

BARTER AND SELF-HELP

GROUPS 1932-33

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"TRY RELIGION ALL ELSE HAS FAILED" -- this motto from a 1932 Salvation Army poster sums up the period immediately preceding the New Deal. Throughout the United States millions were unemployed and without any hope of finding work. Many of the jobless, when their savings and other personal resources ran out, found that relief organizations could not provide for them adequately. In Detroit in 1932 whole city blocks had no electric light or central heating. The American Friends Service Committee, engaged in relief work among the children of West Virginia and Kentucky coal miners, had been compelled by lack of funds to weigh the children and feed only those who were at least 10% underweight. By mid-1932 in metropolitan areas across the United States so many families had no water because of non-payment of meter charges that some public schools instituted compulsory weekly showers for their pupils. In Philadelphia all relief ceased for a period of eleven days; private funds ran out and public funds could not be made available immediately. The welfare authorities in New York City, hampered by budgetary restrictions, could afford to give few families more than a minimum subsistence allowance that averaged \$2.39 a week.¹ A few years later, Nels Anderson, a Columbia University sociologist, discussing the situation of the out-of-work during 1932 and early 1933, declared that the unemployed were "hedged in on all sides" and had only "the poor choice of taking it on the chin or of doing the unpopular thing -- organizing."²

Prior to the New Deal, a number of organizations of the jobless had sprung up. Generally, they were of two varieties: those organized as mass-pressure groups and those devoted to cooperative barter and self-help, the last two flourishing chiefly during the bleak Depression winter and spring of 1932-33, although some had been organized earlier. During these critical weeks, the more fervent reportorial imaginations fixed themselves on the activities of these groups. According to the popular media, a new miracle cure seemed to have been found, one which would alleviate the economic illnesses affecting the land. "Articles for Art"; "Men Without Money"; "Bank Sponsors Barter Exchange"; "Bartering Potatoes and Eggs for Care"; "Spuds and Old Bossy Turned into an A.B."; "Doing Business Without

Money"³ -- such stories and features flooded the magazines and newspapers throughout the country.⁴ Advertisements in Cleveland proclaimed that "no one with anything negotiable to offer needs to ride on unsafe tires . . . , in exchange for softer, safer General Tires . . . anything of any value [will be accepted]."⁵ For reasons which can be readily understood, barter and self-help, from uncertain beginnings in the spring of 1932, gained rapidly in public esteem. Groups practicing these concepts represented the traditional idea of an American people of unbroken spirit struggling almost bare-handed in primitive mutual aid to obtain elemental needs.

Sponsors of barter groups and self-help associations enthusiastically enlarged upon the possibilities: they asserted that unemployed workers, by combining their skills and resources, could exchange their work for goods and services offered by farmers, manufacturers and professional people and all would benefit. It was maintained that those who had a surplus of goods or labor which they could not sell for monetary gain would be able to exchange that surplus for profit in "the sense of mutual advantage of use." By means of barter credits or scrip, surpluses would be pooled in a central exchange from which a variety of goods and services could be drawn at will by holders of these credits.⁶

From Princeton University in the fall of 1932 came one of the earliest formal theoretical proposals arguing for the establishment of barter groups. Professor Frank D. Graham, an economist, advocated an Emergency Employment Corporation (EEC), formed preferably under private auspices, to make contracts with existing producers for the use of plants and equipment which then were idle. Those employed would be paid in barter consumption certificates, exchangeable only for articles and services made or performed by other workers who were similarly occupied. Chain stores or mail order houses would be utilized for distribution purposes, paying their workers who handled these products on a similar barter-scrip basis to protect the economy from competition. Dr. Graham believed that such a system of using the unemployed in production for their own consumption ultimately would restore major industrial activity and virtually "abolish unemployment."⁷

A group of economic theoreticians at the University of Oklahoma contemplated a federal Industrial Stabilization Corporation (ISC) which would let contracts to private enterprise for specified commodities to be paid for in ISC notes. The salaries of workers so employed would also be paid in ISC notes at rates fixed by the corporation. The value of the notes would be precisely equal to the prices ISC products brought in the market. Through the ISC, it was argued, the idle would be re-employed in a productive capacity, producing for others and for themselves.⁸

Even after "the Hundred Days," barter and self-help schemes occasionally reappeared. Mordecai Ezekiel, a Department of Agriculture official, proposed the formation of a Federal Emergency Production Administration (FEPA) to organize the unemployed to produce the things they

needed. Walled off from private production, the FEPA was to be an integrated public corporation, operating throughout the country, which would organize available workers, resources and equipment to produce as they had before the crash. Ezekiel was much more explicit than most of the proponents of these ideas. He held that the western states had produced workable barter groups, and all that was lacking for a national system was transport. He would have forced the railroads to accept payment in kind. Thus, Ezekiel declared, "during the months or years the unemployed would have to wait for competitive business to provide regular jobs . . . they would [care] for themselves"9

However, the actual development of the self-help and barter movement unfolded along lines far different from those laid out by the neatly formulated theoretical plans and the propagandistic "good stories" in newspapers and magazines. As two contemporary commentators pointed out, one reason for the broad press coverage of the schemes was that "people really trying to do something about the Depression, however feeble and primitive their efforts, attracted attention at a time when business and government were sitting tight"10 The Vice President of the Midwest Exchange, a wholesale barter group brought into being mainly through the efforts of Antioch College, complained that "we had much favorable publicity, so much in fact that we find it difficult to live up to our reputation."11

Self-help had obtained its introduction to the general American public largely through the widely publicized activities of the Unemployed Citizens' League of Seattle, Washington, the first group of its kind. The League grew out of activities set in motion in July, 1931, when a group of unemployed students and instructors of Seattle Labor College began a census of the jobless in West Seattle. The labor college people, after discovering the chaotic conditions existing among the jobless, organized the unemployed foraging the fields around the city. Soon, in the forests outside of the city, some of the unemployed loggers began to cut wood for the use of the group. Later, these persons, and an increasingly large number of other unemployed workers, began to participate in the harvesting of crops. They brought surplus for which the farmer had no market into the city and used the produce for barter. Membership grew faster than it could be assimilated, the League claiming 13,000 members representing a total of 44,000 dependents in June, 1932.12 Under the influence of Communists, who had gained control and who made use of the League for their own political ends, the organization rapidly passed beyond the phases of barter and self-help. Distribution of public relief became its chief function, and then political activity. Finally, participation in a mass hunger march marked its last gesture before collapsing, rent apart from within and attacked from without.13

The origins of the movement on a more permanent and less political basis are to be found in Southern California, where a favorable, milder climate made possible the collection of vegetables and fruits throughout the

year. Around the slogan "Self-Help Beats Charity," which, unfortunately, was more widely touted than adopted, the urban unemployed of Southern California rallied in the spring of 1932 to barter their labor for the consumable but unmarketable products of adjacent truck farms and orchards.¹⁴ "They were fortunate," as one labor historian points out, "in the fact that many truck farmers in Los Angeles were Japanese who considered acceptance of charity a family disgrace," and thus were receptive to such arrangements.¹⁵

In March, 1932, William T. Dowling, an unemployed veteran residing in Compton, California, a small town to the south of Los Angeles, went to the fields near his home and arranged with a vegetable grower to harvest part of the crop in exchange for a share of the produce. Within a few days, Dowling's neighbors had learned of this plan and had joined him in the work. From this simple exchange of services for produce grew the Unemployed Cooperative Relief Association (UCRA) which, a year later, spurred on by severe unemployment and inadequate relief, had attained a membership of over 75,000 families, the largest of any self-help or barter movement in California or elsewhere.¹⁶ Two days work a week entitled a member and his family to food rations for a week as they were available. The men harvesting crops received second or third grade produce, the first grade going to the grower. At one time the foodstuffs available through UCRA met about 70% of the normal requirements for a well-balanced diet. However, although the crops were abundant, especially in carrots and oranges, they were inadequate in certain staple foods. Finally, it became necessary for the Red Cross to donate flour to individuals.¹⁷

The principle of barter was basic in the initial stages of all self-help organizations. Each of them sought to exchange its own products or services for other products and services which it needed. These exchanges often were facilitated by the issuance of forms of scrip, certificates and the like, by the self-help group. The Natural Development Association of Utah, for example, issued something called a "Vallor" (va - value; llor - dollar) in the same denominations as regular currency.¹⁸ Some associations also applied the barter principle to their own memberships; each member exchanged his own services or products for an approximately equivalent amount of services or products of other members. In other groups, where "need" governed the distribution of all goods and services to the members, no attempt at balancing was made.

The Bureau of Labor Statistics (BLS) considered the distinctions made by the groups as to their methods of distributing goods and services to be important. The BLS believed these methods determined a group's organization, membership and practices. Those groups which operated on a "need" basis -- such as the Unemployed Citizens' Leagues in Colorado, Washington state and Wyoming and the Unemployed Cooperative Relief Association of California -- generally charged no fees and had no paid officers or employees. Those in which remuneration was on the basis of goods

brought in or services performed -- such as the Emergency Exchange Association of New York City, the Dayton (Ohio) Mutual Exchange, the Midwest Exchange and the Natural Development Association of Utah -- usually charged a membership fee and generally had a paid staff of workers.¹⁹ The differing methods must also be considered factors in deciding the fate of the organizations after the passing of the immediate emergency of 1932-33 which had called them into being. Generally, those organized on a purely "need" basis collapsed and disappeared as the state and federal governments assumed more relief functions. Of the others, a few that had organized in a more businesslike manner survived in a more modest form as producers cooperatives.²⁰

Some of the associations tended to be not merely clearing houses of information for establishing barter relations, but also employment bureaus for securing jobs for cash as well as for barter. Employers created some unfortunate situations by using these groups to force down the already low prevailing wages. In Dayton, Ohio, for example, the Dayton Mutual Exchange bought paint from a local manufacturer and paid for it with Goods Certificates. The paint manufacturer paid his men's wages for some time thereafter usually 75% in cash and 25% in Goods Certificates. Some of the men buying sugar at the Exchange store with their certificates found that they had to pay \$1.25 there for 25 pounds of sugar which would have cost only \$1.09 at the local chain store. The men went back to the paint manufacturer and asked for cash in place of the certificates. The employer informed them that they would either have to accept part of their pay in the certificates or have their wages cut. Faced with this unhappy prospect, the men accepted the certificates and "cooperated" with the Exchange.²¹ In general, trade unionists were apprehensive that the exchanges might be used to break the unions, or to lessen the cash received by the individual working man. It is no surprise that John Chamberlain, in surveying the barter groups, found that labor organizations considered this payment in scrip in many communities to be "an extension of the hated idea of the company store."²²

Generally, the self-help and barter organizations attempted to provide for their members without entering into competition with the regularly employed workers of the locality. They did not want the groups to serve merely as an opportunity to secure cheaper labor. Nor did those which produced goods want to undercut their local competitors. However, these ideals did not always coincide with reality. The chairman of the Dayton (Ohio) Products Units Council admitted that his group competed with other businesses in the area, and that the suggestion that their protected enterprise of broom-making might be "comparable to the manufacturer who contracts with a penitentiary and undercuts 'free labor' was perfectly fair."²³ The head of another group, in response to a similar question, could only answer that they were "aware of the danger" of bringing down standards,

but that they were caught "between the devil and the deep blue sea because they had to undercut or they couldn't get any business."²⁴

Although most of the self-help organizations started with the idea of using goods and services instead of money, all of them found very soon that they needed a certain amount of cash, for some essential services or commodities remained outside the power of the group to obtain by labor or barter. At all times, these groups were confronted with the problem of lack of funds and the question of how to obtain sufficient money. Cash was an absolute necessity for such items as stamps, gasoline, electricity, water, telephone and oil. Means of transportation had to be found for hauling men and produce -- be it logs or harvested crops -- and this demanded money. One organization had hundreds of pairs of used shoes donated to it, but found no way to utilize them because it lacked the funds necessary for repair. In one locality the organization could not even afford to print enough membership cards.²⁵ The Yellow Springs Exchange -- the retail outlet for the Midwest Exchange -- earnestly requested members of the Exchange to "please also buy a little for cash."²⁶ Unemployed groups used many devices to raise the money with which to finance their exchanges. In Berkeley, California, the Unemployed Association arranged a benefit baseball game from which they realized \$1,000. At Waukegan, Illinois, a series of benefit basketball games reaped a considerable sum for the Cooperative Unemployed League. And in Highwood, Illinois, "hard times" parties of various kinds were sponsored by the unemployed group to raise funds. Likewise, the United Producers League of Holiaum, Washington, reported that dances, card parties and such devices were effective for money-raising. In addition to their functional aspects, these events helped to make the barter exchange serve as a social center for its members. An extreme example of this is the Natural Development Association of Utah, which frequently held parties for social and educational purposes, the parties being especially interesting in that the programs presented featured propaganda and entertainment which supposedly prepared members of the group for the "new order" they confidently predicted.²⁷

Reactions to these barter and self-help organizations varied widely. Many of the unemployed praised them as an attempt "to do something." Local opinion regarding these groups ranged from high praise to utter condemnation. Some liberals and Socialists, as well as union leaders, opposed barter and self-help groups on the grounds that they inevitably drove down the regularly employed workers' standard of living. In fact, there was no way of determining whether or not a man painting a house on a barter basis was stealing a job that would pay cash to another workingman.²⁸ Louis Budenz, then an organizer for the Conference for Progressive Labor Action, a radical group whose main slogan was "Communism without the Communists," reported that in Allentown, Pennsylvania, where he had helped to start a self-help group, barter had served as an initial lure to bring the

people together for "direct action," but that "potatoes had become the opium of the people" and that one of the Allentown units had attempted to run a beggars' monopoly.²⁹ In Durham, North Carolina, Newman White, organizer of a labor and materials exchange, asserted that, at best, only 10% of the membership at large had a fairly adequate notion of the exchange as a cooperative affair rather than as just another institution to be exploited. The extreme, he thought, could be represented by the example of one man who had put up a really pitiful plea to be placed in charge of one of the trucks, and from this position embezzled clothing, borrowed money from the director, got drunk and did damage to the truck, quit his job without notice and was later suspected of stealing the sparkplugs from the truck -- all within one week's time.³⁰ The attitude of the Communists toward barter and self-help varied with their relations to the groups. Where, as in Seattle, they could use a barter and self-help group for their own political ends, they supported the group. In other locales, where the party had little success in infiltrating the groups, it condemned them as "collective pan-handling."³¹

As the limitations of the barter-scrip schemes became evident, and as the boundaries of self-help became known, some of the unemployed groups became little more than gangs exerting pressure on public officials. In February, 1933, thousands of former barterers demanding increased relief expenditures took forceable possession of the county-city building in Seattle.³² In Denver, a large production-exchange association became a league of protest. "Next winter," said a member of this barter association, "we won't dicker with farmers and harvest their crops on shares. What we'll do, we'll drive our trucks up to the wholesale places and take what we need."³³ A survey of the self-help groups in California showed that their character had changed and that a trend existed among them that presaged the "development of American Nazism with members of the cooperatives serving as potential storm troopers."³⁴ Other illiberal tendencies are to be found in the policy of the Utah Natural Development Association, which admitted only Christians to membership, and in the Jim Crow policy of many of the mid-western unemployed clubs.³⁵

The immediate crisis came to an end with "the Hundred Days" and many of the groups faded away in the first bloom of the New Deal. Some of the surviving groups looked for assistance to the federal government, which had indicated that it believed these self-help and barter schemes had some value. Harry Hopkins said, "We are going to put some money into . . . them," and the Federal Emergency Relief Administration allocated a total of \$3,157,613 for use by the groups before the government stopped granting money to them.³⁶ Most of these federal grants, however, went to producers cooperatives, and thus during 1934 the few surviving barter groups undertook productive enterprise so that they could attain eligibility for federal funds.³⁷ But the government-subsidized organizations were different

from the emergency groups of 1932-33. The post-New Deal groups represented producers cooperatives and consumer exchanges -- Robert Owen's ideas resurrected in the 1930's; the concept of barter and self-help failed to survive the immediate crisis which caused the formation of the groups.

The units of the barter and self-help movement never sustained themselves completely. Even the most successful operators, such as those in Dayton, needed considerable minimum cash donations. Usually, most of the members of any group remained on relief. These groups and their members, if judged by their avowed purposes, cannot be considered very successful. However, their real accomplishment -- intangible but of very great importance at the time -- lay elsewhere, in their assistance in maintaining the morale and self-respect of the unemployed worker, in making him feel that he was not a completely useless, unwanted member of society.

New York, New York

Footnotes:

¹ Murray Kempton, Part of Our Time: Some Ruins and Monuments of the Thirties (New York, 1955), 271; U.S. Congress, Subcommittee of the Committee on Manufactures, Hearings, Federal Aid for Unemployment Relief, 72nd Congress, 2nd session, 1933, 420; "No One Has Starved," Fortune, VI, 3 (September, 1932), 24-29.

² Nels Anderson, "Are the Unemployed a Caste?" Survey Graphic, XXIV, 7 (July, 1935), 347.

³ "Articles for Art," American Magazine for Art, XXVI (April, 1933), 18-25; Wayne Weishaar and Wayne Parrish, Men Without Money (New York, 1933); "Bank Sponsors Barter Exchange," Bankers Magazine, CXXXVI, 3, (March, 1933), 295, referred to a report that a Brattleboro, Vermont, bank would serve as a clearing house for exchange, charging only a nominal fee; Jane Harris, "Bartering Potatoes and Eggs for Care," Public Health Nursing, XXV, 7 (July, 1933), 386-388; "Spuds and Old Bossy Turned Into An A.B.," Literary Digest, CXIV, 19 (November 5, 1932), 34; George Leighton, "Doing Business Without Money," Harpers, XXII (July, 1933), 161-168. See also Malcolm Ross, "The Spread of Barter," Nation, CXXXVI, 23 (March 1, 1933), 226-228; "Barter and Scrip," Business Week, IV (January 11, 1933); Jacob Baker, "Barter Movements," New York Times, January 22, 1933, Section VIII, 2; Emergency Exchange Association of New York City, "Pamphlets and News Releases," in the files of the Business Library, Columbia University.

⁴ It is important to point out that the works cited above have no reference to the numerous articles and stories which appeared after the Bank Holiday and purported to show the efficacy of barter when no money was available.

⁵ "Barter," Printers Ink, CLXII, 3 (March 9, 1933), 10.

⁶ Witt Bowden, "A Survey of the Recent Barter and Exchange Movement with Implications," Proceedings of the National Conference of Social Work (Chicago, 1933), 398-399.

⁷ Frank D. Graham, The Abolition of Unemployment (Princeton, New Jersey, 1932), Chapter II, passim.

⁸ Paul Taylor and Clark Kerr, "Putting the Unemployed at Productive Labor," Annals of the American Academy of Political and Social Science, CLXXVI (November, 1934), 104-105.

⁹ Mordecai Ezekiel, "A National Barter System," Forum, XC, 4 (October, 1933), 221.

¹⁰ Paul Taylor and Clark Kerr, "Whither Self-Help," Survey Graphic, XXIII, 7 (July, 1934), 329.

¹¹ From the Vice-President's February 1933 report quoted in George Leighton, "They Call It Barter," Harpers, XXII (August, 1933), 316.

¹² A. Mosher and E. J. Wolfe, "Self-Help Projects in the United States," unpagged mimeographed report in the Business Library, Columbia University; Irving Bernstein, The Lean Years (Boston, 1960), 416-417.

¹³ "Cooperative Self-Help Activities Among the Unemployed in Seattle," Monthly Labor Review, XXXVI, 5 (May, 1933), 1015-1021.

¹⁴ Taylor and Kerr, "Whither Self-Help," 320.

¹⁵ Bernstein, The Lean Years, 418.

¹⁶ "Self-Help in California," Literary Digest, CXIV, 16 (October 15, 1932), 19.

¹⁷ "Self-Help Activities of Unemployed in Los Angeles," Monthly Labor Review, XXXVI, 4 (April, 1933), 717-723.

¹⁸ "Barter and Scrip," American Bankers Association Journal, XXV (March, 1933), 26.

¹⁹ "Cooperative Self-Help Activities among the Unemployed," Monthly Labor Review, XXXVI, 6 (June, 1933), 1230.

²⁰ Udo Rall, "Appraising Self-Help," Survey, LXXII, 5 (May, 1936), 124-126.

²¹ Leighton, "Doing Business Without Money," 167.

²² John Chamberlain, "The Crusoe Economics of Exchange by Barter," New Republic, LXXIV, 960 (April 26, 1933), 300.

²³ Leighton, "Doing Business Without Money," 162.

²⁴ Ibid.

²⁵ Monthly Labor Review, June, 1933, 1239.

²⁶ "The Yellow Springs Exchange," (Yellow Springs, Ohio: Antioch College Press, 1932), 8 [pamphlet in the Business Library, Columbia University].

²⁷ L. H. Grinstead and Willis Wiseler, Barter, Scrip, and Production Units as Self-Help Devices in Times of Depression (Columbus, Ohio, 1933), 12-14.

²⁸ Chamberlain, "Crusoe Economics," 302; Bowden, Proceedings, 1933, 162.

²⁹ Walter Goldwater, Radical Periodicals in America 1890-1950 With a Geneological Chart and a Concise Lexicon of the Parties and Groups That Issued Them (New Haven: Yale University Library, 1964), xii; Chamberlain, "Crusoe Economics," 303.

³⁰ Newman White, "Labor Helps Itself," South Atlantic Quarterly, XXXII, 4 (October, 1933), 359-360.

³¹ Nathaniel Weyl, "Organizing Hunger," New Republic, LXXIII, 941, (December 14, 1932), 119; Arthur Hillman, The Unemployed Citizens League of Seattle, University of Washington Publications in the Social Sciences, V, 3 (Seattle, 1934), 258.

³² Hillman, The Unemployed Citizens League of Seattle, 239-245.

³³ John Gambs, "United We Eat," Survey Graphic, XXIII, 8 (August, 1934), 358-359.

³⁴ Taylor and Kerr, "Whither Self-Help," 328.

³⁵ Weishaar and Parish, Men Without Money, 53; Leighton, "They Call It Barter," 320.

³⁶ Harry Hopkins, "The Developing Program of National Relief," Proceedings, 1933, 69.

³⁷ The subsequent history of these groups, as well as a detailed chronology of the 1932-33 ones, is to be found in Clark Kerr, "Productive Enterprises of the Unemployed" (unpublished Ph.D. dissertation, University of California, 1939, 4 volumes).