakota, went to Morrell's but they said it took too much time to look for the hog receipts "so we didn't get them."³³ A Nebraska farmer said he had contacted two firms, the Farmers Union Commission Company and the Triangle Commission Company for duplicate slips of his hog sales. The Triangle Commission Co. wrote that the "government had given them permission to destroy their past records so they could not furnish . . . a duplicate

sales slip. The Farmers Union Commission Co. would not send them . . . stating it was early enough to get them when the bill was passed."³⁴

A hog producer from Hendricks, Minnesota, writing to Gurney, enclosed a letter from John Morrell and Company:

We noticed in a late issue of Wallace's Farmer a statement from the Solicitor of the Department of Agriculture that this activity with reference to refunding Processing Taxes is not legitimate so far as any Government Agency is concerned. Therefore, until we know that the Government is behind this we cannot go to the expense of looking up all the information that is being requested by a number of our shippers.³⁵

A farmer living near Worthing, South Dakota, complained to Gurney that he went to the Morrell Packing Plant in Sioux Falls to get dates and weights, but they would not look up the dates and weights for him. He said they claimed they did not know anything about the processing tax and that there were many people coming in asking for information on their hog sales during the years of the processing tax. "They had that article published in the Wallace Farmer to read to everyone to beware of collectors of the processing tax."³⁶

Gurney explained that apparently a large number of people went into the offices and "it sort of disturbed their work and they were more or less peeved about it." However, he continued, "our attorney has been to these plants now and explained the situation and told them that we would handle it on a basis that would not cost them anything . . . [and] would not disturb them in their work."³⁷

Gurney then began to send "Form B" to those farmers who did not have all their sales slips and needed help in establishing their claims to

refunds of the processing taxes. These forms had blanks at the top for the date, name, and address of any person or firm to whom the farmers had sold hogs during the years of the processing tax. The farmer who filled out the form requested that the firms whom he had named would furnish duplicate sales slips or other evidence of hog sales to D. B. Gurney or his representative. Once returned, the forms were kept in the farmer's file for use when the processing tax refund was finally passed.³⁸

As Gurney assured his audience and letter writers,

We will have a very large number (of claims) in each of the commission houses and the packing companies in the various cities and we will send our own help there and do the checking and not disturb them in their work. Or, we will pay their own employees to get this for us.³⁹

Apparently, this still continued to be a matter of concern because in March of 1938, Gurney wrote a Luzerne, Iowa, listener: "I have asked over the air, that the grower and producer of the hogs does not bother the people to whom they sold their pigs at the present time." Gurney expressed his belief that the packers and commission houses should be in favor of the passage of the bill to help the farmers get the money back. "It would make better customers of the farmers for the people who expect to make their living from the stuff that you grow."⁴⁰

While the non-signer had the problem of trying to find his hog receipts, the signer had a different problem. He had already found his corn/hog receipts and submitted them with his corn/hog contract to the government. Many of the farmers who went to their county agents to ask for their receipts or copies of their corn/hog contracts which contained the

same information were turned down. A Nebraska farmer told Gurney, "I was to my Co. Agent and he stated that thus far he had no right to issue me my original sales slips." The County Agent also gave him a copy of the statement by the United States Department of Agriculture which had also been referred to by some of the packers.⁴¹

Gurney replied that he had received a large number of copies of the release by the United States Department of Agriculture. He said he had answered the Agriculture Department statement on his radio noon hour program numerous times, as "they keep popping up from everywhere." He commented that the persons who wrote the statement "probably do not know that the Bill has already been before the investigating committee of the Department of Agriculture, and that the Sub Committee of the House has finished its investigation and recommended that it do pass, that Congressmen and Senators are falling over themselves now to get back of the Bill."⁴²

Gurney said it was not necessary to go to the County Agent to get evidence of hog sales. The evidence was not needed until the bill became law. Gurney suggested that farmers sign a statement requesting that the County Agent furnish copies of the original sales slips when the bill was passed.⁴³

Then, Gurney in a rare moment of irritation, commented on the Department of Agriculture's actions:

The Department of Agriculture is supposed to be about the only Department of Government that the farmer might call his own, but in this particular case, they are using every effort to hinder him in

every way from securing a refund of approximately \$361,000,000.00 that was collected from him by an unconstitutional Bill.⁴⁴

In addition to questions concerning the status of signers and non-signers and problems of locating records of their hog sales, farmers also told Gurney of their feelings concerning the New Deal farm programs. Many felt that the processing tax had been unfair. One farmer wrote "hope you will be able to collect this unjust tax for the farmers."⁴⁵ Another South Dakota farmer hoped that Gurney would be able to "get this money back for the farmers that was taken from them."⁴⁶ And a Nebraska farmer wrote: "It was just a steal."⁴⁷

A Minnesota farmer wondered if the Government would have to keep back about 50 percent of the refunds for the

work of mailing out the money to us farmers. But they shure [sic] as hell shoud not do so as we farmers were not to blame they took that money. I fought that deal as hard as I could I have not singed [sic] up on any of the foolish thing yet.⁴⁸

Other farmers wrote they feared that they might lose the right to make their own decisions under the New Deal farm programs. A Webster City, Iowa, farmer said that he was a signer of the AAA program although he was never much in favor of it. He feared if farmers kept on signing up they would "soon all be slaves for the government, lose our freedom."⁴⁹ Another farmer explained, "We are willing to try & help get action on this as it sure made us angry, as lots of other measures has since. A sort of Communistic way of doing we think."⁵⁰ While a Nebraska farmer wrote that he and his family had not signed up with the AAA program, and "are still independent."⁵¹

In May and June of 1938 Gurney had good news to report to his listeners and correspondents. Writing to a South Dakota farmer, Gurney said the House and Senate subcommittees had approved the bill. The Senate Agricultural Committee had reported favorably on the bill and he commented that "of course, I am enthused over the progress that has been made."⁵² In a letter later that month Gurney remarked:

Since I have been working on this, considerable progress has been made. Understand please that the legislation has not yet been adopted that will make this refund payable to you, but we must continue to work for this if we are to expect that this illegal tax will be paid back."⁵³

Gurney also suggested to his listeners that they write their senators and representatives encouraging them to vote for the hog processing tax refund bill.⁵⁴

In June, Gurney traveled to Washington and met with various congressmen and Edward E. Kennedy, the lobbyist for the National Farmers Processing Tax Recovery Association. They discussed the progress of the hog processing tax refund legislation. On returning home Gurney reported his findings in letters to farmers who were joining his program.⁵⁵

In July Gurney was able to report to a correspondent that the delegates to South Dakota Republican Convention had placed a demand for the return of the hog processing tax in their state platform.⁵⁶

It is surprising that D. B. Gurney did not report in any of his letters a piece of family news, the news of his son, Chandler Gurney's entry as the Republican candidate in the contest for the South Dakota United States Senate seat. According to news reports, Chandler Gurney

criticized the New Deal saying that it had failed to bring recovery and was possibly leading the nation into a "dead end."⁵⁷ In November of 1938, Chandler Gurney was elected to the United States Senate.⁵⁸

In the months following the election, D. B. Gurney continued his program to secure the passage of the refunding of the hog processing tax. He wrote letters reminding farmers who had sent in their claims but not paid their enrollment fees. Some farmers wrote back to explain why they could not pay their fees.

Gurney replied that he would try to enroll as many as he could, and he recognized that many farmers were having difficulties in financing even their initial fees. However, "the expenses are very heavy and I cannot afford to carry this load myself."⁵⁹ By January of 1939, Gurney had about 800 paid up members of his organization.⁶⁰

According to Jan dePagter, who worked with Gurney during these years, Gurney "sincerely believed this cause was just and he put his whole heart into the fight."⁶¹ He may also have been motivated by a dislike of the Roosevelt administration and the AAA. His first inclination was to especially help the farmers who had refused to sign up with the AAA. It was only later that he began to favor including both the non-signers and the signers in the processing tax refund bill. Gurney was a Republican, but a particular kind of Republican, a Republican who had supported Lemke for years. Lemke, in addition to being fervently interested in programs for improving the lot of farmers suffering from the problems of the depression, was a vigorous critic of Franklin Roosevelt and the AAA from

1934 on. Lemke criticized Roosevelt because he felt his programs were not going far enough for the common man, the poor "dirt farmer."⁶²

Although Gurney did not generally criticize the New Deal or the Department of Agriculture in his letters, sometimes he let slip a comment which expressed his dislike of the AAA. In one letter to a farmer in Iowa who wrote that most of the farmers in his area had signed up with the AAA, Gurney commented that he suspected not everyone had signed up in that particular township and "I guess that many of them wished now that they never did sign up."⁶³

How did the National Farmers Process Tax Recovery Association leaders feel about Gurney's activities? Gurney's campaign to help farmers recover their processing taxes had been regarded by the leaders of the National Farmers Process Tax Recovery Association with mixed emotions. They appreciated the publicity which his broadcasts had given to the cause.⁶⁴ But they resented the competition. Association recruiters complained that farmers who might have joined the Recovery Association enrolled with Gurney instead. The Association leaders were uncertain as to whether to actively cooperate with or oppose Gurney's campaign.⁶⁵

Then, as Chandler Gurney prepared to leave South Dakota to serve in the United States Senate, D. B. Gurney decided that his continued active participation in the campaign to recover the processing taxes might embarrass his son with a conflict of interest. So D. B. decided to diminish his role in the campaign to recover the processing tax. He began by telling potential subscribers that they and their friends and relatives

could enlist with him or with the National Farmers Process Tax Recovery Association. Either group could register a farmer's claims for the refund of the processing tax.⁶⁶

At least Chandler Gurney's election was the official reason given for the change in tactics. There may have been other factors influencing D. B. Gurney's decision. The response from farmers had not been as great as Gurney had hoped. His finances had declined. Radio Station WNAX was facing a difficult struggle for relicensing and was eventually sold in November of 1938. D. B. Gurney's health was also a concern. According to family tradition, it was D. B. Gurney who was first asked to run for the Senate, but he declined on the grounds of poor health.⁶⁷

Whatever the reason or combination of reasons, D. B. Gurney decided to take a less active role in the fight to recover the processing tax. He met with leaders of the National Farmers Process Tax Recovery Association and made arrangements to turn over his accounts to them. He sent his letters and files to the Association's offices. He no longer spoke over the radio concerning the processing tax nor wrote letters to farmers. All letters addressed to Gurney asking for information on the processing tax refund activities were forwarded to the Recovery Association offices in Des Moines and answered from there.⁶⁸ For nearly a year after he withdrew from active participation in the program, Gurney paid \$50.00 a month to Edward E. Kennedy, the association's lobbyist, to continue lobbying for the return of the processing tax.

In the Senate, Chandler Gurney enthusiastically supported bills to refund the hog processing tax to farmers.⁶⁹ The bills were discussed in the agricultural committees of the House and the Senate, but never passed by Congress.

For a year, D. B. Gurney had enthusiastically campaigned for the recovery of the processing tax to the farmers. It was a campaign that failed. The farmers who wrote to him never formed a strong organization that could rally support for or influence enough legislators to secure legislation for the return of the processing tax. Perhaps it was a fault inherent in the media that he used. The organization of a radio audience to achieve legislation for members of that group proved very difficult. Perhaps if Gurney had stayed with the fight longer he might have had more impact. He had been an important leader in the fight to recover the processing tax.

The National Farmers Process Tax Recovery Association had tried before Gurney began his campaign to establish a branch of their organization in South Dakota. Van Vleet wrote to Emil Loriks, president of the South Dakota Farmers Union that he had talked with E. H. Everson of South Dakota, president of the National Farmers Union, and Everson had said he would contact Loriks to get him interested in the fight to recover the processing tax. Loriks requested information about the Recovery Association, saying "our people would like to know about it." He did not continue correspondence concerning the Recovery Association, however.⁷⁰ Later, A. J. Johnson wrote to a South Dakota Farmers Union officer that he

read an article by Loriks in the South Dakota Farmers Union paper, taking "quite a dirty dig at the Process Tax Association." Johnson felt these remarks were probably caused by Lorik's dislike of Kennedy and perhaps Loriks believed that condemning the organization with which Kennedy was associated would be a way of getting back at him.⁷¹ Loriks was later to serve as a regional administrator for the Farm Security Administration and national secretary-treasurer of the Farmers Union.⁷²

Everson, on the other hand, lost his position as National Farmers Union president and returned to his farm in South Dakota.⁷³ There he continued to criticize the New Deal. He said farmers should have been given cost of production instead of such things as crop insurance and resettlement. Pointing to the nomination in Iowa of Senator Gillette in the Democratic primary of 1938, despite presidential opposition, Everson said this "clearly shows a trend away from the New Deal in the farm belt."⁷⁴ In 1939, Everson serving as South Dakota Secretary of Agriculture gave a radio speech concerning the hog processing tax and recommended that his listeners join the National Farmers Process Tax Recovery Association. He said the Recovery Association had "done a very splendid job with the help of our Senators and Congressmen from the hog producing states." He suggested that farmers contact A. J. Johnson of Moorhead, Iowa, who could give them information and assistance in placing their claims.⁷⁵

No significant National Farmers Process Tax Recovery Association membership developed in South Dakota, however. This may have been because of the conflict in the South Dakota Farmers Union, between supporters and

opponents of the New Deal and perhaps because Gurney had already preempted the field. In South Dakota, D. B. Gurney had led the major campaign for the recovery of the hog processing tax.

Let us turn now to see how the drive for the processing tax refund fared in other areas of the Middle West.

Endnotes

¹South Dakota Crop and Livestock Reporting Services, South Dakota Agricultural Statistics, 1940 and 1941 (S. D. State Printers: Sioux Falls, 1945), p. 15.

²Herbert S. Schell, History of South Dakota (Lincoln: University of Nebraska Press, 1961), p. 283.

³Ibid., p. 284.

⁴South Dakota Crop and Livestock Reporting Service, p. 17.

⁵Michael D. Weiss, Fifty Years of U.S. Weather: Monthly Temperature and Precipitation by State and Farm Production Region, 1931-1980, Staff Report, U.S. Department of Agriculture, July 1982, p. 87; South Dakota Crop and Livestock Reporting Services, pp. 16-17.

⁶Dale Lewis, "WNAX Rushes Aid to Stricken People," Dakota West (Vol. X), p. 15.

⁷"Governor Charged with Negligence," Aberdeen Evening News, Feb. 9, 1932, p. 1.

⁸Lemke's Speech, Congressional Record, January 24, 1938, National Farmers Process Tax Recovery Association (NFPTRA) Records, Department of Special Collections, Parks Library, Iowa State University, Ames (Most of the Gurney correspondence is in boxes 16-28).

⁹William Lemke to O. S. Eastvold, Volin, S. D., October 26, 1938, Orin G. Libby Historical Manuscripts Collection, University of North Dakota Library, Grand Forks, North Dakota, Collection #13.

¹⁰D. B. Gurney to Bryce Sharp, January 31, 1938, NFPTRA Records.

¹¹Charles Ramon Gurney (Grandson of D.B. Gurney), Interview, Iowa City, August 2, 1990.

¹²Matt Fellers, to D. B. Gurney, January 28, 1938, NFPTRA Records.

¹³R. H. Block, March 2, 1938, NFPTRA Records.

¹⁴Charles Matz to D. B. Gurney, April 11, 1938, NFPTRA Records.

¹⁵Minnesota actually had 1,216 replies, followed by South Dakota, 729; Nebraska, 509; Iowa, 487; North Dakota, 207; and Wisconsin, 70, NFPTRA Records.

¹⁶Charles Ramon Gurney Interview.

¹⁷Ernest E. Fenske to D. B. Gurney, NFPTRA Records.

¹⁸C. W. Valentine to D. B. Gurney, Aug 8, 1938, NFPTRA Records.

¹⁹F. A. Gastanczik to D. B. Gurney, Feb. 12, 1938, NFPTRA Records.

²⁰The ratio of non-signers to signers varies with the dates of the letters. In the earliest letters received by Gurney there were twice as many non-signers as signers, even when the category included all those who had signed up with the AAA program for any period at all. In later letters the ratio was nearly even. Of all the farmers who indicated in their letters whether they were signers or non-signers, and many did not, there were 587 signers and 821 non-signers, NFPTRA Records.

²¹Joseph Shirer to D. B. Gurney, Feb. 2, 1938, NFPTRA Records.

²²D. B. Gurney to Gilbert Gunderson, Feb. 22, 1938, NFPTRA Records.

²³D. B. Gurney to A. N. Wilbert, March 8, 1938, NFPTRA Records.

²⁴D. B. Gurney to Reinhold Brickman, March 26, 1938, NFPTRA Records.

²⁵D. B. Gurney to Albert Dewitz, March 26, 1938, NFPTRA Records.

²⁶D. B. Gurney to Henry Foreston, March 28, 1938, NFPTRA Records.

²⁷The amount farmers paid depended on the size of the claim. For total claims of \$100 or less, a farmer would pay \$2.00. If the total claim was \$200 to \$400, a farmer was to pay 2% of the claim. If the total claim was more than \$400 and less than \$900, a farmer would pay \$ 8.00 plus 1 1/2% of all in excess of the \$400. If the total claim was more than \$900, the farmer would pay \$15.50, plus 1% of everything in excess of \$90. Preliminary Information Blank, NFPTRA Records.

²⁸Ibid.

²⁹Nick Hoff, to D. B. Gurney, Feb. 2, 1938; Wm. Krumrei, to D. B. Gurney, January 29, 1938, NFPTRA Records.

³⁰Warren Bros, to D. B. Gurney, Feb. 17, 1938, NFPTRA Records.

³¹Michael Traxinger, to D. B. Gurney, April 1, 1938, NFPTRA Records.

- ³²Frank N. Kinney, to D. B. Gurney, Feb. 9, 1938, NFPTRA Records.
- ³³Max Fiegen, to D. B. Gurney, Feb. 3, 1938, NFPTRA Collection.
- ³⁴E. A. Hoegh, to D. B. Gurney, March 29, 1938, NFPTRA Records.
- ³⁵C. C. Ogborn, Office Manager of John Morrell & Co, Sioux Falls, S. D. to Ole Trooien, Enclosed in a letter from Trooien to D. B. Gurney, Feb. 4, 1938, NFPTRA Records.
- ³⁶R. A. Rae to D. B. Gurney, Feb. 3, 1938, NFPTRA Records.
- ³⁷D. B. Gurney to R. A. Rae, Feb. 9, 1938, NFPTRA Records.
- ³⁸"Form B," NFPTRA Records.
- ³⁹D. B. Gurney to R. A. Rae, Feb. 9, 1938, NFPTRA Records.
- ⁴⁰D. B. Gurney to Paul Kantor, March 8, 1938, NFPTRA Records.
- ⁴¹Memorandum for Mr. Fres. W. Wallace, Chairman, Nebraska Agricultural Conservation Committee, which quotes from the statement by Martin G. White, enclosed in a letter to D.B. Gurney from Jno. Mueller, March 26, 1938, NFPTRA Records.
- ⁴²D. B. Gurney to Jno. Mueller, March 31, 1938, NFPTRA Records.
- ⁴³Theodore Saloutos, The American Farmer and the New Deal (Ames: Iowa State University Press, 1982), p. 74. Saloutos states that county agents tended to see things from the perspectives of the farmers. Letters received by Gurney suggest, however, that by 1938 some American farmers viewed the county agents as unfriendly.
- ⁴⁴D. B. Gurney to Jno. Mueller, March 31, 1938, NFPTRA Records.
- ⁴⁵Hubert Pool to D. B. Gurney, Feb. 13, 1938, NFPTRA Records.
- ⁴⁶Paul Klitzke to D. B. Gurney, Feb. 15, 1938, NFPTRA Records.
- ⁴⁷M. A. Brady, Hay Springs, Neb., to D. B. Gurney, December 31, 1938. See also William H. Schaller to D. B. Gurney, May 29, 1938; C. E. Pickett, Feb. 21, 1938, to D. B. Gurney; C. H. Compton to D. B. Gurney, April 27, 1938; C. P. Knapp to D. B. Gurney, April 27, 1938, NFPTRA Records.
- ⁴⁸C. H. T. Jenson to D. B. Gurney, Feb. 10, 1938, NFPTRA Records.
- ⁴⁹Howard Abbott to D. B. Gurney, April 6, 1938, NFPTRA Records.

- ⁵⁰Elmer Rohm to D. B. Gurney, Feb. 14, 1938, NFPTRA Records.
- ⁵¹F. J. Matezeek to D. B. Gurney, Jan. 29, 1938, NFPTRA Records.
- ⁵²D. B. Gurney to Carl F. Wall, S. D. May 7, 1938, NFPTRA Records.
- ⁵³D. B. Gurney to Ed Holscher, May 24, 1938, NFPTRA Records.
- ⁵⁴Gregor Baune to D. B. Gurney, February 5, 1938, NFPTRA Records.
- ⁵⁵D. B. Gurney to Albert J. Schmidt, June 23, 1938, NFPTRA Records.
- ⁵⁶D. B. Gurney to Kreger Brothers, July 2, 1938, NFPTRA Records.
- ⁵⁷"Says New Deal Causes Doubts," Yankton Press, April 25, 1938, p. 2.
- ⁵⁸"Entire State GOP Ticket Elected, Republicans Score Over Nation," Yankton Press, Nov. 9, 1938, p 1.
- ⁵⁹D. B. Gurney to Fred Burrs, April 2, 1938, NFPTRA Records.
- ⁶⁰NFPTRA Records. This was 800 paid up subscribers of the approximately 3,500 to 4,000 farmers who contacted Gurney for information on the program.
- ⁶¹Jan dePagter, Gurneys of the Midwest, p. 215, unpublished manuscript in possession of Gurney family, Yankton, S.D.
- ⁶²Edward C. Blackorby, Prairie Rebel, the Public Life of William Lemke (Lincoln, University of Nebraska Press, 1963), p. 200.
- ⁶³D. B. Gurney to Ben Hurley, March 10, 1938, NFPTRA Records.
- ⁶⁴Donald Van Vleet to John Erp, Feb. 16, 1938, NFPTRA Records.
- ⁶⁵Donald Van Vleet to John Erp, Feb. 16, 1938, NFPTRA Records.
- ⁶⁶D. B. Gurney to Niel Woltjer, Pennock, Minnesota, December 22, 1938, NFPTRA Records.
- ⁶⁷Charles Ramon Gurney, Interview.
- ⁶⁸A. J. Johnson to Joseph Bohohoj, May 26, 1941, NFPTRA Records.
- ⁶⁹Edward E. Kennedy, The Fed and the Farmer (Pismo Beach, Calif.: Edward E. Kennedy, 1983), pp. 105-6.

⁷⁰Donald Van Vleet to Emil Loriks, October 1, 1937; Emil Loriks to Donald Van Vleet, September 29, 1937, NFPTRA Records.

⁷¹A. J. Johnson to Enoch Hofstad, February 21, 1938, NFPTRA Records.

⁷²Gerald W. Wolff and Joseph H. Cash, "South Dakotans Remember the Great Depression," South Dakota History (Summer 1989); Emil Loriks Interview by Paul O'Rourke, June 9, 1971, p. 227.

⁷³"A Voice Crying In The Wilderness," Iowa Union Farmer, September 6, 1941, p. 1.

⁷⁴"Says New Deal Losing Power," Yankton Press, June 14, 1938, p. 1.

⁷⁵E. H. Everson, "Hog Processing Tax Recovery," Radio Address, Station KGFX, Pierre, S. D. December 19, 1939, A. J. Johnson Scrapbook.

CHAPTER V
ORGANIZING ILLINOIS

The National Farmers Process Tax Recovery Association began in Iowa; it had an important branch in Illinois. The efforts in Illinois were different from those in Iowa because they started later, beginning in late 1937 and were conducted almost exclusively by leaders recruited by Edward Kennedy, who by this time was the new national organization's Washington lobbyist.

The Association was recruiting in a state with an agricultural situation similar to that of Iowa. Illinois farmers also produced large amounts of corn and hogs. In the period from 1928-1932 Illinois average yearly production was 329 million bushels of corn which was second only to Iowa production for the same period of 439 million bushels of corn.¹ From 1931-1932, Illinois hog production was approximately 4.4 million hogs. In 1933 and 1934 it rose to 5 million hogs although this was less than Iowa production of 10 million hogs for the same period.² Hogs were an important part of the farmers income, accounting for one-quarter of the total cash income.³ During this time hog prices were declining rapidly. Farmers received \$17.19 per hog in 1927, \$13.45 in 1930, \$6.13 in 1932, and \$4.09 in 1934.⁴

These decreasing prices had a disastrous impact upon the farmers. A writer for the Federal Writers Project described the Illinois farms of the

period, "as one travels through the State today, he sees many farmhouses in need of paint and repairs, many evidences of soil depletion and erosion." Many farmers fell farther and farther into debt. According to the U.S. Census of Agriculture approximately 40 percent of Illinois farms were mortgaged in 1940. This was a higher rate of mortgaged land than in other farm states.⁵ In the East North Central region to which Illinois belonged, for every 1,000 farms there were 22 forced sales in 1930, 43 forced sales in 1933, and 22 forced sales in 1936.⁶

One farmer from Jackson County wrote to U.S. Representative Kent E. Keller,

We are in pretty bad shape. I have tryed everwhere to get a job but cant find one nowhere. . . . I can do most any kind of work. The years since I am on the farm have been hard ones-2 years terriable dry and one to wet. I cant make enough to feed my stock. I owe a note on my horses. The few eggs and butter I get I have to buy feed for chickins and pig. My tools are so old and bad I cant hardly use them and [I] need some roofing.⁷

Because of the problems of the farmers, many banks failed in Illinois during the 1920s and 1930s. There were 1,500 banks in 1920, most of them small country banks. At first many of the small banks were taken over by the larger ones. But this only weakened the larger banks and also weakened the public's faith in all banks. Runs on the banks became more frequent. By the time of the bank moratorium in March, 1933, only a few large banks in the state of Illinois were open.⁸

Reeling from the triple blows of lowered prices, increased foreclosures, and bank closings, some Illinois farmers were attracted by the promises of the Farm Holiday movement. One observer wrote

There is a revolt movement sweeping like wildfire over the corn belt states. . . . They are led by demagogues. . . . There was an immense meeting here last night. It was addressed by an organizer from Iowa [Glen Miller, president of the Iowa Farmers Union], and in his speech he blamed Herbert Hoover for everything which has gone wrong from the bank failures to the corn borer.⁹

According to John Shover's history of the Farmers Holiday Movement, there was an active unit around Kankakee in eastern Illinois.¹⁰ This was probably begun by Milo Reno's friend, Edward E. Kennedy. Kennedy had left his farm in Iowa and moved to Kankakee in 1926, where he began to organize the Farmers Union in Illinois.¹¹ Farmers Union and Farm Holiday leaders around Kankakee led in stopping foreclosures and holding penny auctions. They worked toward electing judges who were sympathetic to the farmers.¹²

Illinois farmers and city dwellers alike voted Democratic in 1932, hoping for a change in the grim economic situation which they were facing. The agricultural counties voted Democratic, hoping for the agricultural relief which Franklin Roosevelt and his supporters promised the American farmer.¹³

Following the passage of the Agricultural Adjustment Act, some Illinois farmers began to write to the President, their Congressmen, or the Department of Agriculture to complain. One farmer from Macon, Illinois, wrote to say that he felt the processing taxes had lowered the prices which he was receiving for his hogs. He hoped that the President would intervene on his behalf with the Chicago meat packing firms and Board of Trade. He said farmers had nearly "forgot what money looks like."¹⁴

Another farmer wrote that he did not want to be "cantankerous or contrary" but he felt that he had a legitimate problem which other farmers

shared. He said that according to the terms of the Agricultural Adjustment Act, a farmer's last two years of hog sales were taken to establish a base period. Many farmers in Illinois, however, had suffered from drought in 1933 and thus had very low corn yields. This would affect the number of bushels they raised in 1933 and the number of hogs they raised in 1933 and 1934. His hogs had suffered from disease which caused early birth and death of baby pigs, during the years which the AAA was using for base years. He hoped that the Department would make allowances for his problems and let him use some other years.¹⁵ Another farmer commented, "If this continues, the corn-hog program will starve us all to death. [It is an] injustice as the fellows who raised too many hogs are getting the big bonuses while the little fellow[s] who went along in a quiet way are denied contract."¹⁶ A widowed farm woman wrote President Roosevelt, "You talk help the Farmers its only the big ones you are helping."¹⁷

Despite their objections, most Illinois farmers followed the urging of the county agent and the county Farm Bureau and signed up for crop reduction contracts with the AAA.¹⁸ In Illinois there were about 231,000 farms in 1934 and 1935. Of these farms about 120,000 farmers signed contracts in 1934 and 96,000 in 1935. Leaders in the Farmers Union had greeted with enthusiasm the decline in national enrollment in the second year of the AAA corn-hog plan.¹⁹ In Illinois in 1934, approximately 4 million hogs were marketed by AAA signers and 2 million hogs were marketed by non-signers. In 1935, 3.5 million hogs were marketed by signers and 2.6

by non-signers. The processing tax paid by non-signers was estimated to be approximately \$12 million in 1934 and \$13 million in 1935.²⁰

Following the Supreme Court decision in 1936 when the processing tax was declared unconstitutional, farmers in Iowa had organized to attempt to get the tax back. There had been some interest from Illinois farmers in the group, but not much had actually been done about it. In September 1937, the Farmers Process Tax Recovery Association on Kennedy's recommendation decided to expand into other states, including Illinois. Kennedy had Farmers Union connections in Illinois that he could draw upon for selecting leadership in the Illinois Association.

The first person in Illinois to be chosen was Fred Wolf of Papineau, Illinois. In September 1937 he agreed to organize and supervise an association to recover the hog processing tax. For his efforts he was to receive 5 percent of the Illinois membership fees. If the processing tax was refunded he would also receive four-tenths of 1 percent of refunds to Illinois claimants.²¹

Wolf and others in Illinois then selected county committee men. Counties in the southern area of Illinois did not have county men because these counties did not have enough hog producers.²² Committeemen were supposed to be the main solicitors in each county. Some of them were successful and others were not. In those counties where the committeemen were inactive, Wolf and a partner, William Tanner, sometimes went in and recruited for the association. In all, they worked in 15 counties out of the 36 which were organized for the association. Most of these counties

were located near each other and reached in two bands across the northern and central parts of Illinois.

The county recruiters exhibited some similar characteristics. All of the county committeemen were members of the Farmers Union. They were enthusiastic in the beginning of their recruiting efforts. Arthur Booth of Princeton, Illinois, wrote to Donald Van Vleet, the president of the Association, "We are raising hell here and we are out of data sheets again. Please send another supply to me . . . at your earliest opportunity." To this letter Van Vleet replied that he was glad that claims were beginning to come into the office and he hoped that when corn picking was completed farmers would be willing to turn their attention to meetings to organize the association.²³

After the Congressional hearings on the hog refund bill the association accepted changes in the bill which would permit the farmers who had signed up with the AAA corn-hog plan to file for refunds also. At this point recruiters often found that they were busier than ever. Arthur Booth wrote that he needed more data sheets and also wanted to know the details on how to take care of the signer who wanted to join the association. "I never was so busy in 400 years as I was yesterday taking care of the callers for information. But I can not find a man with guts enough to serve on these committees."²⁴

John Lingenfelter of Canton, Illinois, was also in high spirits in September 1938. He wrote "things look fine around here for quite a membership. . . . Will you please send me more memberships and other

literature as I am convinced we will be sending in a lot of them fore long."²⁵

Later Lingenfelter wrote again.

We are in great need of more blanks, blanks for the date, no. of hogs, price, when sold etc. . . . and the agreement etc. We need 100 more of each, looks like there is going to be a flood here. . . . Please hurry em to us we are clear out of the white ones and near all of them.²⁶

Van Vleet particularly encouraged the recruiters to seek out prosperous farmers who could send in large claims. "Claims are coming in from all over the middlewest. County organizations are active everywhere. The people that have been foremost in the filing of claims have been the intelligent farmers with business ability and the business men who own farms." Using a recently filed claim by the large MacNider farms as an example, Van Vleet wrote, "men even as prominent as Hanford MacNider have been quick to see the possibilities of our organization and these people control a huge number of farms."²⁷

Alfred Harm was very excited in September 1938 when he was able to send in the memberships of the heirs to the Sibley Estate which he said was "One of the largest estates in good old U.S.A. They have the largest corn crib in the world right here 6 miles north. I think it is a good talking point for the other men to use to get signers."²⁸

The prospect of a big commission from some large corporation producing hundreds of hogs dangled brightly before Wolf's eyes for nearly a year. Apparently, some large firm near Elgin having claims "which will run

into \$400,000 to \$500,000" had shown interest in joining the Association. The money did not come in, however.²⁹

Following their original efforts the state manager and most of the county recruiters experienced some set backs. The organization did not grow as much as they expected it to. (The total membership in Illinois was approximately 900.)³⁰ Fred Wolf received a letter from Van Vleet in April 1938 stating that they did not have enough money to pay all their bills because of the added expense of the national organization. "Now Fred, I know you need this money but you can see just what position we are in here." When Wolf wrote to A. J. Johnson, secretary of the Association in May, 1938, he said that he had been spending most of the last month on his personal business.³¹

Johnson replied,

As to the amount of business being done in the various states, will say that it is very slow. . . . I certainly hope that we will be able to receive a sufficient amount of funds to keep Mr. Garber [the newly appointed manager of the national association] in the field.³²

Garber resigned, however, because he was offered a position with a more secure financial situation. Arthur Booth who had been serving as assistant state manager of the Illinois Farmers Process Tax Recovery Association, resigned his position but asked to be appointed a county chairman for Bureau County.³³

Another recruiter commented, "It is awfully awful hard to get publicity in our Co. paper." To this letter Van Vleet replied, "Keep after the county papers to give you publicity. This is news and it should go in.

Too many of them are controlled by the Farm Bureau. However, our program is going to gain momentum as time goes on."³⁵

Sometimes the discouragement indeed stemmed from Farm Bureau opposition. The Illinois Farm Bureau was quite large; the group had 36,420 members in 1933, compared to the 2,139 members of the Illinois Farmers Union in 1933. Alfred Harm expressed his discouragement, "I may be able to file 1 or 2 more claims than these I have inclosed. The parasites from the bureau are sure doing (their) best to feed the hog producers around here the racket we are pulling."³⁷

John Lingenfelter also became discouraged because of Farm Bureau opposition. He wrote:

There seems to be nothing that we can do over here, no more of the farmers wants to sign up and I suppose it is because the Farm Bureau has told them that if any one get their Process Tax back, they will all get it, and save the cost. What is there doing about it? and how does it look to a man up a tree? I am to old to climb a tree."³⁸

In another note he wrote, "We just got to do a lot of work if we get members. I am sort a Discouraged, we dont get nothing out of it and the cost is high on account of the lethargy of the Farmers."³⁹

Another recruiter, Marshal McLouth of Canton, wrote that he had faced the opposition of the Farm Bureau adviser in a county where he was working. The Farm Bureau was charging that the farmers did not pay the processing tax.

Other recruiters reported that newspapers of the area had published an article by Mastin White sent out by the Department of Agriculture stating that farmers could not recover their hog processing tax under the

existing law. One recruiter who had especially felt the effect of the Department of Agriculture articles, reported that some farmers from his area had asked him to return the checks they had given him for membership in the organization, after they had seen the articles.⁴⁰

A. J. Johnson tried to encourage his recruiters. He replied to Harm's letter. "Sorry that you have so much trouble in your community with the Bureaucrats. I think the time is coming when you will have the laugh on them."⁴¹ He said the situation that Lingenfelter was facing in his community was quite general. The central office was receiving only a few scattered claims from different sections of the country. "I suppose you are right in your statement that the Farm Bureau has had much to do with the slowing up of the farmers in joining." Johnson had heard from Kennedy however, that the educational work the group had done regarding the process tax had at least made it "impossible for the Secretary of Agriculture Wallace to have the present Triple A financed by a processing tax. This being the case, I think we should feel, even though we have not as yet received a refund of the processing tax, that the money that has been spent has been a good investment."⁴²

In answer to McLouth's complaints, Johnson suggested that he get a copy of the Analysis of the Effects of the Processing Taxes levied under the Agricultural Adjustment Act which had been prepared by the Bureau of Agricultural Economics. This would indicate that the farmers had indeed paid the hog processing tax. Concerning the publication of the Mastin White statement, Johnson said that it did not refer to the National

Association which had a legal right to do business as much as any other organization. Johnson wrote that the Department of Agriculture "knows this very well, but send these releases out for the purpose of hindering the program of our organization by making the farmers skeptical." Then Johnson commented, "it is too bad that these people will not get behind this movement and represent the farmers rather than use such methods of trying to hinder the farmer from getting the tax that is justly due him according to the Department of Agriculture's own figures."⁴³

In order to answer the attacks upon them and to get their information across, the leaders in the Association began to try different methods of publicity. For a time the recruiters used circulars which were mailed out to particular areas telling about the process tax recovery efforts of the National Farmers Process Tax Recovery Association. Then they tried ordering copies of The County Farmer, which carried a number of news articles written by Association leaders such as Johnson and Kennedy. On the front page a special insert could be changed to indicate the time and place of local Illinois meetings where Association recruiters could talk with farmers and answer question and sign some of them up in the Association.⁴⁴ When Johnson wrote to McLouth about the paper he added, "I want to warn you that if this publication creates the interest that it is doing here in Iowa [you will need] sufficient help."⁴⁵

There were two main problems with the circulars and the newspapers. Sometimes they did not come exactly when planned and recruiters waited in rented meeting halls for farmers who did not arrive.⁴⁶ Fred Winterroth

reported that of the eight meetings he held in late September, they did not average more than four farmers. "Of course some of them did not receive their notices in time, but it is my opinion that either we hit a time when everyone is too busy (corn picking and soybean harvesting is in full blast) or else they do not pay attention to 3rd class mail."⁴⁷

Another problem was the cost of the printed materials. For The County Farmer, Illinois recruiters had to agree to pay 10 percent of their first commissions to the National Association to pay for the costs of furnishing the paper to farmers in their area.⁴⁸

Shortage of funds was a problem which the Association struggled with during most of its existence. In the summer of 1938, Kennedy wrote to A. J. Johnson,

You will have to use your best judgment as to how the money is divided until we get out of the straight jacket we are or were in when I was there. On the other hand if there is some that you can send my way, be it little or much, please do so.⁴⁹

Several of the Illinois recruiters had problems with money. State Manager Wolf had requested and received a \$75.00 loan from the Association which it took several months to pay off.⁵⁰ One of the county solicitors, Trudeau, collected money from farmers for claims and had not sent the money in. When he died suddenly, his wife, needing money and not knowing that it belonged to the Association, used the Association money to pay some of the family's bills. Wolf suggested, "In as much as there [they] are in Very Very [bad?] Shape (sic) and she has to work we thought we could just run them thro, Its the only thing to be Done, as these People have a Right to be Members."⁵¹ Apparently, the Trudeau matter was handled in the manner

suggested by Wolf. Another solicitor's problems proved more difficult, however. Wolf wrote Johnson that Fred Winterroth, a friend and officer in the Illinois Farmers Union, had taken some of the funds which were paid by farmers for their memberships and used these funds for his own use. Some of the money he spent was in cash and some of it was in checks to the Association which Winterroth endorsed.

Johnson replied that he took seriously Winterroth's misuse of the Association's funds and was considering cancelling his contract; however he would rely upon Wolf's judgment in the matter.⁵² Apparently, Wolf and Johnson decided to handle the affair quietly. Winterroth, despite his problems, was not asked to give up his commission. Instead, he stayed a solicitor for the Association as long as it remained in existence. That fall, Johnson even invited him to the Iowa State Convention of the Farmers Union and gave him a place on the program.⁵³

Other recruiters had difficulty signing up farmers because the farmers could not get their records of sales from the stockyards. Kennedy reported that he had heard from committeemen that it was taking quite a bit of time to get records for farmers who had made shipments to Chicago commission firms prior to the stockyards fire in the middle of 1934.⁵⁴ One recruiter said that there were only two firms in Peoria which would give the farmers replacement slips of sales made during the years when the processing tax was levied. "That is the reason I haven't sent more claims in."⁵⁵ John Lingenfelter also said that the some of the commission companies in his area were refusing to dig up duplicate bills where a

farmer had lost or misplaced them. Writing in 1938 he wrote that he hoped to sign up many members "as soon as the Farmers gets their Sales Bills, most of the original Bills have been destroyed or misplaced, and they (with me) are having trouble getting duplicate Bills."⁵⁶

Donald Van Vleet replied that if the firms refused to cooperate with the farmers, they should file estimated claims. "Then when the proper time comes we will subpoena these commission firms and they will come through with the information."⁵⁷ After Van Vleet resigned in late 1938, the Association continued giving this advice. As the years passed, however, farmers would find that their claims would be more difficult to prove because packing houses and commission firms could receive permission from the Department of Agriculture to destroy tickets and sales slips after they had kept them for three years.⁵⁸

The Association officers used various methods to encourage the recruiters and members of the National Farmers Process Tax Recovery Association to ward off discouragement and continue to work for the return of the hog processing tax. One method was the constant stream of advice and encouragement which flowed from the main office in Des Moines out to the organizers in the field. Only rarely did an organizer complain that his letter had not been answered or that somehow the people in the central office were not listening to him.

Another method was the system of organization which set up state officers who were to oversee county committeemen and local solicitors. Ideally, they would all work together to encourage each other. Actually,

Van Vleet was to complain that some of the local county committeemen were not doing their jobs.⁵⁹ Perhaps Van Vleet was too hasty in his judgments. Some of these county committeemen proved quite effective in their local counties. In other counties in Illinois where there were no local committeeman or the committeemen were inactive, state manager Fred Wolf and his partner, William Tanner, solicited memberships.

Visits by officers of the organization also were meant to encourage the recruiters. Leon Garber, who served for a time as manager for the Association visited in Illinois in May, 1938. He spent some time with William Tanner and Arthur Booth.⁶⁰ Edward Kennedy had a home in Kankakee and visited there nearly every year.⁶¹

Fred Wolf was the Treasurer for the National Association and so visited Iowa often for board meetings.⁶² Other members were also invited to Iowa for meetings of various kinds. Sometimes the officers also met at Farmers Union meetings in the various states.⁶³

On August 31, 1940, a large meeting was held at the Savery Hotel in Des Moines for Recovery Association members and recruiters. Edward Kennedy was one of the principal speakers at this meeting. Kennedy reminded the members of the Association that the group had only begun their legislative fight two and a half or three years ago. He said that was a "very short time in the history of this type of legislation." He compared the fight for the process tax to the fight that some southern interests were waging for redress of carrying charges levied against the southern cotton farmers under the AAA. This redress had not yet been achieved because "it has

taken all this time to get it over to the members of Congress that this was a justifiable, moral claim against the Government. It took time to sear it in, to grind it in to the conscience of the members of Congress."⁶⁴ He said that he was confident that the hog processing tax would be refunded. "I am not going to make any prediction as to when. That is foolish, but I am saying to you that this is one job that is going to be done."⁶⁵ He also said that in one year from summer 1939 to summer 1940, they had doubled their membership.⁶⁶

Another way of encouraging the recruiters was to pay them well. Their payments were increased over the years from 10 percent to 18 percent to 25 percent of the membership fees.⁶⁷ Throughout the state of Illinois, the recruiters signed up farmers whose claims totaled \$270,000.00. The fees which they received for the Association were approximately \$13,300. Since the amount which the individual recruiter received back from the Association varied with the amounts which the Board decided to return to the solicitors, it would be very difficult to determine exactly how much each man made.

The recruiter generally put in a day or two a week during most of the winter, and after planting returned to it for a few weeks during the summer before stopping work for fall harvest. They also had to pay their own gas and automobile expenses. Sometimes, they paid for printed materials or took out advertisements in local papers. For some of the recruiters it must have been simply a job, any job which would bring in some money during the difficult years of the Depression. For others it must have been

something which appealed to their convictions of right or wrong, or perhaps their anger at the New Deal which many said had brought regimentation to what had once been a free way of life.

Some of the leaders in the Illinois branch of the National Farmers Process Tax Recovery Association were so excited about the processing tax and so attracted by Edward Kennedy's speeches that they followed his lead when he suggested that they pull out of the Farmers Union and form a new farm organization.

Kennedy was protesting the efforts of the National Farmers Union board to establish another Farmers Union organization in Minnesota; he said the board was violating Minnesota's rights.⁶⁸

In May, 1938, Fred Winterroth, Secretary-Treasurer of the Illinois Farmers Union and a solicitor for the Illinois branch of the National Farmers Process Tax Recovery Association sent out letters to the State Presidents of the Farmers Unions of Michigan, Indiana, Illinois, Iowa, and Minnesota. Members of the Board of Directors from Pennsylvania and Ohio received letters too, also E. H. Everson and E. E. Kennedy. These letters called for the leaders to meet in Kankakee, Illinois, June 24 and 25.⁶⁹ In a later letter, Winterroth stated "The consensus of opinion of all with whom this subject has been discussed is, that definite action must be taken to preserve the principles for which we are organized."⁷⁰

The meeting was held but A. J. Johnson of Iowa declined to attend. He did sign a letter to John Vesecky, at that time president of the National Farmers Union protesting the suspension orders which had been

issued to Minnesota and Michigan. The letter was signed by Robert Spencer of Indiana, J. C. Erp of Minnesota, Ira Wilmoth of Michigan, Fred Winterroth and Fred Huls of Illinois.⁷¹ Then in August Johnson announced that he was not going to run for president of the Iowa Farmers Union. Kennedy wrote to Johnson that he was sorry to hear that Johnson was not going to be president for the coming year, because "there is so much to do and so few to do it. And the most important time in the Union is at hand in the next few months."⁷²

Because of the controversy between John Erp and the National Farmers Union, and Erp's refusal to meet with the board, the national board of the Farmers Union withdrew the Minnesota Farmers Union charter and a few months later the charter of the Michigan Farmers Union was also withdrawn. The national convention of the Farmers Union confirmed these actions of the board in November 1938.⁷³

Following these actions, Illinois, Indiana, and Ohio pulled out of the National Farmers Union and joined Minnesota and Michigan to form the National Farmers Guild. The leaders in this Guild were often men who were also active in the National Farmers Process Tax Recovery Association. A letterhead of the National Farmers Guild in 1941 listed as officers: William E. Tanner, Secretary Treasurer of the organization. Directors included Fred Wolf, Robert Spencer, and Walter Meyne, all of whom had been solicitors for the Association. The letterhead also lists Edward E. Kennedy as the organization's Legislative Representative.⁷⁴ The group

continued to support the principles of the old radical wing of the Farmers Union including the hog processing tax refund.⁷⁵

Kennedy had been the main motivator of this withdrawal from the National Farmers Union.⁷⁶ He hoped that his group would grow, just as he and the other leaders of the National Farmers Process Tax Recovery Association had hoped that their group would grow. But they remained small. They were not strong enough to achieve the legislation for which they had labored. Their leaving had also weakened the Farmers Union which remained the smallest of the national farmers organizations.⁷⁷

Endnotes

¹U.S. Department of Agriculture, Agricultural Statistics (Washington, D.C.: Government Printing Office, 1936), p. 34.

²Ibid., pp. 210, 220.

³Federal Writers Project, Works Projects Administration, Illinois, A Descriptive and Historical Guide (Chicago: A.C. McClurg & Co., 1947), p. 74.

⁴Ibid., p. 219.

⁵Ibid., p. 77.

⁶U.S. Department of Agriculture, Agricultural Statistics, 1936-1939, pp. 407, 513.

⁷Illinois State Historical Society Journal Staff, "Illinois and Illinoisans, 1876-1976, From the Collection of Illinois State Historical Library," Illinois Historical Journal (November, 1976), p. 290.

⁸Theodore Calvin Pease, The Story of Illinois (Chicago: University of Chicago Press, 1949), p. 243.

⁹Jane Wolf Hufft and Anne Nevins Loftis, "Reports of a Down-state Independent, Excerpts from the Letters of Lewis Omer to Allan Nevins, 1930-1953." Illinois Historical Journal (Spring 1988), p. 28.

¹⁰Shover, Cornbelt Rebellion, p. 94.

¹¹Kennedy, The Fed and the Farmer, p. 49.

¹²"Effective Work Being Done in Kankakee Co," The U.F.I. (published by the United Farmers of Illinois), June 7, 1933, p. 1; "Hancock County's Farm Union Halts Foreclosure Sale," The U.F.I., November 11, 1933, p. 1.

¹³Pease, p. 244.

¹⁴Edward Cross to Franklin Roosevelt, January 13, 1934, National Archives Record Group (NARG) 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

¹⁵A. Linn Bear to Claude R. Wickard, Feb. 7, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

¹⁶Hufft and Loftis, "Reports of a Down-state Independent," p. 28.

¹⁷Mrs. Margaret Loeffler to Franklin D. Roosevelt, August 15, 1933, NARG 145, 1933-1935, Subject Correspondence, Hogs 1933.

¹⁸Christina McFayden Campbell, The Farm Bureau, A Study of the Making of National Farm Policy, 1933-1940 (Urbana: University of Illinois Press, 1962). Campbell states, "In Illinois, where the closest of legal ties [between the county agent and the Farm Bureau] was maintained, the farm bureau had the upper hand, at least on the county level" p. 7. See Theodore Saloutos, The American Farmer and The New Deal (Ames: Iowa State University Press, 1982), pp. 47-49 for a discussion on the decision to make county agents the administrators of the local AAA programs in 1933. Also, Gladys Baker, Century of Service, the First 100 Years of the United States Department of Agriculture (Washington, 1963), p. 160. Baker states that county agents frequently served as secretaries of the corn/hog committees, and sometimes as secretary/treasurers.

¹⁹"Farmers Reject A.A.A. Corn-Hog Plan," National Union Farmer, March 15, 1935, pp. 1-2.

²⁰Edward E. Kennedy, "State of Illinois," National Farmers Process Tax Recovery Association (NFPTRA) Records, Special Collections, Parks Library, Iowa State University.

²¹"Agreement" between the National Farmers Process Tax Recovery Association and Fred Wolf, September 17, 1935, NFPTRA Records.

²²"Illinois," NFPTRA Records.

²³Arthur Booth to Donald Van Vleet (no date); Donald Van Vleet to Arthur Booth, November 9, 1937, NFPTRA Records.

²⁴Arthur Booth to Donald Van Vleet, April 4, 1938, NFPTRA Records.

²⁵John Lingenfelter to NFPTRA, September 19, 1938, NFPTRA Records.

²⁶John Lingenfelter to NFPTRA, December 14, 1938, NFPTRA Records.

²⁷Donald Van Vleet to Howard Borth, January 24, 1938, NFPTRA Records.

²⁸Alfred Harm to National Farmers Process Tax Recovery Association, Sept. 9, 1938, NFPTRA Records.

²⁹Fred Wolf to Helen Holehan, December 14, 1938; A. J. Johnson to Fred Wolf, December 19, 1938; A. J. Johnson to Fred Wolf, May 25, 1939, NFPTRA Records.

- ³⁰Illinois Counties Claims and Payments, NFPTRA Records.
- ³¹Donald Van Vleet to Fred Wolf, April 16, 1938, NFPTRA Records.
- ³²Fred Wolf to A. J. Johnson, May 24, 1938; A. J. Johnson to Fred Wolf, May 26, 1938, NFPTRA Records.
- ³³Arthur Booth to A. J. Johnson, November 22, 1938; A. J. Johnson to Arthur Booth, December 8, 1938, NFPTRA Records.
- ³⁴C. F. Schulz to National Farmers Process Tax Recovery Association, December 8, 1937, NFPTRA Records.
- ³⁵Donald Van Vleet to C. F. Schulz, December 14, 1937, NFPTRA Records.
- ³⁶Tontz, "Membership of General Farm Organization," pp. 147, 148. See also Ralph Russell, "Membership of the American Farm Bureau Federation, 1926-1935," Rural Sociology 2, no. 1 (March 1937): 29-33.
- ³⁷Alfred A. Harm to A. J. Johnson, (no date), NFPTRA Records.
- ³⁸John Lingenfelter to NFPTRA, April 8, 1939, NFPTRA Records.
- ³⁹John Lingenfelter to NFPTRA (undated), NFPTRA Records.
- ⁴⁰Dr. Glenn Smith to A. J. Johnson, September 7, 1938, NFPTRA Records.
- ⁴¹A. J. Johnson to Alfred Harm, January 5, 1939, NFPTRA records.
- ⁴²A. J. Johnson to John P. Lingenfelter, April 13, 1939, NFPTRA Records.
- ⁴³Marshall McLouth to A. J. Johnson, December 29, 1939; A. J. Johnson to Marshall McLouth, December 30, 1939, NFPTRA Records.
- ⁴⁴"Where and How to File Your Hog Process Tax Refund Claim," County Farmer, February 1940, p. 1.
- ⁴⁵A. J. Johnson to Marshall McLouth, December 15, 1939, NFPTRA Records.
- ⁴⁶A. J. Johnson to Chas. J. Sheppelman, September 23, 1939, NFPTRA Records.
- ⁴⁷Fred Winterroth to A. J. Johnson, October 1, 1939, NFPTRA Records.
- ⁴⁸A. J. Johnson to Marshall McLouth, December 9, 1939, NFPTRA Records.

- ⁴⁹E. E. Kennedy to A. J. Johnson, July 13, 1938, NFPTRA Records.
- ⁵⁰A. J. Johnson to Fred Wolf, August 23, 1938, NFPTRA Records.
- ⁵¹Fred Wolf to A. J. Johnson, October 11, 1938, NFPTRA Records.
- ⁵²A. J. Johnson to Fred Wolf, May 25, 1939, NFPTRA Records.
- ⁵³A. J. Johnson to Fred Winterroth, August 11, 1938, NFPTRA Records.
- ⁵⁴E. E. Kennedy to Donald Van Vleet, November 1, 1937, NFPTRA Records.
- ⁵⁵Philip Straub to National Farmers Process Tax Recovery Association, January 25, 1938, NFPTRA Records.
- ⁵⁶John Lingenfelter to NFPTRA, December 14, 1938, NFPTRA Records.
- ⁵⁷Donald Van Vleet to Phillip Straub (no date), NFPTRA Records.
- ⁵⁸Address by E. E. Kennedy to National Farmers Process Tax Recovery Association Meeting, August 31, 1940, NFPTRA Records.
- ⁵⁹Donald Van Vleet to Robert Spencer, November 2, 1937, NFPTRA Records.
- ⁶⁰Leon Garber to A. J. Johnson, May 21, 1938, NFPTRA Records.
- ⁶¹E. E. Kennedy to A. J. Johnson, July 13, 1938, NFPTRA Records.
- ⁶²A. J. Johnson to Fred Wolf, August 29, 1939, NFPTRA Records.
- ⁶³Edward E. Kennedy to A. J. Johnson, August 22, 1938, NFPTRA Records.
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- ⁶⁵Ibid., p. 11.
- ⁶⁶Ibid., p. 18.
- ⁶⁷A. J. Johnson to Arthur Booth, October 8, 1938, NFPTRA Records.
- ⁶⁸Lowell Dyson, Red Harvest, The Communist Party and American Farmers (Lincoln, Neb.: University of Nebraska Press, 1982), p. 148.
- ⁶⁹Fred Winterroth to A. J. Johnson, May 6, 1938, NFPTRA Records.
- ⁷⁰Fred Winterroth to A. J. Johnson, June 16, 1938, NFPTRA Records.

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⁷²A. J. Johnson to Fred Winterroth, June 9, 1938; Edward E. Kennedy to A. J. Johnson, August 25, 1938, NFPTRA Records.

⁷³Dyson, Red Harvest, p. 148.

⁷⁴Letterhead of the 1941 National Farmers Guild. For more information on the National Farmers Guild see also Lowell Dyson's, Farmers' Organizations (New York, Greenwood Press, 1986), pp. 202-204.

⁷⁵"Resolutions Adopted by the National Farmers Guild Convention," Mansfield, Ohio, November 1941, Kennedy Papers.

⁷⁶Robert Spencer, "Call of Committee on New Farm Organization," January 16, 1939, Kennedy Papers.

⁷⁷Dyson, Red Harvest, p. 148; "Patton Is Willing," Time (September 14, 1942), p. 22.

CHAPTER VI

NEBRASKA, MISSOURI, KANSAS: THE MISSING STATES

Some states had many corn/hog farmers but did not develop strong recovery associations. In Nebraska, Missouri, and Kansas the National Farmers Process Tax Recovery Association tried to establish branch organizations but with varying success.

These three states had also been hit hard by the Depression. Farmers in Nebraska, Missouri, and Kansas had suffered along with farmers across the nation the lowered prices and increased numbers of farm foreclosures and bankruptcies. (Farmers were receiving \$.10 per bushel for corn and \$3.00 per hundred weight for hogs).¹

The Farm Holiday movement had spread from Iowa into Nebraska and a Holiday Association was formed in Nebraska August 18, 1932. Five hundred farmers met in Dakota City and agreed that they would support the Holiday strike. Nebraska farmers picketed the main roads leading from Nebraska into Sioux City.² They were basically corn/hog or beef farmers who had seen the prices of their products fall drastically.

Farmers Holiday pickets also gathered at Council Bluffs, and Omaha and in some of these cases, peaceful picketing turned into undisciplined mob action as police fought back and tried to break the picket lines.³ In September, a Farm Holiday meeting was attended by 1,600 Nebraska farmers. They formed an official organization, and adopted a platform demanding cost

of production for farm products, a moratorium on farm mortgages, and the cancellation of government feed and seed loans. They elected Harry Parmenter of Yutan, Nebraska, Vice President of the Nebraska Farmers Union president of their organization. Parmenter was a close friend and supporter of Milo Reno, the Iowa Farm Holiday leader.⁴ In Nebraska, however, there were also some communist leaders who swung a faction into a more militant direction and were strongly divisive. In February 1933, Parmenter notified farmers that he and some of his staff had "discovered a quantity of communistic literature in offices maintained . . . by promoters of the march of farmers on the Capitol."⁵

Kansas and Missouri did not have such exciting times. While the Farm Holiday attempted to organize in Kansas and a state organizer was appointed, the results were disappointing. The Farmers Holiday Association did not make an attempt to organize in Missouri because of the existence there of the Missouri Farmers' Association whose president, William Hirth had long been an ally of Reno's.⁶ While not completely in sympathy with the Farm Holiday movement, Hirth was angry with the Republican administration and urged Missouri farmers to vote Democratic in the 1932 election, believing that Roosevelt was more sympathetic toward agriculture than Hoover.⁷ Farmers in all three states voted Democratic in unprecedented numbers and looked with hope toward the agricultural policies of the New Deal.⁸

Following the enactment of the New Deal Agricultural Adjustment Act, farmers were at first relatively quiet. Farm prices had risen somewhat and

farmers and their leaders wanted to give the administration's program a chance to work. William Hirth was angry at the Roosevelt Administration for not inviting him to participate in agricultural conferences that planned New Deal policy. He also did not approve of Roosevelt's choice of Agriculture Department Secretary, Henry A. Wallace, commenting, "Personally, Wallace and I are good friends, but in my opinion we need a Secretary this time who has hair on his breast."⁹ But Hirth did not actively oppose the Administration.

In the summer following the enactment of the act there were few examples of farmer unrest. But by mid summer, farm prices fell, and the prices of the goods which farmers needed to buy began to rise sharply. Farmers began to protest.

Farm leaders also were angry. Hirth complained that hog producers from Missouri were represented at the Des Moines corn/hog conference by the Missouri Farm Bureau despite the fact that the Missouri Farmers Association of which he was the president "handles more livestock than any other farm organization in any other state." He called the meeting a "farce" and said that "Mr. Wallace has himself placed the farm bureau and the county agents overwhelmingly in the saddle."¹⁰

One of the problems, as Val Perkins points out, was that the AAA had promised too much too soon. Farmers were expecting that the program would bring benefit payments, but the payments were delayed because of the complications involved in checking compliance and obtaining signatures.¹¹

Another problem was the National Recovery Administration, which seemed to be moving more swiftly than the AAA and had managed to get prices higher and more people employed. Farmers resented the higher prices they were compelled to pay for the goods which they purchased and they felt the AAA should have been as immediately successful as the NRA. Alfred Stedman, the director of information of the AAA wrote in a memorandum to Secretary Wallace, "because of the manner in which the NIRA has blanketed the front pages of newspapers, farmers are getting the idea that the AAA efforts in their behalf are lagging behind the aggressive work of NIRA in labor's behalf." A NRA official in Nebraska warned that there was quite a bit of anti-NRA feeling in his state. He said that farmers were complaining about the inequality of the results of the AAA compared with the results achieved by the NRA.¹³

Letters from Nebraska, Missouri, and Kansas voiced similar complaints. Many complained about low farm prices. One radio operator from Radio Station KMMJ wrote, "people have been worried for three years over low prices. Many are losing their farms."¹⁴ A Kansas farmer wrote that he hoped the Agriculture Department programs would raise farm prices to a "parity with the things that we buy, as they seem to be advancing." "We need help Now, he continued, not six months or a year from now."¹⁵

Many letters and telegrams were sent protesting the processing tax. Henry Bock, Nebraska State Representative wired to Secretary Wallace that the packers were charging the processing tax against the prices they were paying the farmers for their hogs.¹⁶ On December 20, 1933, a group of

farmers in DeKalb County, Missouri sent a petition to the Department of Agriculture stating that the "packers are deliberately taking the processing tax off live hogs which is contrary to our understanding of the government's application of the processing tax." A banker in Piedmont, Kansas, wrote to Secretary Wallace asking that the processing tax not be increased because he believed the entire tax was borne by the producer and "considering the extremely low price of hogs at the present time this tax is a very grievous burden."¹⁸

A problem further complicating the situation for corn hog farmers was the fact that the government programs had raised the cost of corn. Those farmers who needed to buy some or all of their corn for feeding their hogs were put in a double bind. A Missouri farmer wrote,

I do not want to pay any more of this hog tax than I have to. Wasting plenty of money on hogs now, choice fat hogs are worth on the farm about 2.90. Corn is selling on farm from 35 to 40 cents a bushel. I certainly hope you will not put this hog tax any higher - hurts badly now, these hard times.¹⁹

His complaint that the processing tax kept the hog prices lower, while the corn loan program raised the price of corn, the essential feed used with hogs, was a common one. Nebraska Representative Bock had also mentioned it in his telegram, stating that corn in Nebraska was 45 cents a bushel and hogs were selling for \$3.00 or less.²⁰

For many farmers their conditions did not improve greatly in the following years. In 1934 according to the U.S. Agricultural Statistics reports, hogs on Missouri and Kansas farms were worth \$3.45 per head; in Nebraska they were somewhat higher, \$4.30 per head. In 1935 prices for

hogs had risen to \$4.50 in Missouri, \$4.80 in Kansas, and \$6.10 in Nebraska.²¹

Farmers in Missouri, Nebraska, and Kansas learned in January 1936 from their newspapers and radios that the Supreme Court had declared the Agricultural Adjustment Act and its processing tax unconstitutional. They may also have heard that some Iowa hog farmers believing that the processing taxes had been deducted from the prices they received for their hogs, had decided to form an organization to recover the processing taxes. Farmers in Missouri, Nebraska, and Kansas were still suffering the effects of the Depression and if they heard about the process tax recovery attempts they may have hoped that recovering the tax would help some of them to stay on their farms.

Certainly, they were convinced that the processors had deducted the cost of the processing taxes from the prices they paid the farmers. In an editorial on the Supreme Court decision, Hirth wrote that in his opinion, "that part of the decision which requires the return of millions of dollars of impounded processing taxes to the packers, millers, etc. is utterly without equity, for I am convinced that these processors not only reflected these taxes in the price that consumers paid, but in some cases, at least, they also took them out of the farmer's hide, and I think this was especially true of hogs."²²

Conditions were still bad. Drought had hit again. In 1936 Kansas and Nebraska received 7 to 8 fewer inches of precipitation throughout the year than usual, causing widespread crop damage.²³ Many farmers had little to

sell, even though prices had risen a little. One Kansas farmer wrote: "I tell you it is serious. We have not had a crop for six years. And this year is a total loss. Something has to be done at once."²⁴ Hirth in an editorial noted that he was receiving an increasing number of letters from farmers who said that they were without feed for their livestock and enduring actual hunger themselves.²⁵

Farmers in Missouri and Nebraska read about the organization for securing the return of the processing tax on hogs in several hog raisers journals.²⁶ The Farm Holiday paper also carried an announcement of the formation of the group."²⁷

J. J. Lilley of Randolph, Kansas, attended the second meeting of the Farmers Process Tax Recovery Association, the only non-Iowan present. He said he was authorized to represent his state and they were ready to go along with Iowa in a national organization for the purpose of recovery of the processing tax. Other states did not send delegates to the meeting but had sent letters of sympathy and interest.²⁸

Jim Reed a lawyer in Jefferson City, Missouri, and Donald Van Vleet corresponded concerning legal representation of the Association. Van Vleet said that they had a small organization, at present but hoped that it would become strong and believed that they could make it profitable for Reed to handle the case.

Also, inasmuch as you have fought for this cause, yourself, you would certainly be glad to help those farmers who could not be coerced or threatened into joining the AAA hook up in spite of the financial reverses they received by not taking up with this program.²⁹

Donald Van Vleet also exerted special efforts to attract wealthy and influential persons. Dan Casement, a wealthy rancher who maintained a large hog production near Manhattan, Kansas, was asked if he would join the Association. Casement replied that he did not want to join the group because

My judgment tells me that such an effort would be quite hopeless. I must have paid at least \$10,000 in processing taxes on the hogs I shipped during the life of the AAA, that is IF [sic] I paid them all. There is no conceivable way of determining exactly how the tax was paid or of returning it to producers. I am satisfied that a suit undertaken for that purpose would end in nothing. In this belief I long ago definitely kissed my hog tax money goodbye.³⁰

Years later, at a Iowa Farmers Union state board meeting, Van Vleet mentioned that he had asked Dan Casement for money to support the efforts of the Farmers Process Tax Recovery Association. Whether he actually received anything or not is uncertain. At one time Casement was president of the Farmers Independence Council of America, an adjunct of the Liberty League, a group which opposed Roosevelt and the New Deal, and it is possible but not clear that he gave some support to the Recovery Association.³¹

Van Vleet also traveled to Barnard and Sedalia in an attempt to establish an association in Missouri.³² If Milo Reno had been alive, he might have been able to attract Hirth to the new organization. They had been friends for many years.³³

J. J. Lilly for a time showed some interest in organizing a tax recovery association in Kansas. Several letters were sent back and forth between Van Vleet and Lilly; however, nothing much developed. Helen

Holehan, the secretary of the Iowa Farmers Union who also worked for the Recovery Association for a time, wrote Lilly: "Our association in fact spent far more money trying to get organized in Kansas than we ever received from there . . . state papers gave very little publicity [and] it was impossible to get a crowd to the meeting."

In the presidential election year of 1936 Farmers Union members in Kansas and Nebraska received divided counsel. Farmers Union leaders, Charles Huff and John Vesecky of Kansas, Charles Talbott of North Dakota, M. W. Thatcher (Head of the Farmers Union Terminal Association) and A. W. Ricker editor of the Farmers Union Herald who were particularly interested in developing powerful regional cooperatives declared their non-partisanship.³⁵ While Edward E. Kennedy, representing the more radical wing of the Farmers Union, vigorously campaigned for third party candidate, William Lemke. E. H. Everson, also a radical, was openly critical of the New Deal, saying that the administration was making the rich richer and the poor poorer. He said "Farmers have had so much farm relief they have been relieved of just about everything but their mortgage and family. I suppose the 'new deal' would take our wives too if they wouldn't have to spend money to feed them."³⁶

In the wake of the election, the Farmers Union held their annual convention. The cooperative leaders campaigned against Kennedy. They said he should not have openly supported any one candidate in the elections. In the voting that followed, Kansas, North Dakota, Montana, Wisconsin, and Nebraska supported Kennedy's opponent. Ohio, Indiana, Illinois, Iowa, and

Alabama voted for Kennedy. The other states split their votes.³⁷ Kennedy made a graceful farewell speech to the convention after his defeat and moved to Washington to develop a lobbying service and a farmers newsletter.

In the summer of 1937, representatives of the Recovery Association journeyed to Washington, met with Kennedy and various Senators and Representatives, and decided to push for legislation. They felt it was necessary to exert even more efforts toward forming branch associations in neighboring states so that they would have greater power and more influence in securing legislation. They found association with Kennedy a mixed blessing; in some states he had established friendships which could be helpful but because of Kennedy's foes in the Farmers Union in some states they would find their task more difficult.

Kennedy used his extensive contacts throughout the nation from his days as national secretary of the Farmers Union. He began to ask people in the states surrounding Iowa if they would be interested in promoting the Recovery Association. We have already seen that he had a great deal of influence in Illinois. He also contacted people in Kansas, Missouri, and Nebraska.³⁸

Harry Parmenter, who had been Vice President of the Nebraska Farmers Union and President of the Nebraska Farm Holiday Association, received a letter from Kennedy outlining the terms by which he could be State Manager of the Nebraska Farmers Process Tax Recovery Association. Parmenter accepted the terms and became Nebraska State Manager.³⁹

By January of 1938, J. C. James the Assistant State manager in Nebraska was being particularly effective. (James divided his time between soliciting memberships for the National Farmers Process Tax Recovery Association and selling insurance.)⁴⁰ In fact, the largest claims were coming from Nebraska.⁴¹

But in the last week of January 1938, Gurney began to promote the recovery of the hog processing tax. His radio station, WNAX, was located near the border of Nebraska and many of his listeners were in that area. Several farmers wrote to ask Gurney if there was an organization in Nebraska that was working to help them recover their processing taxes. Apparently, the National Farmers Process Tax Refund organizers had not received much publicity before Gurney entered the fight.⁴² Gurney also received a few letters from Kansas.⁴³

The efforts of the National Farmers Process Tax Recovery Association and Gurney's organization did not pass unnoticed and articles critical of the processing tax recovery efforts began to appear in farm newspapers. In March, 1938, the Kansas Union Farmer ran an article warning farmers not to give any money to solicitors for the purpose of obtaining refunds of processing taxes. They quoted from the Department of Agriculture article, "there is no provision of existing law which authorizes or allows any refund of processing taxes to a farmer." The article discouraged farmers from participating in the efforts of the National Farmers Process Tax Recovery Association.⁴⁴

This was another example of the attitude of the Kansas Farmers Union toward the Recovery Association. The Kansas Farmers Union leadership had opposed the election of Kennedy as Secretary of the Farmers Union in 1936. In 1939 they would also oppose Kennedy and Lemke in their cost of production legislation. Their disapproval and the Department of Agriculture release may have stopped any further activity in Kansas. Certainly, a Recovery Association did not develop there.

In the summer of 1938 Edward Kennedy was extended an invitation from William Hirth to speak at the Missouri Farmers' Association convention in Sedalia, Missouri, which he accepted. A. J. Johnson also sent an invitation to Hirth to attend the Iowa Farmers Union Convention in Des Moines, Iowa. They must have discussed the National Farmers Process Tax Recovery Association at some of these meetings.⁴⁵ Hirth may have not wanted to become embroiled in issues which would tend to divide the Missouri Farmers Association. He never got behind the Association and it did not flourish in Missouri.

From time to time, the Association tried to start up branches in Missouri and Kansas but with very little success. In 1939 an agreement was made between a Missouri farmer in Gentry County and the Association⁴⁶ but few new memberships were sent in from Missouri. And in December of 1939 when a Kansas farmer wrote A. J. Johnson asking for information about the Process Tax Recovery Association, attempts were made to set the farmer up as a Kansas organizer.⁴⁷

In the meantime, Recovery Association activities were progressing more favorably in Nebraska. Several solicitors, J. C. James, C. R. Fisher, W. N. Miller, as well as State Manager Harry C. Parmenter were sending in quite a few claims.⁴⁸

The Nebraska group also faced some opposition. The Department of Agriculture statement had also been sent out to farmers in their area through the Nebraska Farmer. Van Vleet declared that the article was an part of an "insidious plot on the part of the Department of Agriculture to curtail the finances of our organization in that way making it impossible for us to fight the battle as hard as it will be necessary in order to win." He felt that possibly someone on the staff of the Nebraska Farmer had been paid by the government to insert the notice. "There are always plenty of hirelings."⁴⁹

Gurney also received clippings of the article in the Nebraska Farmer. Gurney's correspondent said that "according to article there seems to be very little hope of getting any refunds, and I feel that I have lost enough without losing any more."⁵⁰ Gurney replied that it was "regrettable that the farm papers that are supposed to be working for the farmers do not make a complete investigation before they publish articles that tend to stop the farmer from getting his just rights."⁵¹

Meanwhile, the Recovery Association leaders in Nebraska began to feel the competition of Gurney's radio campaign and suggested that the Recovery Association use some radio broadcasting. Van Vleet said it would be too expensive but thought they could afford putting up posters in sale barns.⁵²

Other problems for the Recovery Association solicitors were caused by the refusal of some of the large packing houses to provide potential members with proof of their hog sales. One farmer wrote that he had received a letter from Stolinski Livestock Commission Company of Omaha saying that the government did not require them to keep records for that long a period of time. The packing houses and commission firms also quoted the part of the Department of Agriculture statement assuring farmers that if such a law were passed farmers would not need a "go-between."⁵³

In another instance, J. C. James wrote to A. J. Johnson that the Farmers Union Commission Firm in Omaha refused to give one farmer his records. They told the man that he "could not collect the tax" and was "just throwing his money away."⁵⁴ A. J. Johnson wrote to the Farmers Union firm and was able to convince them that they should provide the information their customers requested. (A more complete account is given in the Iowa chapter.)

Farmers who had signed a corn/hog reduction contract with the AAA also had problems getting their records of sales. One farmer wrote that the farm demonstrator, (probably a County Agent?) "refused to let the boy have his hog papers. And told him that there were nothing to it."⁵⁵

With negative publicity in farmers' papers, competition from a neighboring state, and opposition from county agents and meat packing plants, it is no wonder some of the solicitors for the Recovery Association got discouraged. One Nebraska solicitor, wrote to the National Farmers Process Tax Recovery Association in June 1938 that some of his friends were

telling him the organization was only a money making scheme. Others were saying that the farmers could get their money back without expending any of their own funds. He wanted some answers to these questions before he continued recruiting. A. J. Johnson replied "I am personally acquainted with every officer of the National Association and I wish to say that they have not even had their expenses paid for attending board meetings.⁵⁶ "In answer to Fisher's comments that some farmers believed they would receive a refund without paying a fee, Johnson replied that getting the legislation passed required that someone expend a great deal of time and money. Johnson felt that this "propaganda comes in most cases from the Triple A committees."

But the question remains, why did the solicitor not go to his state manager, W. C. Parmenter with his concerns? Why did he write the national office? Was Parmenter no longer active? Parmenter had been an officer in the Nebraska Farmers Union which had voted against Kennedy in the 1936 elections. Most likely group pressure led him to abandon the recovery efforts. He may have become less interested in the farm process tax recovery effort because of the conflict between Kennedy and Van Vleet in Iowa. Or he may have joined other members of the Farmers Union on the federal payroll.⁵⁷ From 1938 on the Nebraska branch of the Recovery Association became less active, and as we have seen efforts to establish branches in Kansas and Missouri failed.

One of the reasons for the weakness of the Recovery Association in Nebraska may be the strength of Gurney's organization in Yankton, South

Dakota, which was close to the Nebraska corn and hog region.⁵⁸ Gurney's radio station beamed its broadcasts right into the homes of Nebraska corn/hog farmers with a force that the Recovery Association would find hard to match.

Another reason for the failure to establish strong organizations in all of these states was the lack of support from the Farmers Union leadership in Nebraska and Kansas and from William Hirth the leader of the Missouri Farmers Association. Farmers Union leaders in Kansas and Nebraska were less inclined to support the Recovery Association because they were moving toward a reconciliation with Roosevelt and the New Deal. Hirth was still angry with the administration but inclined to go his own way.

Endnotes

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³Shover, "The Farm Holiday Movement, pp. 59-60.

⁴Ibid., pp. 64-66.

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⁷Richard O. Davies, "The Politics of Desperation: William A. Hirth and the Presidential Election of 1932," Agricultural History, 38 (October 1964), p. 226.

⁸Robert A. Deamond, Ed., Guide to U.S. Elections (Washington, D.C.: Congressional Quarterly Inc., 1975), pp. 249-55.

⁹Davies, "The Politics of Desperation," p. 223.

¹⁰"Hogs and Corn at Des Moines," Iowa Union Farmer, August 9, 1933, p. 1.

¹¹Van L. Perkins, "The AAA and the Politics of Agriculture: Agricultural Policy Formulation in the Fall of 1933," Agricultural History 39 (October, 1965): 221.

¹²Ibid., p. 222.

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¹⁵George E. Tolin to Secretary Henry A. Wallace, September 4, 1933; A. G. Black to George E. Tolin, September 8, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

¹⁶Henry Bock to Henry A. Wallace, Dec. 13, 1933; A. G. Black to Henry Bock, December 22, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

¹⁷"We the undersigned farmers and hog producers of DeKalb County, Missouri," December 20, 1933, NARG 145, AAA 1933-1935 Subject Correspondence, Hogs.

¹⁸U. H. Wilson to Secretary Henry A. Wallace, December 25, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

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²²William Hirth, "A Great Opportunity for the M.F.A.," The Missouri Farmer, Feb. 1, 1936, p. 8.

²³Michael D. Weiss, Fifty Years of U.S. Weather: Monthly Temperature and Precipitation by State and Farm Production Region, 1931-1980, Staff Report, U.S. Department of Agriculture (1982), pp. 19, 37, 59.

²⁴H. W. Naslund to President Franklin D. Roosevelt, July 23, 1936; Paul R. Preston, to H. W. Naslund, August 12, 1936, NARG 145, 1933-1935, Subject Correspondence, Hogs, P. T.

²⁵William Hirth, "Editorial Comment," The Missouri Farmer, January 1, 1937, p. 8.

²⁶Donald Van Vleet to George J. Dimig, April 4, 1936; Donald Van Vleet to Harry Butler, April 1, 1936, NFPTRA Records.

²⁷Donald Van Vleet to Martin Posvar, April 13, 1936, NFPTRA Records.

²⁸Minutes of Annual Meeting of Farmers Process Tax Recovery Association, April 3, 1936, NFPTRA Records.

²⁹Donald Van Vleet to Jim A. Reed, April 23, 1936, NFPTRA Records.

³⁰Dan Casement to Donald Van Vleet, April 26, 1936, NFPTRA Records.

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³²Donald Van Vleet to members of the Auditing Committee, 1938, NFPTRA Records.

³³William Hirth to Milo Reno, March 12, 1936, Reno Papers.

³⁴Helen Holehan to J. J. Lilly, January 27, 1937; Donald Van Vleet to J. J. Lilly, February 2, 1937, NFPTRA Records.

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⁴¹Donald Van Vleet to Arthur H. Booth, January 15, 1938, NFPTRA Records.

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⁴⁴"Warns Farmers of Processing Tax Solicitors," Kansas Union Farmer, March 3, 1938, NFPTRA Records.

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⁴⁸"Nebraska Claims," NFPTRA Records.

- ⁴⁹Donald Van Vleet to J. C. James, February 14, 1938, NFPTRA Records.
- ⁵⁰Christ Kruse to D. B. Gurney, March 19, 1938, NFPTRA Records.
- ⁵¹D. B. Gurney to Christ Kruse, March 24, 1938, NFPTRA Records.
- ⁵²J. C. James to Donald Van Vleet, February 17, 1938; Donald Van Vleet to J. C. James, February 21, 1938, NFPTRA Records.
- ⁵³Stolinski Livestock Commission to Herman Schreiber, February 19, 1938, NFPTRA Records.
- ⁵⁴J. C. James to A. J. Johnson, September 22, 1939, NFPTRA Records.
- ⁵⁵C. C. Rose to D. B. Gurney, March 26, 1938, NFPTRA Records.
- ⁵⁶C. R. Fisher to National Process Tax Recovery Association, June 22, 1938; A. J. Johnson to C. R. Fisher, June 24, 1938. Johnson was not completely correct. Sometimes, solicitors and board members met for NFPTRA discussions at Farmers Union conventions to save expenses. At other times, however, their expenses were paid by the Association. See for example a bill submitted by Fred Wolf for \$21.00 which included 4 nights at Hotel Savery, 20 gallons of gas and meals for 5 days while attending a board meeting on September 30, 1938. Also, Johnson does not address the issue of the funds paid to Edward E. Kennedy, the NFPTRA lobbyist.
- ⁵⁷Karl Mundt to Henry A. Wallace, May 20, 1939. Mundt asked Wallace if any of the people he listed were employed by the Department of Agriculture. Among those listed were John Vesecky, James Patton, Emil Loriks, Glen Talbott, Harry Parmenter, and J. M. Graves (Lemke Papers).
- ⁵⁸Bradley H. Baltensperger, Nebraska, A Geography (Boulder: Westview Press, 1985), p. 160.

CHAPTER VII

"THE GREATEST LEGALIZED STEAL IN AMERICAN HISTORY"

According to the packing companies, they had suffered along with the farmers in the general problems of the twenties and early thirties. President T. Henry Foster of the Morrell Meat Packing Company wrote to the company stockholders in 1927:

While operations at both plants during the period have been reasonably steady as far as volume is concerned, they have been anything but satisfactory. The packing industry, being closely related to agriculture, suffers along with farming, from inadequate return, lack of stabilization and uneconomic practices. Like many other producers during the past year, the packers have been caught in the maelstrom of declining prices. Although our sales in volume were larger than for the same period in 1926 . . . (profits were lower)¹

With the Stock Market Crash of 1929 and a severe drought in the Middle West in the summer of 1930, the packing companies faced further difficulties. President Foster wrote his shareholders in 1930: "General conditions in the industry . . . have been bad and there has been an abnormal amount of unemployment, especially in the large industrial centers." Morrell's however, had been able to operate at near normal rates.²

In November of 1931 President Foster wrote: "General business conditions during the period have been very little better, if any, than the previous six months, and the packing industry has been no exception. Livestock prices have sunk to almost forgotten levels and the market prices

of the finished product have sold at times below the cost of production. Altogether it has been the poorest year the industry has experienced in a long time. Continuous price declines, entailing substantial inventory losses, curtailed export trade, and poor by-products business has seriously affected earnings."³

Livestock prices had indeed been falling: prices for good and choice hogs in Omaha, Kansas City, and Chicago in 1929 and early 1930 had ranged from \$9.00 to \$11.00 per hundred weight. By the end of 1930 prices began to decline to \$7.00 per hundred weight. By 1931, good and choice hogs were selling at \$4.00 in the markets at Kansas City, Omaha, and Chicago. In 1932, they fell even lower in these markets to \$3.00 per hundred weight.⁴ In South Dakota prices fell from a yearly average of \$9.20 per hundred weight for hogs in 1929 to \$5.34 per hundred weight in 1931 and \$2.93 per hundred weight in 1932.⁵

According to the packers, the prices they paid for livestock, hogs included, depended upon what the consumer was able and willing to pay. When business was prosperous and workers were employed, the incomes of consumers increased and people wanted more meat than they had been consuming. This led to rising prices for meat. Similarly, when many workers were unemployed and consumer incomes were declining, fewer people bought meat and meat prices declined and the prices that the packers paid for livestock also declined.⁶

Swift included in its 50th anniversary yearbook a chart showing that the rise and fall of factory payrolls from 1927 through 1932 were similar

to the rise and fall of gross farm income from meat animals for the same period. In 1927, 1928, and the beginning of 1929 the factory payrolls and prices farmers received for livestock were at 120 percent of the prices received in 1924. Then they began to fall precipitously, to 100 percent in 1930, 70 percent in 1931, and 50 percent in 1932.⁷

In 1931, despite the falling prices farmers were receiving for livestock, Morrell & Co. was able to purchase another meat packing plant, employing nearly 1,250 people and located in Topeka, Kansas. In 1931, one of Morrell's stock holders upon receiving a proxy notice complained because his 1931 stock dividends were smaller:

Take Notice. . . . Would Rather Vote for Al Capoone [sic] Than for Either one of You Unscrupulous Fellows. . . . I ask You to Send Me the Wrested Monney You took from Me. You Promised to Pay 4 Dollars and 40 Cents For Each Share. You Broke Your Promise and bought a few More Packing houses and Claim a Deficit in Bussiness to your Shareholders. . . . You Cannot Deny that you Have Not done More Bussiness the Last year than anny Year before.⁹

Writing in June of 1932, Morrell president, Foster, commented in his semi-annual message that the company had felt the effects of the depression but had been able to keep on all of its employees, although most were working reduced hours and receiving lowered wages.¹⁰

The closing of the banks on March 5, 1933, imposed other difficulties on Morrell. They needed funds to buy livestock and pay employees. Morrell's management solved this difficulty by printing a supply of "Guaranteed Pay Orders" which they agreed to redeem in cash at the end of the "bank holiday." These certificates were accepted by factory workers and hog producers until the banks reopened and they could be redeemed.¹¹

With the coming of the New Deal in 1933, legislation was passed affecting both the packing industry and the farmers. The two most important acts for the packers were the National Industrial Recovery Act (NRA) and the Agricultural Adjustment Act (AAA).

The packers' code enacted under the NRA called for similar regulations of hours, wages, and practices throughout the industry. The code had been developed by a committee of packer representatives from the Institute of American Meat Packers working in conjunction with representatives of the Agricultural Adjustment Administration. Morrell vice-president, G. M. Foster, had been chairman of the committee which met in Washington on August 5, 1933, and in two days developed the code which the packers agreed to abide by for a period of two years. Additions to the code were expected to be made in the future.¹² Morrell displayed the Blue Eagle of the N.R.A.¹³

Another act which affected the packers was the Agricultural Adjustment Act which imposed a processing tax on the packers to pay the benefit payment to farmers who agreed to reduce their acreage. This processing tax was opposed by the packers who spoke out against the AAA program. A national conference of producers, packers, and consumers to discuss the AAA program for corn/hogs was scheduled to be held in Washington in late June.

Roswell Garst, a young Iowa farmer who had worked with Henry A. Wallace in selling hybrid corn seed and was active in forming a corn/hog committee in Iowa received an invitation to attend the national meeting in

Washington. Garst introduced himself at the Washington meeting saying that he was "just a farmer," however he had some questions concerning the packers suggestions for reducing costs. He wanted to see that the farmers got some of the savings.¹⁴

He testified at meetings for about a week and then returned home. Wallace also asked Garst to help other states in organizing their corn-hog committees. Garst went to Indiana and Illinois and others went to Minnesota, South Dakota, Nebraska, etc. Then a national corn-hog committee was formed. This included many members from Iowa as well as representatives from other states. They met in Chicago with representatives of the packing industry. Representing the meat packers were W. W. Woods of the Institute of American Meat Packers, Thomas Wilson, Chicago packer, and John W. Rath, packer of Waterloo, Iowa.¹⁵

While the group was in session in Chicago, hog prices collapsed as well as the corn futures market. Hog prices dropped to the lowest level of fifty years.¹⁶ Garst and other members of the committee feared that these events would result in a glutting of the market by farmers dumping their pigs for whatever prices they could get. Garst suggested that the AAA pay for the slaughter of pregnant or "piggy" sows, as a means of reducing the glut of hogs on the market. Another member of the committee suggested that virtually all light pigs be slaughtered. The proposals were accepted by the national corn-hog committee and passed on to the AAA for action.¹⁷

Still more meetings of producers and processors were held in Washington to develop the emergency pig slaughter program. By August 10,

the emergency pig slaughter was accepted by representatives of the corn hog committees, packers, and the AAA. The plan provided for government purchase of five million hogs before October of which one million would be "piggy" sows and four million would be little pigs.

The purpose of the emergency hog slaughter was to reduce the hog population, prevent further declines in the prices of hogs in the months ahead, and to get additional income into the hands of hog farmers within a short period. George Peek, the administrator of the AAA expected the emergency hog slaughter program to bring to the farmers approximately \$40 million in additional income within a period of several weeks.¹⁸

Particular packers were designated throughout the country to conduct the emergency hog slaughter. A scale of prices with based differentials was suggested by the Institute of American Meat Packers and agreed to by the AAA. Instructions were sent to the various stockyards and packers concerning the treatment and inspection of the hogs. Specific instructions were given to the inspectors to make sure that the sows which were an important aspect of the hog reduction program were in fact "piggy." Farmers bringing in sows which were judged "piggy" would receive compensation of \$4.00 per head above the market price. Little pigs were to be purchased from \$6 to \$9.00 per hundred weight.¹⁹

Contracts were made between the individual packers and the secretary of agriculture which prescribed the conditions under which the packers were to purchase and process the sows and pigs. Morrell Packing Company contracted with Secretary Wallace to destroy pigs 70 to 100 pounds in

weight. Those pigs weighing more than 100 pounds and "piggy sows" were to be saved and cured for food.²⁰

Complaints were soon coming in to the AAA concerning the emergency program. Some farmers complained that they brought "piggy" sows to the stockyards but graders there did not judge them as such and thus the farmers received a lower price for their "piggy" sows. These complaints were backed up by other authorities. A livestock commission buyer of Kansas City wrote to the Department of Agriculture that "twice as many sows were being marketed as the Government had paid a premium on." Those sows which government inspectors said were not pregnant often were shown on slaughter to in fact have been pregnant.²¹

Judge Howard Babcock of Sisseton, South Dakota, wrote to Secretary Wallace of an argument between a farmer, a government inspector, and a Swift inspector in the South St. Paul stockyards concerning a lot of seventeen hogs which the farmer had brought in for sale under the special "piggy" sow purchase program. The federal inspector said only four looked "piggy, the Swift man took the rest but docked them for being "piggy." Judge Babcock wrote that an experienced stockman stood by and said "with one exception any old maid ought to be able to see that these seventeen sows were piggy." Judge Babcock concluded that this experience had been so common among the farmers in his area, that "you should not be disappointed at the failure of the farmers to rush their piggy sows to market."²²

News accounts of the period indicate that government officials did not receive the number of "piggy" sows that they had hoped for. Farmers

were bringing in more little pigs than expected, but often they were keeping their brood sows. Therefore, the AAA announced that they would buy additional numbers of little pigs.²³

Farmers also wrote in to complain that speculators were traveling the countryside and buying up the hogs from farmers at lower prices and then taking them to market for their own profits. One farmer complained to Secretary Wallace, "Just before the prices was published, there was quite a few in this county (Decatur) who took advantage of all the poor hard pressed farmers they could, went around, located them and bought about the time no price was published."²⁴ A Missourian wrote to Secretary Wallace, that the hog buyers were buying these pigs from people that "have no Radio or newspapers"²⁵

A South Dakota hog producer complained to Secretary Wallace that a buyer came to his farm the day before the government began its emergency hog slaughter program and told him to "bring them in that afternoon to get 2 1/2 cents as tomorrow I couldn't get that price." The buyer did the same thing to all of the farmer's neighbors. The next day hogs were selling for 7 1/2 cents a pound in the government emergency slaughter program.²⁶

Tom Berry, South Dakota Governor, wrote to A. G. Black of the Corn and Hogs Section stating that speculators "evidently had advance information concerning the date when the Government purchase would begin as numerous instances (have been reported) where various men have gone about the country as early as August 16th buying up available hogs." They were able to prey upon unsuspecting farmers because a majority of the South

Dakota farmers "cannot afford to keep up their radios, nor do they subscribe to daily newspapers."²⁷

Early in September the AAA announced new rules aimed at checking the activities of speculators. Permits to sell hogs to the packing plants were only to be issued to the farmers who were the original owners of the hogs. Nor were permits for the sale of more than 200 hogs to be issued to any one farmer.²⁸

An Arkansas hog producer complained to Secretary Wallace that his cooperative Live Stock Association could not get a permit to ship livestock from the local farmers to packers for the emergency hog slaughter. "Only speculators can get these permits to ship to the government and are buying up these pigs for 3 cents and shipping them to the government for 9 cents." He continued by commenting that he believed the commission agents were buying their permits and the local associations were refused an opportunity to ship their hogs.²⁹

The hog slaughter program began on August 23, 1933, and concluded in October of 1933. Under the emergency hog slaughter program approximately 6,200,000 pigs and 220,000 sows were bought by the AAA. The heavy pigs and sows were converted into dry salt pork and distributed through the Federal Emergency Relief Administration. Little pigs, which were unsuitable for food, were converted to grease and tankage for fertilizer.³⁰

The program was criticized among the farmers in several ways. As the letters above indicate, there was considerable concern about the judging of pregnant sows; were they "piggy" or not? Why were their hogs being

misjudged? Was there collusion between the government inspectors and the company buyers? There was also much anger against "speculators" who went around the countryside buying up sows, and pigs before the farmers knew about the government program. Who were these "speculators"? Were they buyers from the packing companies, working on commission; or were they independent stockmen who had connections with the packers? Either way, they left farmers angry and suspicious at the beginning of the AAA corn/hog program.

Both farmers and city people also criticized the emergency hog slaughter because it destroyed food. Newspaper writers around the country called it "pig infanticide" or a "birth control program designed for pigs." Others commented that this needless waste was inappropriate when large numbers of Americans were hungry and malnourished. When newspapers in St. Louis and St. Joseph, Missouri, carried stories of thousands of pigs being dumped in the Missouri River, protests were made. William Hirth wrote to Chester Davis that he felt it was "mighty poor psychology for our cities at this time. . . . Surely these pigs could have been handled in some other manner that would have left a better taste not only in the mouths of those who are hungry in the cities, but likewise with our farmers."³¹

Some of the meat from the emergency hog slaughter was used for relief; approximately 100 million pounds was distributed to the needy. Some 22 million pounds of grease and lard were sold.³² However, most of the little pigs were tanked for fertilizer, which was spread on the ground and plowed under.³³

The criticisms of the hog slaughter program would continue for years. In May of 1934, Milo Reno, speaking over Radio Station WHO, claimed that the AAA had "in the face of twenty-five million hungry people . . . murdered five million pigs and have established a compulsory program of food destruction; in the face of twenty-five million half clothed, they have destroyed our cotton."³⁴

To pay for the emergency hog slaughter program, and later AAA corn/hog programs, processing taxes were levied. Soon after the processing tax was announced small packers began to voice their complaints against it. They said that they could not pay the processing tax by increasing the prices they charged the consumers. W. G. Reynolds of Reynold's Packing Company in Union City, Tennessee, wrote to Secretary Wallace that he had tried to pass the tax on to consumers but because of an over supply of poultry products, it is "out of the question to think about advancing hog products."³⁹ This was echoed by a Philadelphia packer who wrote that he did not believe a housewife would purchase pork at high prices while she could purchase poultry and other food at lower prices. Therefore the only result of the processing tax would be to lower the prices paid to the farmers.⁴⁰

Other packers claimed that the processing tax would drive them out of business. The owner of a small meat packing plant in Aberdeen, South Dakota, wrote that his family had operated the business for nearly fifty years but the processing tax would likely destroy his business. "To pay the Hog processing tax at the rates set forth by your department is

impossible."⁴¹ James H. Ferguson of the Independent Processors of Pork Products in New England sent a telegram to President Roosevelt stating that if the processing tax were allowed to stand it would place a great burden on the American people and also "drive every independent processor of pork products out of business."⁴²

Many small processors wrote letters or sent telegrams to their congressmen and their complaints were passed on to the Department of Agriculture. A New Jersey processor sent a telegram to Senator Hamilton Kean, "This tax means ruin to the small independent packer."⁴³

Generally, the most complaints were made by small packers who feared that they could not compete with the larger packers and believed the processing tax exacerbated their problems. For example, the president of Roseland Farm and Manufacturing Company, wrote that his business, Roseland Farm, was a small pork packing plant which employed 30 to 40 men and packed only pork, no other meats. He complained that his company was not able to compete with the larger companies because the larger companies had received extra compensation from the federal government through the emergency hog slaughter program. Also, the big packers handled beef, veal, mutton, poultry, hides, eggs, cheese, soap, and other things which were not affected by the processing tax.⁴⁴

The president of J. T. McMillan Company of St. Paul, Minnesota, wrote to Secretary Wallace stating that

the big packers are bearing down on the smaller concerns, selling goods at any price in order to hold their position and keep up volume . . . with their unlimited resources and diversified lines that the smaller packer is without, they will no doubt in the end again

control the packing operations of the United States, to the detriment of the consuming public.⁴⁵

In answer to these complaints, Wallace said that a comparison of the spread between the wholesale hog product value and live hog price was sufficient evidence to show that the packers were not bearing the burden of the tax. Wallace also quoted from a speech made by W. W. Woods, President of the Institute of the American Meat Packers, "In connection with the low price of hogs, it has been asserted that the packers have wilfully not passed the processing tax along to the consumer."⁴⁶

Secretary Wallace said that larger companies were not having any problems with the processing tax. He stated that after studying the financial statements and dividends paid by several of the larger companies, "we believe they have withstood the effects of the depression satisfactorily." He felt that one of the reasons the larger companies were doing so well was because of larger storage facilities. The larger packers could buy up more hogs when the processing tax was lower and thus have a more favorable profit margin at a later date when the higher processing tax was applied.⁴⁷

Secretary Wallace probably did not please the smaller packers with his replies. Competition between the big four packing companies, Swift, Armour, Wilson, Cudahy, and the smaller meat processing companies had been particularly keen during the period from World War I up through the 1930s and later was to continue through World War II. One of the important factors in the rise of smaller packing companies was the increasing use of trucks to transport hogs and cattle to market. This made it possible to

slaughter animals nearer to the producing areas and thus save on transportation costs. For a time during this period the largest packing companies suffered losses in the proportion of livestock which they slaughtered. The proportion of all livestock slaughtered at Swift, Armour, Wilson, Cudahy, and Morris dropped from 70 percent of the market in 1916 to 59 percent in 1927. They reacted by buying up interior plants and building other plants of their own. They also began to send commission buyers out into the country to buy animals there. The conflict of the 1930s, therefore, was part of this struggle between the large companies and the smaller packing companies for dominance.⁴⁸

In addition to receiving complaints from small packers, the AAA received many letters from farmers concerning the processing tax. Farmers and farmer groups indicated they believed that they were receiving low prices for their hogs and the reason for this was because the packers were deducting the cost of the processing tax from the prices they paid the farmers. In December of 1933 the hog producers of DeKalb County, Missouri, sent a petition to Secretary Wallace. They said that the packers were "deliberately taking the processing tax off live hogs which is contrary to our understanding of the government's application of the processing tax." They also asked Secretary Wallace to work to correct "this injustice."⁴⁹

In October of 1934, farmers meeting in Paola, Kansas, held a referendum and sent a resolution to Kansas Senator Arthur Capper. They felt that the processing tax had been "entirely borne by the producers of hogs, and returned to him with a wide difference in amount, much being

consumed by the expense of collecting, etc." And they suggested that "immediate steps should be taken to correct this condition" and see that the packer pass the tax on to the consumer "where it rightfully belongs."⁵⁰

Other farmers pointed out the wide differences between the prices farmers received for their hogs when they sold them to the packers and the prices the packers charged for their processed products. A farmer living near Hoyt, Kansas, wrote that he was receiving less for his hogs which he sold to the packers but they were charging more, "shoulders have advanced 40%, pork loins 20% and lard also has made the same advancement. . . . It seems to us that the packers are taking advantage of us."⁵¹ A hog raiser of in Louisville, Georgia, wrote that the hog producers were not getting a "square deal" from the packers. He said he was offered three and a half cents for hogs and yet he had to pay twelve and a half cents for "fat-back."⁵² An Illinois farm woman wrote to Secretary Wallace,

Why don't the Packers be made to pay the tax instead of forcing the farmer to sell so cheap he is paying it. We hear the Packers are making more than they have for 8 yrs and that their products are marked high enough that they could be paying 6 cents per lb now for hogs. Can we believe in the Corn and Hog Reduction plan if this is the way the tax works on hogs.⁵³

These complaints of farmers that they were being forced to pay the processing tax because of the lowered prices they were receiving for their hogs were supported by local state officials. R. A. Trovatten, Commissioner of the Minnesota Department of Agriculture, Dairy, and Food, complained to Secretary Wallace. He said the price of hogs at the South St. Paul markets was \$4.00 per hundred weight the day before the processing tax went into effect. Then it started to drop to \$3.40. When additional

processing taxes went into effect, prices continued to go down. "It is an open fact that the major packers were and are swinging the market into line to meet the application of the processing tax . . . thus we again see the burden of the tax being placed upon the producers."⁵⁴ Other complaints were made by Nebraska State Senator P. R. Peterson who wrote to A. G. Black that he believed the packers were deliberately attempting to keep the prices of hogs down. He felt they had "no disposition whatever to accept the Administration program" but were instead constantly displaying an "attitude of scorn toward the Government and Farmers."⁵⁵

Hog buyers and commission merchants also agreed with this analysis. C. G. Keogh, a buyer of hogs on order at the Union Stock Yards in Omaha, wrote in October of 1933,

The live hog market is completely demoralized by reason of the so-called 'Big Packers' refusing to buy hogs unless they can enforce a reduction of what will ultimately be two dollars per hundred to off-set the proposed processing tax. . . . The orders held by the big packer buyers in this hog market the past several days are to bid from fifteen cents to a quarter lower every day and try not to buy any hogs.⁵⁶

A commission merchant at the National Stockyards in Chicago wrote that the processors had

stated orally and in many printed documents that the tax would have to be borne by the producers of hogs . . . they have actually bought their hogs more than \$1.00 lower, in face of light receipts, [which] is certainly presumptive evidence that they are doing exactly what they said they would be compelled to do.⁵⁷

Thus, the Department of agriculture officials had received many complaints from farmers, state officials, hog buyers, and commission merchants that the packers were deducting the processing tax from the

prices they paid the farmers. The Department of Agriculture officials seem to have answered these complaints by saying that the prices the farmers were receiving were not particularly low, or that the low prices were caused by other things such as packers' manipulation of the market, or by the drought. Members of the Department of Agriculture often suggested that packers were attempting to manipulate farmer opinion against the processing tax.

How were the pork packing companies doing financially during the processing tax years? There are various ways of evaluating financial performance: one might consider whether companies offered stock dividends, whether new buildings were erected, or whether financial records showed financial gains. Some of the records of Swift, Morrell, and Rath packing companies give evidence that these companies were prosperous during the Depression.

For example: in Swift's 50th Anniversary Year Book published in 1935, the consolidated balance sheet lists assets of \$40,000,000, inventory of \$100,000,000, other investments \$150,000,000, and an earned surplus of \$68,000,000, with liabilities of \$22,000,000. Also the Swift accounts list the increased value of investments in Libby, McNeil and Libby, and the National Leather Company.⁵⁸ In 1936 the National Union Farmer carried an article claiming that the "operating statements of some of the nation's big meat packers will reveal that the blessings of the Agricultural Adjustment Act fell with exceptional force upon the profit side of the ledger for the processors of cattle, hogs, and sheep during the past year." The claim was

supported by figures released in the Swift and Company yearbook giving figures for the twelve months of operation from October 27, 1934, to October 26th, 1935, revealing that the company showed a gross profit of \$35 million in that year. That is, since Swift had listed an earned surplus of \$68,000,000, over 1/2 of that was earned in 1935, a Depression year.

According to the reports of Lawrence Cheever in The House of Morrell, several plants were purchased or built by the Morrell Packing Company during the 1930s. The plant in Topeka, Kansas, purchased in 1931 has already been mentioned. Prior to this a branch plant had been established in Nogales, Sonora, Mexico, in 1931. A canning business was acquired in England in 1932. A new smokehouse was built in Ottumwa, Iowa, in 1930-1931. A new branch office was established in Sioux Falls, South Dakota, in 1930. A new building was erected in New York City in 1933 and land was bought and a new plant put up in Syracuse, New York, in 1936. Also, two company planes were purchased during the early 1930s.⁶⁰

Another example of a packing company which prospered during the Depression was Rath's Packing Company. Rath's 50th Anniversary Book describes the efficient operations of its modern plant in Waterloo, Iowa. The writer states that Rath's building program "continued even in the depression years, (and) has enabled it to use the newest equipment the industry knows." In its financial records for October 28, 1933, to April 28, 1934, Rath lists \$98,000 for plant construction, \$16,000 for a sheep feeding farm, \$21,000 for a Houston branch building, \$9,000 for branch

house equipment. Profit and loss statements for the two full years of the processing tax indicate a gross profit from sales of \$8,836,360 for 1934 and \$8,091,199 for 1935. Inventories were \$1,899,000 in 1934 and \$2,951,000 in 1935.⁶¹

These records of the packing companies and statements of the Department of Agriculture officials would indicate that some of the meat packing companies prospered during the Depression.

They did, however, resent the processing tax and approximately 50 packing companies brought suit to prevent the collecting of the processing taxes.⁶² The cases challenging the AAA processing tax moved slowly through the courts.

In the meantime, the Department of Agriculture was struggling with the problems of collecting the processing tax. According to a confidential chart prepared for Department of Agriculture officials the anticipated assessments of the processing tax were nearly always higher than actual assessments and collections. Meetings were held between officials of the Bureau of Internal Revenue and AAA officials in order to prevent the avoidance and evasion of the processing tax on hogs. Some of the officials felt that tax officials in some cases were negligent or in other cases unpaid taxes were owed by insolvent firms. The AAA officials blamed the Bureau of Internal Revenue for the discrepancy, and the Bureau blamed the AAA because they said the law under which the tax was to be collected had a loophole permitting the producer or owner of the live hog to slaughter and process the hog without paying the processing tax.⁶³

Some companies paid their processing taxes and others did not. According to its records Swift & Co paid \$3,871,000 in processing taxes in 1934.⁶⁴ Rath Packing Company paid \$4,908,000 for the years of the processing tax. Rath owed \$8,042,674.⁶⁵ Government records of processing tax collections for hogs show that \$ 168,787,524 was collected during 1934 and \$94,000,839 was collected in 1935.⁶⁶ During the later part of 1935 many companies put their processing taxes in escrow, expecting that the processing tax would be declared unconstitutional.⁶⁷

When the Supreme Court declared the AAA unconstitutional, it ordered that nearly \$200,000,000 of impounded processing taxes be returned to the processors. Secretary Wallace attacked this saying "in turning over to the processors this two hundred million dollars which came from all the people, we are seeing the most flagrant example of expropriation for the benefit of a small group. This is probably the greatest legalized steal of American history."⁶⁸

Following the Supreme Court decision, the return of the impounded process taxes, and Secretary Wallace' speech there was some agitation concerning the justice of returning the processing taxes to the packers and millers. The question again was being raised, as to who actually paid the taxes. Farmers and ranchers protested the return of the processing taxes to the processors.

A West Virginia farmer wrote to Secretary Wallace:

I seen your article in the paper where you are opposed to letting the flower [sic] mills and packers having the tax that the Federal government has collected. I want you to know that I am allso opposed to letting them have it. I think that money ought to go back to help

the poor people of our Country, as the poor people was the ones that payed it.⁶⁹

Some people wrote to their Senators and Representatives to protest.

A North Dakota man wrote to Senator Gerald Nye. Senator Nye sent his letter on to the Department of Agriculture.⁷⁰ Senator James Murray wrote the Department of Agriculture enclosing a letter from a Montana rancher who had written that his community was opposed to giving the processing taxes back to the millers and the packers. Department officials replied that the rancher's views "agree with the views expressed in most of the many letters recently received by the Department."⁷¹

Members of Congress began to question the return of the processing taxes to the processors. Senator George Norris of Nebraska wrote to Secretary Wallace stating that he had closely followed Wallace's remarks "to the effect that a return of impounded and other outstanding processing taxes to the processors would be in the nature of a free gift of public money and would, therefore, like to have some of the basic data which you (have) in support of that view."

Secretary Wallace then sent a letter and a report to Senator Norris. In his letter Wallace wrote that he was enclosing a report by L. H. Bean, economic adviser of the AAA. Bean stated that a sample of 14 hog processing companies showed a net income of \$22,627,000 and impounded taxes of \$40,346,000. The taxes as a percentage of income were 178%. Wallace then continued "The facts embodied in this report indicate that the impounded processing taxes recently ordered returned to processors rather

than to consumers or producers is in the nature of an outright gift of public money to a small group that is not entitled to it."⁷²

About this time, the processors began to sue for return of more of their processing taxes. Apparently Federal Judge Woodward of Chicago questioned their haste in seeking the return of the taxes. He is reported to have said, "What's the hurry? You didn't pay the taxes- you passed them on to the producer or the consumer."⁷³

In March President Roosevelt in his message to Congress suggested a tax on the "windfall income" received by packers for nonpayment or return of the unconstitutional processing taxes.⁷⁴ At the President's suggestion and because of the continued discussion concerning the justice of the return of the process taxes to the processors, Congress passed a Revenue Act to recover part of the \$200,000,000 impounded taxes which the Supreme Court had ordered returned to the processors. An 80 percent tax was levied on processors who had not paid their AAA processing tax.

Packing companies prepared to fight for the return of the processing taxes. Rath Packing Company in its balance sheet of October 31, 1936, carried the note that the company had paid only half of its processing tax. Now that the Supreme Court had declared the processing tax unconstitutional and the Revenue Act required that companies must pay part of the taxes which were owed, officials had put aside a reserve of \$1,000,000 to pay the tax if they were required to pay it. Rath's books in February of 1936 carried \$2,451,000 for a processing tax adjustment in the surplus account. But they intended to protest any further payments in further court suits.⁷⁵

Other companies sued for return of the processing taxes. In June of 1936 Armour sued for \$40,000,000 which had been paid in processing taxes. Swift filed claims with the Collector of Internal Revenue for \$35,000,000.⁷⁶

In December of 1936, a federal judge in Indianapolis upheld the validity of the windfall tax.⁷⁷ The companies sought and received permission from Congress to delay the payment of their windfall taxes in the spring of 1937.⁷⁸ For the next few years, the cases were appealed in other courts with the courts usually issuing rulings upholding the windfall tax.⁷⁹

The Supreme Court decision invalidating the AAA and the act of Congress requiring the packers to pay the process tax in to the Treasury gave some farmers the hope of recovering refunds. If the processors could not justly claim the tax refund, then possibly the farmers could claim it. Many farmers had believed all along that the tax had been deducted from the prices which they had received from the processors.

Hoping to prove their claims, the farmers applied to the packers. When the farmers went to the packers requesting receipts to prove they had sold specific numbers of hogs weighing so many pounds on particular dates, they found that the reaction of the packers and commission merchants varied. Some small packers and commission merchants went along with their requests and hunted up their records and issued duplicate receipts. Others, particularly the larger packers, did not.

The Intermountain Marketing Association of Denver, Colorado, looked up the records for a farmer from Gordon, Nebraska.⁸⁰ A livestock

commission merchant of Omaha, Nebraska, sent a duplicate record to another Nebraska hog producer.⁸¹ And the Farmers Union Live Stock Commission of Omaha, Nebraska, sent records to several farmers. (Although there was at first some question as to whether they would fill farmers requests, but protests from Iowa Farmers Union president and National Farmers Process Tax Recovery Association Secretary, A. J. Johnson led them to reverse their policy.)⁸²

Others, particularly the large packing companies, were not as willing to look up the records for farmers who wanted to prove their claims in hopes of getting a refund. Many told the farmers that there was no hope of them receiving the refund.⁸³

John Morrell and Company of Sioux Falls, South Dakota, sent a farmer a letter saying the company would not supply him with the information unless it was given the actual dates of delivery and the reason for requesting the information. Swift and Company sent similar letters to farmers.⁸⁴

Although it would be difficult to prove, perhaps the reason so many officials in packing plants did not wish to provide NEFTRA members with the requested information on farmer hog sales was because of the continued litigation the packing plants were facing concerning the processing tax. The packers still hoped to keep the money and resisted farmers' attempts to prove their claims. It was one more example of the ongoing antagonism between farmers and packers. This antagonism had been increased by the intervention of the AAA and the processing tax.

Endnotes

¹Lawrence Oakley Cheever, The House of Morrell (Cedar Rapids, Iowa: Torch Press, 1948), pp. 215-16.

²Ibid., p. 216.

³Ibid., p. 217.

⁴Swift and Company, 50th Anniversary Year Book, Chicago, 1935.

⁵South Dakota Crop and Livestock Reporting Service, "Price Movement in South Dakota, 1940-1941," South Dakota Agricultural Statistics (S.D. State Printers: Sioux Falls, 1945), sect. 1942, p. 15.

⁶Swift, 50th Anniversary Year Book, p. 19.

⁷Ibid. p. 18.

⁸"Morrell Firm May Transfer Headquarters," Topeka Daily State Journal, September 5, 1931, p. 10.

⁹J. F. Johnson to Morrell & Co., February 26, 1932. Morrell Papers, Special Collections, #100, University of Iowa.

¹⁰Cheever, The House of Morrell, p. 217.

¹¹Ibid.

¹²Ibid., p. 219.

¹³Swift and Co. expenses in 1934 were 13% higher than in 1933. This was because of the increased wage costs which came into effect during the last months of 1933 under NRA codes. Swift, p. 28.

¹⁴Harold Lee, Roswell Garst, A Biography (Ames: Iowa State University Press, 1984), pp. 49-54.

¹⁵"Hog Raisers Confer With Packers: Seek Livestock Price Hike," Evening Republican, Mitchell, South Dakota, July 20, 1933, p. 1.

¹⁶Theodore Saloutos, The American Farmer and the New Deal (Ames: Iowa State University Press, 1982), p. 70.

¹⁷Lee, Roswell Garst, A Biography, pp. 57-58.

¹⁸Saloutos, The American Farmer and the New Deal, p. 70.

¹⁹Agricultural Adjustment Administration, Blanket Wire to Presidents of Stock Yards, August 21, 1933; C. C. Davis to Homer G. Parker, Statesboro, Ga. Sept. 9, 1933; A. G. Black to Institute of American Meat Packers, Sept. 11, 1933, National Archives Record Group (NARG) 145, AAA 1933-1935, Subject Correspondence, Hog Emergency Program.

²⁰Cheever, The House of Morrell, p. 221.

²¹C. E. Blomquist to E. C. Black, September 11, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hog Emergency Program.

²³Judge Howard Babcock to Henry A. Wallace, September 11, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hog Emergency Program.

²³"Farm Heads Are Disappointed in Quantity of Sows," Aberdeen Evening News, September 17, 1933, p. 12.

²⁴Louis E. Fisher to Henry A. Wallace, September 11, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

²⁵R. W. Peper to Henry A. Wallace, September 13, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

²⁶Floren Willem to Henry A. Wallace, August 26, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hog Emergency Program.

²⁷Tom Berry to A. G. Black, August 30, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hog Emergency Program.

²⁸"New Rules Aim at Hog Speculation," Aberdeen Evening News, September 2, 1933, p. 1.

²⁹H. C. Thompson to Henry A. Wallace, September 11, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hog Emergency Program.

³⁰Murray R. Benedict and Oscar C. Stine, The Agricultural Commodity Programs, Two Decades of Experience (New York: The Twentieth Century Fund, 1956), p. 190.

³¹William Hirth to Chester C. Davis, September 12, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

³²Lee, Roswell Garst, A Biography, p. 59.

³³Cheever, The House of Morrell, p. 221.

³⁴Radio Address by Milo Reno, WOC-WHO, May 13, 1934, National Farmers Process Tax Recovery Association (NFPTRA) Records, Library Special Collections, Iowa State University.

³⁵A. G. Black to Victor C. Besing, September 25, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

³⁶Saloutos, The American Farmer and the New Deal, p. 74.

³⁷Benedict and Stine, The Agricultural Commodity Programs, p. 194.

³⁸Ibid., p. 189.

³⁹W. G. Reynolds to Henry A. Wallace, December 22, 1933, NARG, AAA 1933-1935, Subject Correspondence, Hogs.

⁴⁰F. A. Vogt to George W. Edmonds, November 27, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁴¹H. B. Lockington to Henry A. Wallace, December 8, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁴²James H. Ferguson to Franklin Roosevelt, October 20, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁴⁵Milton Mandle to Hamilton Kean, October 16, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁴⁴Wm. Shockey to Roscoe Patterson, January 17, 1933; Roscoe Patterson to Henry A. Wallace, January 19, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁴⁵J. T. McMillan to Henry A. Wallace, May 24, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁴⁶Albert F. Goetze to Phillip Goldsborough, January 12, 1934; Phillip Goldsborough to Henry A. Wallace, January 18, 1934; Henry A. Wallace to Phillip Goldsborough, January 27, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁴⁷J. T. McMillan to Henry A. Wallace, May 24, 1934; J. T. McMillan to Henrik Shipstead, June 11, 1934; Henry A. Wallace to Henrik Shipstead, June 21, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁴⁸Lewis Corey, Meat and Man: A Study of Monopoly, Unionism, and Food Policy (New York: Viking Press, 1950), p. 189.

⁴⁹Farmers and Hog Producers of DeKalb County, Missouri to Secretary Henry Wallace, December 20, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

⁵⁰Damon Krumsick to Arthur Capper, October 15, 1934; Chester C. Davis to Arthur Capper, November 8, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁵¹George Tobin to Henry A. Wallace, September 4, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hog Emergency Program.

⁵²J. R. Phillips to Henry A. Wallace, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁵³Mrs. William Adrian to Henry A. Wallace, January 8, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁵⁴R. A. Trovatten, to Henry A. Wallace, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁵⁵P. R. Peterson to A. G. Black, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁵⁶C. G. Keogh to Franklin D. Roosevelt and Hugh Wallace, October 19, 1933; A. G. Black to C. G. Keogh, December 4, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁵⁷W. A. Moody to Prew Savoy, December 11, 1933; Prew Savoy to W. A. Moody, December 21, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁵⁸Swift, 50th Anniversary Year Book, pp. 6-9.

⁵⁹"Meat Packers Show Huge Profits Under the AAA," National Union Farmer, January 2, 1936. pp. 1, 3.

⁶⁰Cheever, The House of Morrell, pp. 230-36, 247.

⁶¹Rath, 50th Anniversary Book (Waterloo, Iowa, 1941), pp. 12, 13; Rath Packing Company Expenditures on Fixed Assets, October 28, 1933 to April 38, 1934; "Prospectus of the Rath Packing Company," January 2, 1937, p. 11, Rath Collection, Iowa State University.

⁶²Cheever, The House of Morrell, p. 223.

⁶³Ward Buckles, "Memorandum for the Secretary," June 5, 1935, NARG 161, Secretary's Office, Correspondence, Hogs; Prew Savoy "Memorandum to Mr. Jerome N. Frank," January 31, 1935, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁶⁴Swift, 50th Anniversary Year Book, p. 7.

⁶⁵Rath, "Rath Packing Company Balance Sheet as at October 31, 1936," Rath Collection.

⁶⁶U.S. Department of Agriculture, AAA, Agricultural Adjustment, 1933 to 1935 (Washington, D.C.: Government Printing Office, 1936), Appendix A, p. 291.

⁶⁷Edwin G. Nourse, Joseph S Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration (Washington, D.C.: Brookings Institution, 1937), p. 436.

⁶⁸Russell Lord, The Wallaces of Iowa (Boston: Houghton Mifflin Company, 1947), p. 457.

⁶⁹J. F. Pomeroy to Henry A. Wallace, January 20, 1933; J. D. LeCron to J. F. Pomeroy, February 1, 1936, NARG 145, AAA 1936-1938, Subject correspondence, Criticism, Corn Hog.

⁷⁰Melvin Peterson to Senator Gerald P. Nye, January 8, 1936; See also Alfred D. Stedman to Melvin Peterson, January 29, 1936; NARG 145, AAA 1936-1938, Subject Correspondence, Criticism, Corn Hog.

⁷¹M. L. Wilson to James E. Murray, February 15, 1936, NARG 16, Secretary's Office Correspondence, 1936, Taxes.

⁷²George W. Norris to Henry A. Wallace, February 13, 1936; W. H. McReynolds to Henry Morgenthau, February 19, 1936; Henry Morgenthau to Henry A. Wallace, February 19, 1936; Henry A. Wallace to George Norris, NARG 16, Secretary's Office Correspondence, 1935, Taxes.

⁷³"Why the Haste?" Daily Republic, February 5, 1936, p. 4.

⁷⁴"Taxes Asked by President," New York Times, March 4, 1936, p. 1.

⁷⁵Rath, "Balance Sheet as at October 31, 1936," Rath Collection.

⁷⁶"Armour Asks \$40,000,000," New York Times, June 2, 1936, p. 23.

⁷⁷"Court Holds Valid the 'Windfall Tax,'" New York Times, December 11, 1936, p. 56.

⁷⁸"House Backs Delay on 'Windfall' Tax," New York Times, March 4, 1937, p. 5.

⁷⁹"Windfall Tax Holds in Louisville," New York Times, February 12, 1937, p. 4; "\$8,000,000 AAA Tax Suits End," New York Times, November 1, 1937, p. 8; "Processing Tax Suit Dismissed," New York Times, April 7, 1938, p. 15.

⁸⁰Intermountain Livestock Marketing Association to Emil Warnke, February 4, 1938, NFPTRA Records.

⁸¹Tom Bryson Live Stock Marketing Agency to W. J. McCaslin, February 16, 1938, NFPTRA Records.

⁸²J. C. James to A. J. Johnson, September 22, 1939; F. P. Martin to A. J. Johnson, September 26, 1939; A. J. Johnson to F. P. Martin, Manager Farmers Union Live Stock Commission, October 3, 1939, NFPTRA Records.

⁸³William Kutz to D. B. Gurney, May 14, 1938; Herman Schreiber to D. B. Gurney, April 2, 1938, NFPTRA Records.

⁸⁴Albert Kepka to D. B. Gurney, with enclosed letter of John Morrell & Co. to Kepka, February 3, 1938; Swift & Company to Andrew Peterson, March 10, 1938, NFPTRA Records.

CHAPTER VIII
"A PROGRAM FOR THE FARMERS"

The Department of Agriculture had been established in 1862. Throughout its long years of service, it had been an important but never particularly large organization. Originally, research had been its primary function. In 1933 because of the Depression, the Department developed and administered vast programs of agricultural adjustment requiring thousands of new employees and a greatly expanded budget. With the many changes in size and function, came questions and disagreements concerning agricultural programs and the way they were financed. Among the critical voices which were raised against the Department and its programs, some of the most strident were those of the Farmers Union and its associates. In 1936, some of these leaders organized the National Farmers Process Tax Recovery Association.

Farmers Union leaders, including John Simpson, National President; Edward E. Kennedy, National Secretary; and Milo Reno, former president of the Iowa Farmers Union and head of the Farm Holiday Association, had believed that their ideas for agricultural reform, especially cost of production would be adopted by the New Deal. Popular support of cost of production rested in part on the simplicity of its proposal and its appeal to simple economic equity. If manufacturers could charge cost of production, why could not the farmers? Farmers too had certain fixed

costs, land, equipment, taxes, seed, fertilizer, to these could be added an estimated amount of salary for the farmer and wages for hired help to estimate what an average cost of production for any farm commodity should be. Or at least the Farmers Union officials felt that it should be possible to do so.¹

The Farmers Union recommended the granting of federal licenses to agricultural buyers, making it illegal to pay less than a price related to the cost of production. They pointed to World War I farm policy to show that federal price-fixing could actually work. C. N. Rogers, a member of the Farmers Union executive committee wrote to Wallace that "it seems that it would be very easy to establish a price on farm products by licensing the buyers and setting a minimum price as we did in wartime."²

Farmers Union leaders talked with Roosevelt before his nomination, believed that he supported their programs and, therefore, campaigned for him in 1932. But, in the months before the election, Roosevelt had also been meeting with others such as Rexford G. Tugwell, and Raymond Moley who had different ideas about a future agricultural program. Tugwell had met M. L. Wilson a Montana agricultural economics professor in Chicago in 1932 and brought back Wilson's proposals for a domestic allotment program. Roosevelt then changed his ideas about farm plans and gathered advisors to help him formulate proposals for a farm program based on agricultural allotments. One of the people he invited to meet him and to help with formulating a farm program was Henry A. Wallace of Des Moines, Iowa.

Wallace was editor of Wallaces' Farmer, a popular farm newspaper in the middle west and also president of a hybrid seed company.

Following the election Roosevelt vacationed in Warm Springs, Georgia, and considered possible Cabinet appointees, including candidates for the position of Secretary of Agriculture. When Edward A. O'Neal, president of the American Farm Bureau, came out in favor of Wallace, this tipped the balance of the scales in his favor.³

Determined to enact a domestic allotment plan, Wallace invited farm leaders to Washington for a National Agricultural Conference in March of 1933. There Wallace expected that the influence of an "inner group of moderates and progressives would prevail."⁴ Those attending the National Agricultural Conference endorsed the domestic allotment plan in principle and after the conference adjourned, a smaller group from the Department of Agriculture proceeded to write the agricultural adjustment bill.⁵

The only important farm leader who was not at the conference was John Simpson of the Farmers Union. Later he was to charge that he had been deliberately misled so that he would not attend.⁶ In the Senate hearings Simpson argued against domestic allotment and called instead for cost of production.⁷ Although most farm groups, including the Farm Bureau and the Grange, supported Wallace's proposals, the Farmers Union, the Farm Holiday Association, and the Missouri Farmers Association still called for cost of production.⁸

Wallace argued that it would be impossible to determine prices for agricultural products accurately under the cost of production plan.

Wallace's argument, however, failed to convince farmers who knew that cost of production figures for various crops were published in the Department of Agriculture 1930 Yearbook.⁹

While the debate was raging in Congress, many farmers wrote to express their opinions. A chicken farmer near Tyler, Texas, commented, "Simpson seems to have the only sensible conclusion there is to the farming subject."¹⁰ A Nebraska farmer wrote to President Roosevelt: "Farmers of Western Nebraska ask you as their president to insist that the marketing bill carry John A. Simpson's cost of production amendment."¹¹ Another farmer suggested Wallace needed "one good horse-sense Iowa farmer on your right hand." He said that most of the farmers he knew favored government-fixed minimum prices and he felt that "John Simpson is more right than some other advisers."¹² Fred Schultheiss, a member of the Farmers Union executive committee wrote President Roosevelt: "I fear you must sift out the rubbish among your advisors and . . . listen to such leaders as John A. Simpson and Milo Reno, who represent the hope, the aspirations and the demands of at least 90 per cent of the real dirt farmers."¹³ A South Dakota farmer also wrote to President Roosevelt, "I plead with you, to call in John A. Simpson and consider his relief measures."¹⁴

On March 11 and 12, Farmers Union officials meeting in Omaha encouraged their members to write Secretary Wallace and President Roosevelt in support of the cost of production. Many of the letters were similar, but others expressed more individual views on the subject. Gilbert Fite comments that "The contents of hundreds of hand written letters indicate

that farmers were thinking for themselves and were not pawns for any organized group."¹⁵

During the Senate hearings, Simpson testified for three days attacking the administration bill as a subsidy to consumers because under it they could buy farm products at less than the cost of production. Simpson also said that the bill would not decrease production because farmers would cultivate their remaining acres more intensively and big farmers and insurance companies would rent unused land and turn it into production.¹⁶

Simpson also attacked the administration's plans for control of production because he said "You would have to have God on your side to be sure that such a program would work." The government's program, he felt, was "doomed to failure."¹⁷ An Iowa farmer wrote to President Roosevelt, "to cut down production is to say that God does not know how much we need." He further commented that there could be no overproduction when millions were starving.¹⁸

Under the leadership of George Norris, the Senate added a cost of production amendment to the administration bill. Secretary Wallace sent a letter to the conference committee opposing cost of production as impossible to implement or enforce. Simpson appealed directly to President Roosevelt, reminding the President of his support during the elections. But President Roosevelt supported Secretary Wallace rather than Simpson and the cost of production amendment was dropped from the final version of the Agricultural Adjustment Act.¹⁹

Other additions were made to the Agricultural Adjustment bill, one was an amendment proposed by Senator Elmer Thomas of Oklahoma, also supported by the Farmers Union. This amendment called for inflation to help farmers get out of debt. President Roosevelt conferred with Thomas and got him to moderate his proposal so that it became an instrument which the federal government could use for currency expansion if officials so desired.²⁰

According to the terms of the Agricultural Adjustment Act, seven major commodities were subject to control: cotton, corn/hogs, wheat, dairy products, tobacco, and rice.²¹ Because the Agricultural Adjustment Act was passed in May when cotton was already growing in the fields, cotton growers were paid to plow up part of their crop. This was the first crop to be reduced under the Agricultural Adjustment Act.²²

Because corn/hog prices are closely related, the Department of Agriculture decided to deal with them together. There had been a large corn crop in 1932 and this caused the price of corn to drop below \$.20 a bushel in December of 1932. The low price of corn had encouraged hog producers to keep more hogs for feeding and the prices for hogs had also dropped.²³ Department officials decided that the best means of dealing with the hog surplus was to have an emergency pig/sow slaughter. (This has been discussed at length in Chapter VII). The emergency pig slaughter reduced the number of hogs from 62 million at the end of 1932 to less than 59 million at the end of 1933.²⁴

Both the farmers who brought pigs and sows to the emergency pig/sow slaughter and those farmers who signed the corn/hog contracts were compensated by funds derived from a tax levied on the processors. The processing taxes were to be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury.²⁵ The rate of the tax could be equal to the difference between the market price and the parity price, but because the administrators feared that a heavy tax would suddenly increase the price of pork and diminish the demand, a low processing tax was levied at first and then increased.²⁶ The processing tax levied for November of 1933 was \$.50 per hundred weight (live weight). It was increased to \$1.00 between December 1, 1933, and January 31, 1934, during February to \$1.50, and on March 1, 1934, to \$2.25.²⁷

A corn processing tax of \$.28 per bushel was also announced. There were many protests and after a hearing the processing tax was reduced to \$.05 per bushel. This meant that the processing tax on corn could not fully fund the crop reduction payments. It was decided to treat the corn/hog program as a unit and use hog taxes to help support the corn reduction. Also, AAA officials decided to fund the corn/hog reduction program by asking the Treasury to make advances against future hog processing taxes.²⁷

Milo Reno and Edward E. Kennedy cooperated in the initial phases of the Agricultural Adjustment program until it became apparent that a central feature of the program for the corn/hog farmers of the middle west was to be a hog processing tax. At that point they realized that the tax would

probably be taken out of the price the packers paid the farmers and only the farmers who joined the program would benefit. Kennedy and Reno believed "There was no way this kind of program would help the farmer." And they decided to oppose the Agricultural Adjustment program and its execution by the Department of Agriculture.²⁹

In order to reduce production the Agricultural Adjustment Administration called for a reduction in acreage of corn and in numbers of hogs. The reduction was planned first on a national basis and was designed to provide a supply of corn and hogs sufficient for the domestic market. It was also planned to provide some corn/hogs for export markets (which had been decreasing). This allotment was then apportioned among the states and counties according to their past production records. Each cooperating farmer's allotment was worked out by local and county committees. The farmers then received compensation for their corn and hog reductions.³⁰

During the years of the Agricultural Adjustment Administration, 1933-1936, the program received much criticism. The criticism focused on the slaughter of pigs and the lower hog prices which farmers blamed on the processing taxes. Some of the loudest voices of opposition were raised by members and leaders of the Farmers Union. Critics of the slaughter program said that the slaughter was wrong and a better program would be to distribute free pork products to hungry people. Letters came from pork processors, farmers, and unemployed workers saying that poor people in the United States did not have enough to eat and the Department policies should be changed from production control to programs to feed the hungry.

Speaking before the Senate committee on the AAA bill, Simpson had predicted this when he testified: "The farmers are not producing too much. We need all this. What we have overproduction of is empty stomachs and bare backs."³¹

This same concern for the effects of the administration policy of reduction of surpluses on starving people was expressed by William Hirth, leader of the Missouri Farmers Association, who commented in a letter to James Farley that there should be no efforts to reduce surpluses until all of the 120 million Americans were eating three square meals a day.³²

Department officials replied to these criticisms. S. W. Lund, Assistant to the chief, Meat Processing Section, in a letter to a pork processor wrote that the original emergency hog slaughter plan had been expanded.

The original plan as to the number of pigs to be slaughtered has been enlarged, especially to make provisions for the marketing of pigs from drought areas. You will be further interested to know that plans are well advanced to distribute meat now being saved and processed to destitute families in every State. This will be furnished to them in addition to the meat they are now getting through local relief agencies.³³

But the issue would not go away. In June of 1935 the National Union Farmer carried an article on J. H. Saucke of Farnhamville, Iowa, who said he killed 42 pigs so that he could be in compliance with his corn/hog contract. The article accompanied by a picture of the dead pigs was on the front page of The National Union Farmer.³⁴ Department officials said they had requested the Iowa State Corn-Hog Committee to investigate the matter. Apparently Saucke had bought some extra sows who farrowed 42 little pigs

which placed him out of compliance. Saucke had then shown the local corn-hog officials a statement from a rendering plant employee saying that he had delivered the extra pigs to the plant, but the local committee members questioning this account looked into the matter more thoroughly. Saucke then became panicky and had a representative of the rendering plant kill the pigs. Concluding his report, the Department official stated,

It is doubtful if further publicity in this matter upon the part of the Agricultural Adjustment Administration would do more than to give this unfortunate case further notoriety which perhaps would be welcomed by those who are in opposition to the activities and purposes of the Agricultural Adjustment Administration.³⁵

The case received considerable publicity. Reno mentioned it in a speech, and news articles concerning the Saucke case were forwarded to President Roosevelt who requested a report from the Department of Agriculture. Tugwell wrote the President and also enclosed an interdepartmental memorandum that concluded that it was unfortunate that Mr. Saucke chose to kill his excess pigs rather than to turn them over to the Federal Emergency Relief Administration for distribution to relief. His action prevented some needy people from receiving surplus pork and it also gave Reno the "opportunity of publicizing several distorted facts concerning the incident."³⁶

In December of 1935, Secretary Wallace spoke over the radio National Farm and Home Hour about the letters he had received concerning the killing of little pigs. He said that the pigs were mentioned more often than any other subject except potatoes in the letters he received. One letter writer said that it made him sick "all over" to think of how the government

had killed millions of little pigs and how that had led to the increased prices of pork. Secretary Wallace said that it was common belief that the increased prices of pork were due to the 1933 pig slaughter. But that was not true. There was more pork in 1935 at lower prices because of the emergency pig slaughter. Wallace said that he was used to statements of this type from politicians, demagogues, newspaper writers, and others who were driven by their partisan beliefs so that they could not distinguish the truth. But the truth was, as he saw it, that the production control of the AAA had been necessitated by the conditions of the times. Wallace continued,

I suppose it is a marvelous tribute to the humanitarian instincts of the American people that they sympathize more with little pigs which are killed than with full grown hogs. Some people may object to killing pigs at any age. Perhaps they think that farmers should run a sort of old folks home for hogs and keep them around indefinitely as barnyard pets.

Still, he believed that it was more important to think about farmers and consumers than about hogs.³⁷

Other criticism of the corn/hog program dealt with the processing tax. Various groups protested the tax, but Farmers Union leaders were some of the most strident critics. In a radio address Reno declared:

The highway robber, who throws a gun on his victim and gives him the choice of delivering up his cash or taking the consequences, is allowing his victim the same choice of voluntary cooperation as the Triple A when it says to the farmer: Sign this contract; deliver . . . or we will not only take \$2.25 upon every hundred pounds of pork you produce, but we will boycott and harass you in every way possible . . . in fact, unless you recognize the power of this six-shooter we hold in our hand, you will eventually be destroyed.³⁸

Many farmers complained to their congressmen that since the processing tax was applied they had received lower prices for hogs. A Georgia farmer complained to Congressman Homer Parker that some hogs in his neighborhood were selling for \$.02 a pound. Parker wrote to George Peek, demanding that he stop the packers' reducing the prices which they paid for hogs. Fearing that if practices such as these were allowed to continue they would lower farm prices, he urged that the Department of Agriculture take "the necessary steps" to stop these unfair practices.³⁹

A farmer in Michigan complained to his congressman, M. J. Hart, concerning the tax. The congressman wrote to Secretary Wallace, "I am hoping that the Department would not find it necessary to increase (the tax) because I am fearful that it would drive the price down just that much more."

Secretary Wallace then wrote a letter to Congressman Hart in which he stated that it was "difficult to make a definite statement as to which class is bearing the cost of the tax." But he believed that there had been a "misinterpretation by some farmers who feel that the entire tax has been taken off producers' prices." The effects of the tax had been made to look larger, he felt, because they came at a time when hog prices usually decline. Furthermore, hog producers should remember that the processing taxes provided the revenue for the AAA production control payments. "In other words a large percentage of the money collected is actually returned to the producers who participate in the corn hog program."⁴⁰ Thus Wallace

was denying the idea that the whole processing tax was being borne by the farmers.

Farmers also petitioned the government to change the application of the processing tax on hogs. Farmers and hogs producers of DeKalb County, Missouri, charged:

That the packers are deliberately taking the processing tax off live hogs which is contrary to our understanding of the government's application of the processing tax.

We further respectfully ask that you apply all the power granted to you by the A.A.A. and the Packers Stockyard Act or any other powers at your command to correct this injustice.⁴¹

Cecil A. Johnson, executive assistant in the corn-hog section of the AAA, wrote to a Missouri farmer, "It is regrettable that there are those who have formulated opinions to the extent that they believe the processing tax is responsible for the present price of hogs. . . . We agree that this price is unsatisfactory and [therefore we are trying to] carry out the corn-hog program." He said that the processing taxes were necessary because the AAA had borrowed on future processing taxes to make payments to cooperating farmers.

Johnson and M. L. Wilson did not believe the farmers were receiving less because of the tax, instead farmers would receive more for their hog production than if no program had been undertaken. In regard to the farmer who did not sign up for the program, Wilson said

It has been our aim to develop a program whereby the non-cooperator would receive as great a return for his hogs as he would if there were no program, but at the same time reserving the major share of the benefits to those who actively participate in the program. We firmly believe this objective is being attained.⁴³

By late 1935 there was a new complaint about the corn/hog program and the processing tax. Prices of pork and other products had risen by 1935. Letters and petitions were sent by meat retailers and consumers requesting that the processing tax on pork be abolished because it raised the price of pork. The USDA officials stated that the slaughter of little pigs in 1935 did not lead to higher prices in 1935. The pigs slaughtered in 1933 would probably have come to market and been eaten in 1934. The sows slaughtered in 1933 would have produced little pigs which would have come to market by the end of 1934. The AAA program with normal crop yields would have produced ample meat supplies for 1935. The drought caused the meat shortage not the AAA.⁴⁴

The effects of the processing tax were discussed within the Department of Agriculture by various members of the Department. Louis Bean, Economic Adviser to Secretary Wallace, attributed lower hog prices to a seasonal decline between September and December. In the fall of 1933 the decline was greater because of the large volume of sales, caused in turn by higher corn prices which made keeping hogs seem less desirable. "Possibly the propaganda by interested parties that the effect of the Federal program would be to bring about lower hog prices may also have induced farmers to market more heavily than usual." The lower prices received by competing meat products may have contributed to the lowering of hog prices. Also consumers' incomes did not increase in the winter of 1933-1934 and this may have held down prices. "These considerations," Bean continued,

lead me to the present tentative conclusion that the effect of the processing tax on hogs has worked in both directions. The extent to which the tax may have lowered the farm prices, has, of course, a different significance to the participating farmer than to the non-participator. The former will get a benefit payment; the latter has little to gain from the operations of a processing tax on hogs.

He concluded, "It might be well . . . to point out to the farmers . . . that it is to their advantage to join the program rather than to stay out of it."⁴⁵

In another interdepartmental memorandum Alfred Stedman, head of the information office of AAA, wrote that it was essential to have a study of who--farmers, processors, or consumers--paid the processing tax on hogs. The matter was urgent. "Indications are that this will be the first inquiry which we may be called upon to answer when discussion of the Agricultural Adjustment Administration begins in Congress." He said that Representative Marvin Jones and Senator Pat Harrison both felt that the Department of Agriculture should be prepared to discuss this point. Stedman was concerned about the possible adverse effect the processing tax was having on agricultural opinion in the Middle West and he offered to prepare a press release when the studies had been completed.⁴⁶

An interesting phrase often used in these discussions is "propaganda regarding the hog tax." Department of Agriculture officials felt that the processors were contributing to this propaganda and wondered if they were encouraging Farmers Union leaders. In late 1934 and early 1935, Milo Reno attacked the AAA over the radio nearly every Sunday afternoon. Secretary Wallace wanted to know who was paying for Reno's speeches.⁴⁷

In answer to criticism, the Department held two corn/hog referenda in 1934 and in late 1935. In both of these referenda few non-contract signers voted. In 1934, approximately 374,000 farmers voted to continue the program; approximately 161,000 voted against the program. Only 45,000 non signers indicated their preferences on agriculture ballots.⁴⁸ The Department of Agriculture took these votes to mean that farmers favored the continuance of their program. Another referendum was held in 1935 with similar results. The questions were "(1) Do you favor an adjustment program dealing with corn and hogs in 1935? (2) Do you favor a one-contract-per farm adjustment program dealing with grains and livestock to become effective in 1936?" In 1934, approximately 46 percent of all contract signers voted in favor of the program.⁴⁹ In 1935 the question of the referendum was "Do you favor a Corn-Hog Adjustment Program to follow the 1935 program which expires November 30, 1935?"⁵⁰

Articles in the National Union Farmer indicate that some Farmers Union officials felt the 1935 referendum was fraudulent. They said that farmers were asked to vote on a "trick-question, so worded by the bureaucrat chiefs that the answer could hardly be other than favorable." Some Farmers Union officials charged that marked ballots were used in Michigan. "While pretending to conduct a secret ballot, the men at bureaucrat headquarters had covertly inserted serial numbers of all signers so that they could quickly check back to the contract form and discover in each case, how the farmer voted or whether he voted at all." Since these officials controlled the handling of contracts, farmers could be

intimidated into voting to approve the program. Coercion was also charged in the AAA referendum in Iowa.⁵¹ In Iowa, AAA fieldmen were paid to go out and secure ballots from the farmers and take these ballots to the polls. Only those who gave their votes to the AAA fieldmen were counted, since the Iowa polling places were closed on election day.⁵²

Approximately 50 packing companies challenged the processing tax in court.⁵³ The cases moved slowly, and many large corporations withheld the disputed taxes in special accounts. During 1935 while AAA payments to corn and hog producers were approximately \$330,000,000, collections amounted to approximately \$191,500,000. There were several reasons for the shortfall, one of these was the drought of 1934 which had affected the numbers of hogs farmers raised, but one of the most important was the refusal of the processing companies to pay their taxes pending court decisions.⁵⁴

On January 6, 1936, the Supreme Court in U.S. v. Butler held the AAA to be unconstitutional.⁵⁵ When the news of the Supreme Court decision reached the offices of the AAA in Washington, there was extreme confusion. Approximately \$200,000,000 in processing taxes had been impounded and AAA officials feared that the money would be returned to the processors. The AAA owed \$217,250,000 to farmers for their compliance with crop reduction programs in 1935. Some officials estimated that \$200,000,000 more than had been taken in from processing tax revenues had already been distributed.⁵⁶ Where was the money to make promised payments to come from? Secretary

Wallace was silent on those first few days and said he would see no newspapermen.⁵⁷

President Roosevelt conferred with leading AAA officials and chairmen of the Senate and House Agriculture committees and made plans to introduce a bill immediately for the appropriation of \$250,000,000 for payment of the farmers' claims.⁵⁸

Following the decision, the Department of Agriculture called for a meeting of farm organization leaders to make plans for new legislation. Secretary Wallace said he "wanted to get the counsel of the wise leaders of agriculture."⁵⁹

Some farm leaders already had expressed their feelings. Edward A. O'Neal, of the American Farm Bureau, called the ruling "a stunning blow to national economic recovery." O'Neal said: "Those who believe the American farmer is going to stand idly by and watch his program for economic equality and parity, for which he has fought more than a decade, swept into discard, will be badly mistaken."⁶⁰ Louis J. Tabor, master of the National Grange, commented that the administration needed to find a way to fulfil the contracts made with the farmers under the agricultural adjustment program.⁶¹ Milo Reno declared: "That's fine. It was unthinkable legislation in the first place."⁶²

In Washington the group met with Wallace and then went into executive session. Although Milo Reno had not been invited, the leaders heard that Reno intended to "crash the gates." Eventually, Reno attended the session as a member of the Farmers Union delegation. The Farmers Union leaders

called for cost of production, licensing processors and distributors to guarantee against the sale of commodities at less than cost.⁶³ Officials of the National Grange proposed a plan calling for increased agricultural tariffs, subsidized exports, and co-operative marketing.⁶⁴

The Department of Agriculture officials had said they called the conference to get ideas for a new approach to agricultural problems. There is some evidence indicating; however, that from the first they favored legislation calling for payments to farmers who practiced conservation. On January 10, the day of the conference, President Roosevelt said "we shall try to get some legislation at this session which will carry out in some way the general thought of seeking to maintain . . . soil fertility because we have lost an awful lot of it and, at the same time, keep the price for American agricultural crops up to a high level."⁶⁵

Howard R. Tolley, a former assistant AAA administrator, was called from the West Coast to attend the meetings. He had been developing proposals for regional planning and soil conservation for the Ginanini Foundation of California. Tolley was sometimes called the "Soil Wizard."⁶⁶ The invitation to him was considered especially important since President Roosevelt, Secretary Wallace, and AAA administrator Chester Davis had said they favored some sort of soil conservation program.⁶⁷

The American Farm Bureau had called its officers and general board together in Washington to meet a day before Wallace's conference. They also discussed possible solutions to farm problems in the wake of the Supreme Court decision. Donald Kirkpatrick, American Farm Bureau general

counsel, liked a proposal which may have originated in Chester Davis' office or may have come from recommendations of an Iowa farm study committee.⁶⁸ This proposal would be based on the welfare clause of the constitution rather than on the commerce clause which the Supreme Court decision seemed to suggest could not be used. Using the welfare clause, the government would pay farmers to restore and maintain soil fertility through growing soil building crops to be plowed under rather than harvested. Kirkpatrick believed this could result in a reduction in harvested acres and therefore in lowered agricultural production.⁶⁹ Kirkpatrick passed his suggestions on to Ed O'Neal and Earl Smith, president and vice president of the American Farm Bureau, and they spent several days with AAA administrators discussing the new proposal.⁷⁰

At the farm leaders conference, they appointed a committee of thirteen to prepare a rough draft of proposals for a new program which was to be submitted to the group. The committee reported out a declaration of principles which they felt new agricultural legislation should include:

- (1) The Secretary of Agriculture to be given the power to withdraw from commercial crop production such land as might be necessary to promote conservation of the soil and to bring about a "profitable balance of domestic production with the total effective demand at profitable prices."
- (2) Congress should provide adequate funds for carrying out such a program.
- (3) Processing taxes might be used if voted on by a reasonable number of producers, approved by processors, and used to open up new markets.
- (4) All valid provisions of the old AAA be retained. (5) Marketing of farm

products be done as far as possible through farm cooperatives. (6) The American market should be preserved for the American farmer and the expansion of foreign markets should be sought for American surplus crops.⁷²

At the end of the conference the general statement was endorsed by agricultural representatives. News announcements released by the Agricultural Department declared that a general statement had been unanimously approved by the nations' farm leaders.⁷³

Writing in the Farmers Union paper, Edward E. Kennedy who had been serving as a Farmers Union representative at the conference, commented that the general statement of the conference was "not entirely clear and not thoroughly satisfactory to the Farmers' Union. However it does recognize the principle of genuine equality for Agriculture. It recognizes the further fact that whatever is done, must be done to secure 'profitable prices' to the farmers." Kennedy also believed the conference had recommended that the farm organizations should prepare legislation and present it to Congress.⁷⁴

After the farm representatives meeting, a two-year Soil Conservation and Domestic Allotment Act was introduced into Congress.⁷⁵ Many of the most important provisions of the Soil Conservation Act were passed by Congress within eight weeks after the Supreme Court decision.⁷⁶ The administration plan called for payments to farmers who agreed to reduce production of soil depleting crops and to maintain erosion preventing and soil improving crops.

The legislation was supported by groups connected to the AAA. The Farm Bureau, tied closely to the AAA through its special relationship to county agricultural agents, and the Farmers National Grain Corporation, with financial ties to the federal government, approved the administration legislation of payments to farmers who agreed to practice conservation. Farmers Union leaders were disappointed because they had hoped for cost of production legislation and Grange leaders had wanted cooperative marketing, export subsidies, and increased agricultural tariffs. The text of the Soil Conservation Act was reprinted in the Farmers Union paper, with an introductory note that the law was written by "unknown persons in the Department of Agriculture" and considered in executive sessions of the Senate and House Agriculture Committees. The writer of the note commented. "The so-called Wallace conference held in Washington January 10th and 11th might just as well not have been held."⁷⁷

Following the passage of the administration bill, Reno returned to Iowa. He was angry and disappointed that Farmers Union ideas of cost of production had not been enacted. He soon proposed the organization of a farmers group to recover the money which he said had been deducted by the processors in the prices they paid the farmers for their hogs. The farmers he attracted were often members of the Farmers Holiday and Farmers Union. They had generally been opposed to the first AAA and many had not signed up for its crop reduction programs. They believed that their hog prices had been reduced by the packers, that they had paid the tax; they had not received any payments under the AAA, and now they wanted their money back.

They first called their organization the Farmers Process Tax Recovery Association. Later, as they expanded, they called themselves the National Farmers Process Tax Recovery Association.

Meanwhile, the processors had organized to get the processing taxes back. First the processors demanded to keep the money they had set aside. Following the Butler decision, the Supreme Court unanimously returned the \$200,000,000 which the processors had put into special accounts while they were testing the constitutionality of the processing taxes. Many people, however, opposed allowing the processors to keep the money.⁷⁸ Secretary Wallace supported confiscatory taxes on the processors. He openly questioned the justice of the Supreme Court's decision to return the impounded funds to the processors, arguing that the money in "most cases had already been passed on to consumers or back to farmers."⁷⁹

In support of this position, Wallace requested information from his department advisors as to the composition of the processing taxes. Using Internal Revenue estimates of impounded processing taxes, Louis H. Bean, one of his economic advisors, reported that hog processing taxes accounted for approximately \$51,000,000, wheat processing taxes for \$67,000,000, and cotton for \$51,000,000. Since the meat packers in normal years made about \$40,000,000 to \$50,000,000, if 40% to 50% of that was credited to pork and pork products, then \$51,000,000 would be equivalent to about twice the annual level of profits from pork for the meat packers as a whole.⁸⁰

The day after he received Bean's memorandum Wallace met with President Roosevelt.⁸¹ In March President Roosevelt sent a message to

Congress suggesting a tax on the "windfall income" which the packers had withheld.⁸² Congress passed a Revenue Act returning 80 percent of these monies.⁸³

Because of the continued agitation against the processing taxes and also to counteract the demands of the processors for return of the taxes, officials in the Department of Agriculture had requested that the Bureau of Agricultural Economics make a study of the processing tax. In response to the requests from the Department officials for information on the tax, the Bureau prepared An Analysis of the Effects of the Processing Taxes Levied Under the Agricultural Adjustment Act. Published in 1937 by the Bureau of Internal Revenue the Analysis would be useful in fighting off the packers' claims but opened the door for claims by hog farmers. It was the culmination of ongoing studies which had been done since 1934.⁸⁴

Writers of the Analysis discussed whether the processing taxes were absorbed by consumers, processors, and distributors, or paid by producers through reduced prices.⁸⁵ They concluded that a very large part of the tax on wheat, rye, and cotton was passed on to the consumer but not in the case of hogs. This conclusion was based upon a study of the retail prices of commodities over a period of years, including the period of the processing tax.⁸⁶

In evaluating whether the processors paid the tax, the economists looked at the spread during the period before the processing tax went into effect. In November of 1931 to October of 1933, the two-year period before the levying of the processing tax, the spread between the price of hogs per

100 pounds and wholesale value of 71 pounds of pork products at Chicago was \$.65. When the processing tax went into effect the spread widened sufficiently to allow packers to pay the tax and leave a balance about equal to the pre-tax spread. When the processing tax was increased, the spread again widened. Thus in charts the economists showed that the spread for the periods 1930 to June 1935 were: \$.65, \$.70, \$.67, and \$.68.⁸⁷ After the tax was declared unconstitutional by the United States Supreme Court on January 6, 1936, the margin between the price of hogs and the wholesale value declined and by the end of February was back to about \$.70.⁸⁸

The retail profit, that is the difference between the wholesale and retail prices, of the principal hog products at New York averaged \$2.35 for 52.6 pounds of pork products in the period from January 1930 to September 1933. From November 1933 to December 1935, when the processing tax was in effect, the margin averaged \$2.36.⁸⁹ Since neither the processors nor the retailers paid the processing tax, the economists reasoned the incidence of the processing tax was almost entirely upon hog producers.⁹⁰

Similar findings had been presented by Geoffrey Shepherd of Iowa State College at a meeting of the American Farm Economic Association in Chicago in December of 1934. Using data published in weekly bulletins put out by the Bureau of Agricultural Economics, Shepherd concluded that the packers were not paying the tax; the retailers were not paying the tax; and the consumers were not paying the tax. Thus, by process of elimination, he concluded that the farmers were paying the tax.⁹¹

The authors of the Bureau of Agricultural Economy (BAE) analysis stated that because the funds derived from the processing taxes were used to make benefit payments, the total income for co-operating producers, prices plus benefit payments, was "approximately the same as it would have been, under the prevailing conditions of supply and demand, if the tax had not been imposed."⁹² This indicates that the AAA program did not substantially increase the income of farmers who belonged to the program. Those who were not in the program suffered a loss.

By 1937 the National Farmers Process Tax Recovery Association had grown. Their lobbyist E. Kennedy to lobby for them in Washington. Kennedy was delighted by the publication of the Bureau of Agricultural Economics report. He used the "Analysis" to bolster the Recovery Association's claim that the taxes rightfully belonged to the farmers. He also used it as a recruiting instrument, sending copies of the BAE report to Donald Van Vleet, and to state managers of the Association. The report, Kennedy exclaimed, "proves the general fact conclusively that the processing tax on hogs was borne entirely by the farmer and not the processor, distributor, retailer, or consumer. This is what we wanted to know officially wasn't it?" He said that he was sending copies of this "extra-ordinary document" marked for their convenience. He did not mention that the writers of the Bureau report believed the farmers who signed contracts had been repaid for their losses by the federal payments. He used only the parts of the report which bolstered his arguments.⁹³

He suggested that the Association leaders confine their use of it to the effects of the processing tax on hogs. "That is what we are interested in NOW, isn't it?" He was sure that the facts of the document would inspire the state leaders and get them to redouble their efforts and "fire all your men with enthusiasm to continue their activities as rapidly as possible."⁹⁴

But Kennedy realized that arguments alone could not produce legislation. He urged the leaders to recruit more members. The Association needed thousands of members with thousands of claims to get a bill passed. At the time he felt, "there is no opposition, in fact the reverse is true, but they (Congress) won't fight for it until they are convinced the farmer who has the money coming wants it and is intelligent enough to prove that he wants it by organizing to get it."⁹⁵ Van Vleet predicted "thousands of farmers" would soon be filing claims for refunds and joining the association.⁹⁶

At first the Department of Agriculture was only dimly aware of the activities of the National Farmers Process Tax Recovery Association. But as the Department officials became aware of the activities of the Recovery Association, they attempted to counter the activities of the Association in various ways.

One USDA tactic was to attempt to coopt its critics, to persuade them to become allies. Officials of the Department made a strong effort to attract the Farmers Union leadership. Emil Loriks, Farm Holiday leader and South Dakota Farmers Union president during the 1930s, was contacted by

Rexford Tugwell, Undersecretary of the Department of Agriculture, when they were both present at a meeting in South Dakota, and introduced to President Roosevelt. Loriks had the opportunity to spend an hour with the president following their meeting and was greatly impressed. When the Recovery Association asked Loriks if he would head up their program in South Dakota, Loriks was not interested. Loriks later became a regional administrator for the Farm Security Administration.⁹⁷

Another tactic was to threaten their critics. Paul Appleby, Assistant to Secretary Wallace, wrote to an Iowa Recovery Association recruiter charging that he suspected him of deceiving farmers by claiming to be able to obtain a refund for them.⁹⁸ In January of 1937 the USDA alerted the Postmaster General to a complaint by the state's attorney of South Dakota against a representative of the Farmers Process Tax Recovery Association. According to the complaint the Recovery Association was making false and misleading statements: that the Department of Agriculture said "tax was collected by reducing the price of one hundred pounds live weight by the amount of the tax" and the "consumer, according to compilation of figures by the United States Agricultural Department, never paid any part of the tax."

The Department writers commented: "The whole scheme appears to be merely a device to mulct hog producers." The Department especially singled out Melvin Hoard of South Dakota, who had been charged by the South Dakota Attorney General, C. C. Dayton of southeastern Iowa, an independent tax consultant who had links with the Iowa Farmers Process Tax Recovery

Association, as well as "all the ramifications of the Farmers' Process Tax Recovery Association."⁹⁹ Apparently, two investigations were made. At the end of the second investigation, Post Office officials sent a note to the Department of Agriculture saying that their investigation had found no evidence that would support a criminal proceeding.¹⁰⁰

The USDA directed AAA committeemen and county agents to oppose the Association. When Lee Gentry, the chairman of the Illinois Agricultural Conservation Committee, asked how to deal with a committee chairman who was trying to enlist non-participants in the corn-hog program in the recovery campaign, the USDA replied that the offending committeeman was "subject to removal."¹⁰¹

There is evidence that county agents received instructions to oppose the activities of the Recovery Association. Some farmers wrote that county agents thwarted their efforts to obtain proof of the hogs which they sold during the years when the processing tax was in effect. John Maier of Elgin, North Dakota, wrote that when he talked to his county agent he would not give him the sales slips of the hogs he sold to packing companies. He had turned these slips in to the office, when he enlisted in the AAA corn/hog program. The county agent just gave him a copy and he would not sign it.¹⁰² Andrew Hoganson of Hopper, Nebraska, wrote that he had contacted his county agent in order to get the figures for the year he was under the AAA program: the county agent told him "they got orders to keep them."¹⁰³

A still more powerful tactic of opposition used by the Agriculture Department was a press release which was sent to rural newspapers across the nation. It was misleading in that it intimated that any efforts of groups such as the National Farmers Process Tax Recovery Association were fraudulent. It warned farmers against groups soliciting funds from farmers to help them obtain refunds of the processing tax. On January 11, 1938, Mastin G. White, Solicitor of the Department of Agriculture, issued a warning to farmers:

In connection with this matter it should be emphatically stated that there is no provision of law which authorizes or allows any refund of processing taxes to a producer unless such producer was the actual processor and himself paid the processing taxes to the collector of internal revenue and did not pass such taxes on to the consumer. . . . Farmers should be warned not to allow themselves to be mulcted of funds upon such promises.¹⁰⁴

The USDA sent out the statement even though Representative William Lemke had introduced a bill in 1937 for refunding the processing tax to hog producers. But the Department of Agriculture continued to distribute the Mastin White statement for publication in an attempt to discourage popular support for recovery and the Lemke bill.¹⁰⁵ During the next few months the White statement was published in a number of newspapers throughout the country. Numerous articles based upon the statement were also published.¹⁰⁶

The Department of Agriculture sent the White statement to the packing companies, telling them to warn farmers against efforts to recover the processing tax. Furthermore, they were told it was useless to provide farmers with evidence of their hog sales. One South Dakota farmer wrote

that he got a letter from the manager of Swift and Company at Watertown, South Dakota, saying that "wires and letters that we have received from Washington indicate there is very little possibility of any bill being enacted."¹⁰⁷ A Minnesota farmer wrote that when he asked for his records, the treasurer said,

George the Packers paid the tax, and not you, they would be the ones to get the money if returned, but if the government intended to give it to the Farmer, it would be mad [sic] know publicly, so if you don't have other sales to look for . . . don't bother about ours.¹⁰⁸

The National Farmers Process Tax Recovery Association officials angrily countered the Department statements. Donald Van Vleet declared that the USDA propaganda was put out with a "deliberate intent to hurt our organization." He said that every publication the officers had gone to and explained the situation to had come out with the information that the organization was legitimate and had the right to organize and fight for the recovery of the money.¹⁰⁹

Edward E. Kennedy was also angry about the White statement and the newspaper coverage which it was given. He told White that since the processors had worked for a bill permitting them to reclaim part of the processing tax, it was "only right that the farmers could also organize to get back the processing taxes which they bore." He said the Association was a legitimate group, with officers who were well-known and honorable men. One of the purposes of the association was to petition Congress for the enactment of legislation for "refunds to hog producers who bore the burden of the Processing Tax." White readily agreed that NFPTRA efforts were "entirely proper and legitimate" and he said that he was not

challenging the right of the farmers to "organize as they see fit . . . and use the force and power of organization to petition Congress and get the Processing Tax Refund legislation enacted by Congress."¹¹⁰ Kennedy's challenge made White retreat somewhat from his earlier statement, but it was still put out by the Department of Agriculture after this.

By January of 1938, D. B. Gurney joined the fight against the USDA criticism, labeling it as "propaganda," "absolutely false," and telling his listeners to "pay no attention to [it]."¹¹¹ On the air he denounced the articles as "misleading, false, malicious, libelous."¹¹² When discussing an article in the St. Paul Farmer, Gurney declared that he could not see "why a so called farm paper would be so bitter against the farmer."¹¹³

The Department campaign sowed a large seed of doubt in the minds of many farmers. Both Gurney and the Recovery Association found it increasingly difficult to get new members. Listeners wrote in that they were concerned about enlisting with Gurney in his program because they were hearing discouraging remarks about the program. An Iowa farmer confided that "the people in this country said its the bunk that there is nothing to it."¹¹⁴ Another farmer wrote that he hoped Gurney would be successful, "altho quite a few think that you are out to make some nice money."¹¹⁵ One letter writer gave Gurney his neighbor's name and address and suggested that Gurney write the farmer and "give him a piece of your mind as he is telling around that you are trying to get rich on the campaign and we understand better because we hear you every day and he has no radio."¹¹⁶ A Minnesota farmer wrote, "There is a great many people here that say there

is nothing to getting the tax back."¹¹⁷ Other listeners wrote Gurney about their discouragement. One wrote, "I feel it is not much use to do anything until it is passed, since there is a possible chance of it not being passed."¹¹⁸ Another writer asked, "Mr, Gurney do you honestly believe we will get the money? We surely do need it."¹¹⁹ In June of 1941, a listener wrote "Was you sincere in your promise to try and collect this money or was it just a money scheme to get some extra cash?"¹²⁰ A farmer from Madison Lake, Minnesota wrote "I don't care to send any money as I dont know what I would get out of it. And they're is to much red tape to all this. As the farmer always get the small end of everything."¹²¹

The activities of the Department of Agriculture must have been directed against D. B. Gurney too. Gurney was reassured by A. J. Johnson who commented,

I do not think you have anything to fear on the part of the government. They at one time not only checked upon our Association but they also sent a questionnaire to every individual who had filed a claim. However, nothing has materialized up to this time. I think it was done for the purpose of getting the farmers suspicious and also to put fear into the men who were in the field soliciting.¹²²

In another letter to a farmer who had joined their program and sounded discouraged, Johnson wrote: "Your letter indicates that you are somewhat skeptical as to the possibilities of our organization ever getting this refund. I realize this is possible with all the propaganda that has been spread against our Association and also Mr. Gurney whom you mentioned in your letter." But Johnson assured the farmer that the processing tax legislation had been passed unanimously by the Senate. He hoped the House would act on the matter in the early part of the next session.¹²³

The final tactic which the Agriculture Department officials used against the Recovery Association was to oppose the bills which they had introduced in Congress. Some of the legislative maneuvers will be discussed in the following chapter. As the bills for the processing tax return entered Congress they met with some successes but in the end always with failure. One of the decisive factors in their failure was the opposition of officials of the Department of Agriculture.

It had been a long struggle between the National Farmers Process Tax Recovery Association and the Department of Agriculture and the Agricultural Adjustment Administration and in the end, the administration won. The bills were defeated; the organization faded out of existence. The records were stored in A. J. Johnson's back bedroom to appear many years later in the special collections of Iowa State University.

What are some conclusions that can be drawn from a study of this conflict between the Department of Agriculture and the National Farmers Process Tax Recovery Association?

The Agricultural Adjustment Administration was established in 1933 as an emergency program but the Department of Agriculture tended to look upon it as permanent, as something which must be protected from criticism.

The Department of Agriculture continually boasted that its programs were democratic, that they were formulated and administered by the farmers, but in the formation of the 1933 Agricultural Adjustment Act and in the formation of the 1936 Soil Conservation Act, farmers were consulted after the Department generally had decided what the program would be.

The Department of Agriculture attempted to subvert any farm group that attacked its policies or could embarrass its programs.

The 1934 drought did more to raise prices of hogs than the AAA programs. This was admitted by many of the economists when people in 1935 complained about high prices of pork products. Yet in 1938 when farmers wanted their money back, the officials said that the farmers had benefitted by the AAA program which raised prices.

Agricultural Department officials were inconsistent when talking about the effects of the processing tax. Ezekiel said the farmers were paying the processing tax. The Bureau of Agricultural Economics and others said farmers paid the processing tax, but those who signed up with the program received it back in benefits. Bean and Wilson said that the farmers who were not in the program were suffering a loss, but Wallace said farmers not in the program were not entitled to refunds because they had not paid the tax and had gotten higher prices as a result of the AAA actions.

The Department of Agriculture opposed the National Farmers Process Tax Recovery Association in several ways. Notices were sent to newspapers with the implication that the recruiting efforts were fraudulent. County agents were told to not assist the farmers in gathering records to prove their claims. Letters were sent to stockyards saying that efforts of farmers to get their records to prove their claims were foolish. The Post Office was asked to check up on the group. Johnson mentioned that the farmers who had filed claims also got letters from the government, which he

felt were meant to frighten the farmers and perhaps keep others from joining the organization. Organizers and recruiters of the group felt that they were being singled out for special government attention. Some must have quit because of this.

Why did the Department of Agriculture fight so hard to oppose the National Farmers Process Tax Recovery Association? Perhaps all the criticism of the emergency pig/sow slaughter had made them defensive concerning the program. Milo Reno and William Hirth had both spoken out publicly against the emergency pig/sow slaughter.

It could have been anger at their persistent critics. Some of the leaders of the National Farmers Processing Tax Recovery Association: Reno, Lemke, and Kennedy, had been leaders in the Farmers Union. They and Simpson, president of the Farmers Union until his death in 1934, had opposed the programs of the Department of Agriculture from 1933 on. Perhaps the Department felt that this was a way of retaliation. Certainly all that opposition would not have made the Department look favorably on any group which was formed and advised by those who might be considered enemies of the Department.

Wallace opposed the passage of refunds on the hog processing tax but at the same time did not oppose the passage of refunds to cotton and tobacco producers. As the next chapter will demonstrate, it may be that he permitted refunds to these other groups because they had the support of southern senators and representatives in Congress.

And there may have been other factors. Since the recovery Association originated in Wallace's home state among farmers with whom he dealt in producing and selling hybrid corn seed for the corn/hog market as well as people who read his farm magazine hurt pride may have been a factor. Wallace may have resented the fact that some people from his home region rejected his program.

Another factor may have been connected with the success of hybrid seed corn. Wallace was one of the first to pioneer in the commercial production and sale of hybrid seed corn. During the last part of the 1930s the sale and use of hybrid seed corn rocketed, leading to increased production of corn.¹²⁴ This increased production of corn led to increased production of hogs. Yet, he blamed the Association members who refused to join the AAA for increasing production, as against the AAA policy of controlling it. Possibly Wallace was frustrated with his double roles of Agriculture Secretary responsible for a program of limiting production and his role as chief developer of commercially used hybrid seed corn and chief stock holder of Pioneer Seed Corn which was a very important factor in increasing corn production, and then transferring his frustration to the Association.

Some historians have noted that Wallace was surrounded by a small circle of "kingmakers," men who wanted to make him president. Perhaps these men felt refunding the farmers of the Middle West would strengthen the opposition and that in the years before the election of 1940 the leaders of the middle west must not be allowed to win even small battles.

A more clear cut reason for the Department of Agriculture to oppose the refunding of the processing tax to farmers was because the money had either not been collected, or had been spent. The processors were, after all, allowed to keep 20 percent of the processing tax without questions. After that they could keep whatever they could prove in court they had not passed on to the consumers or producers. Much had been spent in paying back the farmers who had signed up with the program. Other funds were spent in administering the program, paying for the work of the committee persons, etc.

Endnotes

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¹³F. Schultheiss to Roosevelt, March 23, 1933, Fite, "Farmer Opinion," p. 662.

¹⁴Fred Kuchenmeister to Roosevelt, April 3, 1933, Fite, "Farmer Opinion," p. 662.

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³¹Simpson, The Militant Voice of Agriculture, p. 55.

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³³Frank King, King Pig Company, to Franklin Roosevelt, August 7, 1933; S. W. Lund to Frank King, September 16, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

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³⁷"Wallace Answers Those Who Weep for Little Pigs Killed by Farm Officials," Daily Republic, December 17, 1935, p. 4.

³⁸Milo Reno, "A Glimpse of the Past," Radio Transcript, September 16, 1934, in White, p. 181.

³⁹H. S. Morgan to Homer Parker, Dec. 2, 1933; Homer Parker to George N. Peek, December 4, 1933; A. G. Black to Homer Parker, December 8, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁴⁰J. E. Burroughs & Son to M. J. Hart, January 8, 1934; M. J. Hart to J. E. Burroughs, January 13, 1934; M. J. Hart to Henry A. Wallace, January 13, 1934; Henry A. Wallace to M. J. Hart, January 25, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁴¹"Farmers and Hog Producers of DeKalb County, Missouri" to Henry A. Wallace, December 20, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs.

⁴²Cecil A. Johnson to W. G. Bishop, August 2, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

⁴³M. L. Wilson to Henrik Shipstead, August 7, 1934, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

⁴⁴Claude R. Wickard to Emil Priebe, Secretary Milwaukee Retail Meat Dealers Ass'n., NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T; Mordecai Ezekiel, "Memorandum for the Secretary," August 14, 1935, NARG 16, Secy's Office, Correspondence, 1935, Hog Cholera-Home Ec.

⁴⁵Louis H. Bean, Memorandum to Mr. Blaisdell, Jr., January 10, 1934, NARG 145, 1933-1935, Subject Correspondence, Hogs, P. T.

⁴⁶Alfred D. Stedman to Chester C. Davis, December 28, 1933, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs, P. T.

⁴⁷Ray Anderson to Charles Ebert, January 23, 1935, Reno Papers. Anderson writes that Wallace asked him, but he was unable to tell Wallace where Reno got his funding. Anderson said he "assumed from his question that he believed some interested agency other than a farm group was paying the shot."

⁴⁸U.S. Department of Agriculture, Agriculture Adjustment Administration, Agricultural Adjustment, 1933 to 1935 (Washington, Government Printing Office, 1936), p. 176.

⁴⁹U.S. Department of Agriculture, Corn-Hog Adjustment, Washington, D.C.: Government Printing Office, 1935), p. 13.

⁵⁰Wallace Short, "The Corn-Hog Referendum Vote," Unionist and Public Forum, October 17, 1935, pp. 1-2.

⁵¹"Corruption in Corn-Hog Vote," National Union Farmer, November 15, 1935, pp. 1-3.

⁵²Ibid.

⁵³Cheever, The House of Morrell, p. 223.

⁵⁴John S. Wilson to J. P. Hannon, December 20, 1935, NARG 145, AAA 1933-1935, Subject Correspondence, Hogs P. T.

⁵⁵U.S. v. Butler, 287 U.S. (1936) in American Law Reports, Annotated, pp. 926-38.

⁵⁶"F. R. Urges AAA Contract Pay," Minneapolis Tribune, January 8, 1936, pp. 1, 11.

⁵⁷"Supreme Court Finds AAA Unconstitutional"; 6-3 Verdict Dooms Other New Deal Laws; Roosevelt Studies Upset; More Taxes Needed, New York Times, January 6, 1936, pp. 1-11.

⁵⁸"Emergency Plan Framed," New York Times, January 6, 1936, pp. 1, 11.

⁵⁹Campbell, The American Farm Bureau, p. 106; "Friday Parley to Study AAA Substitutes," Minneapolis Tribune, January 9, 1936, p. 1.

⁶⁰"Farmers Are Split on End of the AAA," New York Times, January 7, 1936, p. 1.

⁶¹"Farm Bureau Chief Bitter," Minneapolis Tribune, January 7, 1936, p. 7.

⁶²"Iowa Leaders Comment on AAA downfall," Minneapolis Tribune, January 7, 1936, p. 7.

⁶³"Organized Agriculture to Wait Administration Plan for Relief to Farmers; Conference Starts," Daily Republic, January 10, 1936, p. 2.

⁶⁴"Farmers Will Picket Washington Until New Program is Accepted, Daily Republic, January 13, 1936, p. 2; "Farm Groups Divided on New Agricultural Plan; Grange Draws Own Bill," Daily Republic, January 15, 1936, p.2.

⁶⁵Franklin D. Roosevelt, The Public Papers and Addresses of Franklin D. Roosevelt, Vol. V, (New York: Random House, 1938), p. 48.

⁶⁶"Aims Believed Intact in New Farm Program," Minneapolis Tribune, January 14, 1936, p. 1.

⁶⁷"Soil Conservation Wizard is Called for Conference on New Farm legislation," Daily Republic, January 11, 1936, p. 1.

⁶⁸"Farm Leaders Quiet on Possible Ways to Solve Farm Crisis," Daily Republic, January 8, 1936, p. 2.

⁶⁹Oliver Merton Kile, The Farm Bureau Through Three Decades, (Baltimore, Maryland: Waverly Press, 1948), p. 228.

⁷⁰Ibid., p. 229, Henry A. Wallace, Papers (Washington, D.C. Library of Congress Photoduplication Service, Microforms, 1971). Henry A. Wallace's appointment book lists an appointment with Ed O'Neal on January 8, 1936, a day before the conference of farm leaders. No other farm leaders seem to have had appointments with Secretary Wallace during that week or the next.

⁷¹"Soil Conservation Wizard is Called for Conference on New Farm Legislation," Daily Republic, January 11, 1936, p. 1.

⁷²"Report of the Committee of Thirteen To The Agricultural Conference Held at Washington, D.C. Jan. 10-11, 1936," National Union Farmer, February 1, 1936, p. 4.

⁷³"Farm Program Gets Approval," Minneapolis Tribune, January 18, 1936, pp. 1, 9.

⁷⁴E. E. Kennedy, "National Secretary's Message," National Union Farmer, January 15, 1936, p. 2.

⁷⁵"Two-Year Farm Plan of Administration Ready for Action in Houses," Daily Republic, January 22, 1936, pp. 1, 3.

⁷⁶Saloutos, The American Farmer and the New Deal, p. 237.

⁷⁷"The Soil Conservation Act," The National Union Farmer, March 16, 1936, p. 2. See also Henry A. Wallace, Papers, "Henry A. Wallace to Donald R. Murphy," February 5, 1936. In a letter to Donald R. Murphy of the Wallace-Homestead Company, Secretary Wallace commented that "Chester [Davis] is right in his element these days working on legislative problems."

⁷⁸"Congress Moves to Retain All of Processing Tax Collected," Daily Republic, January 14, 1936, p. 1.

⁷⁹"Roosevelt and Congressional Heads Agree on Farm Plan; Bankhead Will Introduce Bill," Daily Republic, January 21, 1936, pp. 1, 3.

⁸⁰Louis H. Bean, "Memorandum to the Secretary," January 23, 1936, NARG 16, Secy's Office, Correspondence, 1936, Taxes.

⁸¹Henry A. Wallace to Franklin Roosevelt, NARG 16, Secy's Office Correspondence, 1936, Taxes.

⁸²"Taxes Asked by President," New York Times, March 4, 1936. p. 1; "Orders Return of Process Tax," Minneapolis Tribune, January 17, 1936, p. 19.

⁸³"Main Points in Tax Bill," New York Times, April 22, 1936, p. 1.

⁸⁴Richard Lowitt, editor, Journal of a Tamed Bureaucrat, Nils A. Olsen and the BAE, 1925-1935 (Ames: Iowa State University Press, 1980), pp. 192, 218.

⁸⁵Bureau of Agricultural Economics, An Analysis of the Effects of the Processing Taxes Levied Under the Agricultural Adjustment Act (Washington, D.C.: U.S. Treasury Department, Government Printing Office, 1937), pp. 21-36.

⁸⁶Ibid., p. 6.

⁸⁷Ibid., p. 12.

⁸⁸Ibid., pp. 14-15.

⁸⁹Ibid., p. 17.

⁹⁰Ibid., p. 18.

⁹¹Geoffrey Shepherd, "The Incidence of the AAA Processing Tax on Hogs," Journal of Farm Economics 17, no. 2 (May 1935): 321-39. Another study which also corroborates the studies by the Bureau of Agricultural Economics and Geoffrey Shepherd is the study made by Nourse, Davis, and Black, pp. 303-4, 437.

⁹²Bureau of Agricultural Economics, An Analysis of the Effects of the Processing Taxes Levied Under the Agricultural Adjustment Act, p. 18.

⁹³Edward E. Kennedy to the State Managers of the NFPTRA Ass'n., Nov. 30, 1937, "The Producer Paid Unconstitutional AAA Tax on Hogs Says Bureau of Agricultural Economics," NFPTRA Records.

⁹⁴Ibid.

⁹⁵Ibid.

⁹⁶Ibid.

⁹⁷"South Dakotans Remember," Emil Loriks interview by Paul O'Rourke, edited by Geo. Wolff and Joseph H. Cash, South Dakota History, Summer 1989, pp. 227-28.

⁹⁸Paul Appleby to Conrad Beisser, December 23, 1936, NARG 16, Secy's Office Correspondence, 1936, Taxes.

⁹⁹Henry A. Wallace (Secretary's File Room, Signed) to Postmaster General, January 14, 1937, NARG 16, Secy's Office Correspondence, 1937, Taxes.

¹⁰⁰K. P. Aldrich to Department of Agriculture, April 12, 1938, NARG 16, General Correspondence, 1938, Taxes.

¹⁰¹Lee M. Gentry to Claude Wickard, October 6, 1937; Claude Wickard, "Memorandum for Mr. Lee M. Gentry," October 25, 1937, NARG 145, National B-IT.

¹⁰²John Maier to D. B. Gurney, March 9, 1938, NFPTRA Records.

¹⁰³Andrew Hoganson to D. B. Gurney, April 13, 1938, NFPTRA Records.

¹⁰⁴Mastin G. White, Statement, January 11, 1938, NARG 16, General Correspondence, 1938, Taxes.

¹⁰⁵Paul Appleby to Sioux City Live Stock Exchange, February 8, 1938; John W. Carey to Paul Appleby, February 9, 1938; Paul Appleby to John W. Carey, February 10, 1938, NARG 16, General Correspondence, 1938, Taxes.

¹⁰⁶"Warns Farmers About Refunds," Yankton Press, Feb. 9, 1938, p. 1; "Hog Processing Tax," Farmers Union Herald, March 1938, p. 6; "The Hog Processing Tax Recovery Association," Farmers Union Herald, April 1938, p. 5; "Statement Warns Farmers Against Misleading Solicitation for Processing Tax Refunds," Dakota Farmer, March 26, 1938, p. 1; "More About Hog Processing Tax Recovery Associations," Farmers Union Herald, May 1938, pp. 1, 2.

¹⁰⁷A. I. G. Valentine to Andrew Peterson, March 10, 1938, NFPTRA Records.

¹⁰⁸Geo. Hasenbank to D. B. Gurney, March 8, 1938, NFPTRA Records.

¹⁰⁹Donald Van Vleet to J. E. Iverson, February 15, 1938, NFPTRA Records.

¹¹⁰Edward E. Kennedy to Robert Spencer, February 22, 1938, NFPTRA Records.

¹¹¹H. W. Christiansen, to D. B. Gurney, February 7, 1938; J. J. Wondra to D. B. Gurney, February 17, 1938; C. C. Ogborn to Cal Polsen, February 10, 1938; D. B. Gurney to H. J. Miller, March 7, 1938; Mrs. J. O. Johnson, March 11, 1938; Tom Murphy to D. B. Gurney, March 30, 1938; D. B. Gurney to H. J. Miller, March 7, 1938, NFPTRA Records.

¹¹²D. B. Gurney to Mrs. J. O. Johnson, March 11, 1938, NFPTRA Records.

¹¹³D. B. Gurney to Mr. Vincent Hackenmueller, March 31, 1938, NFPTRA Records.

¹¹⁴A. R. Lanies to D. B. Gurney, February 20, 1938, NFPTRA Records.

¹¹⁵Frank Washeckek to D. B. Gurney, February 9, 1938, NFPTRA Records.

¹¹⁶A. C. Ewert to D. B. Gurney, April 13, 1938, NFPTRA Records.

¹¹⁷Dennis O'Neil to D. B. Gurney, June 5, 1938, NFPTRA Records.

¹¹⁸Frank Lukes to D. B. Gurney, January 31, 1938, NFPTRA Records.

¹¹⁹Carroll L. Hess to D. B. Gurney, January 9, 1939, NFPTRA Records.

¹²⁰Mrs. Geo. Weimer to D. B. Gurney, June 21, 1941, NFPTRA Records.

¹²¹Joseph Filan to D. B. Gurney, April 11, 1938, NFPTRA Records.

¹²²A. J. Johnson to D. B. Gurney, May 3, 1938, NFPTRA Records.

¹²³A. J. Johnson to Elmer Paul, August 16, 1939, NFPTRA Records.

¹²⁴By 1940 over 50% of the farmers in the North Central States were using hybrid corn seed. Yields per acre of corn also increased. They rose from an average of 33 bushels per acre in the early 1930s to 40 or more bushels per acre in the 1940s. Richard J. Schrimper, Minnesota Corn, Production and Marketing (St. Paul, Minn.: State-Federal Crop and Livestock Reporting Service, Minnesota Department of Agriculture and Food, 1958), pp. 6, 7.

CHAPTER IX

"THE LEGISLATIVE REMEDY"

The National Farmers Process Tax Recovery Association members tried various methods to get their money back. They first tried appeals to the commissioner of Internal Revenue or the court system. In 1936 the National Farmers Process Tax Recovery Association members filed 265 claims with the commissioner of Internal Revenue. The claims were rejected on the grounds that the farmers did not have receipts showing they had paid the tax.¹ The Bureau of Internal Revenue rejected evidence such as receipts showing the reduced prices farmers received or packers' testimony which they introduced indicating that the processors had deducted the cost of the tax from the price they paid to the farmers.² Donald Van Vleet and Arthur LeSueur corresponded about the possibility of filing suits or claims to secure refunds; other lawyers in Iowa and Missouri were also consulted. But lawyers generally told them that suits in the courts would be too costly and would not achieve their purpose of securing a tax refund for more than one farmer at a time. Disappointed in these efforts, the Association members turned to Congress.

Actually, some farmers and their farm representatives had been expressing doubts about the Agricultural Adjustment Act and its processing tax ever since its proposal and enactment. Some farmers, especially

members of the Farmers Union had hoped Congress would enact legislation that would guarantee farmers prices equal to their cost of production.

Cost of production had been a proposal of the Farmers Union, supported by its more radical leadership, including Simpson, Reno, and Kennedy. Kennedy had even drawn up complicated tables and lists of products showing how cost of production would work.³

When Roosevelt's administration turned to support of programs of agricultural production control instead of cost of production, Simpson, Reno, and Kennedy opposed the New Deal plans for agriculture, both before and after passage of the Agricultural Adjustment Act.

And so it was only natural that the leaders in the National Farmers Process Tax Recovery Association with strong ties to Reno and other radicals in the Farmers Union turn to those members of Congress who had supported cost of production and opposed the New Deal. In Congress they turned, in a move that would have far reaching consequences, to someone who opposed the New Deal agricultural policies, Representative William Lemke of North Dakota.

Lemke, supported by the North Dakota Farmers Union, had hoped that Franklin Roosevelt's administration would support cost of production legislation. He had campaigned for Roosevelt in the 1932 primaries and election and visited him at Hyde Park. During these months he believed that if Roosevelt were elected Lemke's farm proposals, including bankruptcy, refinance, and cost of production would become part of FDR's

New Deal for agriculture.⁴ He went to Congress in the spring of 1933 hoping that some of his proposals would become legislation.

But when he returned home to North Dakota following the special session of Congress, he found it hard to explain to his constituents, mostly Farmers Union members, why he had failed to secure the passage of their program. Also, reports from farmers convinced him that the Federal Land Bank and other government credit agencies were being unreasonably severe in collection policies. In his anger and dismay at what he felt were callous and irresponsible government policies and possibly out of chagrin that he had not been able to influence the administration program, Lemke turned to the Farmers Union and obtained sponsorship for a speaking tour.⁵

Lemke toured several states and spoke on the radio. He was trying to achieve consideration of his proposal to alleviate the problems of farmers facing bankruptcy. He had not been able to get his measures considered in Congress because they had been stuck in House Committees where hostile committee chairmen had refused to report them out. Following his radio talks he received as many as 6,000 requests for reprints of his remarks. His speeches were also published in the Farmers Union paper. With persistence and pressure he was able to bring his bill to the floor of the House through a discharge petition.⁶

At first Lemke hesitated to criticize Roosevelt and sought to make excuses for him. He wrote to friends, "I am inclined to think that he is far more progressive than the reactionary Democratic machine. . . . I do

not think that I made any mistake by falling in with Roosevelt and helping defeat Hoover." ⁷ But as Lemke continued to try to gather enough signatures on a discharge petition and found that President Roosevelt was acting behind the scenes to get representatives to withdraw their names, he became angry. Finally, he began to think of President Roosevelt as his enemy. ⁸

Despite administration opposition, Lemke was able to eventually bring his bankruptcy bill to the floor. There it passed. Senator Frazier of North Dakota had also introduced a similar bill into the Senate. While Frazier campaigned in North Dakota, Lemke watched the progress of the bill through the Senate and the conference committee. Then it was sent on to President Roosevelt who signed it. Representative Lemke had accomplished a major legislative feat.

While Lemke had been fighting for passage of his refinance bill, he had received help from a new ally, Father Charles Coughlin. Coughlin had organized the National Union for Social Justice, at first with the idea of developing a pressure group to influence legislation. ⁹ According to Kennedy, after the National Union for Social Justice was organized, Father Coughlin sent two representatives, Lou Ward and Fred Collins, to Washington. They were to find causes which they felt the National Union could support. Kennedy claims

Now Mr. Ward and Fred Collins got ahold of me and . . . I explained to them my program and I gave them copies of the bills and Father Coughlin decided that that would become his program too. And I worked very closely with Father Coughlin. In other words he worked very closely with me. ¹⁰

Kennedy had been working with Lemke for some time writing and promoting legislation which would be helpful to the farmers. In his book, The Fed and the Farmer, Kennedy says he was one of the persons Lemke had turned to when the Frazier-Lemke Bankruptcy Act needed to be rewritten in order to stand up in the courts. Kennedy also worked with Lemke in attempting to achieve the passage of the Frazier-Lemke Refinancing bill.¹¹ He had given a stirring speech over the National Broadcasting System on May 8, 1936, urging his listeners to write their congressmen to favor the passage of the Frazier-Lemke Refinancing Bill, without amendments.¹² Thus, through Kennedy, Coughlin became a supporter of Lemke and his legislation in Congress.

Reeling in disappointment and anger from the defeat of his Refinancing Bill in the House, Lemke turned to an alliance with Coughlin. Lemke had not been able to defeat President Roosevelt, in battles in the House of Representatives. Perhaps he could attack him through Father Coughlin and the National Union for Social Justice.¹³ In 1936, Father Coughlin changed the National Union for Social Justice into a political party and in June asked Lemke to be its presidential candidate.¹⁴

But before that, the Supreme Court in January of 1936 had declared the processing tax of the Agricultural Adjustment Act unconstitutional. Iowa hog farmers decided to organize to try to get their money back. They were encouraged in their desire to form a group to get their taxes back by

Milo Reno, one of the Farmers Union leaders who had urged farmers earlier to stay clear of the AAA.

While the National Farmers Processing Tax Recovery Association was organizing, there was considerable debate in Congress, over what should be done about the processing taxes. The Supreme Court had ordered that all taxes which the processing companies had refused to pay and put in special accounts be returned to them. Then Congress debated and finally passed a windfall tax on 80 percent of these returned processing taxes claiming that the processors had no right to them.

In February of 1936, Representative Clifford Hope, Republican of Kansas, read into the record a letter which he had written to the president of Swift and Company concerning the hog processing tax. He said that economists for the hog processors had testified in 1932 House Agricultural Committee hearings that the processors could not pay the tax, and could not pass it on to the consumers and therefore they would charge it to the producers. He wondered what the processors were going to do with the tax, since really they were not the ones who paid it.¹⁵ This kind of talk encouraged the farmers even more and they continued to organize.

But as they organized they lost one of their strongest leaders. In May of 1936, Milo Reno died and the hog farmers of Iowa lost a good friend and strong supporter. Another important Farmers Union leader, John Simpson, had died in 1934. Thus, their cause was weakened by the loss of strong, experienced, and radical leaders.

In 1936, Recovery Association efforts at organization were further weakened by the excitement caused by the candidacy of Lemke in the Union Party.¹⁶ A. J. Johnson spoke for the Iowa Farmer-Labor party claiming that the trouble was not over-production but under consumption. He told the audience that the "farmer himself paid the (processing) tax and got the benefits. They put on the processing tax and absolutely put the hog man out of business."¹⁷

Kennedy participated in Lemke's campaign in various ways. He helped Lemke get his name on the ballot in many of the western and middle western states.¹⁸ Kennedy also gave many speeches for Lemke's candidacy. In a talk before the Union Party National Conference following the election of 1936, Kennedy said he had given 134 speeches in 26 or 27 states.¹⁹

Later that year when the election campaign was over, Lemke, disappointed that he had received less than a million votes²⁰ reevaluated his plans, while Kennedy was licking his own wounds because he had lost the position which he had held as Secretary of the Farmers Union for nearly 17 years. The two men wrote several letters back and forth. (Kennedy always believed that he lost his position in the Farmers Union because of New Deal employees and supporters in the Union and his resentment shows in these letters.) The two men agreed to meet in Chicago to discuss proposals for future action.²¹

Kennedy decided to move to Washington where he established a legislative service supported by individual farmers subscribing for his services on the basis of \$10 a year. He also published "Kennedy's

Washington Letter." In his first issue Kennedy roundly criticized the President's Court Packing Plan, and stated that recent court decisions on the Frazier Lemke Farm Mortgage Moratorium Act showed the Supreme Court was the friend of the farmer.²²

Meanwhile the members of the National Farmers Processing Tax Recovery Association were trying to get their claims recognized. Donald Van Vleet, wrote to Representative Clifford Hope, whose letter to Swift and Company, had been inserted in the Congressional Record, asking if he would introduce some legislation, but Hope replied that he did not have enough time available to help them.²³ Van Vleet also asked Lemke for his support.²⁴ Lemke replied that he and Ed Kennedy had been considering the subject earlier. Since the windfall tax had been enacted, they felt that the packers could not be required to pay twice.²⁵ Van Vleet also heard from Senator Gillette that he believed that some day in the future someone would sponsor a bill to give the non-signer his money back.²⁶

Van Vleet was not discouraged by these refusals.

I think this battle is going to eventually narrow down to a legislative one and if we could just line up a few progressive Representatives to fight this thing out in Congress, I actually believe that the conservatives would join in line with them to see if the man who objected to the AAA program and did not cooperate was compensated.²⁷

An offer to help came from another source. In June of 1937 Kennedy wrote to A. J. Johnson, president of the Iowa Farmers Union and secretary of the Farmers Processing Tax Recovery Association. Kennedy commented that he had read in the Iowa Union Farmer an article on the possible recovery

action the Iowa hog raisers were planning to take to get their money back. He had also received a letter from Christian Grell, a member of the Farmers Process Tax Recovery Association, asking him to try and get a hearing on the subject before a Congressional committee. He continued, "Of course, A. J. I am at the service of these farmers but I can not act without official authority from the association."²⁸ In effect, Kennedy was asking them to employ him as their lobbyist.

The Recovery Association decided to accept Kennedy's offer.

If we could only get a hearing on this and present our side to this case there are things that would come out that I am sure would compel the passing of legislation favorable to us. . . . If you can secure for us a hearing on this, we will drive to Washington with statistics, affidavits, and evidence that will prove beyond any contradiction that we paid this processing tax.²⁹

A. J. Johnson and Van Vleet with a few others traveled to Washington to meet with Kennedy and also with various Congressmen. Kennedy took the National Farmers Process Tax Recovery Association leaders to meet members of the Senate and House Agriculture committees including Senator Guy M. Gillette and Congressman Fred C. Gilchrist, both from Iowa. Johnson later reported that they must have met with 20 or 25 members and "they all . . . advised legislation."³⁰

One of the Congressmen, Sam Massingale of Oklahoma was particularly enthusiastic about the bill and said, "I will vote for this bill and I am damned sure it will pass." In commenting on the trip, Van Vleet said that they did not meet any opposition and even processing tax officials admitted the "justice of our claims although they will not give us the permission to quote their . . . belief."³¹

In early August Kennedy sent a telegram to Van Vleet and the members of the Farmers Process Tax Recovery Association stating that he had secured introduction of House Resolution 474 by Congressman Lemke providing for hog producers securing refunds of the processing tax, and was arranging for introduction of the resolution into the Senate. He also commented that he was confident that they would be "pleased with the simplicity of refund procedure we have incorporated in measure."³² Van Vleet relayed the news to Recovery Association members. "The old reliable firm of Frazier and Lemke, which has passed so much constructive farm legislation, is now back in the fight and is going to do everything in its power to give justice to the non-signer."³³

Lemke was interested in the progress of the Recovery Association. He wrote Kennedy in October saying that he was wondering "how you are getting along with the Processing Tax. I find that the farmers are in real need of a fighting organization . . . [because] the various farm organizations are rather representing the Department of Agriculture than the farmers."³⁴ Kennedy wrote back that he had been busy the last seven weeks in setting up the framework and getting the manpower in the National Farmers Process Tax Recovery Association organized.³⁵

Kennedy also made a significant addition to the group when he found a report put out by a bureau of the Department of Agriculture which would support their claims that the farmers rightfully deserved a processing tax refund. Kennedy wrote to Van Vleet in great excitement in November of 1937, saying that he was sending a Treasury document which had been

prepared by the Bureau of Agricultural Economics. This document concluded that the processing tax was borne by the hog producer and confirmed the packers' statements to the same effect. Kennedy also had prepared a statement which could be sent to the county newspapers to get the information out to the farmers. And then, most important, Kennedy said was to

Keep up the drive for members--weekly letters to the boys--to all of them--it will take members--thousands of them before we can make a mark here on this bill. I have talked to many additional members of Congress willing to support the bill--its just they agree--but does the farmer want it? If he does he'll get it thats [sic] the tone--that is what it takes.³⁶

Kennedy and Lemke, in addition to their interest in recovering the process tax, continued to work for cost of production. They often united the two causes. Writing at a later date, Kennedy stated that he had been using the demand for the return of the processing taxes to keep the Department of Agriculture from attempting to support new agricultural legislation by processing taxes.³⁷ To Van Vleet, Kennedy commented, "I have followed the strategy of raising the question of our demand for the refund of the last unconstitutional processing tax and demanding that the last bill be paid to the farmer before another bill is incurred. And (I am) offering a substitute that will get the farmer the cost of production and not cost the Federal Treasury any money."³⁸ The cost of production bill was very much on the minds of both Kennedy and Lemke in the closing months of 1937. Lemke wrote to a Minnesota farmer that he was doing all he could to get a "real agricultural bill passed. . . . We want cost of

production substituted for the bill that is before us . . . as a matter of fact, Mr. Kennedy and I helped write it" [the cost of production bill].³⁹

Prior to introducing a new resolution on the processing tax, Kennedy wrote that he had been working with Lemke on the preparation of material to go with the processing tax resolution. He had also hired some additional help to assist him in that work. They had searched the Library of Congress, and the Congressional Record and committee hearings dealing with the subject over several years.⁴⁰ In late January Representative Lemke presented a speech in the House of Representatives in support of the resolution authorizing the refund to the producer of the processing tax on hogs. He said that Congress acted very promptly to refund the processing taxes to the processors and to the distributors but did not give to the farmers, "who it appears really paid the processing tax, the same just legislation." Lemke also said that he had the assistance of Edward E. Kennedy in the collection of the facts of his argument. "I am sure Members of Congress who are familiar with farm legislation will agree with me that Mr. Kennedy is one of the best authorities and one of the best informed men on farm legislation and the needs of farmers in this Nation."⁴¹

Kennedy mailed Van Vleet 200 copies of Lemke's speech, and ordered 2,000 more.⁴² Lemke also sent out a letter mentioning his activities in connection with legislation for the return of the processing tax.⁴³

At the same time Kennedy was sending copies of Lemke's speech to members of the National Farmers Process Tax Recovery Association he also told the leaders of the organization about plans for committee hearings.

He said that he and Lemke had arranged with the chairman of the Subcommittee of the House Agricultural Committee for hearings on the Resolution. These hearings would be held in about two weeks. Kennedy suggested that the entire board of directors as well as state managers should be there for the committee hearings.⁴⁴

About this time, the National Farmers Process Tax Recovery Association received a new ally. D. B. Gurney, announced over his noon-time radio broadcast that he too was encouraging farmers to sign up with him and work for return of the hog processing tax. Other groups were also organizing for the return of processing taxes on tobacco and cotton and were presenting bills in Congress.

By the middle of February, Kennedy was writing to Van Vleet that Gurney was sending his attorney, a Mr. R. A. Bielski to Washington to meet with him.⁴⁵ On February 24, Kennedy wrote to Van Vleet that he had a "splendid visit with Bielski," and he was considering bringing Gurney into the association.⁴⁶ Kennedy traveled to Yankton, South Dakota, to meet with Bielski and Gurney in early March.⁴⁷ Apparently, he made some agreement to work also for Gurney, because Gurney later wrote "We have engaged Edward E. Kennedy in Washington to handle all of our Agricultural legislative work."⁴⁸

When the leaders of the National Farmers Process Tax Recovery Association gathered in Washington for the Senate and House hearings on their proposed legislation, they also held a meeting of the board of directors. Meeting in Kennedy's office the afternoon of March 19, they

decided to sign a contract with Gurney. They also decided that the responsibility of filling the time allotted to them on radio station WNAX would be given to Kennedy.⁴⁹ Although the minutes of the meeting do not mention it, later letters by Van Vleet indicate that he was very much opposed to accepting Gurney into the organization because Gurney charged lower rates than the National Farmers Process Tax Recovery Association did. But he was out voted.⁵⁰

Preparing the way for the Washington meeting, Kennedy's secretary, Mary Puncke, reported that Representative Lemke would speak first before the Subcommittee of the House Agricultural Committee. Then she continued, "The Department of Agriculture is working hard to stop, if they can, the hearings on our bill."⁵¹

The chairman of the Senate Committee on Agriculture and Forestry was Ellison D. Smith of South Carolina. There were several other members on the committee from the South.⁵² The committee heard arguments from other farm groups seeking the return of the processing tax on cotton and tobacco as well as the National Farmers Process Tax Recovery Association's arguments for the return of the hog processing tax.

Many of the farm groups believed Congress had intended that the benefits of the processing tax go to the farmer. But the intent of Congress had not been carried out. Speaking at the Senate Hearing on the bill submitted by the National Farmers Process Tax Recovery Association, Kennedy commented that he felt Congress had intended the tax be passed on to the consumer and that benefit payments made from that fund, would be

transfers from the consumer to the farmer who participated. But instead the tax was deducted from the market prices paid to the farmer for his hogs.⁵³

To support his arguments, Kennedy submitted a document prepared by the Bureau of Agricultural Economics titled "Analysis of the Effects of the Processing Taxes Levied Under the Agricultural Adjustment Act." According to this analysis retail prices of hog products in 1934 and 1935 were no higher than they would have been if the tax had not been in effect, processors' margins were widened by about the amount of the tax, and retailers' margins were not affected by the tax, therefore, "live-hog prices were lower by about the amount of the processing tax."⁵⁴ Kennedy also stated that hog packers had testified in Senate and House Agricultural Committee Hearings in 1933 and 1935 that they were charging the amount of the tax back to the hog producers in a lower price for their hogs.⁵⁵

Kennedy said, "the amount of this tax placed a tremendously heavy burden upon the hog producers." It was 50 cents a hundred weight in November of 1933, then rose to \$1.00 per hundred weight in December of 1933. In February of 1934 it was increased to \$1.50 per hundred weight and in March of 1934 it reached \$2.25 per hundred weight and stayed at that point until the processing tax was declared unconstitutional in January of 1936.⁵⁶

He also referred to the passage by the Senate of bills to refund penalty taxes to producers under the Bankhead Cotton Control Act, the Kerr-Smith Tobacco Act, and the Potato Act. He continued,

I recall in the debates on this floor of the Senate at that time when the question was raised, 'does this take any new money out of the Treasury?' and the answer was made on the Senate floor that this did not take any new money out of the Treasury. It only provided for refunding money that had been illegally extracted from these producers and put in the Treasury. . . . This same thing is true under this bill.⁵⁷

Senator Frazier of North Dakota who had introduced the Hog processing tax refund bill into the Senate, asked Kennedy if there was any claim made that the processing taxes on wheat and wheat products had been paid by the farmer also. Kennedy said the wheat tax had been passed on to the consumer.

Senator William Bulow, a Democrat from South Dakota asked if there was any present way a farmer could file for return of the processing tax. Kennedy answered that according to the earlier act, the farmer must actually have paid the tax to the government and gotten a receipt for it in order to file for a refund. The hog farmer did not do this unless he was a processor also.

Senator Gillette commented that he felt as a matter of equity the nonparticipants in the old AAA were entitled to "reimbursement for any injustice that they suffered by reason of the imposition of the tax." But he had serious questions about the bill because he was not certain that farmers would be able to prove they had suffered a loss.⁵⁸ Kennedy replied that the law which permitted persons to apply for refunds under Title VII of the Revenue Act of 1936 set forth the requirements for evidence and presumption for proving claims. He suggested that farmers should follow the same rules.⁵⁹

Next, Representative Lemke spoke before the Senate Committee. He said he had introduced a similar bill before the House and all the bill did was give the farmer the same opportunity as Congress gave to the packers and processors.

Senator Frazier asked, "Has any estimate been made as to the amount of money that would be refunded or subject to refund if this bill is passed?"

Lemke replied, "That is largely a question of speculation," but concluded that the total amount if it were all recovered was \$361,000,000.⁶⁰

The next person to testify was Donald Van Vleet, who quoted Geoffrey Shepherd of Ames, an economist who had prepared a series of articles on the hog-processing tax, again saying the farmer bore the burden of the tax.⁶¹

Van Vleet was followed by officers and presidents of the Farmers Union, coming from Iowa and nearby states. A. J. Johnson, said farmers were aware that Congress had made provision for processors so that if they could show they bore the burden of the tax, they were able to submit their claims. John Erp said farmers were of the opinion that the tax was taken from them, "because of the low hog prices that we had during that period." Harry Parmenter, of Nebraska talked about the low prices farmers had been receiving for their products; low prices which had driven many farmers into bankruptcy. Congress, he said, having given relief to the processors certainly will recognize that it is only fair to grant "equal

restitution to the substantial citizens of the country, the basic industry of this great Nation, the one industry that everyone in the United States had to depend upon to live." Parmenter further thanked the senators for the opportunity to appear there in behalf of the "drought-ridden, grasshopper-ridden, insect-ridden, mortgage-ridden farmers of the Midwest."⁶²

Emil Loriks, of the South Dakota Farmers' Union also spoke before the committee. He said that he favored the return of the hog processing tax to the farmers but he realized that it would be a difficult task to get these tax refunds back to the producers. He felt that the Government should provide the vehicle, the machinery necessary for returning these taxes to the producers. He did not believe that the farmers should be put to added expense to secure these refunds.⁶³

The Senate Hearings were followed by shorter hearings before a special subcommittee of the House Committee on Agriculture. The House subcommittee heard testimony relating to tobacco, cotton, potato, and hog processing taxes. A representative of the Department of Justice stated that the amount involved in the cotton, tobacco, and potato refund claims was around \$6,000,000.⁶⁴ This was much less than the estimated cost of the processing tax refund.

Representative John Flannagan, a Democrat from Virginia, said as he understood it the Department of Agriculture was against the passage of this legislation. A Justice Department representative who had been asked to testify, said, "Not against the legislation as it originally was proposed."

Actually, he stated, his reason for coming to the Hearings was to see that a bill was passed to prevent the filing of a great volume of claims against the government. He believed that the government was likely to lose suits brought by cotton or tobacco growers and so the Justice Department was recommending the passage of legislation for refunds to these groups. "It is advised that the Government will have to pay the losses if suits are brought in court anyway."⁶⁵ The Internal Revenue Bureau would prepare a form and send it to all litigants for filing, "the thought being that most of them will be paid off, and therefore, in those cases, litigation will not be necessary."⁶⁶

Following these presentations Kennedy introduced the arguments of the National Farmers Process Tax Refund Association. He said the Treasury Department in 1937 had issued a statement that in order to avoid multiple suits for refunds of cotton, tobacco, potatoes, and other commodities remedial legislation should be provided for the orderly refund of these taxes. He hoped to include the hog processing tax along with them.⁶⁷

Johnson, Erp, and Van Vleet spoke briefly at the subcommittee hearings. John Vesecky of Salina, Kansas, President of the National Farmers Union, also spoke before the committee. Declaring the AAA had worked fine for wheat farmers but not for corn hog producers, he strongly supported the resolution. Both the "fellow who participated and the fellow who did not participate should be given the same privilege to show that the tax was taken from the price of hogs." When asked if the reason for the

lowered prices was because the packers did not want to cooperate, he replied,

They said they did not want to go into the program.... This was the first opportunity the farmers had, and the packers got sore about it and threw their opposition to the farmers getting a break. They said they did not want anything regulating their business.... And they did everything they could to see that it was not a success.⁶⁸

Kennedy and Johnson were questioned as to how much money had been collected from farmers who filed their claims for refunds of the hog processing taxes through the Association. They said about \$5,500 had been collected.⁶⁹

Congressman Lemke was the last to testify before the 1938 House Subcommittee. He said he had offered the amendment after "hundreds of farmers" had asked to be given an equal chance with the processors, who did not pay the tax.⁷⁰ Lemke said that seventeen out of a hundred got benefit payments, and 85 percent did not. (Lemke's mathematics seem a little faulty here.) The seventeen cut down their production and therefore he believed both those who participated in the AAA program and those who did not should be permitted to apply for the tax refunds. He also suggested that the committee report the hog processing tax and the cotton tax bills together as one bill.⁷¹

Following these hearings, Chairman Smith inserted a letter from Secretary Wallace dated September 29, 1937. Wallace opposed the refund of the processing taxes because the hog producers received higher prices following the corn-hog adjustment program. He stated:

It should also be kept in mind that many of those producers who remained out of the corn-hog adjustment programs took advantage of

the situation by increasing their production while cooperating producers were curtailing and, as a group, the non cooperating producers were able to sell many more hogs at a price then prevailing than they would have.⁷²

On March 17, 1938, Wallace informed a House Agriculture Subcommittee, that in order to avoid appeals to the Supreme Court and because the administration was beginning important new programs relating to the regulation of the marketing of cotton and tobacco under Title III of the Agricultural Adjustment Act of 1938, "this Department will not oppose the enactment of legislation which will authorize the making of refunds of the amounts collected as taxes under the Kerr Tobacco Act, the Bankhead Cotton Act, and the Potato Act."⁷³ Thus, the Department of Agriculture permitted the granting of refunds to cotton, tobacco, and potato producers but continued to fight the refunding of processing taxes to hog farmers.

On March 25, the House Agriculture Subcommittee approved the hog processing tax refund bill with the amendment (which the House subcommittee had suggested) to include refunds of the processing tax to farmers who participated in the AAA program. Representatives Mitchell and Gilchrist voted for the bill and Flannagan voted against it.⁷⁵

Upon returning home the officers of the National Farmers Process Tax Recovery Association sent a letter to all the state managers and county committee men expressing satisfaction with their successful hearings before the congressional agriculture committees. "All witnesses who testified in favor of the bill did so in a united way. . . . Some very favorable sentiment has arisen recently in favor of the bill from the states where the sign-up was large."⁷⁶

Members of the National Farmers Process Tax Recovery Association were enthusiastic and optimistic, perhaps too optimistic. One Iowa farmer wrote:

Enclose I am sending one dollar for my membership Fee for the Year.

I have watch the paper every day for the out come of this meeting in Washington but so far have not seen a thing.

If you have any literure [sic] on the meeting I would sure appreciate hearing from you.⁷⁷

Some of their friends and neighbors adopted a "wait and see" attitude. For example, another farmer wrote to the Association headquarters:

Enclosed find check to pay my dues for the 1938 Process Tax Recovery Assn.

There is a lot of farmers that would like to have the tax returned to them but they have been fooled so many times they are afraid and they have been told by so many that it is no use.

I have tried to talk to these fellows and they are interested but are afraid they will lose what they put in it and say they haven't got the money to loose.

I am glad that there is still a few that have guts enough to fight for what is there's[sic].

But that winter recruitment slowed down. Van Vleet wrote to Kennedy that "Business has not been very good the last ten days."⁷⁸ Kennedy responded by encouraging the leaders to new efforts. "Write to each of your two Senators and ask each of them for a copy of the hearings. At the same time ask them to help get this Bill enacted into law as soon as possible."⁷⁹

Some opposition to refunding the hog processing tax began to appear in Congress. In April Representative Jerry O'Connell of Montana made a speech and then inserted an extension of his remarks in the Congressional Record. He said that the organizations to work for the refund of the hog

processing taxes were rackets and they were run by the "services of a radio station, legal talent, and a former farm official who was repudiated by the membership of his organization in the election of officers." He said they were "selling legislation" and he would do everything possible to keep them from profiting at the expense of the farmers. Furthermore, if a processing tax refund bill were passed, since very little had been returned from the packers' windfall taxes, he would recommend that the money to pay the hog producers come from the packers and not the Public Treasury.⁸⁰

By June Lemke was in North Dakota campaigning in the primaries for nomination and reelection. Kennedy in Washington helped by securing a number of endorsements from Senators and Representatives and writing newspaper releases.⁸¹

He also met with D. B. Gurney who came to Washington to check on the progress of the refund bill. Gurney wrote a number of letters to contributors to his organization saying that he had been to Washington and learned "at first hand the interest and knowledge of the pending legislation. . . . I am naturally pleased at the progress that has been made. . . . We must consider, of course, that federal legislation moves slowly, regardless of the merits, but . . . it is all very gratifying."⁸²

On June 25, 1938, Congress passed appropriations providing for the refund of cotton, tobacco, and potato processing taxes which had been levied under the Bankhead, Kerr, and Potato Acts. But no action was taken on a bill appropriating funds for the repayment of the hog processing taxes.⁸³

About this time, Van Vleet resigned, citing differences between himself and Kennedy over the direction of the Association. A major issue had been the alliance with Gurney. Work in the National Farmers Process Tax Recovery Association continued under the leadership of John Erp, president, and A. J. Johnson, secretary. Johnson carried on much of the work of the office in Des Moines with the help of Farmers Union secretary Helen Holehan.⁸⁴

This winter, membership in the National Farmers Process Tax Recovery Association was increasing. In January of 1939, A. J. Johnson was "so completely snowed under with claims and correspondence that it was impossible to get around to" writing replies to all his correspondents.⁸⁵ The group continued to experience periodic highs and lows of enthusiasm among its supporters.

Another development which affected the Recovery Association was the formation of another farm organization. On January 16, Robert Spencer, Chairman of the Committee on National Organization, announced a meeting to be held in Peoria, Illinois, to "set up a new farm organization." The announcement stated that E. E. Kennedy would be there both days of the proposed meeting and that the purpose of such an organization would be to "help Kennedy and his co-workers in Washington get the Cost of Production bill, the Frazier Lemke Refinancing Bill and the Hog Processing Tax Recovery bill, made into law this session of Congress."⁸⁶ This new organization (The Farmers Guild) it was hoped would strengthen the efforts of Kennedy in the campaign to recover the tax; however, it probably

weakened the impact of the Recovery Association as many of the strongest supporters of the tax recovery plan left the Farmers Union to join the new group. Thus they would have less impact on the Farmers Union, the only national farm group where they had held some influence before.

On January 30, 1939, Congressman Lemke introduced a joint resolution, House Resolution 138, providing for the refund of the processing tax on hogs. The bill was referred to the House Committee on Agriculture.⁸⁷

Lemke expressed his anger at farm leaders who opposed his farm legislation. "While I have been fighting for that which I am confident is for the best interest of the farmer in our state, and have been constantly for the last 3 years, there are clicks with a stiletto in my back."⁸⁸ In another letter he wrote,

Their [the farmers'] representatives have not stood solidly behind any real legislation. Some of them have rather been the chore boys of the Secretary of Agriculture. . . . They have represented the Department of Agriculture and not the farmers who they are supposed to represent. They have been looking for jobs or other favors from the Department rather than demanding justice. This is not true of all but of some of them.⁸⁹

In March Lemke made a speech in the House concerning his cost of production bill and the processing tax. He stated that Secretary Wallace had forgotten to tell the members of Congress "the processing tax was charged back to the farmer in lower prices." The farmer paid the processing tax. "He forgot to tell us that his own Department had made a report that the farmer paid the tax in lower prices." The Bureau reported that the farmer who signed the hog and corn contract received \$2.34 less

per hundred pounds when the tax went into effect. Therefore, Lemke believed, the farmer paid \$2.34 in processing tax in order to get \$2.20.⁹⁰

Hopes for passage of the cost of production bill and the hog processing tax refund bill dimmed when, despite their strong efforts, Lemke, Kennedy, and others were unable to get the Cost of Production bill passed. They received a serious setback in their plans when the new Farmers Union leaders informed House Agriculture Committee Chairman Jones that they opposed the cost of production bill. To many observers it came as a surprise.⁹¹ To Lemke and Kennedy who had been complaining that farm organization leaders were becoming too friendly with the Roosevelt administration it probably came as a further confirmation of their own fears.

Postponing for a time any further action on the cost of production bill, Lemke and Kennedy took up the refunding bill. Hearings were held before a Senate Subcommittee on Agriculture in May of 1939. The members of the Senate subcommittee were Lynn Frazier, of North Dakota, Chairman, and Senators W. J. Bulow of South Dakota, and Guy M. Gillette, of Iowa. The hearing began with testimony by Kennedy who asked that the committee also consider evidence presented the previous year. Secretary Wallace and others had said that it would be impossible to determine how much was owed the farmers. In reply, Kennedy submitted claims which farmers had filed with the National Farmers Process Tax Recovery Association. These claims listed who sold the hogs, to whom they were sold, at what time, and at what weight. Since Congress knew the prices of processing taxes which

were charged at various times it would not be difficult to determine how much any particular farmer had paid in processing taxes.⁹²

Representative Lemke also testified on the bill. He said that he was in favor of the amendment which he had submitted in the last term providing for paying both the farmers who refused to sign up with the AAA and those who signed up with the AAA program.⁹³

In his testimony, A. J. Johnson told the committee about the National Farmers Process Tax Recovery Association. He said they represented 3,100 claims for a total amount of \$1,344,690. This was on the average \$433 per claim. Only 4 claims were for more than \$5,000.⁹⁴

Other testimony was given by Christian Grell, a member of the governing board of the Recovery Association, and Robert Spencer the Recovery Association state director for Indiana. Spencer emphasized the small size of most claims. The average claim in the state of Indiana was \$373. "Now what is a farmer going to do with a small claim like that? He cannot hire a lawyer. He cannot come down here for a private bill. He cannot pay fees. He cannot furnish the kind of proof a businessman with a staff of clerks and bookkeepers can. But his claim for his little \$375 tax refund is as legal and means as much to him as a \$375,000 claim means to some company with a thousand stockholders and he has as much right to it as any corporation that has paid taxes under an unconstitutional law."⁹⁵

The hog processing tax refund bill was reported favorably out of the Senate subcommittee in 1939. Also a bill was passed which the National Farmers Process Tax Refund Association had favored extending the time

whereby the few farmers who had also processed their hogs could file for refunds. The earlier law for requesting refunds had expired in June of 1937 but it was extended to February 1, 1940.⁹⁶

But the processing tax refund bill did not get out of the House agriculture committee. In late July Lemke wrote to a farmer in Iowa that the "House will not act because you who are interested in this have not been active enough at home."⁹⁷

The following year, supporters of the bill again met discouragement. In late April a vote was taken in the House Agriculture Committee on the processing tax. On the first vote, the bill was approved by the committee, but the committee chairman called a recess so that several members who were not present could be notified. On the second vote the bill was defeated by one vote. Lemke reported: two Republicans, Hope of Kansas and Kinzer of Pennsylvania voted with the Democrats to defeat us; four Democrats, Pierce of Oregon, Hook of Michigan, Polk of Ohio, and Pace of Georgia, voted with eight Republicans making the final vote twelve for and thirteen against."⁹⁹

(It is surprising to note that one of the Republicans voting against the hog processing tax refund bill was Representative Hope from Kansas, who earlier had spoken in Congress about the need for the packers to refund the processing tax to the farmers.)

The team of Lemke and Kennedy decided to try another tactic to achieve the passage of the hog processing tax refund. Lemke brought up a Senate Joint Resolution on the processing tax; this was referred to the House Agriculture Committee and an amendment was added to it by Congressman

Pace of Georgia who wanted a cotton tax refund bill also passed. Now, with southern support the bill had enough votes in the committee to pass - fifteen out of twenty-five. But the chairman of the House Agriculture Committee, Marvin Jones, ruled that the motion to report out the bill was out of order because a similar bill had already been considered in the same session of Congress. Many of the members thought that Jones' ruling was wrong but hesitated to vote against him because that would seem like a personal affront. So again the processing tax refund bill was defeated. (Kennedy believed that Jones' adverse rulings on the processing tax refund bills were because he had been promised a federal judgeship if he followed the administration's wishes).¹⁰⁰

In May, Lemke was scheduled to begin his campaign for re-nomination to Congress in North Dakota. He wrote to one of his supporters that because of several bills, including the hog processing bill which would be coming up within the week in the Agricultural Committee, it would be impossible to make the speaking engagements scheduled for the first week of the campaign.¹⁰¹

Nothing was accomplished, however, and Lemke journeyed on to North Dakota for the campaign. His secretary in Washington sent notes to those who asked about the hog processing tax refund bill stating that things were at a "standstill for this session of Congress. There has been a great deal of activity this session in behalf of the Act, but Washington is very much taken up with war hysteria, and the chances for passage this session seem to have passed completely out of the picture."¹⁰²

In the campaign for re-nomination to the House of Representatives, Lemke won easily, but his friend, Senator Frazier, was defeated by former Governor Langer. Lemke was then urged to campaign for the Senate against Langer in the fall elections. He did so, but this proved to be a mistake because Langer defeated Lemke in a closely fought battle.¹⁰³

Lemke had fought long and hard for the passage of the hog processing tax refund but now he retired to private life in North Dakota and the fight was carried on by other leaders.

In the fall of 1940, the Farmers Process Tax Recovery Association tried a new method; they sent a proposal to the Senate Appropriations Committee calling for the refund of the processing taxes. The bill was considered by the Committee and Kennedy presented some material for the group to study.¹⁰⁴ In October an amendment introduced by North Dakota's Senator Gerald Nye failed by one vote to become part of an appropriation bill.¹⁰⁵

But the Recovery Association leaders did not give up. In February of 1941, Representative Fred Gilchrist of Iowa and Senator Chandler Gurney of South Dakota introduced bills calling for the refunding of the hog process tax.¹⁰⁶ They were determined to keep on trying. A. J. Johnson wrote one of the members of the Recovery Association who had asked concerning the possibilities of success of their endeavor: "I know nothing that would lead me to believe that this tax will not be refunded in time. The officers of our Association realized at the beginning of this fight that it would be a lengthy one."¹⁰⁷

There were problems. Other issues were attracting more attention. Congress was again considering measures related to the start of World War II. Kennedy wrote "Gilchrist feels very sure that we can get hearings just as soon as the lease lend [sic] bill is out of the way." And money continued to be scarce. In March Kennedy asked, "Are we going to have enough to continue the fight through this congress?"¹⁰⁸

In May there were more hearings on the hog processing tax refund bill before a subcommittee of the Senate Committee on Agriculture and Forestry. Guy Gillette of Iowa was the chairman and other members were Berkeley Bunker, a Democrat from Nevada, and Raymond Willis, an Indiana Republican. In a letter to the subcommittee, Paul Appleby, Acting Secretary of Agriculture, declared that the money from the processing taxes had all been spent and to pay the claims for hog producers would place the burden of such refunds upon the public.¹⁰⁹

Speaking before the Senate Committee, Congressman Gilchrist said that the Treasury had about \$22 to \$ 24 million still "in their pockets" from the hog processing tax. And the farmers paid that tax. "In spite of what my good friend Mr. Appleby says, I call the attention of the committee to this brochure (written by A. G. Black of the Bureau of Economics in the Department of Agriculture in 1937) which will absolutely refute the statement so made."¹¹⁰

The subcommittee also heard from Kennedy, Case, and Gilchrist. Kennedy stated that the purpose of the BAE booklet was to defend the treasury against the processors.¹¹¹ South Dakota Representative Francis

Case read a statement detailing the many instances in which the Federal government had refunded illegal taxes. It was titled, "Uncle Sam Has Refunded Illegal Taxes for Just About Everybody Except-." ¹¹²

Representative Gilchrist dismissed the Department of Agriculture claim that the farmer who did not cooperate with the AAA made money while others cut their production by saying that the prices for hogs were so low that no one made money. Gilchrist felt that the money had been stolen from the farmers and one of the Ten Commandments is "Thou shall not steal." ¹¹³

Senator Chandler Gurney criticized Acting Secretary Appleby's statement page by page. He also stated that the farmers in his area knew definitely that they were entitled to a refund. There had been literally thousands of meetings in Nebraska, Iowa, Minnesota, and South Dakota concerning the processing tax. (Although Senator Gurney did not state this in the Hearing, his father, D. B. Gurney had organized and led many of those meetings.) ¹¹⁴

On the last day of the subcommittee hearings, a representative of the Commissioner of Internal Revenue testified at the request of Senator Willis. Senator Gillette asked if there had been any claims on the processing tax which had been rejected. The representative said about \$98,000,000 in claims had been rejected. These were claims filed by processors. Claims filed by producers had not been tabulated, since they were not considered proper claims.

In June of 1941 the U.S. Senate unanimously passed the Hog Processing Tax Refund Bill. The House Committee on Agriculture assured the backers of

the bill that they would report the measure to the floor of the House within a few weeks.

Exultantly, Kennedy wrote in his Washington Letter of June 25, 1941, that "farmers should be getting their evidence of sale together" and could consult the National Farmers Process Tax Recovery Association for expert help in filling out their claims for submission as soon as the legislation was passed."¹¹⁵

The members of the National Farmers Process Tax Recovery Association again felt that they were on the very edge of victory. But a lengthy letter submitted to the Chairman of the Committee on Agriculture by Herbert E. Gaston, Acting Secretary of the Treasury, was to destroy these hopes. Gaston wrote that costs of the hog processing tax refund bill would be much greater than the proponents of the bill had claimed, that all of the hog farmers would claim their refund, not all claims filed by the processors had yet been adjudicated, and it would "create a liability on the Government to 'refund' to hogs producers the approximately \$100,000,000 of hog processing tax imposed but never collected."¹¹⁶

That fall, things began to wind down. Kennedy sent a proposed reply to the Gaston's letter to Congressman Gilchrist in September. He also stated that he would have to be absent from the city for a short period.¹¹⁷ At this time Kennedy was involved in helping farmers in Ohio protest a Department of Agriculture Wheat Penalty Tax.¹¹⁸ In October Congressman Gilchrist sent a letter to Kennedy from his hospital bed in Rochester, Minnesota. He wrote, "I am disturbed about the hog processing tax bill

because I cannot be there to give it the attention that I want to give it."¹¹⁹

In January of 1942, a member of the Recovery Association wrote that he had received word from Congressman Gilchrist that the chairman of the sub-committee had not filed his formal report with the full committee.¹²⁰

About this time Christian Grell, the new director of the Iowa division of the Recovery Association, came up with a new twist to their appeals for recovery of the hog process tax. He suggested that the organization ask for repayment of the tax in defense bonds. He thought the new suggestion might put pressure on the House Agricultural Committee so that they would release the processing tax resolution to Congress and it could be voted on. It might also be a means of encouraging new membership in the Association.¹²¹

Grell sent copies of his resolution to Kennedy and Johnson.¹²² A member of the Recovery Association discussed the proposal with Representative Gilchrist. Gilchrist had written to some of the Association members that "the strenuous times" had forced the House Agriculture Committee to work on other matters. But when the new idea was presented, Gilchrist said that the committee and the public might agree to return the tax to the farmers. "In fact he seemed more optimistic than I have seen him for some time."¹²³

The new plan, however, did not save the proposals to recover the hog processing tax. The bill died in committee.

In February of 1942 Congressman Robert B. Chipperfield wrote to one of his constituents who had asked concerning the tax refund bill that although he, personally favored the bill, he feared it was opposed by the Administration.¹²⁴

About this time the leadership of the National Farmers Process Tax Recovery Association gave up. One by one the group had lost its leaders, Donald Van Vleet, D. B. Gurney, William Lenke, Edward E. Kennedy, and finally the only one left was A. J. Johnson. Johnson kept the records of the group for years, perhaps hoping that the group might be revived again. But it never was. It had been a long struggle and the hog farmers of the Middle West and their representatives had put up a valiant fight but they had lost.

Why? What were the reasons Congress refunded some processing taxes, for example to cotton planters and tobacco farmers but did not refund the processing taxes to the hog producers of the Middle West?

The reasons were both economic and political. In the economic area, the congressmen seemed concerned about the cost of the repayment. Quite a number of the witnesses before the committees were questioned as to the number and size of claims which their group represented. When the National Farmers Process Tax Recovery Association leaders talked about making refunds to both AAA non-signers and signers the possibilities and expense of "across the board" refunds to all hog farmers surely occurred to congressmen. Treasury Secretary Gaston's letter particularly pointed to

this aspect. On the other hand, the number of claimants and costs under the Bankhead Cotton, Kerr Tobacco, and Potato Act were smaller.

Politically, cotton and tobacco producers had ties to southern support. There were usually a good number of southern members on both the Senate and House Agriculture committees. The chairman of the Senate Committee was Ellison D. Smith, long known as a friend to the cotton interests. The chairman of the House Agriculture Committee was Marvin Jones of Texas, another southerner and also from a state that had strong cotton interests.¹²⁵ If the southern senators wanted the legislation passed, it would most likely pass because southern Democratic senators and representatives held a great deal of power in these committees,¹²⁶ and in Congress.¹²⁷

In the case of the National Farmers Process Tax Recovery Association, since they were neither a southerners nor Democrats, they did not have southern Democratic support. They did have the support of some of the congressmen from local states: Frazier and Lemke of North Dakota, Case, Mundt, and Gurney from South Dakota, Gilchrist and Gillette of Iowa. All except Gillette were Republicans, and Gillette was opposed to the Roosevelt administration and in fact had been the object of an unsuccessful purge attempt in 1938.

Quite possibly, Congressman Lemke was hoping to gain southern support when he suggested that the processing tax refund be combined with the bill providing for the refund of the cotton processing tax. But that was not done in 1938 when the cotton and tobacco processing tax refunds were voted

on. Southern leaders, feeling that they had the votes to secure passage of their refund, probably did not want to add a refund which was opposed by the Department of Agriculture to their legislation, lest the weight of the unpopular bill drag them all down to defeat. Later Lemke and Kennedy were to try another time to attach their bill to a bill which had Southern support but were defeated by an adverse ruling of House Agriculture Committee chairman, Marvin Jones.

The National Farmers Process Tax Recovery Association also was not allied with a strong agricultural organization. The Farm Bureau was larger than the Farmers Union. It was growing and strongly in support of the federal agricultural program at this time. The Farm Bureau worked with southern senators including Senator Bankhead to secure passage of farm legislation. Since the Farm Bureau and the Farmers Union were rivals there would be no particular reason for the Farm Bureau to seek southern support for the National Farmers Process Tax Recovery bill. They may even have opposed the bill.¹²⁸

The Farmers Union was a divided group. The Iowa unit, to which the National Farmers Process Tax Recovery Association was most strongly attached, was at odds with the larger National Farmers Union.¹²⁹ Vesecky, President of the National Farmers Union, testified in favor the National Farmers Process Tax Recovery Association bill in 1938, but was soon replaced as president of the organization.

The National Farmers Processing Tax Recovery Association ties with Edward E. Kennedy and William Lemke gave the group both strengths and

weaknesses. These two men were experienced, capable, and worked very hard to get the processing tax refund bill across. But they both had enemies within the Farmers Union. At one time, when Milo Reno and John Simpson were alive, they had been aligned with the dominant leaders of the organization. But these two leaders had died. Now, the rising powers in the Farmers Union disliked Kennedy and Lemke. Kennedy lost his fight to maintain his position as secretary of the Farmers Union in 1936. He was defeated by the rising powers in the Farmers Union, many of whom came from the western states where this wing of the Farmers Union was more powerful.

The cost of production legislation that Kennedy and Lemke favored had been supported by the old Farmers Union leaders. And Kennedy and Lemke came close to having them accepted. There was a connection in their thinking between the cost of production proposals and the refunding of the hog processing tax. Lemke and Kennedy did not believe that cost of production legislation would require large government support payments or taxes on producers or processors. When Secretary Wallace wanted to promote some agricultural adjustment programs in 1938 and 1939 by variations of the processing tax, Kennedy and Lemke could and did use their demands for the return of the processing tax to rally support against new forms of a processing tax. On the other hand, the new leaders in the Farmers Union were no longer in favor of cost of production. Whether the majority of the rank and file of the Farmers Union continued to favor cost of production, is uncertain. Kennedy and Lemke seemed to believe that they represented the poor, average "dirt farmer," both when they worked for the passage of

cost of production agricultural programs and when they fought for the return of the processing tax to hog farmers of the Middle West.

Finally, the Department of Agriculture opposed the passage of refunds to the National Farmers Process Tax Recovery Association. When the question of refunding cotton or tobacco or potato taxes came up the Department of Agriculture offered only mild protests. And these refunds were passed in Congress. But repeatedly the Department of Agriculture worked to defeat the passage of the hog processing tax refund. Sometimes, strong letters were written by members of the Department of Agriculture or other departments. Sometimes tactics were employed which Kennedy and Lemke, at least, felt were directed by the Department of Agriculture to defeat their legislation. Sometimes, farm leaders seemed to have been influenced by government jobs or favors.

Congressmen, too, mentioned that the administration was opposed to passage of the National Farmers Process Tax Refund Association bill. Illinois Representative Robert B. Chipperfield wrote to an Illinois farmer, "frankly the Administration seems opposed to return to the farmers this tax which I feel was unjustly collected, and at the present time I doubt very much if they would permit a vote to be taken on it."¹³⁰

The members of the National Farmers Process Tax Recovery Association just did not have enough friends to support them and seemed to have attracted the opposition of some powerful forces to oppose the achieving of their goal.

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³Kennedy, The Fed and the Farmer, pp. 43-46.

⁴Edward C. Blackorby, Prairie Rebel, the Public Life of William Lemke (Lincoln: University of Nebraska Press, 1963), p. 187.

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⁷William Lemke to John Crawford, May 12, 1933; William Lemke to Covington Hall, February 8, 1934, William Lemke Papers. Orin G. Libby Historical Manuscripts Collection, University of North Dakota Library, Grand Forks, North Dakota.

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⁹Alan Brinkley, Voices of Protest (Vintage Books: New York, 1983), pp. 133-34.

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²³Dayton Tax Service, Washington Iowa, "To the Solicitors of the Processing Tax Recovery Association," March 17, 1937, NFPTRA Records.

²⁴Donald Van Vleet to Congressman William Lemke, February 26, 1937, NFPTRA Records.

²⁵William Lemke to Donald Van Vleet, March 2, 1937, NFPTRA Records.

²⁶Donald Van Vleet to Dale Kramer, April 21, 1937, NFPTRA Records.

²⁷Donald Van Vleet to John Erp, May 10, 1937, NFPTRA Records.

²⁸E. Kennedy to A. J. Johnson, June 23, 1937, NFPTRA Records.

²⁹Donald Van Vleet to Edward E. Kennedy, July 3, 1937, NFPTRA Records.

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³¹Donald Van Vleet to John Erp, August 3, 1937, NFPTRA Records.

³²E. E. Kennedy to Donald Van Vleet, August 4, 1937, NFPTRA Records.

³³Donald Van Vleet to Paul Bock, September 8, 1937, NFPTRA Records.

³⁴Wm. Lemke to E. E. Kennedy, October 22, 1937, Lemke Papers.

- ³⁵E. E. Kennedy to Wm. Lemke, Nov. 3, 1937, Lemke Papers.
- ³⁶E. E. Kennedy to Donald Van Vleet, November 30, 1937, NFPTRA Records.
- ³⁷E. E. Kennedy to the State Managers of the N.F.P.T.R. Ass'n, November 30, 1937, NFPTRA Records.
- ³⁸E. E. Kennedy to Donald Van Vleet, December 13, 1937, NFPTRA Records.
- ³⁹Wm. Lemke to Andrew Trovaton, December 10, 1937, Lemke Papers.
- ⁴⁰E. E. Kennedy to Donald Van Vleet, January 10, 1938; Kennedy Payments, NFPTRA Records.
- ⁴¹Lemke's Speech, Congressional Record, January 24, 1938, NFPTRA Records.
- ⁴²E. E. Kennedy to Donald Van Vleet, February 8, 1938, NFPTRA Records.
- ⁴³C. J. Lee to Wm. Lemke, February 5, 1938; Wm. Lemke to C. J. Lee, February 9, 1938, Lemke Papers.
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- ⁴⁹National Farmers Process Tax Recovery Association Board Meeting, March 19, 1938, NFPTRA Records.
- ⁵⁰Donald Van Vleet to E. E. Kennedy, March 23, 1938, NFPTRA Records.
- ⁵¹Mary Puncke to Donald Van Vleet, March 7, 1938, NFPTRA Records.
- ⁵²U.S. Congress, Senate Committee on Agriculture, Refund of Processing Tax on Hogs to Producers, Hearings on S.J. Resolution 202, 75th Cong., 2nd sess., 1938. pp. 4-5.
- ⁵³Ibid. p. 2.

⁵⁴Ibid. p. 5.

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⁵⁶U.S., Congress, Senate, Refund of Processing Tax, p. 8.

⁵⁷Ibid., pp. 8, 9.

⁵⁸Ibid., p. 10.

⁵⁹Ibid.

⁶⁰Ibid., p. 16.

⁶¹Ibid., p. 18.

⁶²Ibid., pp. 20-23.

⁶³Ibid., pp. 32-33.

⁶⁴U.S. Congress, House of Representatives, Certain Tax Refunds, Hearings before a Special Subcommittee of the Committee on Agriculture on S2601 and other measures, 75th Cong., 2nd sess., 1938, pp. 2-3.

⁶⁵Ibid.

⁶⁶Ibid., p. 5.

⁶⁷Ibid., p. 72.

⁶⁸Ibid., pp. 92-93.

⁶⁹Ibid., p. 96.

⁷⁰The author has searched the Lemke files and has not found quite that number of letters from farmers on the processing tax. There have been approximately 20 or 30 letters found on that subject. Two possibilities exist. Either many of the letters were thrown away and not put into the files. Or Lemke was exaggerating.

⁷¹Ibid., pp. 98-99.

⁷²Ibid.

⁷³Certain Tax Refunds, pp. 63-64.

⁷⁴Certain Tax Refunds, p. 99.

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⁸²D. B. Gurney to Albert J. Schmidt, June 23, 1938; D. B. Gurney to F. E. Fowler, June 21, 1938, NFPTRA Records.

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⁹⁰Congressional Record, House, March 24, 1939, 3233.

⁹¹Theodore Saloutos, and John D. Hicks, Twentieth Century Populism, Agricultural Discontent in the Middle West, 1900-1939 (Lincoln: University of Nebraska Press, 1951), pp. 534-535. They state that letters from Farmers Union leaders came as a "great surprise because the proponents of the measure had counted on the Farmers' Union for their strongest support." However, evidence in the Lemke and Kennedy papers indicates that to them the opposition of some of the leaders of the Farmers Union must have come as no surprise.

⁹²U.S. Congress, Senate Subcommittee of the Committee on Agriculture and Forestry, Refund of Processing Tax on Hogs, S.J. Res. 66, May 16 and 17, 1939, 76th Cong., 1st sess., 1939, pp. 6-16.

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⁹⁴Ibid., pp. 34-38.

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¹⁰⁶A. J. Johnson to Carl Timm, February 25, 1941; A. J. Johnson to Jas. W. Mehaleck, March 3, 1941, NFPTRA Records.

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¹⁰⁸E. E. Kennedy to A. J. Johnson, March 4, 1941, NFPTRA Records.

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¹²⁶Christina McFayden Campbell, The Farm Bureau and the New Deal, (Urbana: University of Illinois Press, 1962), pp. 112-13; Nicholas A. Masters, "Committee Assignments in the House of Representatives," American Political Science Review 53 (June 1961): 345-57; Raymond E. Wolfinger and Joan Heifetz, "Safe Seat, Seniority, and Power in Congress," American Political Science Review 59 (June 1965): pp. 337-49.

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CHAPTER X
CONCLUSION

The preceding chapters have told the story of the National Farmers Process Tax Recovery Association and the struggle of the organization for the refund of the hog processing tax. It began soon after the Supreme Court decision in Butler v. United States in early 1936 and ended some time in 1942, when its leaders gave up hope.

The group had begun with high hopes. They hoped their group would grow to include twenty thousand or more members. In 1937 Donald Van Vleet wrote:

We have in Iowa around two thousand members and also at the present time have a national organization under way in ten other states and before Congress is in session we believe we will have at least twenty thousand members.¹

Throughout the nation there were hundreds of thousands of hog farmers who might be expected to have joined up with an organization which promised to help them recover the hog processing tax. But the organization was not successful either in attracting a large membership or in achieving legislation for the refund of the tax.

In the end the reader is left with a question, why did the group fail in achieving its goal, the return of the hog processing tax to the hog farmers? The group had enthusiasm, leaders of some political experience, and an amount of political power. They built an organization which spread

into nine or ten middle western corn/hog producing states. But they failed. What were the reasons behind the failure of the National Farmers Process Tax Recovery Association while some other groups were able to recover their processing taxes?

Let us look again at the group and the situation in which it found itself. The group initially had enthusiasm. It was based on several things. First, it was fueled by radical Farmers Union leaders who had opposed the Agricultural Adjustment Act from the very beginning because it was not the cost of production plan which they had developed and supported through the Farmers Union. Milo Reno suggested the organization of the group. He had been working in the Farmers Union since the early 1920s. He was president of the Iowa Farmers Union and supported John Simpson when they ousted the cooperative leaders of the Farmers Union such as Huff, Ricker, Thatcher, and Talbott, from power in the National Farmers Union in 1930. These cooperative leaders did not leave the Farmers Union but instead waited their time and regained control of the Farmers Union in 1936 after the death of Simpson and Reno. The cooperative leaders showed their distaste for Kennedy, as supporter of Reno and radical ideas such as production control, by defeating him in his bid for reelection to the office of National Secretary that same year. Following the defeat of Kennedy, the Iowa group who were trying to regain their processing taxes could not be sure of receiving support from the Farmers Union.

They became instead, the rump faction, the group who were attached to that part which finally pulled out of the Farmers Union. (Although,

significantly, Iowa did not join the Farmers Guild.) They often suggested that they were part of the true Farmers Union, holding the older ideas of the group. They had the leadership of Kennedy and Lemke who were unhappy with the Farmers Union and indeed all the major agricultural organizations.

The National Farmers Processing Tax Recovery Association ties with Edward E. Kennedy and William Lemke gave the group both strengths and weaknesses. These two men were experienced, capable, and worked very hard to get the processing tax refund bill across. Kennedy had friends in the Farmers Union in the Middle West. Many state Farmers Union presidents became leaders in the National Farmers Process Tax Recovery Association. But both Kennedy and Lemke also had powerful enemies within the Farmers Union. At one time, when Milo Reno and John Simpson were alive, they had been aligned with the dominant leaders of the organization. But these two leaders had died. And the powers in the Farmers Union disliked Kennedy and Lemke. Kennedy lost his fight to maintain his position as secretary of the Farmers Union in 1936, defeated by the cooperative leaders many of whom came from the western states where this wing of the Farmers Union was more powerful.

Other leaders in the National Farmers Process Tax Recovery Association were less experienced. Donald Van Vleet was just a young man when he was asked by Reno to head the organization. His experience had been as an auctioneer's son, well acquainted with the auction barns, and his first job after high school had been as a stock buyer for farmers. He had done some writing in stock magazines, and enjoyed traveling around to

meetings. But he was not an experienced farmer, nor an experienced Farmers Union leader. Because of his inexperience he probably let Kennedy get away with putting all of his supporters on the National Board and then wondered why in a showdown they supported Kennedy. If he had been more experienced he might have changed the directions that the group took at critical times.

A. J. Johnson was an experienced farmer and had been active in Farmers Union politics, but he too was impressed by national leaders such as Lemke and Kennedy. Johnson stayed with the cause the longest, even after Lemke and Kennedy had moved in other directions. (The records of the organization were kept for many years in A. J. Johnson's back bedroom before finally being transferred to Special Collections at the library of Iowa State University.)

The group did not really belong to any political party. Many of the Farmers Union leaders had voted for Roosevelt in 1932, but become disenchanted with the Roosevelt administration because of administration agricultural programs. Johnson, Kennedy, and Lemke were prime examples of this trend. The association did not receive strong support from either political party. The group did have the support of some of the congressmen from local states. Frazier and Lemke of North Dakota, Gurney from South Dakota, and Gilchrist and Gillette of Iowa promoted the bill. The only Democrat of this group is Gillette who had antagonized Roosevelt by refusing to support his court packing plan. In response Roosevelt and some members of his cabinet had tried to purge Gillette from the Democratic ticket, a move that failed. Generally, the leadership of the group was

Farmers Union but discontented. And Republican because they opposed the New Deal.

The group was enthusiastic because they believed that they had a right to the hog processing taxes. They believed this because they had seen the prices of hogs go down following the imposition of the processing tax. They believed it because the packers told them that they were paying them less because of the tax. (Quite possibly, the packers were trying to encourage the farmers in 1933, 1934, and 1935 to protest against the tax, as that might increase the pressure on Congress to abolish it.) The farmers believed it because the leaders of the National Farmers Process Tax Recovery Association were able to obtain documents from the Department of Agriculture showing that even the Bureau of Economics of the Department of Agriculture stated that the taxes were not paid by the packers nor by the consumers. If these two groups did not pay the tax, the farmers reasoned they should be able to prove that they had paid the tax.

But they could not produce the receipts which the courts required to show that they had paid the tax. And in Congress they could not produce the votes which would ensure passage of their legislation. The reason they could not produce the votes was because their group had remained small.

Why did the group not grow? Why did so few farmers join the group? (In 1939 A. J. Johnson said the group had prepared 3,100 claims, so the membership can be estimated at around 3,100 since each member usually submitted only one claim. In a 1940 speech to members of the Association Kennedy stated that the group had doubled its membership since last year.)²

The National Farmers Process Tax Recovery Association had difficulty getting their message across to the average farmer. Gurney was able to broadcast his message over the radio station which he owned, Station WNAX. But Lemke was limited in his access to the farmers. During the campaign of 1936 he campaigned across the nation, but after that his access to the farmers was limited to columns in a few newspapers, such as the Unionist and Public Forum and occasional radio speeches. Kennedy had been editor of the National Farmers Union paper until his ouster from his position as secretary of the Farmers Union in 1936. After that, he published his own newsletter, the "Washington NewsLetter," but that mainly reached the believers. Kennedy, too, was limited in his access to Farmers Union papers. His "Newsletter" was often printed in the Iowa Union Farmer as were many articles about the National Farmers Process Tax Recovery Activities. But the same pattern was not followed in neighboring states. In fact, several state Farmers Union papers printed the Department of Agriculture Mastin White statement warning farmers to stay away from groups who might be fraudulently trying to get the farmers' money in tax recovery schemes. Recovery Association local recruiters often complained of the difficulty they experienced in getting their notices of meetings and tax recovery information in the papers. They said the papers were more sympathetic to the Farm Bureau cause and would not publish Recovery Association materials.

An Indiana hog farmer wrote Congressman Lemke that he had conducted his own poll. He asked farmers at the Chicago, Cincinnati, and

Indianapolis stockyards what they thought about the Frazier Lemke Hog Processing Tax Refund Bill.

They thought you were doing them justice and thought they were entitled to it. But Mr. Lemke, not one in twenty five knew about it. He said he subscribed to several state newspapers and had never seen anything about the attempts to recover the hog processing tax for the farmers in these papers.³

The growing sympathy of some of the Farmers Union officials to the Department of Agriculture may have been related to the disinterest or opposition of many of the editors of the state Farmers Union papers to the National Farmers Process Tax Recovery Association cause. Most leaders in the Farmers Union did not support the process tax recovery program. Lemke and Kennedy said the leaders of the Farmers Union were too friendly with the Department of Agriculture. They said that these men had not "stood solidly behind any real legislation. Some of them have rather been the chore boys of the Secretary of Agriculture."⁴

Finally, the Department of Agriculture opposed the passage of refunds to the National Farmers Process Tax Recovery Association. When the question of refunding cotton or tobacco or potato taxes came up the Department of Agriculture offered only mild protests. And these refunds were passed in Congress. But repeatedly the Department of Agriculture worked to defeat the passage of the hog processing tax refund. Sometimes, strong letters were written by members of the Department of Agriculture, or other departments. Tactics were employed, which Kennedy and Lemke at least, felt were directed by the Department of Agriculture to defeat their

legislation. Sometimes, farm leaders seemed to have been influenced by government jobs or favors.

County extension agents, influenced by the Farm Bureau and the Department of Agriculture, often seemed to oppose the National Farmers Process Tax Recovery Association. They advised their farmers against joining the Recovery Association. Sometimes, they withheld records from farmers who wished to secure them for the purposes of establishing a claim with the Association. They repeatedly told the farmers that they did not need to join any organization because if the federal government wanted to return their taxes they did not need any "go-between."

The large packers refused in many instances to give the farmers their records. Farmers may have despaired of their ability to prove that they had sold hogs during the years when the processing taxes were in effect. Now that the taxes were no longer in effect, the packers were not as anxious to assure the farmers that they had paid the taxes. In fact, during most of this time the packers were trying to keep as much of the processing taxes as they could for themselves.

So the farmers received conflicting advice from various quarters as to whether they should join the organization or not. Also, there is a philosophical inconsistency involved in the activities of the organization. The National Farmers Process Tax Recovery Association was founded initially to get back the process tax for farmers who had tried to avoid being organized by the Agriculture Adjustment Administration. Thus, farmers who had originally resisted being organized were now urged to join another

organization. Also, this organization was expensive, at a time when farmers had very little money.

Perhaps, it is not so hard to see why the organization did not grow. As their group's fortunes waned, the members of the recovery association scattered in different directions. Milo Reno, the earliest leader of the group died in 1936. Donald Van Vleet, the group's first president who quit in a disagreement with Kennedy, went on to become first a seller of cooperative products for the Iowa Farmers Union and by 1942 the president of the Iowa Farmers Union.⁵ Edward E. Kennedy became a research director and economist for the United Mine Work Workers of America, and later a probate judge for the state of Maryland.⁶ A. J. Johnson remained on the farm in Moorhead, Iowa, but served in the winters as a Republican legislator in the Iowa State legislature for several terms.⁷ William Lemke lost his fight for election to the U.S. Senate in 1940 but returned to the U.S. House of Representatives in 1942, where he remained in office until his death in 1950.⁸ D. B. Gurney died in the early 1940s.⁹ The farmers who belonged to the Recovery Association turned to other interests. The war greatly affected their lives.

Perhaps, more than anything else, the war finally finished the National Farmers Process Tax Recovery Association. People's attentions were attracted in other directions. Some farmers became more affluent with the rising prices of agricultural products. They had less need for the return of the process taxes. Other farmers left the countryside and found jobs for themselves in the booming war industries in the cities.

In a sense, the members of the Recovery Association had been trying to fulfil an old, old dream, of small independent farmers who could influence government legislation. This had been the rallying cry of John Simpson, Milo Reno, William Lemke, William Hirth, and others. But these agrarian radicals were all old men and by 1942 they had disappeared from the national scene.

The New Deal had begun the change. And some of the old radicals had fought it. (That was the reasoning behind much of the National Farmers Process Tax Recovery Association.) World War II completed the change as more and more of the small independent farmers left the land.

Still, these old letters and records of the National Farmers Process Tax Recovery Association remain to remind us of people's concerns in an earlier day. Concerns that are echoed in the rallying cries of farmers' protests of more recent years.

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ACKNOWLEDGEMENTS

The story of the National Farmers Process Tax Recovery Association has taken the author along many different paths and she wishes to express appreciation to those who helped her along the way.

Thanks go to Dr. George McJimsey, chairman of my committee, who questioned, criticized, and encouraged the writing of this story. Thanks also to the other members of the committee: Dr. Andrejs Plankans, Dr. R. Douglas Hurt, Dr. Lehman Fletcher, and Dr. Don Hadwiger, who all made important contributions.

Thanks to friends and fellow graduate students in the History Department at Iowa State University. I appreciate the friendship and support which I received from many of you.

Thank you to Dr. Stanley Yates of Iowa State University's Special Collections who first suggested that the NFPTRA might "make a good dissertation topic." Thanks also to Sandy Beidler, Head of the special Collections at the University of North Dakota. She helped me find my way through the Lemke Papers there.

Words of appreciation are due to the Everett Dirksen Foundation and the Iowa State Historical Society, Inc. Thank you for your financial support.

To my husband, Woodrow Choate, and children, Anne, Michael, Ruth, and Susan, who have traveled with me on life's journey, I especially voice my thanks and appreciation. During good times and bad you have been there beside me, and for this I thank you.