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Agricultural Policy of the United States Government

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AGRICULTURAL POLICY OF UNITED STATES GOVERNMENT

BY

Charles William Richards

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VI

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PREFACE.

It is hard to conceive of a people organized as a nation who do not have an agricultural problem in some form. During the first hundred years of our existence as a nation, however, the agricultural problem was considered to be of major importance by only a few of the leading thinkers of the nation. It was not until the end of the first quarter of the twentieth century that the agricultural problem forced itself upon the nation for a solution. During the last twenty years the agricultural problem has been one of the leading economic and political problems and has been discussed not only at the cross-road store by the actual tillers of the soil but has reached the legislative halls of the nation. As the agricultural problem grew more acute it is not surprising that much national legislation has been passed dealing with it.

Accordingly, this study was undertaken to find out, just what the agricultural policy of the national government has been from the time of the adoption of the constitution in 1789 to the passage of the Agricultural Marketing Act of 1929.

The study is divided into four chapters and the appendix. Chapter one deals with the tariff on agricultural products from the first tariff act in 1789 to the act of 1930. Chapter two traces what the national government has done to foster agricultural education from the beginning to 1930. Chapter three deals with miscellaneous legislation passed and the most important proposals which have been made to solve the agricultural problem since it became more or less acute.

Chapter four discusses, more or less in detail, the Agricultural Marketing Act of 1929, and the Federal Farm Board, which the act set up for the purpose of carrying out the Act. This was the first general act passed by the National Congress for the purpose of solving the agricultural problem. The appendix is made up of tables which it was thought better to place at the end of the study rather than to enclose them in the body of the study.

The writer has drawn materials in this study from many sources. Wherever possible original materials have been used. As far as possible credit for all materials drawn on is given in the foot notes and in the bibliography. The writer is especially indebted to and wishes to express his appreciation for the help given by the committee in charge, made up of Dr. A. G. Taylor, Dr. C. F. Marsh, and Dr. J. E. Pate. Dr. Marsh, who had the direction of this work has been exceptionally helpful to the writer. The writer also wishes to mention Mr. Waverly Green, Field Agent for the Federal Farm Board, who furnished valuable information and the James City County Board of Supervisors who made the study possible.

Williamsburg, Virginia.
July 1933.

Chas. W. Richards.

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CHAPTER I, TARIFF

For almost three-quarters of a century after the States formed a central government in 1789 the United States Government adopted no legislation which would indicate that the Government had any policy towards agriculture or that there was any particular policy in the making although agriculture was almost the only industry at the beginning of the Nation and has remained one of the important industries down to the present time. It was during this period of the first seventy-five years, however, that changes were taking place which later was to make an agricultural policy necessary, and that certain concepts were taking root.

From an historical standpoint legislation affecting agriculture has developed along the following lines: the tariff legislation, educational legislation, and miscellaneous legislation, all of which culminated in a definite statement of an agricultural policy by the United State Congress at the beginning of the second quarter of the twentieth century in the Agricultural Marketing Act.

1. AGRICULTURAL TARIFF POLICY OF UNITED STATES

The first general act passed by the first Congress of the United States was the Tariff Act of 1789. That scholars sometimes disagree on the duties levied in the early acts, and often do not agree on the total amount of duty figured on the ad valorem basis can be accounted for by difference in interpretations which may be given to specific and ad valorem duties, by basing figures on different values and by the lapse of time which has taken place from this early period. (1)

2. PERIODS IN TARIFF HISTORY

In the Act of 1789 specific duties were placed on about thirty

- (1) "Yearbook of Department of Agriculture 1923." Page 305 puts wool on free list 1789-1815.
- (1) Taussig, "Tariff History of United States." Page 15 gives a general duty on all goods not otherwise provided for.

commodities and ad valorem rates of $7\frac{1}{2}$ per cent of 15 per cent were levied on certain other articles. (2) The highest duties were on carriages, and all articles not otherwise specified were to carry a 5 percent ad valorem duty. The average rate of duty was $8\frac{1}{2}$ per cent. It can be seen that the general clause put at least a 5 per cent duty on all agricultural imports of the time which compared very favorably with the average rate of duty.

In 1792 sugar was placed on the free list where it remained for only two years. At the beginning of the War of 1812 all duties were doubled to remain in effect until one year after the war, but as the Embargo Acts, Berlin and Milan Decrees, and the Orders in Council had shut out all, or most all trade since the first part of the first decade of the nineteenth century, the changes in tariffs did not mean anything, for there was complete protection against foreign goods.

In the Act of 1816, the first general tariff act passed following the war, the general tendency was upward. Of five agricultural products the duties on wool and sugar were increased, tobacco was put at about the pre-war level, pork and pork products, and dairy products were put on the free list. The average rate of all duties was said to be about 20 per cent. In 1821 the average ad valorem rate collected on dutiable goods was 36 per cent, and on dutiable and free goods 35 per cent, (#) which indicates there could have been very few goods on the free list. Duties were raised in 1824 and again in 1828 when the highest duties of any act were authorized until the

(2) Marshall, Wright, Field-"Material for the Study of Elementary Economics." Page 578.

(#) Fetter, "Modern Economic Problems." Page 213. All figures of average duties unless indicated in this discussion are taken from this book, pages 207 to 229.

Civil War Acts. Under the Act of 1828 the average ad valorem rates on dutiable goods was nearly 49 per cent and on free and dutiable goods 45 per cent. Molasses, hemp, flax, pork, dairy products tobacco, sugar, and wool all came in for high duties. From this time to the Civil War the trend was downward. In the Act 1857 low grade wool was placed on the free list, other wool carried 24 per cent ad valorem. Most of the other important agricultural products carried a tariff, but much lower than in the Act of 1828.

It would be beside the point in this paper to go into a discussion of the value to agriculture of these early tariffs. From 1789 to the War of 1812 the tariffs were primarily for revenue, and were so low that they could hardly have affected agriculture materially. Toward agriculture it does seem to indicate, however, that as far as the policy of the United States Government was expressed in the laying of duties not only during this period, but up to the Civil War that agriculture was not discriminated against.

During the Civil War all tariff rates were increased to off set the high internal taxes. Under the Act of 1864, and its amendments the average rate on dutiable goods was 48.6 per cent, and on both dutiable and free goods about 44 per cent for the year 1863. The highest average between 1828 and 1890.

Beginning with the Act of 1892 the trend was downward until after the World War. Much of the reduction, however, was at the expense of agriculture. In 1892 there was a horizontal reduction of 10 per cent. This brought the average rate on dutiable goods to 39 per cent and on free and

dutiable goods to 28 per cent. In 1875 the horizontal reduction was repealed. This in spite of the fact that most of the internal revenue taxes which had been levied during the war, for which the high tariffs were to compensate, had been removed. It is easy to see how this would work a hardship on agriculture. During the eight years following 1872 the dutiable list averaged 43 per cent and dutiable and free list about 30 per cent. During this period about 1/3 of the imports were on the free list including hides; swine and wool were reduced to 10 per cent and there was some reduction in sugar. In 1883 there was a tariff revision which was supposed to have been downward, but actually turned out to be upward as during the next seven years the dutiable rate was 45 per cent (an increase of about 2 per cent) and on dutiable and free list a rate of about 30 per cent. About a third of the imports remained on the free list, including hides as before.

In October 1890, the McKinley Act was passed which was a general extension of the principle of protection. In this act hides remained on the free list. Sugar was placed on the free list and a bounty of two cents a pound was paid to the domestic producers. The average rate for the next three years on dutiable goods was 49 per cent and on free and dutiable goods was 22 per cent. Sugar being on the free list accounts for most of the reduction over the preceding act.

From the McKinley Act 1890 through the Payne-Aldrich Act of 1909 the general tendency was still upward and there were few changes of importance in the tariff on agricultural products. In the Underwood Act of 1913 there was a decidedly downward trend, not only in agricultural products, but in other products as well. The free list was greatly increased, compensatory duties were abolished, and the tariff on all raw

materials was lowered. The rates of 1897 were applied to tobacco, wool, swine, hides, and some dairy products were put on the free list, while other dairy products and sugar was lowered. Other articles on the free list were wheat, cattle, sheep meat, flax, hemp, iron ore, pig iron, steel ingots, blooms, slabs, rails, timber, boots, and shoes. The average rate of duty was 30 per cent. (1) Owing to the World War which began nine months after this act went into effect, it is impossible for anyone to come to any sound conclusion as to what the results would have been had conditions remained normal.

In 1921 the Emergency Tariff Act was passed which was but a prelude to the Act of 1922. This act showed a decided trend upward. Duties were as high or even higher than in the Acts of 1909 and 1897. By this time there seems to have been some shift in attitude of some of the manufacturers toward protection. The iron and steel interest were indifferent as to the rates on their products, and the automobile industry was afraid that rates might be placed too high. Agricultural products came in for high duties. There were over 100 agricultural products on which duties were levied. This act as well as the one which came eight years later is often called the Farmer's Tariff as most of the farm products were put on the dutiable list, if not already on it, and those on it were raised. The following table will indicate to what extent this took place.

Complete ad valorem rate on	Industrial Products	Agricultural Products
Rate in Act of 1930	42.83 per cent	33.94 per cent
Rate in Act 1922	37.35 " "	22.37 " "
Increase	5.48 " "	11.57 " "
Per cent increase above base of 1922	14.6 " "	51.6 " "

(1) Berguland, Abraham, "The American Economic Review," March 1923.
"Tariff Act of 1922," Page 18.

It is said that in the Act of 1930 at least 90 per cent of the agricultural products are on the dutiable list. The main items on the free list are farm machinery and fertilizer, which, of course, favored the farmer.

In studying the tariff on the agricultural products of wool, pork, sugar, dairy products, and tobacco from 1789 to 1930 it was found that in most cases these important agricultural products have followed the trend of the specific act. When duties in general have been raised, the duties, on these products have been raised, and when duties in general were lowered, the duties on these products have been lowered. We find that tobacco has never been on the free list, and the general tendency has been upward. Sugar had very minor duties in 1792, and in 1890 when a bounty of 2 cents a pound was paid to producers in this country, sugar was on the free list. Wool was free or had very minor duties in 1789, 1816, 1894, and free in 1913. Hogs and pork products were free in 1916, 1832, and 1913. Dairy products have never all been on the free list, and the most important ones which are imported to any extent or which can be easily imported, such as cheese, have always had a large degree of protection.

Owing to the fact that the duty has been sometimes specific and sometimes ad valorem and often a combination of the two, it is impossible to say just what the amount of protection has been in each act, as compared with the act that preceded it or the one that followed.

Hibbard, Commons, and Perlman (1) give the following table as to the effectiveness of the tariff on agricultural products:

(1) Benjamin H. Hibbard, John R. Commons, Selig Perlman of University of Wisconsin in a study made for W.T. Raleigh, September 1929 on page 3.

"Commodities on which the tariff is fully protective. Flax and its products, olive oil, soybean oil, sugar and wool.

"Commodities on which the tariff is partially effective. Buckwheat, butter, butter substitutes, Swiss cheese, cream, fresh milk, sheep, goats, mutton and goat meat, wheat with a high protein content only.

"Commodities on which the tariff is ineffective. Barley, corn, cotton seed oil, cocoanut oil, fresh eggs, frozen eggs, oats, rye, white potatoes, cotton, and jute." (#)

3. COMPARISON OF ACTS OF 1913, 1922, 1930

If we turn to the Act of 1913 we find that those commodities on which the tariff was supposed to be fully effective--flax and its products, except linseed oil, soybean oil, wool, and sugar-- were to be placed after 1916 on the free list. Edible oil was 20 cents a gallon, and other olive oil 36 cents a gallon. Linseed oil was 10 cents a gallon. Wool on skins and sorted or matched wools carried a duty of 15 per cent.

In the Act of 1922 everyone of these agricultural products was placed on the dutiable list and in 1930 the duty on each of these commodities was raised over what it was in 1922. The duties were placed in 1930 high enough to give complete protection, one would think, as the duty ranged from something like 1/3 of value to over 100 per cent of the value of the product. Of course, where the duty is specific it will vary in percentage with the value of the product.

If we turn to the list of products on which the tariff is partly effective we find that in 1913, buckwheat, fresh milk, sheep, goat, mutton

(#) Special Committee of the Association of Land Grant College, November 1928, page 28 in their report on the agricultural situation make a somewhat similar classification.

Writer: Neither classification seems inclusive enough, but furnishes a good basis for study.

and goat meat, and wheat are on the free list. Butter and butter substitutes carried $2\frac{1}{2}$ cents a pound. Swiss cheese 20 per cent ad valorem, and cream 5 cents a gallon.

In the Act of 1922 every agricultural commodity in this list which had been on the free list was placed on the dutiable list. Of those which were on the dutiable list in 1913 all were raised in the Act of 1922.

In the Act of 1930 the duty was raised on every article over the Act of 1922, except Swiss cheese which was left at $7\frac{1}{2}$ cents a pound, but with the stipulation that the duty should not be less than 37 per cent. In 1930 with the products on which the tariff is partially effective, the duties were made prohibitive. The tariff on cream was raised from 6 to 10 cents a gallon, that on wheat from 30 to 42 cents a bushel.

On commodities on which the tariff is ineffective, in 1913 we find corn, cotton seed oil, rye, white potatoes, cotton, and fresh eggs on the free list. Coconut oil, frozen and dried eggs, and oats carried small duties. In the Act of 1922 and 1930 cotton and jute remained on the free list. The tariff on coconut oil was lowered from $3\frac{1}{2}$ cents a pound in 1913 to 2 cents a pound in the Act of 1922 and 1930. Barley was lowered from 1 cent a pound in the Act of 1913 to one-half a cent a pound in the Act of 1922 and to 10-24 cents a pound in the Act of 1930. Of the other products all were on the dutiable list of 1922, and all were raised in the Act of 1930. As with the other list most of the duties in the Act of 1930 were made high enough to prohibit any importation. A good example is the duty of 20 cents a bushel on corn and of 42 cents a bushel on wheat. With the

fall in the price level of these and many other farm products the tariff often amounted to from 100 to 200 per cent of the value of the product on the farm.

It might be interesting to note that as high as these tariffs were, they were not as high as asked for by the National Farm Organizations. (#) The duty asked for on coconut oil and cotton seed oil was 5.6 cents a pound, cream 60 cents a gallon, cheese 8 cents a pound, butter 15 cents a pound, buckwheat 50 cents a hundred, flax 5 cents a pound, and wool a basic rate of 28 cents a pound.

CONCLUSION

It would be beyond the scope of this paper to enter into a discussion of the effect of these high tariffs, as well as other tariffs during the past ten years on the agricultural industry. The experts differ and bring forth arguments even for high tariffs on agricultural commodities of which we produce large export surpluses. For ten years following the war there was much agitation for high tariffs, and the battle cry of the farmer was often "Tariff for all or tariff for none." How much of this was propaganda by industries which really benefited by a high tariff is impossible to say. The Farm Journal, one of the few national agricultural papers, which claims a circulation of over 2,000,000 favored a high tariff. In the October, 1927, issue it ran an article by E. Clemens Horst entitled, "Give US Our Own Markets; Closing Our Doors to Foreign Products Will Cure America's Farm Troubles."

(#) Nation Grange, Patrons of Husbandry
National Farm Bureau Federation
National Farmer's Union

The same, or similar crys were raised from many other sources. As to the benefits which agriculture derives from high tariffs there is much disagreement. But when we look at the tariff history from 1789 to 1930, one is almost bound to come to the conclusion, as a policy of the United States Government, as expressed in duties actually levied that agriculture has been treated much as other industries. As already stated the tariff on agricultural products has followed rather closely the general trend of the tariff on other products. This should not be taken to mean that agriculture has received equal benefits with other industries from the tariff. A ten cents duty on a product of which we produced a very little of but which was necessary to our every day life would probably raise the price of that commodity the full amount of the duty and those who produced that commodity in the United States would most likely raise their price the full amount of the duty, thereby deriving the full benefit of the tariff; while a duty of ten cents on cotton would not benefit the producers of cotton or affect the price of cotton in this country in any way because we produce large amounts of cotton for export; so not only what is exported but that marketed in this country has the price fixed in world markets.

COLLEGE OF WILLIAM & MARY

CHAPTER II

EDUCATION

1. PROPOSALS FOR A NATIONAL UNIVERSITY

The educational policy of the United States Government was settled, at least for the first 75 years of our national life, by the Constitutional Convention 1767-1789. Although there was considerable demand in this convention for a national university, Charles Pinckney of South Carolina offered a plan for a Federal Constitution which contained a clause authorizing Congress "to establish and provide for a national university at the seat of the Government of the United States," and Madison also moved to give Congress power "to establish a university", nothing became of these proposals. Had a national university been established at this early period, it is not unreasonable to expect that it would have given much attention to agriculture ---as the great majority of the people of the country at this time were engaged in that occupation---and probably changed at least to some extent the course of agricultural development.

Washington in his first message to Congress 1790 suggested a national university, and in 1796 he definitely recommended such an institution. The project was kept more or less alive until 1806 when a bill was introduced in the Senate to establish such an institution. This bill was pigeonholed by the committee to which it was referred.

2. AGRICULTURAL SOCIETIES

That agricultural education attracted considerable attention at this early date is attested to by the great number of agricultural societies which were springing up.

The American Philosophical Society, founded in 1744 under the leader-

ship of Benjamin Franklin, published many articles on agricultural subjects, but was developed chiefly as a scientific society. This led to the organization of the Philadelphia Society for promoting agriculture in 1785 (on the initiative of Judge J.B. Bardley, a Maryland planter, and 23 distinguished citizens). By 1789 this organization had members in 13 states, including such men as Washington, R.L. Livingston, Noah Webster, Franklin, and Timothy Pickering.

South Carolina had an agricultural society as early as 1740 and in 1785 organized the South Carolina Society for promoting and improving agriculture and other rural concerns. Among its twelve first officers was a Chief Justice of the United States, a Senator and four members of Congress, four Governors of South Carolina, and a signer of the Declaration of Independence. (#)

The Kennebec, Maine, Agricultural Society was established in 1787. The New Jersey Society for promoting agriculture, commerce and arts was established in 1781. The New York Society for the promotion of agriculture, arts and manufactures was organized in 1791. The Massachusetts Society for promoting agriculture was organized in 1792.

In course of time each state had its agricultural society. Many states had more than one. Sometimes local societies were organized which later formed a state organization. Sometimes the state organization would organize local units. Under the Federal Government these movements naturally grew and there was a demand for a National Society which was organized in Washington in 1854 by 152 delegates from 23 states and territories.

(#) True, "History of Agricultural Education in the United States, 1785-1925." Page 8.

By 1860 there were 941 agricultural organizations in the 31 states, and 5 territories of the United States. These organizations had long been active in almost every field affecting agriculture and rural life. Through meetings, fairs, correspondence, publications, and articles on agriculture, and other papers they sought to make the public feel that agriculture deserved more support at the hands of State Legislatures and Congress than it was receiving. They were increasingly active and influential in the effort to establish state boards of agriculture, a national department of agriculture, the teaching of agriculture in the schools and colleges, the carrying on of experiments and scientific investigations for the improvement of agriculture, and the building up of agriculture journals and books.

3. STATE AID TO AGRICULTURE

It was to be expected that the demand for recognition and aid by these societies would be felt by the states before it would be by the National Government. The first state board of agriculture was established in New York in 1819, which carried an appropriation of \$10,000 a year for two years. New Hampshire followed in 1820 with a board and an appropriation of \$800 a year. Ohio came along in 1839 with a board of agriculture, and other states followed with boards, bureaus, and commissions down to the close of the century.

4. AGRICULTURAL SCHOOLS

Another important field in which these societies and the general demand for agricultural education made itself felt was in the establishing of agricultural schools and academics, or the introduction of courses in agriculture in the schools and academics of the times.

Gardiner Lyceum at Gardiner, Maine, was established in 1821, which in 1824 established a professorship of agriculture. This school received state support as early as 1823. The school was closed in 1832. In 1824 an Agricultural Seminary at Derby, Connecticut was established but had a short life. In 1832 the Boston Asylum and Farm School was established. This school had 140 acres of land. It was for boys 10 to 14 years of age if they had reached the sixth grade, but they might remain until ready for high school. In 1907 this school was still in existence under the name of the Farm and Trade School. Cream Hill Agricultural School, Connecticut, was established in 1845 and continued with more or less success until 1869. Many other agricultural schools were established prior to the World War.

5. AGRICULTURAL COLLEGES

Private colleges also began to place agriculture in their curriculum. Van Renselaer school, now Renseler Polytechnic Institute, established in New York State in 1824 had a course in agricultural science. Washington, now Trinity College at Hartford, Connecticut, established in 1824, announced in its first catalogue that it would give a course in Agriculture. In 1835 Benjamin Bussey of Roxbury, Massachusetts, gave to Harvard College a yearly income from \$150,000 and his farm of 200 acres to establish agriculture experiments and a course of instruction. The school known as Bussey Institute was not established until 1870 and has been conducted mostly as a research institution. In 1843 Amherst College, Massachusetts listed in its catalogue a "lecturer on agricultural chemistry and mineralogy." In 1846 Farmer's College in Ohio was established, which, as its name would indicate, was primarily an agricultural college. This college as such went out of existence about the time the Civil

Civil War broke out.

6. PUBLIC SUPPORT FOR AGRICULTURAL EDUCATION

These successes, many of which were of short duration, spurred those interested in agricultural education to ask first for state aid and later for national aid.

In 1853 after several years of agitation, the New York State Agricultural College was established by the legislature of that State, but the college was not actually operated until 1857. In 1855 a bill passed the legislature of Michigan establishing an agricultural college. This college opened May 11, 1857 with 73 students. The Maryland Legislature had as early as 1830 passed a resolution favoring an agricultural college, but an act authorizing such was not passed until 1856, and the college did not open until 1859. Agricultural colleges or courses in agriculture in state supported colleges were established in Massachusetts in 1843, Pennsylvania in 1859, Georgia in 1854, and Ohio in 1854.

It was to be expected that by this time those interested in agricultural education would begin to make a strenuous effort to secure national aid.

Prominent citizens drew plans for a National Agricultural College. The first of these covering a pamphlet of forty-two pages was drawn by Simeon de Witt of New York. In 1819 Jesse Duell drew another plan. Nothing ever came of any of these plans, although they no doubt helped to mold public sentiment in favor of national aid to agricultural education.

7. FEDERAL AID TO AGRICULTURAL EDUCATION

Congress made its first appropriation on the promotion of agriculture in 1839 on the recommendation of Henry L. Ellsworth, Commissioner of Patents,

who was an active member of the agricultural society in Hartford County, Connecticut. "The patent office soon began to publish articles relating to agricultural education, as well as to diffuse practical and scientific information on agricultural subjects, and to distribute seeds." (#)

The next action taken to interest Congress in establishing agricultural colleges was by petitions. Petitions were placed before in 1840, 1848, 1850 and 1851.

From this stage events moved rapidly. In 1856 Representative Justin Smith Morrill from Vermont introduced a resolution that the committee on agriculture investigate the matter of establishing one or more agricultural schools. This resolution failed to pass. In December 1857, Mr. Morrill introduced a bill to establish agricultural colleges in the states. On April 20, Mr. Morrill offered a substitute bill to overcome objections which had been raised to the original bill. In 1857 this bill passed the House 105 to 100, and the Senate 25 to 22, but it was vetoed by the President.

In December 1861 Mr. Morrill again introduced his bill to establish land grant colleges. After a considerable fight this bill with two minor amendments passed Congress and was signed by the President July 2, 1862.

The main provision of this bill was that it donated to the states 30,000 acres of land for each Senator and Representative the state had in Congress for the purpose of establishing agricultural and mechanical colleges. Owing to conditions which existed at this time these colleges were established slowly, but ultimately they got under way.

In 1887 by the Hatcher Act the Agricultural Experiment Stations were established to carry on all kinds of agricultural experiments in connection with the Land Grant Colleges, and in 1890 the colleges were given further

Federal aid. The experiment stations were further endowed by the Adams Act in 1905 and by the Purnell Act of 1925.

8. DEPARTMENT OF AGRICULTURE

The department of agriculture was established in May 1862 when \$64,000 was appropriated for agricultural purposes. From 1862 until February 1889, the department was administered not by a secretary of Cabinet rank, but by a Commissioner of Agriculture. However, in 1889 the Commissioner was made Secretary of Agriculture and became a member of the President's Cabinet. From this small beginning the Department of Agriculture has grown to be one of the most important divisions of the Cabinet. At the present time its work is divided among twenty bureaus and its work touches almost every phase of farm life. The expense of this department has grown from \$64,000 in 1862 to \$311, 380, 193 in 1931. Of this \$311,000,000 about \$180,000,000 was spent on Federal aid to states for roads, and \$48,000,000 went for emergency drought loans, but \$65,584,269 was spent on purely agriculture work.

One of the most important additions to the Department of Agriculture was the Division of Cooperative Marketing. This division was established in 1926 by the direction of Congress for the purpose of rendering service to cooperative marketing associations. When the Federal Farm Board was established, this division, by executive order, was transferred to the Federal Farm Board.

9. SMITH-LEVER LAW

In 1914 the Smith-Lever Law was passed which provided for cooperative agriculture extension work between the United States Department of Agriculture and the agriculture colleges in the several states established

under the Merrill Act and acts supplemental to it. This act provided an appropriation of \$480,000 for the work which was to be matched by the states. In 1928 the Copper-Ketchan Act to supplement extension work appropriated an additional \$980,000. By 1929 the funds from all sources for extension work had grown from \$3,597,236 in 1915 to upward of \$23,000,000 in 1933. (#) The extension workers had increased from a few hundred in 1915 to about 6000 in 1933.(#) By 1929 there were extension agents in over one-half of the counties of the United States, and education extension work was reaching directly over a million farmers, or one out of every six, and probably reaching indirectly a much larger number. The extension agents were also carrying on project work with about 900,000 rural boys and girls, giving them definite instructions on some phase of farm or home work.

10. SMITH-HUGHES VOCATIONAL ACT

The next important educational act was the Smith-Hughes Vocational Act passed by Congress in 1917. This act created the Federal Board of Vocational Education composed of the Secretaries of Agriculture, of Commerce, of Labor, the Commissioner of Education and three citizens of the United States to be appointed by the President, with the advice and consent of the Senate. This act, among other things, provided for cooperation with the different states in promoting vocational education with respect to agriculture, the trades, and industries. Furthermore it provided for cooperation with the states in the preparation of teachers for vocational subjects. By 1929 \$3,000,000 was spent for vocational work in agriculture. At this time 147,481 boys and girls

(#) Smith, C. B. Chief Agriculture Extension Work. "Twenty Years of Agriculture Extension Work," March 1933. Page 1.

were receiving instruction in the Smith-Hughes Agricultural Schools, also there were 50,000 men over 20 years of age enrolled in the evening classes taught by Smith-Hughes Agricultural Instructors. The Smith-Hughes Act made it possible for all the states in the Union to place a Federal Aid High School, with courses in agriculture in any rural community in the country.

CONCLUSION

From the above it seems to me that one would have to conclude that the United States Government has adopted and carried out a very liberal policy toward agriculture in its educational work. In fact, the agricultural field is the only field in which the United States Government has adopted an educational policy, and the farmer and his child are the only ones who have received large grants of funds from the Federal treasury for education.

CHAPTER III

MISCELLANEOUS LEGISLATION AND PROPOSALS

During the entire history of our country there has been much legislation of a miscellaneous character which affects agriculture, the most important of which, only can be mentioned here.

The earliest of this legislation was sponsored by the Patrons of Husbandry, a farmers' fraternal society, started in 1867. This movement from a legislative standpoint reached its peak in the seventies and is known as the "Granger Movement". As a rule the Grangers undertook to benefit agriculture by legislation which regulated or controlled to a certain degree industries which handled the farmers' products, as the railroads or the grain elevator.

1. SHERMAN ANTI-TRUST LAW

One of the outgrowths of this legislation was the Sherman Anti-trust Law of 1890, which was enacted to curb the activities of business organizations along the lines of restraint of trade and monopolistic tendencies.

2. CLAYTON ANTI-TRUST ACT

In 1914 Congress passed the Clayton Anti-trust Act. Section 6 of this act permitted the existence and operation of "labor, agricultural, or horticultural organizations instituted for the purpose of mutual help and not having capital stock or conducted for profit." This section refers only to nonstock associations.

This exception included most of the cooperative organizations of farmers, and relieved them of the fear of prosecution to some extent under the Sherman Anti-trust Act of 1890 (which had been ever present before).

However, the Clayton Act failed to go as far as many farmers and

farmer leaders felt that it should. Cooperative stock associations were still prohibited.

"Many persons have looked upon the provisions of Section 6 of the Clayton Act as being too vague in their intent and too narrow in scope. Organizations formed with capital stock felt that they were discriminated against by Section 6 in that its provisions apply only to nonstock organizations. There are even some who have contended that this section carried an implication that organizations not in harmony with its provisions were contrary to the anti-trust laws." (#)

3. CAPPER-VOLSTEAD ACT

In 1922 the United States Congress passed the Capper-Volstead Act which legalized cooperative marketing association which netted the following provisions:

1. That the members of stockholders shall be agriculture producers.
2. That the association must be operated for the mutual benefit of its members.
3. That the association shall be engaged in interstate commerce.
4. That the association shall not do more business with non-members than with members.
5. The association must conform to one of the following provisions: Either the principle of one vote per member or limitations of dividends on capital stock to 8 per cent.

This act was hailed as a great success for the cooperative and it removed all restraint on the organizations of farmers doing business in interstate commerce organized in harmony with this act.

(#) Jessness, O. B., "Cooperative Marketing of Farm Products." Page 236.

4. FEDERAL FARM LOAN ACT

In 1916 this act was passed which is administered by the Federal Farm Loan Board. This provided for the federal land banks and for the organization of the national farm-loan associations and joint stock land banks. In 1923 this act was amended to provide for the establishment of 12 intermediate credit banks to be located at the same places and managed by the same officers and directors as the 12 federal land banks. The fundamental purpose of the Federal Farm Loan Act was to make it easier for farmers to obtain long time loans at reasonable rates of interest. The purpose of the Federal Intermediate Credit Banks is to assist in financing agricultural production from year to year.

That these acts proved of much benefit to the farmer would hardly be denied; that they have fallen far short of the expectations of their advocates at the time of passage few would deny. It is easy to prove that the interest rates on farm loans have been materially reduced in many sections of the country since 1916. But it is hard to show how much of this reduction has been due to the Federal Farm Loan Banks and how much to the increase of capital assets of the country, and to increased loan facilities, and so forth.

That only a relatively small per cent of the farm borrowers actually took advantage of the act is shown by the fact that of May 1933 out of some 3,500,000 farm mortgages the Federal Land Banks held 399,552 or a little less than one in every eight. (#) Of about the \$9,000,000,000 farm mortgage debt the Federal Land Banks held on March 31, 1933, \$1,222, 087,000. This was

(#) The Federal Land Bank Loan Circular #18, May 1933.

some \$200,000,000 less than the insurance companies held. It seems that the main source of credit to farmers for mortgage loans has remained the local bank and private sources.

5. PACKERS AND STOCKYARD ACTS

In 1921 the packers and stockyards act was passed. This act gives the Secretary of Agriculture the power to fix the rates and charges that may be imposed by stockyards receiving livestock in interstate commerce and also the commissions that may be charged by commission men operating such yards. The act also gives the Secretary of Agriculture jurisdiction over unfair practices on the part of the stockyard companies and commission men or dealers at the stockyards.

6. GRAIN FUTURES ACT

In 1922 Congress passed the Grain Futures Act which prohibited the dealing in grain futures except upon markets designated by the Secretary of Agriculture. The act also gave the Secretary certain regulatory powers over persons who deal in futures in such markets.

7. THE PERISHABLE AGRICULTURE COMMODITIES ACT

This act, passed by Congress in 1929, gave the Secretary of Agriculture rather strict supervision over commission merchants in general receiving shipments in interstate commerce. This act is intended to make it impossible for a buyer of agricultural commodities to turn down a car without cause, and if he refuse to accept the car, he is required to notify the shipper who has a right to ask for government inspection. If the inspection shows that the car comes up to standard, the buyer has to accept the car at the price at which it was sold. If the buyer still refuses, the Secretary of Agriculture can award damages which are collectible in the courts.

These acts no doubt were of benefit to the individual farmers who operated in the field that they covered. They fell far short, however, of solving the pressing agricultural problems of the times.

8. CONDITIONS 1921-1929

A paper of this title would not be complete without some mention of the most important proposed agricultural legislation from 1921 to 1929.

In June 1920 the index of prices paid for farm products stood at 241 of pre-war. (#) By June 1921 this index of prices paid to farmers had dropped to 108--a greater drop in twelve months than followed the War of 1812 or the Civil War. By 1929 by an irregular course this index of farm prices had climbed up to about 147. At this time prices paid by farmers for commodities bought was 155, and the ratio of prices received to prices paid by farmers stood at 89. In 1928 this ratio was 90 and in 1925 the ratio had reached 92, the highest from 1921 to the present time.

While these figures show that the farmer was working at a disadvantage, they tell only a part of the story. Taxes had increased very materially everywhere; the farm tax index in 1929 stood at 267. In 1930 it was estimated that it took 10.1 per cent of the gross income of the farmer to pay his taxes. Figuring the farmers net income at 6 per cent which is at least 3 per cent too high for 1930, his tax bill amounted to 25.91 per cent of his net income. (##) The farm wage index stood at 170 in 1929 and only once since 1921 had it fallen below 150. All fixed

(#) Warren, G. F., "The Agricultural Depression," Quarterly Journal of Economics, February 1924. Page 190.

(##) Garnett, W. E., "Tax Policies in Relation to Rural Life," Paper March 17, 1933.

charges were high and were tending higher in terms of farm products. In 1910 the farm mortgage debt was \$3,320,000,000 by 1928 it had increased to \$9,468,000,000. In addition to mortgage debt there were other debts amounting to \$3,500,000 making a total indebtedness of \$12,000,000,000. In 1920 the gross farm income from crops and livestock was about \$13,000,000,000 in 1921 this dropped to \$7,000,000,000 and by 1929 had gone to almost \$10,000,000,000 from which it fell to \$5,000,000,000 for 1932. Living expenses as expressed in a higher standard of living developed during the war period also made it more difficult for the farmer to get along and added to his unrest.

With this disparity in prices over such a long period of years, it is not strange that there arose a great cry for legislation to help the farmer. After a time the demand became of such force that the National Congress tried to act.

1921

January	War Finance Corporation was renewed for the purpose of assisting and in financing of the exportation of agricultural and other products.
May	"Agricultural bloc" in the Senate was organized.
August	Powers of War Finance Corporation were broadened to include loans to rehabilitate agriculture. Total loans for that purpose \$297,000,000.
December	Commissions of agricultural inquiry reported findings to Congress.

1922

January National Agriculture Conference called by President Harding on January 23-27.

1923

December Norbeck-Burtness bill introduced, providing credit to farmers to enable them to diversify.

1924

January First surplus bills introduced in the Senate by McNary and in the House by Haugen.

February President calls the Northwest Agricultural Conference in Washington, out of which grew the Agricultural Credit Company with a capital stock of \$10,000,000.

March Tariff on wheat raised from 30 to 42 cents per bushel.

April Capper-Williams bill introduced providing for a cooperative marketing system rather closely tied to the Government, administered by a federal board and commodity advisory councils. Secretary Hoover approved this bill.

June McNary-Haugen bill defeated in the House.

November President's Agricultural Conference met. Held hearings on livestock, cooperative marketing, and many other phases of agriculture.

Capper-Haugen bill introduced embodying Agricultural Conference recommendations on cooperative marketing.

Purnell Act passed appropriating \$20,000 a year to each agricultural experiment station.

1925

- November Capper-Haugen bill defeated.
- March Revised McNary-Haugen bill reported out of House Committee, but not voted on at the Sixty-eighth Congress.

1926

- January McKinley-Adkins bill introduced. This included export debenture plan of Professor C. L. Stewart. Dickinson bill introduced, introduced, which was to control surpluses through the cooperative.
- Conference called by the Governor of Iowa, at which 11 states were officially represented. Formed an Executive Committee of 22 which has been very active.
- March Tariff on butter raised 8 to 12 cents a pound. McNary-Haugen bill in a little different form introduced.
- April National Industrial Conference Board representing the business interest makes its report on the agricultural situation, and urges relief legislation.
- McNary-Haugen bill, Cartis-Aswell bill and Fess-Fincher bills reported to the House.
- May McNary-Haugen bill defeated in the House, other bills also rejected.
- June Senate rejects an amended form of the McNary-Haugen bill

1926

- July Act passed appropriating \$225,000 to establish co-operative marketing division in the Department of Agriculture.
- November President Coolidge appoints a special committee, with Eugene Myer as chairman, to finance the storage of 4,000,000 bales of cotton.
- Joint meeting at St. Louis of four organizations of the Midwest and South at which was set up a non-Partisan alliance to support the McNary-Haugen bill.

1927

- January Curtis-Crisp bill introduced. This bill provided for a "Federal farm board".
- February McNary-Haugen bill passed Congress. Vetoes by the President.
- November Committee of the Association of Land Grant Colleges published a report recommending legislation. Business Men's Commission, representing the United States Chamber of Commerce, and the National Industrial Conference Board, publishes a report in which they recommend farm relief, including tariff revision downward.

1928

- March McNary bill reported to the Senate.
- April McNary-Haugen bill passed by the Senate.
- May McNary-Haugen bill passed by the House.

1928

May McNary-Haugen Bill vetoed by the President.

CONCLUSION

The above indicates only a part of the attention that the farm problem was receiving. There was hardly a state in the union that did not have its agriculture committee investigating the condition of the farmer. Popular speakers dwelt on the subject, the daily papers and magazines wrote long articles on the farm situation. In 1928 a Presidential election was in progress. Both major parties promised to solve the farm problem if elected. The Republicans were victorious. Immediately after Mr. Hoover's inauguration in 1929, he called a special session of Congress to pass legislation which would solve the farm problem.

CHAPTER IV

FEDERAL FARM BOARD.

After a long drawn out session Congress finally passed the bill known as the Agricultural Marketing Act. This act became a law on June 15, 1929 when it received the President's signature. This is the first act which sets forth a definite policy of the United States Government in regard to agriculture as an industry as a whole. In this act Congress sets forth in the first section its policies as follows:

1.- THE ACT.

"Section 1. (a) That it is hereby declared to be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries, and to that end to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products--

"(1) by minimizing speculation;

"(2) by preventing inefficient and wasteful methods of distribution;

"(3) by encouraging the organization of producers into effective associations or corporations, under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies;

"(4) by aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity.

(b) There shall be considered as a surplus for the purpose of this act any seasonal or year's total surplus, produced in the United States and either local or national in extent, that is in excess of the requirements for the orderly distribution of the agricultural commodity or is in excess of the domestic requirements for such a commodity.

(b) The Federal Farm Board shall execute the power vested in it by this act only in such manner as will, in the judgment of the board, aid to the fullest practicable extent in carrying out the policy above declared".

To carry out the above stated policy of Congress, the Agricultural Act created a Federal Farm Board to be composed of eight members appointed by the President and confirmed by the Senate with the Secretary of Agriculture as ex-officio member of the board. The term of office is six years with a salary of \$12,000.

Section 4 of the act sets forth the general powers of the board, the principal ones of which are as follows:

"Principal office in Washington, D. C., but may set up offices in other places, the board has a seal, must make an annual report to Congress, may make regulations necessary to carry out the act, may appoint a secretary and other employees and fix their salaries, may make expenditures not only in the direct carrying out of the act, but may acquire law books, periodicals, and books of references, for printing etc. The board shall meet at the call of the chairman, the Secretary of Agriculture, or a majority of its members".

In this paper the Federal Farm Board is referred to as to the Board.

Section 5 gives the board the following special powers:

"To promote education in the principles and practices of cooperative marketing of agricultural commodities and food products thereof.

"To encourage the organization, improvement in methods, and development of effective cooperative associations.

"To keep advised from any available source and make reports as to crop prices, experience, prospects, supply and demand, at home and abroad.

"To investigate conditions of overproduction of agricultural commodities and advise as to the prevention of such overproduction.

"To make investigations and reports and publish the same, including investigation and reports upon the following: Land utilization for agricultural purposes; reduction of the acreage of unprofitable marginal lands in cultivation; methods of expanding markets at home and abroad for agricultural commodities and food products thereof; methods of developing by-products of and

new uses for agricultural commodities; and transportation conditions and their effect upon the marketing of agricultural commodities".

The Board was authorized to designate what constituted an agricultural commodity for the purpose of the act and for each agricultural commodity. The Board was to invite the cooperative associations to establish an advisory commodity committee to consist of seven members, of whom at least two shall be experienced handlers or processors of the commodity. This commodity committee serves without salary except a per diem and travel when actually attending meetings and representing the commodity before the Board. The commodity committee was to meet at least twice a year, oftener if necessary, and was to elect a chairman and secretary. Each advisory commodity committee either by itself or through its officers might confer directly with the Board, call for information from the Board, or make oral or written representation to it, concerning matters within the jurisdiction of the board and relating to the agricultural commodity and the committee might cooperate with the board in advising the producers through their organization or otherwise in order to develop a suitable program of planting or breeding in order to secure the maximum benefits under this act consistent with the policy declared in Section 1.

There was appropriated the sum of \$500,000,000 to constitute a revolving fund to be administered by the board as provided in the act.

One of the most important parts of the act is Section 9, which gives the Board the power to set up stabilization corporations for the purpose of stabilizing the price of farm products. The board was given power upon application of the advisory commodity committee for any commodity to recognize as a stabilization corporation for the commodity any corporation if:

It was necessary to carry out effectively the policy as set forth in Section 1.

These stabilization corporations had to meet certain legal requirements of cooperatives and state laws, and were given power to act as a marketing agency for its stockholders or members, to control surplus in any commodity in furtherance of the policy declared in Section 1.

The Board was authorized to make loans from the revolving fund to the stabilization corporation for the commodity for working capital. Not less than seventy-five per cent of the profits of the stabilization corporation from its operation as such was to be paid into a reserve fund each year.

The books of the stabilization corporation were to be open to the Board at all times and the Board had general supervision of the corporation as long as the corporation was indebted to the Board.

Other features of the act, some of which were never used by the board, was the right to set up producer-controlled clearing

house associations, the right to put into operation a policy of price insurance, to avoid duplications with other Departments of the Government as far as possible. Cooperation of these other Departments with the Board, however, was made mandatory by the act and by Executive order "any office, bureau, service, division commission, or board in the Executive branch of the Government engaged in scientific or extension work, or the furnishing of service, with respect to the marketing of agricultural commodities, its functions pertaining to such work or services, and the records, the property, including office equipment, personnel, and unexpended balances of appropriations, pertaining to such work or services", should be transferred to the Board.

The act carried with it an appropriation of \$1,500,000 for expenses during the first year. The act also had suitable penalties for the violation of any of the provisions of the act.

The act also defined a cooperative by stating that it meant any association of agricultural producers which could qualify under the Capper-Volstead Act - "An act to authorize the association of producers of agricultural products" approved February 18, 1922, which has already been discussed in this paper.

Immediately upon the passage of the act the President went about to secure the personnel of the board to put the policy as set forth in the act into operation.

2.- PERSONNEL OF THE BOARD.

The President appointed as chairman of the Board, Alexander Legge, who for the past seven years had been chairman of the board of directors of the International Harvester Company. He was a

personal friend of the President and a former member of the War Industries Board. It was reported that he gave up a \$100,000 position to accept the place on the Board. Mr. Legge was to serve for only one year. As a rule the farmers, agricultural press, cooperative associations, and general public looked upon the selection of Mr. Legge as chairman as a wise choice which would insure the success of the Board.

James C. Stone of Kentucky, President of the Burley Tobacco Growers Cooperative Association, owner of a large farm, and bank director was made vice chairman. Mr. Stone had managed successfully the Burley Association for five years, one of the few large successful cooperative associations. Mr. Stone's selection also added public confidence to the Board.

Other members of the Board were:

Carl Williams of Oklahoma City, Editor of the Oklahoma Farmers' Stockman, an active force in many cooperative associations, such as the Oklahoma Cotton Growers Association, and Farmers' Cooperative Marketing Association.

G. B. Denman of Missouri, President of the National Livestock marketing Association which operated in twelve states and did an annual business of over \$150,000,000.

Charles C. Treague, of California, President of California Fruit Growers Cooperative Association and also of the Walnut Growers Cooperative Association.

William F. S. Schilling, of Minnesota, President of Twin Cities Milk Producers Association and former President of the State Dairyman Association.

Charles S. Wilson, of New York, a former New York State Commissioner of Agriculture, an active farmer, and Secretary of the Western Fruit Growers Packing Association.

It would probably have been impossible for the President to have selected a more outstanding group of men to put the Agricultural Marketing Act into operation; a group which had had more training along the line of cooperative endeavor, and a group which would have commanded the confidence of the farmers, and general public better than the group he selected. It was on this group that fell the responsibility of putting the policy of Congress into operation and to place "agriculture on a basis of economic equality with other industries.

3.- EXTENT OF POWERS OF BOARD.

Just a month from the time the President signed the Agricultural Marketing Act he had selected all the personnel of the board. The President called the first meeting of the Board on July 15, 1929 at the White House. The President made a brief address to the Board which ended as follows: "I invest you with responsibility, authority, and resources such as have never before been conferred by our Government in assistance to any industry." This statement reflects well the general opinion of the press and people of the country at the time of the passage of the act that the Federal Farm Board was the most powerful body ever set up in peace times by the Government for the benefit of an industry.¶

"No other country in the world since history was recorded has gone so far towards assisting a group of individuals to develop their own business as this act does for the farmer."##

##Circular 1, Page of Federal Farm Board, March 1930.
##Dubuson, J. L. Member of Congress from Ohio, Current History September 1930, Page 1130-34.

"This Board, the sole function of which is to look after the farmer, is clothed with practically unlimited power and is personally buttressed by the United States Treasury".###

4.- GENERAL POLICY OF THE BOARD.

The Board immediately went to work to breathe life into the dead statute of legislation, - the life of cooperative endeavor. In spite of the fact that the intent and purpose of Congress are rather clearly set forth in the act, the Board had to set up the machinery by which it was to be carried into effect. The act provided that the Board should deal with farmers and ranchers through producer owned and controlled organizations. In Circular one, in which the Board used the question and answer method to set forth its policies, one finds the following:

Q. "In what general way does the Federal Farm Board plan to help to improve the farmer's marketing system?"

A. "First, by helping farmers organize into cooperative marketing associations. Second, by aiding in federating these associations into national sales agencies. Third, by assisting them through loans and in developing effective merchandising programs."

Q. "What other major objects does the Federal Farm Board have?"

A. "To assist farmers through collective action in controlling the production and marketing of their crops; to encourage the growing of quality crops instead of more crops; to aid in adjusting production to demand."

Q. "What would be the effect on consumers of agricultural products if farmers limited production to harmonize with demand?"

A. "The Federal Farm Board is working on the theory that the production of farm crops in the excess of normal marketing requirements is a waste. It injures the producer without benefiting the consumer. The consumer requires and should have a normal supply of food and textile products of high uniform quality. The producers desire a supply which can be sold at prices that will assure him a reasonable profit on

###Pope, Jesse E. Atlantic Monthly, March 1930. "A Challenge to Federal Farm Board" Page 303.

his farm business. The development and maintenance of a condition of stability with regard to production and price will benefit both producers and consumers. Such coordination of supply and demand is a problem to which the farm cooperatives must give further attention, and in the solution of which the Federal Farm Board must render all possible assistance."

- Q. "Can farmers build up a cooperative system of marketing with the aid of the Federal Farm Board that will reduce fluctuations in prices of farm products, yield the farmers large incomes, and yet not raise prices to consumers of farm products?"
- A. "The Federal Farm Board believes this can be done."

Mr. C. B. Denham, member of the Board, said# "You will agree that other industries determine their profits through control of production and marketing of their products. The Agricultural Marketing Act proposes to put the farmer in this position. To help the farmers proceed efficiently and economically; to market, as when and where needed throughout the whole of a market season; to free him from any and all bonds that have compelled his products to be offered in the world's markets as soon as it is harvested; to match demand with proper supply, is the plan and purpose of the Farm Board".

In closing Mr. Denham said "Would you be interested in my vision of agriculture in the future?" "It is each agricultural commodity under control in marketing by the farmers themselves, prices stabilized and production based on demand at a price fair to the producer and yet attractive to the consumers and great unified national farm organization which will attract to its membership all farmers. This powerful organization solidly backing this marketing program and committed to such national problems as taxation, legislation, land utilization and education, under its auspices you workers can carry your helpful message to the schoolhouse meetings and the farm firesides. May your influence spread as your vision expands and number of cooperating farmers increase".

The last of this statement at least at the present time seems to have been a little too idealistic, but the statements set forth above seem to be the policy of the Board not only at the beginning of its operation, but the Board seems to have held to that policy all along. Its major efforts have been to develop cooperative marketing. Even its stabilization operations were no doubt partly influenced by the

#From a speech by C. B. Denham, Member of the Board, delivered before the National Association of County Agents, Chicago, Ill. December 5, 1929.

desire to build up a strong national organization in the great fields of wheat and cotton marketing. The policy of the Board seems well defined even if some of its actions may be hard to understand.

5.- POLICY TOWARD COOPERATIVES.

It was necessary for the Board to adopt a policy toward the cooperatives. When the Board began to look over the field it found that on January 1, 1929 there were in the United States 12,000[#] cooperatives. The grain associations were most numerous. There were over 4,000 of these associations, practically all of which were located in the wheat belt. Dairying had 2,479, two-thirds of which were located in Minnesota, Iowa, and Wisconsin. There were 1,269 fruit and vegetable cooperatives scattered almost over the entire United States. There were fourteen cotton cooperatives that handled short staple cotton. So there was no lack of cooperatives through which to work. It is most likely that each one of these cooperatives felt that it was the most important cooperative in its line and that it should have help from the Board if it desired. It is easy to understand that where there is a number of cooperatives in the same district, handling the same product as wheat, cotton, etc. that you have just removed the competition one step from the farm. But the competition of cooperatives may be more dangerous to the market price and more dangerous to the individual farmer than that among farmers for the cooperative controlling a larger volume has more effect on the local price and also on the price at the terminal markets. It was found that ~~where~~ two cooperatives operated in the same territory, there was often high pressure salesmanship used to obtain members, with a duplication of

efforts in many phases of the operation such as overhead, storage facilities, handling charges etc. and more or less friction on the local market and also on the terminal market if each cooperative had selling agencies on the terminal market. It was also found, especially in the perishables, that one cooperative often undersold another cooperative, forcing the prices lower and lower, especially if the market was dull. It was as hard to get the cooperatives to come to price agreements, as it was for independent firms to come to such agreements. The Board felt that such a condition was undesirable, unbusinesslike and would most likely in the end prove disastrous, and must be corrected if the Board was to build up "farmer owned and farmer controlled" cooperative marketing associations which would be successful.

The cooperatives varied all the way from small organizations with a few members which were more assembling agencies to great national organizations which controlled almost every step in the production and marketing of the product. Some of the more important of these are the Land O' Lakes Creameries, Inc., California Fruit Growers Exchange, Hood River Valley Apple Growers, Eastern Short Produce Exchange, and many others.

The Board early in its existence announced that in every case where possible the cooperatives were to receive loans from the Board and that they must form national or regional sales agencies. Although in several instances during the life of the Board it loaned money to what might be termed local cooperatives, it held rather closely to the principle of regional and national sales agencies, and encouraged their formation. This authority is found in Section 3 of the act. After

looking over the field of cooperative state laws the Board decided that Delaware had the best laws under which to incorporate the national sales agencies, therefore these sales agencies were incorporated under the laws of Delaware. Some people have felt that the incorporating of these organizations under the loose laws of Delaware by a branch of the United States Government did not show the proper attitude and that the Federal Farm Board should not have taken advantage of this situation. Mr. Stone in reviewing the work of the Board in March 1931[#] said

"In some commodities efforts have been centered on developing regional sales agencies. This is particularly true of dairy products. Before the Board approves a central sales agency for a commodity whether national, regional, or local, it makes sure that the setup is a sound one from a business standpoint and that the management is competent. So long as these agencies borrow Government money the requirement is made that their policies and management shall be satisfactory to the Board. Their services are open to all farmers on an equitable basis. Once a central agency is recognized, the Board deals with cooperatives handling the commodity only through the central organization."

Almost from the time of its organization the Board entered upon an aggressive educational campaign to inform the farmers and general public of the conditions which existed in agriculture and to mold public sentiment in favor of the steps which the Board felt were necessary to correct them. From the first the Board had a publicity department which acted as an educational, information, and propaganda office. The Board immediately began to issue one to three pages of material which it called "Press Service". The Board early employed field agents who made contacts with county agricultural agents, Smith-Hughes teachers and farm leaders to acquaint them with the policies of the Board, with instructions for them to pass this

[#]Radio talk, given in Circular 3, by James G. Stone, March 14, 1931.

information on to the farmers. During the fall and winter of 1929 in many sections of the country a regular educational campaign among the farmers by local meetings was conducted by the Board through these agencies to inform the farmers of what the Board proposed to do. The Board also got out circulars and bulletins at various times on certain phase of the work. The members of the Board also addressed large groups of farmers all over the country and furnished much material to the press for publication.

The Board, however, lost no time in attacking the agricultural problems in earnest. The Board almost immediately designated "grain" as a commodity under the meaning of the act. Within two weeks after the organization of the Board and at the call of the Board, fifty-two representatives of thirty-six grain marketing associations met in Chicago on July 26, 1929 to discuss the organization of a National Grain Marketing Agency.

6.- FARMERS' NATIONAL GRAIN CORPORATION.

An organization committee of sixteen was created which met with the Board late in August. At this meeting a sub-committee of three members was designated to draft articles of incorporation and by-laws for a National Grain Sales Agency. This sub-committee met with the Board twice, and complete agreement was reached on details of the organization. This sub-committee made its final report to the organization committee on October 25, 1929 when the articles of incorporation and by-laws were formally adopted and ordered filed. On October 29, 1929 the Farmers' National Grain Corporation was

#Referred to in this paper as the Farmers' National.

incorporated in Wilmington, Delaware, with headquarters in Chicago, Illinois. The Corporation had an authorized capital stock of \$10,000,000 and no patronage dividend was to be distributed until the capital and surplus totaled \$20,000,000. Dividends were limited to eight per cent. Stock in the Farmers' National could be subscribed for only by farm elevator associations, farmer owned grain sales agencies, and grower grain pools upon a minimum basis of one \$100. share for each 2000 bushels of grain handled by the association. The stock could be paid for in cash or on terms of ten per cent down and the balance covered by five notes of equal amounts, one of which was to be paid annually. Only associations meeting the provisions of the Capper-Volstead Act could subscribe for stock. The Farmers' National has nineteen directors, who hold office for three years. Seven of the directors are selected by Farmers' Elevator Associations, five by the Farmer-owned Grain Sales Agencies, five by the Growers' Grain Pools, and one each by the American Farm Bureau Federation and the National Grange. The territory within which the Farmers' National operates is divided into five districts, and directors from any district are to be nominated by the type of association which they represent, which nomination is equivalent to election at the annual meeting of the stockholders in April of each year. Provisions were made for reappointment of directors from time to time as inequalities developed. The Board said:

"This Corporation provides a medium through which the Federal

Farm Board may make loans to Cooperative Grain Marketing Associations, both for current marketing purposes and for the acquirement of physical facilities. Such an organization, if properly managed and properly supported by the farm-owned grain marketing associations should not only reduce local terminal market costs, and eliminate much waste in marketing, but also should exert a strong influence toward greater market-price stabilization".

7.- DEVELOPMENT OF COOPERATIVE MARKETING OF GRAIN.

The development of cooperative marketing of grain in the United States had developed along three lines, an understanding of which will help in the understanding of the set-up of the Farmers' National.

The Local Elevator Associations which were generally organized on a cooperative basis grew up rapidly from 1900 to 1920. It is estimated that there were 4,000 of these in 1920, but their number decreased some, probably due to consolidation and failure, from 1920 to 1929. During the wheat year of 1926-7 Farmers' Elevators handled about 550,000,000 bushels of wheat and other grain, about thirty-six per cent of the wheat crop. These elevators had improved trading practices on the local market; had tended to insure the farmer correct weights and grades; had reduced the buying margin, and in most cases paid the market price for wheat and earned a profit which was passed on to the farmer in the form of a patronage dividend and in interest payments on capital stock to the producers who owned the enterprise. However, the elevator associations were local affairs, assembling the wheat, sometimes selling it immediately and sometimes storing it for a time,

but they had no sales agency on the terminal markets and general sold to some private agency on those markets. So the Farmers' Elevators exerted no influence on the terminal market conditions in the wheat trade.

Another development was the Cooperative Wheat-Pools which had their beginning during the war. The Pool received grain and advanced to the grower an agreed market price at the time of delivery. The organization then attempted to sell an equal amount of all grain delivered in each month during the crop year. The Pool operated on a non-profit basis, returning to its members the entire proceeds above operating costs. From 1920 to 1924 there developed thirteen of these wheat pools and there were seven of these in existence in 1928-29 which handled in this year on the terminal markets 15,000,000 bushels of grain.

Another development during the same time was the Cooperative Grain Sales Agencies. These selling agencies generally began their operation on the terminal markets and then undertook to build up volume by soliciting business wherever they could get it. They sold grain for local cooperative elevator companies and for individual farmers. The stock in the sales agencies was held by local elevators and individual farmers. These agencies often provided besides selling, other services for the members, such as auditing and bookkeeping, financial assistance etc. In the year 1928-29 there were twelve of these agencies on terminal markets

which handled 52,000,000 bushels of grain.

It was from the above organizations that the Farmers' National expected to draw its membership and it was on the estimate of the business done by them in 1928-29 that the Board made the estimate that the Farmers' National would from the very first handle over 500,000,000 bushels of grain on the terminal markets.

The Farmers' National was organized too late in 1929 to handle any of the 1928-29 crop. On June 30, 1930 when the Board made its first annual report to Congress, the Farmers' National had twenty-five stockholding associations members representing Farmers' Elevators, Terminal Sales Agencies, and Pools which had a grower membership of about 200,000 and had handled in three and one-half months more than 50,000,000 bushels of grain, about forty per cent of which was wheat.

The member grower might select one of three ways in disposing of his grain.

(1) He might sell for cash to the local handling unit, receiving on day of delivery the full payment at market price for that day.

(2) He might place his grain in storage to be sold at any time he designated. At the time of delivery the grower received a partial cash advance, and balance, if there was any, less marketing cost at time of sale.

(3) He might place his grain in a pool and receive an initial cash advance at the time of delivery. Later advances might be made

as the grain was sold. Final settlement is made when all of the grain in a pool is sold, and the grower is paid on a basis of the average price received for all grain in the pool, grade and quality considered.

If the grower choose plan one or two he was to receive a patronage dividend on the basis of the number of bushels delivered, if such was earned. If he choose the third or pool plan, no patronage dividend was paid as the pool was operated on a non profit cost basis.

By June 19, 1931 the Farmers' National had twenty-seven regional cooperative stockholders, comprising about 2000 local cooperatives with 210,000 grower members[#]. The membership of the stockholders did not increase in the third year of operation, but the grower membership increased to 221,000^{###}. The stockholder membership included all the state-wide and regional organizations except two.

8.- WORK OF THE FARMERS' NATIONAL GRAIN CORPORATION.

In 1929-30 the Farmers' National handled 105,000,000 bushels of grain on the terminal markets. In 1930-31 it handled 164,000,000 bushels of grain on the terminal markets and in 1931-32 it handled 185,000,000 bushels. This does not include the grain handled by the Farmers' National for the Grain Stabilization Corporation. This makes a good showing when compared with the 67,000,000 bushels handled by the cooperatives on the terminal markets in 1928-29 season, and is certainly as much gain as any business could reasonably expect to make from year to year, but

[#]Second Annual Report of Board to Congress Page 7.
^{###}Third Annual Report Page 34.

it is a long way from the 500,000,000 bushels which the Board estimated that the Farmers' National would handle when it was set up in 1929.

Earnings of the Farmers' National for the first year ending May 31, 1931 were \$923,123.47. For the second year it was \$1,093,079.44. These are not earnings after the Farmers' National had paid to members the current market price for grain and had set aside the required reserves. This represents the amount which would have been earned by private handlers if the Farmers' National or some similar organization had not existed. It seems to me that this saving can be considered as at least net benefit to the farmers for no doubt the private dealers forced the Farmers' National to handle grain on a smaller margin than they would have handled the grain if the Farmers' National had not existed.

Other benefits which the Board lists that the farmers derived from the existence of the Farmers' National are:

- (1) "Consolidated the activities of the cooperatives on the terminal markets. Doing away with such duplication of effort and price cutting.
- (2) "For the first time in the history of this country, a nation-wide organization has undertaken to support prices paid for farmers' grain throughout the entire domestic market. The continued presence of a large buyer in the market, ready to accept grain from producers in any locality and in any quantity delivered, tends to narrow the spread between purchase price and selling value.
- (3) "The branch office of Farmers' National operating in all terminal markets have intimate knowledge of premium values and ample elevator facilities for separating and storing wheats of different qualities. This affords country shippers greater protection in the marketing of premium wheats than has been possible under any previous type of cooperative marketing endeavor.

(4) "Through controlling a large volume of grain the National Sales Agency is able to shift stocks of wheat and keep important markets from becoming congested during the heavy marketing movement.

(5) "Through its broad sales contacts in the United States and abroad, Farmers' National gives to the American producer the best market available anywhere in the world for his particular type of wheat.

(6) "The efforts of the local grain cooperatives have been consolidated, developing a volume of business, enabling the Farmers' National to bid for grain at all times and to fill any order, regardless of how large, of any grade at any time."

(7) "It has promoted a more orderly movement of grain from the farm to market.

(8) "It has assisted growers to adjust their production to demands".

The two big problems facing the Farmers' National are the keeping of the members informed as to the workings of the organization and the problem of consolidating previously competing interest.

These are problems that all large and many small cooperative organizations have faced. Generally in the end they have proved of a very serious nature. It is almost impossible to keep the growers informed about the operations of his organization. Many growers have not the education or intelligence to understand the intricate working of such an organization as the Farmers' National. These must follow someone in whom they have confidence, if there is such a person. Many are not interested in the set up of the organization, even of those who are able to understand the working of the organization. They simply look on the organization as another trade agency through which they can market their product. They refuse to accept any of the responsibility of making the organization succeed. If it brings them more money for their product than they can get through any other agency

they support it; if not, they knock it. Then there is a group who are over-enthusiastic over the organization and make extravagant claims as to what the organization will accomplish. This always causes a reaction. There has been a lack of understanding of the farmer and his problems by the organization itself. Managers of many organizations have felt there is some information which the grower should not have. Nearly always this information leaks out sooner or later and creates suspicion on the part of the growers. Some organizations have simply ignored the farmers and have not given them any information at all or just such information as they felt that it was safe for the grower to have. The Federal Farm Board, however, has never adopted such a policy, as will be shown under the discussion of its educational policy. Any organization which received aid from the Board and kept its members in the dark as to the operations of the organization was adopting a policy contrary to the policy of the Board.

9.- LOANS TO GRAIN COOPERATIVES.

The Board early began to use its powers to loan money to the cooperatives. In order to assist with the marketing of the 1928-29 wheat crop, the Board, early in September, announced it would make loans to those associations which were attempting to form the Farmers' National to enable them to make greater advances to their members. An advance of ten cents per bushel by the Board was made in addition to the funds already borrowed from primary lenders on the security of the wheat in storage; or an advance by the Board on wheat, the sales price of which had been fixed by hedging, in amounts sufficient

to bring the total advances of the Board and primary lenders to ninety per cent of the current market price.

During the operation of the Board up to June 30, 1932 the Board had 130 applications for loans from the grain cooperatives asking for \$87,336,471. Of these applications ninety were approved for \$76,341,376. Forty applications totaling \$10,995,095 had been refused. Of the \$76,341,376 approved by the Board \$18,435,970 were later cancelled, leaving a total amount of \$57,905,406 actually loaned during the three years. These figures would seem to indicate that the Board had followed a careful course of investigation in the making of loans. While the refusals are not so large, being only about 11½ per cent of the amount asked for, the withdrawals are rather large, amounting to about 25 per cent of the amount approved. This seems to indicate that the check up made by the Board on the use of the loan and the continued need for the money must have been rather careful.

Of the \$57,905,406 actually loaned the grain cooperatives in this period by June 30, 1932 had repaid \$38,584,266, leaving on that date a balance outstanding of \$19,321,140. A rather good record, it seems to me, when the conditions under which agriculture was operating during this time is considered. The cooperatives never paid higher than four per cent for any of the money borrowed from the Board and some of it was obtained for as little as two per cent.

10.- GRAIN STABILIZATION OPERATIONS.

Section 9a of the Agricultural Marketing Act gives the Board power

to attempt to stabilize prices of commodities under certain conditions.

This section is as follows:

"Section 9. (a) The Board may, upon application of the advisory committee for any commodity, recognize as a stabilization corporation for the commodity any corporation if:-

"(1) If the Board finds that the marketing situation with respect to the agricultural commodity may require the establishment of a stabilization corporation in order effectively to carry out the policy declared in section 1.

"(4) (b) Any stabilization corporation for an agricultural commodity. (1) may act as a marketing agency for its stockholders or members in preparing, handling, storing, processing and merchandising for their account any quantity of the agricultural commodity or its food products, and (2) for the purpose of controlling any surplus in the commodity in furtherance of the policy declared in section 1, may prepare, purchase, handle, store, process, and merchandise, otherwise than for the account of its stockholders or members, any quantity of the agricultural commodity or its food products whether or not such commodity or products are acquired from its stockholders or members.

"(c) Upon request of the advisory committee for any commodity the Board is authorized to make loans from the revolving fund to the stabilization corporation for the commodity for working capital to enable the corporation to act as a marketing agency for its stockholders or members as hereinafter provided.

"(d) To make loans to enable the corporation to control any surplus in the commodity as hereinbefore provided and for meeting, carrying and handling charges and other operating expenses in connection therewith.

"(e) No loan shall be made to any stabilization corporation unless, in the judgment of the Board, the loan is in furtherance of the policy declared in section 1."

The Board early began to use the power conferred upon it by section 1 to stop the downward trend of prices which had set in by the late summer of 1929. On August 3-7, 1929 the Board issued two warnings urging farmers not to rush their grain to market. For some reason the movement slowed up and the price of grain strengthened some. In July 1929 the weighted average price of Number 1 northern spring wheat at Minneapolis was \$1.43, Number 2 red winter wheat at St. Louis \$1.39 and Number 2 hard winter at Kansas City \$1.25. By August it had dropped as follows on these respective markets, \$1.25,

\$1.32, and \$1.33. Then the Board issued its warning and the price stabilized at Minneapolis at around \$1.35 for August and September, at St. Louis it advanced a little to \$1.35 where it stabilized for September, and at Kansas City the advance was one cent to \$1.24 where it stayed for about a month.

By October wheat prices had declined a little but only two to four cents on the above markets and the price seemed fairly stable. Then came the stock market crash of October 11-12, 1929. From October 15th to 25th wheat fell fifteen cents per bushel. On October 24th the drop was nine cents per bushel. Owing to the fact that the 1929 world wheat crop was reported to be 500,000,000 bushels less than 1928, the Board reasoned the drop in wheat prices was due to the disturbances on the stock market, and that under condition the fall in price was not warranted.

To meet the situation as they saw it, the Board on October 26, 1929 offered to loan to cooperatives up to a stated value on the various grades of wheat in the leading terminal markets. The Board issued the following statement:

"The Federal Farm Board believes that based on known world supply the prevailing prices for wheat are too low. The Board believes that this unsatisfactory price level is chiefly due to the rapid or disorderly movement which is putting a large part of the years supply of wheat on the market within a short time".

"The Board also believes that the remedy lies in more orderly marketing. In order to assist farmers to hold back their crops and at the same time have money with which to pay their obligations, the Board proposes to loan to wheat cooperatives, qualified as borrowers under the Capper-Volstead Act, sums sufficient

to bring the total amount borrowed from all sources by such associations to the amount shown on the attached schedule. These loans will be carried on this basis until the close of the marketing season. The wheat cooperatives were borrowing certain sums for advances to members from commercial banks, the Federal Intermediate Credit Banks, and the Federal Farm Board.

"The Board will make supplemental loans to cooperatives in amounts equal to the following price schedule, taking into account the customary differentials:

Number 1 Western White \$1.13 per bushel; basis, Seattle, Portland.

Number 1 Northern Spring, \$1.25 per bushel; basis, Minneapolis.

Number 1 Durum, \$1.12 per bushel; basis, Duluth.

Number 1 Hard Red Winter, \$1.18 per bushel; basis, Chicago.

Number 1 Red Winter, \$1.25 per bushel; basis, St. Louis.

Number 1 Hard Winter, \$1.25 per bushel; basis, Kansas City.

Number 1 Hard Winter \$1.21 per bushel; basis, Galveston.

Number 1 Hard Winter \$1.15 per bushel; basis, Omaha.

"This schedule is based on a grade price and does not take into consideration premiums for higher quality of wheat.

"In many sections of the country the Board believes that the net advances which wheat cooperatives can make to their members under this loan plan will almost, if not quite, equal amounts which are being paid by the speculators and others on actual purchases from farmers.

"There is a grain cooperative in every wheat state. It is open to the membership of every wheat farmer. The farmer may ship his wheat to the designated concentrating point where it will be graded and classed and draw the advance. The cooperative will market the wheat orderly through the year and will settle with the farmer on the basis of the final price obtained.

"The Board is confident that, considering the soundness of underlying conditions, the plan described above furnishes a completely safe basis for making loans from the Board's revolving fund. The Board places no limit on the amount of Government money to be so loaned. Nearly \$100,000,000 is available for this purpose and, if necessary, the Board will also ask Congress to appropriate more.

"Requests for facility loans should be taken through the Farmers' National Grain Corporation".

As one reads the last three paragraphs of this statement he is made to feel that the Board stated their case with over confidence; however, for the time being the move proved to be successful. Wheat prices recovered considerably by the end of October 1929, but had

dropped to a new low of about four cents under the previous low by November 13. After further weakening in price by the middle of December the Farmers' National on December 19, 1929 posted offers to buy wheat at the loan value, but obtained no wheat. In January 1930 this policy was repeated and a little wheat was bought.

While the Board was following this procedure it was found that other than producers were taking advantage of this type of operations, and some who earlier had purchased wheat from the farmers and hedged it were selling it to the Grain Stabilization Corporation at an unwarranted profit. When this became known the general purchasing of wheat was discontinued and for a brief period, ending March 1, 1930, the purchase of country-run wheat was made only from qualified cooperative and their members. However, the stabilization corporation undertook to support the market by buying wheat at market prices and by buying May futures.

This action of the Farmers' National and the Grain Stabilization Corporation supported by the Board caused so much criticism, especially in the grain trade that the Board made the following statement in justification of its action.

"Some objection has developed in the grain trade against the action of the Farm Board in financing farm cooperatives in the purchase of wheat and cotton in the present situation. These activities will continue in the interest of agriculture and business as an emergency measure in the present situation. I have no fear that the cooperatives will not be able to eventually market these purchases satisfactorily.

"In connection with these objections I should like to make this statement as a conservative business man, addressed to the conservative businessmen of the country.

"The country as a whole was thrown into depression through the collapse of speculation on the New York Stock Exchange. The action of the President in securing cooperation of the business world absolutely prevented this collapse from developing into a panic and has enormously mitigated its effect upon employment and business, including agriculture.

"Cooperation of the employers of the country in holding up wages, and therefore the buying power of the public, the action of the railways, the public utilities, the industries, the Federal Government, the states, and municipalities in undertaking great programs of construction, are greatly mitigating unemployment and giving protection to the workman and stability to business. These agencies are performing a service of inestimable value which assures our tiding over to an unprecedented rapidity of recovery from what would otherwise have been a most serious crisis.

"The farmer also was a victim of this collapse. His products and his labor was jeopardized the same as the other workers through the currents started in considerable part from the same causes. His only direct support in this emergency is the Farm Board, through powers conferred upon it. The Board endeavoring, through finances of the farmers' own organization, to help to restore stability and expedite recovery from a crisis which the farmers did not create and for which they are not responsible.

"The measures taken are purely emergency measures in part as those taken by other business agencies of the country, and I am confident that the Board deserves and will receive the support of all thinking business men in its endeavor to contribute its part toward the swift recovery of the country as a whole from this situation. The grain trade in particular is interested in the maintenance of stability and the board earnestly hopes for their cooperation in the measures now being taken for restoration of the grain markets". (1)

Although this statement drew from the public, especially the farm press many favorable statements it did not stop the criticism by any means.

This action seemed to prevent a severe break in wheat prices in the country during February and March 1930. The price of, number 2 red wheat at St. Louis had been \$1.30 in January 1930 and dropped to around \$1.23 for February and \$1.18 for March.(2) These were not

(1) First Annual Report of Board Page 30.

(2) United States Department of Agriculture Yearbook 1931 Page 601.

heavy drops under conditions which existed at those times. However, criticism continued so severe that on March 6 the Board felt compelled to make the following statement. (3).

"The Grain Stabilization Corporation will continue buying wheat at the market and remove from the market whatever additional quantity may be necessary to relieve the pressure and prevent any considerable decline in wheat prices. The Farm Board is prepared to advance to this farmers' organization whatever funds are necessary for that purpose.

"The stabilization corporation is being accused of speculating in the grain market. There is no foundation in fact for such statement. The stabilization corporation is prepared, and expects to take delivery of all grain purchased on future contracts and merchandise it as the market conditions will permit".

To cope with the situation to better advantage the stabilization corporation worked out the following plan of cooperation with the millers of the country. The agreement provided that within forty-five days of the signing of it the corporation might ship to the miller, for storage, quantities of wheat up to an agreed maximum, of a grade, variety, and quantity specified by the miller, such as the miller might later wish to purchase in meeting his mill requirements, or the miller might purchase on the open market with the approval of the corporation, not to exceed an agreed maximum quantity of such wheat, and immediately resell it to the corporation for storage with the miller. The wheat was to be stored free of charge by the miller, but was to be insured at the expense of the corporation. The miller was to have the option of purchasing all or any part of this wheat at the market price, on or before an agreed settlement date, and was to give preference to such wheat in meeting his requirements. If the miller decided not to

(3) First Annual Report of Board Page 30.

First Annual Report of Board. Page 31.

purchase this wheat, by giving notice within five days of the agreed settlement date, the corporation was to move it at their own expense. It was also provided that the corporation might accept bids from millers for wheat from its stocks to be manufactured into flour for export before August 15, 1930 when such bids were on a parity, with the market value for export of wheat of similar grade, quality, and position on day of the bids.

The Board stated [#] the object of this agreement was for the miller to obtain his supplies without hedging; to place wheat where it would actually be used, rather than at terminal markets. The agreement proved very helpful, the Board stated.

11.- EXTENT OF GRAIN STABILIZATION OPERATIONS.

As might be expected these stabilizations on a falling market soon took on major proportions. From the day of its organization until June 10, 1930 the Grain Stabilization Corporation and the cooperatives affiliated with it controlled wheat equal to approximately one-half of the visible supply and on June 30, 1930 held a total of 65,545,201 bushels of cash wheat and contracts for future delivery. By June 1930 wheat had reached \$.89 per bushel in the Kansas City market. In early August prices dropped ten cents per bushel, and the Grain Stabilization Corporation went on the market and bought 28,300,000 bushels. This action seemed to hold prices relatively stable during August and September at around \$.88.

[#] First Annual Report of the Board, 1930 Page 31.

By the first of November prices had become much weaker and in the first half of this month Liverpool prices dropped fourteen cents.

Large purchases of stabilization wheat were made the week ending November 15, 1930 in the hope that this move in itself would cause a firming of the market. It did not have the desired effect. May wheat closed on November 15, at 73 $\frac{1}{2}$ cents Chicago, 68 $\frac{3}{8}$ Winnipeg and 75 $\frac{5}{8}$ Liverpool. More drastic action seemed necessary if our markets were to be saved. On November 16, 1930 the Board made the following announcement:

"Demoralization in world grain markets has made it necessary for the Grain Stabilization Corporation to again enter the wheat market in order to stop panicky selling and to prevent further unwarranted declines in domestic prices. Comparatively, wheat is lower in price than other agricultural commodities. The price of flour fully reflects the price of wheat, which, no doubt, is increasing the per capita consumption. While the visible supply of wheat is large there is no congestion in any of the terminal markets. Receipts at primary markets are unusually light, which suggests the extent to which farm stocks are being used for feed purposes. Further price declines would be in sympathy with foreign markets and not justified by domestic conditions."

From November 15, 1930 to June 5, 1931 the Board stabilized the price of wheat at Chicago at 81 cents per bushel. The Grain Stabilization Corporation also operated on other markets with proper differentials.

To carry out this policy the Grain Stabilization Corporation

#Second Annual Report of Board, Issued June 30, 1931, Page 40.

had to stand ready to buy wheat offered for sale, less those quantities which were milled for domestic consumption, during the period.

Purchases by the Grain Stabilization Corporation up to June 30, 1931 totaled 329,641,052 bushels at a total purchase price of \$270,204,503. The average price per bushel was 81.97 cents. Sales to millers for export and other purposes amounted to 72,504,441 bushels, leaving 257,136,571 bushels owned by the corporation. The total supply was calculated by the United States Department of Agriculture at 319,000,000 bushels, showing that the Board controlled almost three-fourths of the supply.

After June 5, 1931 the Stabilization Corporation bought no more wheat and began to try to dispose of its holding, but not so as to effect the domestic market. One can readily see that one organization holding that much wheat, especially when financed by Government money, with all kinds of pressure being brought against the Board, some of it to hold and some of it to sell, with the new crop just ready for market, there was a grave danger, not only to the wheat grower, the handler and processor, but to the country as a whole and that one false step might knock what bottom there was left out of not only wheat but many other things. On June 30, 1931 the Board issued the following statement in regard to the manner in which it would dispose of its wheat holdings:

Second Annual Report of Board, Issued June 30, 1931, Page 43
Second Annual Report of Board, Page 42.

"The Grain Stabilization Corporation now holds, as actual wheat in storage, unhedged, a large portion of the entire domestic carry-over, bought to protect American farmers, and the new crop is now moving in volume. Taking all these factors into account the Board is now prepared to announce its plan and recommendations which will be followed until July 1, 1932 in carrying out the policy of March 23rd". (It had been announced on that date that the Board would authorize no stabilizations purchases of the 1931 crop.)

"The Farm Board has been requested from numerous quarters to have the Stabilization Corporation announce specific prices below which the corporation will not sell its stabilization Holdings.

"This proposal that prices be fixed at which the corporation would sell is not in the interest of the farmers. If a high price were fixed, the stabilization holding would never be disposed of, and would continue to overhang the future of American agriculture. If a reasonable price were fixed on today's outlook, such a declaration would tend to keep the price depressed to a point below such limits. It would distort the whole movement of wheat and congest storage by inducing excessive shipments whenever the price began to approach the figure set.

"The Grain Stabilization Corporation will limit its sales of wheat from July 1, 1931 to July 1, 1932 to a cumulative maximum of 5,000,000 bushels per month. This is approximately seven per cent of the estimated bushelage of the 1931 crop. This limitation, however, shall not apply to sales to foreign governments or their agencies now being considered. Any sale for the purpose of clearing trade channels, or for other efficient merchandising purposes, will be promptly replaced by the purchase of an equal quantity of wheat. Such transactions will not be considered as part of the sales program.

"The sales program will be conducted in such a fashion as not to depress the movement in prices. It is not the purpose of the corporation to make any immediate sales even of those limited amounts at the present range of prices. It is the view of the Board that taking into consideration the world situation, sales of such moderate amounts can be made without interference to the general market".

The Board seemed to have held to this conservative policy of marketing all the way through for the protection of the growers interest. By July 1, 1932 stocks of the Grain Stabilization Corporation had been disposed of as follows: (S) Exports 40,000,000

bushels, sales to Foreign Governments 47,500,000, domestic markets 20,000,000 transferred to Red Cross 40,000,000 total 147,500,000 bushels. This left a total net holding of 108,000,000 bushels including 36,000,000 bushels of futures and 72,000,000 bushels of cash wheat. In addition, the Grain Stabilization Corporation had on hand about 9,000,000 bushels sold to the Brazilian Government, but not yet delivered, and 15,000,000 bushels held for, but not yet delivered to the Red Cross from its initial allotment of 40,000,000 bushels; making 96,000,000 bushels of actual wheat on hand, including undelivered sales and commitments.

As of June 30, 1932 the Grain Stabilization Corporation owed the revolving fund of the Board \$199,985,284. It owed commercial banks and Federal intermediate credit banks \$31,481,781. In addition to the obligations, and its assets of 96,000,000 bushels of cash wheat, the other assets of the corporation exceeded its other liabilities by \$26,978,629. The total amount invested in wheat stabilization as of June 30, 1932 was \$205,277,815. This does not include that turned over to the Red Cross, which by the resolution of Congress, had been credited as payment on loans to the Stabilization Corporation. Using the market price of June 30, 1932 the 96,000,000 bushels was worth \$51,000,000 leaving a loss of about \$154,000,000 on wheat stabilization as of that date.

12.- RESULT OF GRAIN STABILIZATION OPERATION.

The question that one naturally asks is did the stabilization operations pay? That these operations had been used to a much greater extent and under conditions very different from what anyone expected at

the time of the passage of the act, I think all will admit.

That the Board did not undertake stabilization in the sense of a rigid fixation or leveling of prices, but in the sense of limiting fluctuations and cushioning the shocks from severe fluctuations, is amply brought out in its reports and general policies. Even this end should be sought only in so far as it promises real benefits to the farmers and general public, and not only immediately but over a period of years.

The Board recognized four principal groups of stabilization measures.

(1) It looked on the normal development of cooperative marketing associations, especially of the large national type as a step toward stabilization.

(2) The Board recognized the possibility of specific emergency control or stabilization measures undertaken by the cooperatives themselves, with or without the aid of the Board.

(3) The Board recognized the potential importance of stabilization operations of a major character, such as the stabilization corporation.

(4) The Board regarded measures for the prevention of surpluses, through control of excessive production, as absolutely essential to stabilizing farm prices and farm incomes.

The Board used all of these methods. Under normal time all of these methods would probably have been carried along together and number three used only as a temporary measure to supplement the others, but as circumstances existed, in a short time number three had forged ahead and in the eye of the public, if not in the eye of the Board had overshadowed all the others.

By the end of the first year the Board had come to the following conclusions on major stabilization operations. #

(1) In a major stabilization operation with a commodity such as wheat, it is inevitable that a large quantity of the commodity must be taken in order to exert any material effect on the market. The accumulating of a substantial volume, the most of which necessarily must be in the visible supply, has a somewhat depressing effect upon prices. Even if the demand is curtailed or limited to immediate requirements, and forward buying in anticipation of future needs is lessened.

(2) Purchases in the cash market alone are inadequate to sustain prices and do a great injury to legitimate operations in the option market by throwing cash prices out of line with the futures. This being true a stabilization activity must be conducted along the entire line with the inevitable result that large purchases for future delivery must be made.

(3) Transactions in the future markets having been entered upon there is no good place to stop, even within the limits of a single crop-marketing period.

(4) Storage problem is a serious one in any stabilization activity.

(5) Stabilization corporation activities, as usually considered, mean principally buying, not selling. This is particularly true when the price is low and markets are weak.

First Annual Report of Board, Page 33-34.

After going over these points one might ask why did the Board not stop the stabilization operations before the end of the first year? One has to have only a very superficial understanding of human nature to know why it did not. By this time it had gotten too deep in to withdraw. Not only would the effects have been very fatal to its own holding but probably disastrous to the country as a whole. There was nothing to do but go ahead, then the Board, as every one else, hoped for an upturn in prices which would change the whole situation. Then before passing judgment one should review the conditions at the time that the operations began. Everyone, with one or two outstanding exceptions, of the leading people of the country felt that the depression would be only temporary and that in a year or two at least, if not in much less time the country would come out of it. The world wheat crop of 1929 was known to be a relatively short crop. The United States Department of Agriculture reported it 500,000,000 bushels shorter than the 1928 crop, which had been a large crop. This figure proved to be correct. And although the carry-over from the 1928 crop had been large it was felt that by the spring of 1930 world stocks would be approaching normal again. However, due to conditions, the results which the short crop should have brought about, did not materialize for several reasons. (a) European carry-over of wheat was unusually large. (b) Europe's excellent crops of other cereals made possible the use of less wheat. (c) The depression became gradually more severe the world over, which reduced consumption. (d) European countries took steps

to stop or curtail wheat imports. These results we should hardly expect the Board to have foreseen.

In 1930 there was another condition which came into the picture. This country witnessed a drought of major proportion. At one time it looked as if the corn crop might be almost a billion bushels short and it was actually short around 500,000,000 bushels. In many of the states the hay crop was ruined. The emergency was so great that the National Government took immediate actions. The railroads put into effect emergency freight rates to help to relieve any suffering in the drought area. The Board felt sure this would be the means of greatly relieving its stabilization holdings of wheat. The United States Department of Agriculture, through its Extension Division as well as the Board recommended the using of wheat to take the place of corn, but the depression was on, people simply had to make out with what they had, although the Board made efforts to move the wheat it wouldn't move.

Another unforeseen factor was that Russia in carrying out her five-year plan in 1930 exported large amounts of wheat, even attempting to put wheat in the United States markets in spite of a tariff of forty-two cents per bushel. These exports further disturbed world market conditions and probably robbed the United States of some of her export markets for wheat.

13.- EFFECT OF STABILIZATION ON PRICE.

In estimating the effect on prices, the price actually received must be compared with the prices that would have been received if stabilization operations had not been undertaken. Of course, such a comparison is impossible to make with absolute accuracy, however one has a fair guide in world market prices, or what is generally known as the Liverpool price,

With large United States supplies, Kansas City prices are generally around 20 to 25 cents below Liverpool. In the fall of 1929 when the Board announced its loan plan on wheat, and again in the spring of 1930, when the first stabilization stocks were bought, Kansas City prices were raised 5 to 10 cents nearer to Liverpool price for short periods. In September and October 1930 limited stabilization purchases again held Kansas City prices nearer to Liverpool. After full stabilization purchases were started in Mid-November, Kansas City prices advanced still further, going above Liverpool in early December and staying about 5 to 10 cents above Liverpool for six months. Stabilization apparently supported domestic prices on an average of at least 10 cents a bushel for the period of September to Mid-November and by an average of 25 to 35 cents a bushel during the subsequent period. That this is true is shown by the fact that although world prices continued to fall, Chicago prices advanced to 71 cents for May futures and stayed there,

while Liverpool dropped to 65 cents in December and to 58 cents in January. Had no stabilization purchases been made in this period, our prices would have declined below Liverpool, by perhaps 20 cents or more. This would have meant that in the absence of stabilization Chicago prices would have been from 40 to 45 cents in the place of 81 cents.

14.- EFFECT ON EXPORTS AND CARRY-OVER.

It does not seem that the effect on exports was very great. The actual exports in 1930-31 was 115,000,000 bushels. Under conditions that existed this compares fairly well with the 142,000,000 bushels exported in 1928-29, the year before the passage of the act, and with a five year average export of 154,000,000 bushels from 1925-26 to 1929-30. Altho there was a drop in the total amount of wheat exported it is entirely possible that if the Board had not been in existence that the export would have been even less for the wheat that was sold to China and to Germany was sold on credit. It was only by having an organization such as the Farm Board which was able to arrange this credit that made these sales possible.

15.- EFFECT ON GENERAL BUSINESS CONDITIONS.

In spite of all the criticisms to the contrary one can hardly come to any other conclusion than that these operations were helpful to the general business conditions of the country. Wheat prices, while they fell, fell more or less slowly. Dropping from about \$1.50 per bushel in the early part of 1929 to below .50 cents by June of 1931, and going still lower in 1932. Serious as this drop has been the effects of it would have been much more severe if it had all come in

one week or one month. There was at least time to make adjustments as far as is possible for such adjustments to be made. Of course, how much this was worth to the country will never be known, and any value placed on it would simply represent individual opinions.

That the stabilization method was used by other groups of the financial leaders of the country is shown by the \$250,000,000 bankers pool[#] of 1929, to stop the fall of stock on New York market, formed by J. P. Morgan and Company and in which great bankers took part. The Federal Farm Board knew about this pool^{##} at the time it was organized and no doubt felt that such action confirmed their action in stabilizing wheat.

The Board, to get before Congress and the people, after taking into consideration what it feels would have been the difference in prices with and without, stabilization estimates that during the period August 1929 to June 1931 that the stabilization operations increased the price of wheat at least \$100,000,000, and that the gain in 1931-32 was at least \$60,000,000 more, making a net gain of \$160,000,000 or \$6,000,000 in excess of the estimated cost on July 1, 1932.

One other benefit of stabilization might be mentioned and that is the turning over by Congress of about 85,000,000 bushels of wheat to the Red Cross for use by that organization to relieve suffering. This wheat was very much needed, but it is hardly conceivable that Congress would have acted until at least a year later if the Grain Stabilization Corporation had not held this wheat.

[#]As quoted by the Times Dispatch of June 3, Page 1.
^{##}J. C. Stone, member of Board before a committee meeting
 V.P.I. July 1930.

Other Stabilization Operations of the Board.

The Board carried on only one more major stabilization operation - that of cotton. The results of cotton stabilization was very similar to that of wheat and the results were about the same, although the Board held a much smaller amount of the cotton crop, the maximum being 1,300,000 bales.

There were also two smaller operations - the stabilization of grape prices and of butter prices.

The stabilization of grape prices could be considered only partly successful, while that of butter might be cited as a successful stabilization operation.

16.- BUTTER STABILIZATION OPERATIONS.

Butter productions in 1929 were larger than that of 1928 by 110,000,000 pounds, or 7.4 per cent. Production during the period April - September was not only above 1928, but was heavier than the record year of 1926. Due to these facts, the movement of butter into storage during the spring and summer of 1929 was heavier than usual. By September 1, 1929 storage holdings stood at the record figure of 160,000,000 pounds. This was about 25,000,000 pounds above the five year average for that date.

The abrupt decline in business in October - November was accompanied by a termination in the seasonal rise of butter prices in October. About a month earlier than usual.

At the same time butter stocks continued to increase.

On November 1 stocks were 27,000,000 pounds in excess of five year average. The price of 92-score butter at New York was 45 cents per pound. On December 1, the excess stocks was 33,000,000 pounds and price 43 cents. On January 1, 1930, the excess was still 33,000,000 pounds, but the price had dropped to 38 cents a pound. With storage holdings January 1 nearly 70 per cent in excess of the average for that date, prices continued to decline; by January 15 it had dropped to 36 cents, which was considered at this time as an exceedingly low price for butter in January, the January average price for the preceding eight years had been 47 cents.

The former price of butterfat had dropped from 48 cents a pound in Minnesota in October 1929 to 38 cents in January 1930. In Kansas the decline had been from 43 cents in October to 28 cents in January.

These decreases in prices tended to check butter production by the end of the year. January 1930 butter production showed no increase over January 1929 with an indicated decrease of about 1/2 of 1 per cent. At the same time consumption was increasing. However, the market remained weak and the price of 92-score butter dropped 5 cents in January.

At this time the dairy advisory committee met on January 7, 1930, and after studying the situation recommended to the Board that a loan be granted to Land O' Lake Creameries for the purpose of stabilizing the butter market. The Board granted the loan on January 9, 1930. As soon as the loan was made the Land O' Lake Creameries offered to buy 92 and 93 score butter at market quotations, but found no offering. This seemed to indicate speculation in the market. They

then offered to purchase high-scoring butter at the market whenever prices were 35 cents or below. This offer was kept up until about the end of March. During this time the price of butter fell to 35 cents or lower on only 16 days and Land O' Lakes accumulated only 5,194,000 pounds of butter or about 1/8 of the total storage at the beginning of the period. During April and May prices strengthened from 38 to 39 cents a pound. This resulted in the reduction of excess holdings from 33,000,000 pounds on January 1, 1930 to 16,000,000 pounds on May 1. However, during this time the Land O' Lake Creameries had disposed of their holdings at a profit, and no doubt had held the price of butter fat up several cents per pound to the farmer.

This operation seems to indicate that with a product which can adjust itself quickly to market demands that there is a place for stabilization operations if wisely handled.

17.- GROWTH OF COOPERATIVES.

In 1929 cooperative associations handled, roughly 15 per cent of the products sold by farmers, with about 12,000 organizations operating. The number of active associations declined slightly to 11,900 as a result of consolidations and mergers; but the volume of business increased, so that by 1931 about 20 per cent of farmers' cash income was obtained from products delivered to cooperative associations.

The Agricultural Marketing Act directed the Board to designate as a commodity any farm product or group of products whose use and marketing methods were similar. Before the Board had been in operation six months it had designated the following 12 products or group as commodities: (1) cotton (2) dairy products, including fluid

milk, cream, cheese, condensed milk, butter, ice cream, evaporated milk, whole and skim milk powder (3) wheat (4) rice (5) livestock, including cattle, hogs, sheep, goats (6) wool and mohair (7) tobacco (8) poultry and eggs (9) seeds, including alfalfa, clover, timothy red top, and other field seeds (10) potatoes (11) coarse grains, including corn, oats, rye, barley, flax grain surghums, and buckwheat (12) sugar beets and sugarcane.

After designating these products as commodities the Board followed a policy of developing a National (or regional) Cooperative to handle each commodity. The policy of the Board was to approve and to support only one national commodity-selling plan or organization. This policy was adopted to secure control, to cut out duplication of effort, so as to have one sales agency on terminal markets. Six national agencies had been established before the end of the first year. They were: (1) Farmers' National Grain Corporation, (2) American Cotton Cooperative Association, (3) National Livestock Marketing Association, (4) National Wool Marketing Corporation, (5) National Pecan Marketing Association, and (5) National Bean Marketing Association.

During the second year of its operation there were two nationals added to the above, National Beet Growers Association and the National Fruit and Vegetable Growers Exchange. All of these were incorporated under the laws of Delaware. All of these except the National Beet Growers Association were National Sales Agencies. By July 1932 many

of these were not only national in name, but were great national organizations in fact, covering the entire United States and reaching out into foreign countries. The Farmers' National Grain Corporation and American Cotton Growers Cooperative Association have already been mentioned. Other outstanding examples are the National Livestock Marketing Association which by September 1932 had 24 state or regional incorporated members which handled in 1931 about 14,300,000 head of livestock.

This organization, it seems to me, was highly successful. In 1931 this organization handled 20 per cent of all livestock offered for sale and on some of the terminal markets did 40 per cent of the livestock selling on the market. Over 300,000 farmers and ranchmen in 39 states were served by this organization in 1931.

Not only did the National Livestock Marketing Association sell the growers' livestock for him, but it had formed machinery by which it handled large numbers of feeder cattle and feeder lambs, bringing the producer of feeder livestock and the finisher of this type of livestock together in a much better manner than they had ever been before.

The National Livestock Marketing Association had also set up a subsidiary in the form of the National Feeder and Finance Corporation to finance the livestock growers. This organization had set up six divisions, as regional organizations which covered the entire country. These organizations had a total paid in capital of \$2,800,000. Of

this amount \$400,000 was subscribed by members and \$2,400,000 supplied by the Board. Up to June 30, 1932 these organizations had loaned \$24,000,000 to livestock producers, \$14,000,000 of which had been repaid and the Board states that the balance is adequately secured, even under present values.

Another outstanding organization is the National Wool Marketing Corporation organized in December 1929 of the then existing cooperatives. In 1928 the then existing cooperatives handled about 20,000,000 pounds or 5 per cent of that years wool clip. In 1931 the National Wool Marketing Corporation handled 124,000,000 pounds of that years clip. Besides the wool this organization handled 85 per cent of the mohair produced in this country.

This organization also has a credit corporation to finance the growers known as National Wool Credit Corporation organized in January 1930 with a capital of \$1,000,000 supplied by the Board.

In regard to this organization the Board stated: "Wool producers in 22 fleece wool marketing states received for their 1931 clip through the National Wool Marketing Corporation from nearly 1 to 4 1/2 cents per pound more than local buyers were offering. The growers affiliated with the national who were this benefited were 28,470. They gained over \$252,000 as a result of selling cooperatively".

In 1932 this organization had about 40,000 grower members.

Although the Board followed the general policy of encouraging national organization, it by no means limited its support to these organizations. During the year 1930-31 the Board gave assistance

to 23 organizations in forming regional groups and assisted many cooperatives of only local or state wide operation. During the first year to June 30, 1930, exclusive of stabilization, the Board received 260 applications for loans totaling \$226,528,506 of which 134 were granted for \$165,146,555. During the two following years the Board helped cooperatives in about the same proportion. The following tables taken from the Third Annual Report of the Federal Farm Board June 30, 1932 will give in detail the financial operations.

18.- OTHER WORK OF THE BOARD.

Section 13 of the act provides

"that the Board shall avail itself of the services and facilities of other governmental agencies, cooperate with any state or territory, or department or agency, or political subdivision thereof or with any person".

The Board has maintained the closest cooperation with the Department of Agriculture, Extension Division State Experiment Stations, State Departments of Agriculture, Federal Board of Vocational Education as well as many other agencies.

The Board carried on a consistent educational campaign from its very beginning by field agents, press, radio, and other means. In the year of 1930-1931 over 855,000 farmers attended the Crop Outlook Meetings at which the outlook material that the Board had help prepare was discussed. Over 2,000,000 bulletins were distributed.

In 1930-1931-1932 the Board carried an acreage reduction campaigns some of which seemed to prove more or less effective.

The Board made arrangements with the Departments of State,

Commerce, and Agriculture for improvement of the agricultural foreign service.

The Board also took part in studying Land Utilization and concurred in a report on this subject by the Department of Agriculture.

19.- UNUSED PARTS OF THE ACT.

Two sections of the act the Board has not attempted to use. Section 10, which has to do with "clearing-house associations" and Section 2, which has to do with "Price insurance." In its first annual report the Board states that "it deemed it wise to defer the exercise of these provisions until such time as its program advance to a point where necessity for it is more clearly indicated".

20.- ORGANIZATION OF THE BOARD.

As has already been stated the Board personnel was made up of outstanding individuals. During its three years of operation there have been very few changes in the Board personnel. Mr. Legge, accepted the chairmanship with the understanding that he would only serve a year, but he actually served for about 20 months. Also before the end of the second year Mr. C. C. Treague who was appointed for only one year had been replaced by Mr. Frank Evans. Mr. Sam H. Thompson had been appointed to fill one of the vacancies.

Mr. Chris. L. Christensen, who at the time of the organization of the Board was chief of the Division of Cooperative Marketing of the United States Department of Agriculture, was appointed Secretary of the Board.

The Board divided its work into six major divisions:-

Administrative, legal, information, loan, cooperative marketing and economics. It called to its services some of the leading men of the country in their field as George E. Farrand of Los Angeles and Stanley Reed of Kentucky, legal, Thomas Heldt of Baltimore, Dr. Alonzo E. Taylor and Dr. J. S. Davis, of Stranford University; Dr. E. F. Gay and Dr. J. D. Black of Harvard, and many others.

On June 30, 1930 the personnel of the Board was made up of its eight members, 205 employees stationed in Washington and 18 field representatives outside of Washington. By the end of the second year the employees who were stationed in Washington had increased to 296 and field representatives to 32. By October 15, 1931 the Washington force had reached 311, from this high point the personnel had been reduced to 204 by June 30, 1932. As the following table will show the Board seemed to be very conservative in its own expenditures and stayed well within its appropriations each year.

Fiscal year ending June 30.	Administrative Appropriation	Administrative Expenditures	Returned to Treasury	Interest Collected.
1930.....	\$1,727,000.00	\$765,893.12	\$961,106.88	\$444,517.10
1931.....	1,900,000.00	1,406,432.79	493,567.21	4134,989.74
1932.....	1,900,000.00	1,345,860.89	554,139.11	4540,590.02
Total.....	5,527,000.00	3,518,186.20	2,008,813.20	9120,096.86

21.- CRITICISMS OF THE FEDERAL FARM BOARD.

It is needless to say that the operation of the Federal Farm Board

action in developing farmer owned and farmer controlled cooperatives on a large scale, with national sales agencies on the terminal markets brought an endless amount of criticism, and determined opposition, especially from those private interests which it directly affected,

Anyone who is at all familiar with the cooperative movement in this country knows that business interests both local and of a national order have always fought the cooperatives. That this opposition should cease simply because the United States Government had adopted cooperative marketing as a national policy was not to be expected.

In the fight against the Board the fight seems to have been led by the grain trade and the United States Chamber of Commerce, although this organization as such never went on record as opposing the Board and the fight was directed mostly against the stabilization operations of the Board.

The "Packer" a trade paper of nation-wide circulation of the fruit, vegetables and produce trade which prints the following weekly editions. "The Kansas City Packer", "The New York Packer", "The Chicago Packer", "The Cincinnati Packer", "The Pacific Coast Packer", and the "Produce Packer" took a prominent part in the fight on the Board. From November 1930 until March 1933 "The New York Packer" and "The Produce Packer" printed 138 articles in regard to some phase of the Board or its work. At least ninety of these articles were severe criticisms of the work of the Board. Many of these articles placed the work of the Farm Board in a bad way by

presuming on the lack of information of the general public. In the September 24, 1932 issue of "The Produce Packer" in a long article on Page 9 one finds this statement:

"The Board stabilized wheat from 1.25 per bushel down to 30 cents, corn from 75 cents per bushel down to 20 cents; cotton from 15 cents per pound down to 5 cents; wool from 20 cents per pound down to 7 cents, at a public cost of \$500,000,000. Maybe the Government isn't in business after all, for no business could last long at that rate".

There is one falsehood in this statement; namely, that The Board had stabilized corn. The Board made no effort to stabilize corn prices and loaned no money to any corn cooperative. The other misleading statement in the above paragraph is that the Board had spent \$500,000,000 in these operations, and lost it all.

Some of the titles of the Articles carried by the Packer and Produce Packer are as follows:

- "A High Priced Steak seems to Irk Mr. Stone".
- "Wheat Fiasco of the Farm Board was Foretold".
- "Butter Men Want Government to Get Out of Business".
- "Government National Does Not Differ From Other People".
- "The Federal Farm Board and The Law of Supply and Demand".
- "Uprising against Intemperance in Government Expenditure and Federal Farm Board".
- "Elimination of the Federal Farm Board Seen as an Aid in Bringing Farm Relief".
- "The Farm Board Failure".

These give one a rather clear conception of the attitude of this paper toward the Board.

In the issue of "The Produce Packer" March 18, 1932 one finds the following:

"Daily papers and other publications all over the country have been criticizing and poking fun at the Federal Farm Board the last few months and reams upon reams of such comment have been assembled and reprinted for distribution. The gist of it is that the Federal Farm Board has out-dumbed Dumb Dory in its stabilization ventures on cotton and wheat and other activities; has wasted hundreds of millions of dollars of tax payers' money and has been a detriment instead of an aid to agriculture. The nature of the comment may be gained from the following few quotations from various papers."

This paper then quotes thirty-eight short articles from papers to show that the "Publications all over the country have been criticizing and poking fun at the Federal Farm Board." Twenty-six of these extracts came from papers printed in the state of Texas. Six of these twenty-six are taken from the same paper, "Dallas News". Two of them are taken from another Texas paper. Of the remaining twelve which must "represent the country as a whole" in this criticism, Alabama, South Carolina, North Carolina, and Georgia are the only states which have extracts. Of these twelve, two were taken from the same paper. In this list there was not a single agricultural paper represented, and no large daily.

House Report Number 1985, 72nd Congress, 2 session, "Government competition with Private Enterprise" commonly known as the Shannon Report, criticises the Board as follows:

"The committee believes that the stabilization activities of the Farm Board should be discontinued and has recommended that the Farm Board or other Government agencies should not render assistance to cooperatives which in reality amount to unfair discrimination against private enterprise. The committee has heard no evidence antagonistic to farmer owned and controlled cooperatives. It has received, however, widespread complaints and protest from all major branches of agricultural marketing--from producers, buyers, merchants, and other factors against unfair and destructive competitive methods stimulated by the

policies of the Farm Board in developing and expanding the activities of cooperative undertaking." (#)

This again is a rather sweeping statement and would seem to indicate that everyone was opposed to the Board. However, when one analyzes the evidence which the Shannon committee saw fit to print in its report covering twelve pages, most of which is fine print, he finds about the same kind of criticisms as in other places. There were seven persons whose evidence in full or in part is printed. Of these, one is a statement presented by a representative of the Committee of the National Grain Dealers Association, who represent the grain trade in Buffalo, Chicago, Duluth, Kansas City, Milwaukee, New York, St. Louis and the Grain and Feed Dealers National Association. One is a lawyer who says he represents grain and products, but no names or lists are published. Two represent small farmers' Cooperatives, one at Hemingford, Nebraska, one at Hardtuer, Kansas. Another was a private operator and President of the Indiana Grain Dealers Association. The sixth reported to be the largest woman wheat grower in the world, was from Sublette, Kansas. All of this evidence except that given by the grain dealers was of a general nature. None of it gave any detailed figures to prove the point under investigation-- "government competition with private enterprise." The above could hardly be called a representative group or one unbiased in their opinions. The evidence seems to indicate little more than that the operation of the cooperatives are beginning to pinch the shoe of some of those who have been profiting as private dealers in the various commodities which the cooperatives are undertaking to handle.

(#) Shannon Report, page 40-41.

I do not wish to imply that all the criticism of the Board and its policies and operation came from only those who had an ax to grind, however that group was certain to let the public know of any mistake which the Board made.

There were several outstanding economists who criticized the Board. Dr. James E. Boyle of Cornell wrote several articles in which he attacked the Board and in a speech before the Analysts Club, Chicago, May 19, 1931 he called the law "merely a law for the relief of candidates, not the relief of the farmer," and said, "as the Board is now administering the act relative to wheat and cotton, I consider the Farm Board a menace of the first magnitude to the producers and distributors of these commodities."

There was much criticism of the Board in the Daily Press, and it was not impossible to find criticism of the Board in some of the Agricultural press from time to time.

What might be called the liberal or radical press of the country, depending upon one's views, criticized the law and the Board because it did not go far enough. The Nation and the New Republic were somewhat of this attitude.

Most of the criticism, regardless of where it came from was of a more or less general nature and of such a kind as would appeal to the feelings, rather than to the intelligence of the general public.

Before the end of the third year it was easy for one to see that this criticism was weakening the support of the Board in Congress and that in case of a change that the Board would be abolished or its powers

so weakened that it would not amount to anything. That is what happened.

22. LEGISLATIVE RECOMMENDATIONS OF THE BOARD

In December 1932 the Board made a special report to Congress in which it suggested the following legislation be enacted by Congress to strengthen the Agricultural Marketing Act.

1. "Modify the stabilization section of the Agricultural Marketing Act so as to provide some means of elevating the returns to farmers from the production of exportable farm products, in such a way as (a) to pay the costs, if any, on a continuous and self-sustaining basis, and (b) to provide an effective system for regulating acreage or quantities sold or both. This would provide a means of working toward income elevation as an alternative to the mere price stabilization for which the act now provides. The board does not recommend the specific form such legislation should take, but states these essential conditions it should cover.

2. "Define the powers of the Board with respect to loans to cooperatives so that it would be definitely authorized to make loans to cooperative associations and materials for farm production.

3. "Place the Board's cooperative financing operations and service to cooperatives on an adequate basis by restoring to the revolving fund sufficient funds, in addition to the present value of the money already on loan to cooperatives, to restore the board's ability to properly finance the development of farmers' cooperative associations with funds for cooperatives use definitely marked and set apart from portions of the revolving fund subject to other demands; and by authorizing the Board to compromise claims against debtor associations where necessary in its judgment to carry out the policy laid down in Section 1 of the Agricultural Marketing Act."

Congress did not act on the suggestions of the Federal Farm Board.

During the almost four years that the Board operated there was only one minor amendment added to the Act.

CONCLUSION

Looking at the Agricultural Policy of the United States Government, we find that the Government had no definite policy toward agriculture until the first part of the second quarter of the twentieth century. Even now the policy as set forth in the Agricultural Marketing Act of 1929 is not a fixed policy, but one that may be changed at any time as shown in the recent act of the 73rd Congress passed April 1933.

"An act to relieve the existing national emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes."

While the fundamental purpose of this act is the same as that of the act of 1929, "economic equality for agriculture" the method of accomplishing it and the machinery set up for accomplishing it are entirely different.

If we examine the policy as expressed in specific legislation from 1789 to 1930, we find in the tariff acts that agricultural products have always been among those on which duties have been levied. We find also that the rate of duties on agricultural products have followed the general trend of the tariff act. When the general level of duties was high, the duties on agricultural products was high, and when the general level of duties was low, the duties on agricultural products was low. This should not be taken to mean that agriculture has received the same amount of benefit from the tariff as other interests. Over most of our history and with a great many of our agricultural products it is generally granted that the tariff is not effective at all on agricultural products, or at least only partly so on those of which we produce an export surplus.

Therefore, the farmer derives none or only a small benefit from the tariff on these products of which he produces an export surplus. No doubt the benefit which the farmer has received from the tariffs levied on agricultural products have been much less than the advocates of a high tariff policy would admit.

Early in the history of our country the agitation for educational aid to farmers by the National Government became strong. This led to the Government, at the beginning of the second half of the nineteenth century launching a definite educational policy towards agriculture which has been followed rather consistently to the present time, as shown in the Land Grant College Act of 1862, the Hatcher Act of 1887, the Smith-Lever Act of 1914, and the Smith-Hughes Act of 1917. These acts not only established an educational policy on the part of the Government towards agriculture, but provided the funds and machinery to carry out the policy. It seems, therefore, that the United States Government has been more generous in its educational policy towards the people engaged in agriculture than towards any other group.

The legislative policy has been miscellaneous and disconnected and stated no definite policy towards agriculture until the Agricultural Marketing Act of 1929. We find legislation for the benefit of agriculture beginning in the "Granger Legislation" of the early seventies, which was more negative than positive----generally undertaking to benefit agriculture by regulating some industry with which the farmers dealt as the railroads or the grain elevators----and increasing until by the first quarter of the twentieth century a great many of the agricultural problems were being

dealt with by specific acts and general unrelated laws. This legislation falls into three rather distinct kinds. (1) That which exempted agriculture from the general laws enacted to prevent restraint of trade, combinations, and trusts, as expressed in the Sherman Anti-trust Law of 1890 and similar legislation. (2) That which undertook to secure for the farmer fair practices in his dealings with the commercial interests. This was of two kinds: (a) that of regulation and supervision, such as the Packers and Stockyard Act, the Act to Regulate the Shipment of Live Stock in Interstate Commerce, and the Perishable Agricultural Commodity Act, and (b) that which set up grades and standards as United States Grain Standards Act, Federal Standard Barrel Act and Official Cotton Grades Act. (3) Those acts which undertook to encourage the combination and association of the farmer in the marketing of his products, or cooperative marketing. This third type of legislation culminated in 1929 in the Agricultural Marketing Act in which the United States Congress adopted a definite policy towards agriculture and cooperative marketing.

The purpose of this act was to place agriculture on an "economic equality with other industries", and the act was administered by a Federal Farm Board. The method by which "economic equality" was to be established was by the development with Government aid, generally in the form of Government supervision and the loaning of Government money at low rates of interest, of "farmer-owned and farmer-controlled cooperative marketing associations." That this act was administered under the most difficult economic conditions that this country has seen is generally admitted; that the Federal Farm Board made some serious mistakes in judgment---not any greater, however, than private business leaders---

is admitted, but after all these mistakes are given full weight, the writer believes the facts set forth in this paper show that the accomplishments of the Federal Farm Board more than justify its existence. Farmer-owned and farmer-controlled cooperatives increased under the act both in membership and in the percentage of agricultural products handled. The Federal Farm Board through the cooperatives was slowly developing a better system of distribution of farm commodities which were returning more to the farmer for his products with ut any increase in cost to the consumer.

Another accomplishment of the Federal Farm Board which should not be overlooked, and which under the then existing conditions meant as much to the country at large as to the farmer, is that during the depression the Board was able to stabilize the markets for farm products to some extent, so that the decline in prices was spread over a longer period of time. If one will compare the drop in agricultural prices in the depression of 1921-1922 and in the depression of 1929 to 1933, it is easy to see how great this influence was. That the Federal Farm Board did not keep the price of agricultural products from falling is an historical fact, but had the prices of agricultural commodities fallen to about two-fifths of their 1928-1929 value as they did on an average, in a few weeks in the place of taking something like three years to reach this low, it seems fearful to the writer to contemplate what might have happened.

We are too close to the Federal Farm Board to evaluate its work impartially, but I feel sure that time will give the work it did much greater value than is placed on it at present.

After reviewing this rather imposing array of legislation which has been enacted for the benefit of agriculture, the question naturally comes to mind---what has been the effect on agriculture? What would be the condition of agriculture if this legislation had not been passed, no one can say; however, from a relative standpoint it is hard for one to convince himself that this legislation has accomplished for agriculture anything like what it was supposed to at the time of enactment. That agriculture as an industry compared with the other industries of the country has grown relatively less profitable is common knowledge. During the present depression it has been the farmer-- particularly the western farmer---who has caused the most disturbance, and who has bordered on revolt and not labor as would generally have been expected. The conditions had become so serious that they led to the passage by the 73rd Congress of the most drastic legislation for the benefit of agriculture ever adopted in this country.

The farm floating debt was more in 1932 than the total mortgage debt in 1910. The mortgage debt on farms increased from \$3,320,000,000 in 1910 to \$9,468,000,000 in 1929. Bankruptcies increased 20 per cent in 1932, the first increase since 1925 when it was 12.8 per cent. Mortgage bankers reported that 36 per cent of their farm loans were delinquent on January 1, 1933.

Farm tenancy has increased from 28.4 per cent in 1890 to 42.4 in 1930. During this period the most rapid increase was during the ten years 1920 to 1930 which was 4.3 per cent, but during this decade the most rapid increase was from 1925 to 1930, which 3.5 per cent. Part ownership shows the same trend and increases from 8.7 per cent in 1920 to 10.4 per cent

in 1930. (#) If the part ownership and tenants are considered together, we find that more than one-half of the farmers in the United States in 1930 rented all or a part of the land they operated.

The one definite conclusion that the writer feels justified in drawing from this study is that the agricultural problem is not solved and that hardly a beginning has been made towards solving this problem.

APPENDIX

#1.- Amounts of commitments approved since formation of board, commitments canceled, net commitments, advances, repayments, balances outstanding, and balance of commitments available for advances, in connection with all loans made by the Federal Farm Board under the provisions of the agricultural marketing act, by commodities, as shown by the record of the treasurer's office, Federal Farm Board, as of June 30, 1932.

Commodity	Total amount of commitments approved	Amounts of commitments canceled	Net Commitments	Amount Advanced
Beans.....	Dollars 1,132,602.06	Dollars 369,332.61	Dollars 763,049.45	Dollars 763,049.55
Coffee.....	50,000.00	-----	50,000.00	50,000.00
Cotton.....	236,839,676.31	27,899,048.86	208,940,627.45	208,868,550.45
Dairy Products...	21,809,950.00	3,514,551.73	18,295,398.27	16,743,520.77
Citrus fruits.....	3,800,000.00	500,000.00	3,300,000.00	3,239,112.00
Grapes and raisins	30,300,200.00	4,548,571.26	25,751,628.74	25,310,488.39
Other deciduous fruits.....	3,804,816.62	1,477,478.85	2,327,337.77	2,204,393.87
Misc. fruits and vegetables.....	1,928,500.00	1,086,332.84	842,167.16	646,085.60
Grain.....	76,341,376.03	18,435,970.01	57,905,406.02	55,882,081.02
Honey.....	135,000.00	89,161.00	45,839.00	45,839.00
Livestock.....	20,709,000.00	12,228,295.74	8,480,704.26	7,000,704.26
Maple sirup.....	6,000.00	-----	6,000.00	-----
Nuts.....	1,890,135.03	799,094.02	1,091,041.01	903,913.37
Potatoes.....	1,289,900.00	330,100.00	959,800.00	787,000.00
Poultry and eggs..	1,137,600.00	55,000.00	1,082,600.00	1,032,600.00
Rice.....	2,240,000.00	860,292.85	1,379,707.15	1,379,707.15
Seeds.....	1,302,949.98	147,871.60	1,155,078.38	1,050,925.38
Tobacco.....	8,344,858.50	3,554,844.75	4,790,013.75	4,348,508.54
Wool and mohair...	34,890,885.47	5,198,817.58	29,692,067.89	26,713,148.07
Total.....	447,953,450.00	81,094,983.70	366,858,466.30	356,969,627.32
Cotton Stabiliza- tion Corp.	161,383,835.97	500,000.00	160,883,835.97	160,848,892.52
Grain Stabilisa- tion Corp.	515,114,195.97	4,076,849.62	511,037,346.35	500,262,346.35
	<u>1,124,451,481.94</u>	<u>85,671,833.32</u>	<u>1,038,779,648.62</u>	<u>1,018,080,866.19</u>

continued.

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Amounts of commitments approved since formation of board, commitments canceled, net commitments, advances, repayments, balances outstanding, and balance of commitments available for advances, in connection with all loans made by the Federal Farm Board under the provisions of the agricultural marketing act, by commodities, as shown by the records of the treasurer's office, Federal Farm Board, as of June 30, 1932.

Commodity	Repayments	Balance of Advances Outstanding	Balance of Commitments Available for Advances
	Dollars	Dollars	Dollars
Beans.....	242,153.26	520,896.19	-----
Coffee.....	87.87	49,912.13	-----
Cotton.....	113,839,005.00	95,029,545.45	72,077.00
Dairy products....	6,187,589.68	10,555,931.09	1,551,877.50
Citrus fruits....	950,925.77	2,288,186.23	60,888.00
Grapes and raisins	13,497,488.78	11,812,999.61	441,140.35
Other deciduous fruits.....	563,716.08	1,640,677.79	122,943.90
Misc. fruits and vegetables....	208,484.19	437,601.41	196,081.56
Grain.....	38,584,266.94	17,297,814.08	2,023,325.00
Honey.....	6,158.58	39,680.42	-----
Livestock.....	1,941,328.42	5,059,375.84	1,480,000.00
Maple sirup.....	-----	-----	6,000.00
Nuts.....	491,682.83	412,230.54	187,127.64
Potatoes.....	405,800.00	381,200.00	172,800.00
Poultry and eggs..	527,144.65	505,455.35	50,000.00
Rice.....	624,003.73	755,703.42	-----
Seeds.....	114,178.00	936,747.38	104,153.00
Tobacco.....	1,458,428.64	2,890,079.90	441,505.21
Wool and mohair...	7,206,323.46	19,506,824.61	2,978,919.82
Total	186,848,765.88	170,120,861.44	9,888,838.98
Cotton Stabiliza- tion Corporation	58,806,156.82	102,042,735.70	34,943.45
Grain Stabilization Corporation.....	300,277,062.14	199,985,284.21	10,775,000.00
Grand Total.....	545,931,984.84	472,148,881.35	20,698,782.43

Amounts advanced and repayments during each fiscal year, by commodities, since inception of board.

Commodity	Year ending June 30, 1930		Year ending June 30, 1931	
	Advances	Repayments	Advances	Repayments
	Dollars	Dollars	Dollars	Dollars
Beans and soybeans	143,946.46	13,820.56	541,102.99	58,039.21
Cotton.....	58,379,524.77	10,059,670.60	82,146,412.34	85,615,327.22
Dairy products....	5,580,734.75	1,974,134.00	7,710,928.14	2,261,220.25
Citrus fruits.....	2,207,370.00	385,362.36	813,512.00	327,455.67
Grapes and raisins	8,175,400.94	741,476.74	11,929,960.13	4,692,532.54
Other deciduous fruits.....	493,247.36	38,174.99	1,351,469.86	315,421.18
Misc. fruits and vegetables....	15,000.00	-----	335,470.61	9,398.40
Grain.....	17,911,676.78	9,235,948.62	29,304,255.81	25,000,345.62
Honey.....	27,646.00	2,062.80	18,193.00	4,095.78
Livestock.....	1,715,141.92	345,122.95	3,114,562.34	1,316,436.43
Nuts.....	-----	-----	308,743.87	80,207.67
Potatoes.....	46,000.00	46,000.00	399,000.00	-----
Poultry and eggs..	10,000.00	-----	521,600.00	139,500.00
Rice.....	461,000.00	51,800.00	527,538.61	146,729.25
Seeds.....	2,125.76	2,125.76	151,015.86	35,088.46
Tobacco.....	200,000.00	375.00	2,582,131.97	579,803.74
Wool and mohair...	6,442,706.83	115,733.97	12,299,039.29	2,773,793.69
Total, sec. 7	101,811,521.57	20,183,519.17	154,054,936.82	123,355,395.11
Cotton Stabiliza- tion Corp.....	-----	-----	133,460,038.36	58,506,156.82
Grain Stabilization Corporation.....	90,000,000.00	20,183,519.17	182,972,604.24	92,640,323.02
Total, sec. 9	90,000,000.00	20,183,519.17	316,432,642.60	151,146,479.84
Grand Total	191,811,521.57	43,195,327.52	470,487,579.42	274,501,874.95

Amounts advanced and repayments during each fiscal year, by commodities, since inception of board--Continued

	Year ending June 30, 1932		Total advances	Total repay-
	Advances	Repayments	June 30, 1932	ments
	Dollars	Dollars	Dollars	Dollars
Beans and soybeans	78,000.00	170,293.49	763,049.45	242,153.26
Coffee.....	50,000.00	87.87	50,000.00	87.87
Cotton.....	68,342,613.34	18,164,007.18	208,868,550.45	113,839,005.00
Dairy products....	3,451,857.88	1,952,235.43	16,743,520.77	6,187,589.68
Citrus fruits.....	218,230.00	238,107.74	3,239,112.00	950,925.77
Grapes and raisins	5,205,127.32	8,063,479.50	25,310,488.39	13,497,488.78
Other deciduous fruits	359,676.65	210,119.91	2,204,393.87	563,716.08
Misc. fruits and vegetables.....	295,614.99	199,085.79	646,085.60	208,484.19
Grain.....	8,666,148.43	4,347,972.70	55,882,081.02	38,584,266.94
Honey.....	-----	-----	45,839.00	6,158.58
Livestock.....	2,171,000.00	279,769.04	7,000,000.26	1,941,328.42
Nuts.....	595,169.50	411,475.16	903,913.37	491,682.83
Potatoes.....	342,000.00	359,800.00	787,000.00	405,800.00
Poultry and eggs..	501,000.00	387,644.65	1,032,600.00	527,144.65
Rice.....	391,168.54	425,474.48	1,379,707.15	624,003.73
Seeds.....	897,783.76	76,963.78	1,050,925.38	114,178.00
Tobacco.....	1,566,376.57	878,249.90	4,348,508.54	1,458,428.64
Wool and mohair...	7,971,401.95	4,316,795.80	26,713,148.07	7,206,323.46
Total, sec. 7a	101,103,168.93	40,481,562.42	356,969,627.32	188,848,765.88
Cotton Stabiliza- tion Corp.....	27,388,854.16	300,000.00	160,848,892.52	58,806,156.82
Grain Stabiliza- tion Corp.....	227,289,742.11	187,453,219.95	500,262,346.35	300,277,062.14
Total, sec. 9	254,678,596.27	187,753,219.95	661,111,238.87	359,083,218.96
Grand total	355,781,765.20	228,234,782.37	1,018,080,866.19	545,931,984.84

Outstanding advances arranged by commodities under the various sections of the agricultural marketing act as shown by the records of the treasurer's office, Federal Farm Board, as of June 30, 1932.

Commodity	Sec. 7 (a) par. 1 (for effective merchandising)	Sec. 7 (a) par. 2 (for facility)	Sec. 7 (a) par. 4 (educa- tional)	Sec. 7 (a) par. 5 (com- modity)
	Dollars	Dollars	Dollars	Dollars
Beans and soybeans	187,667.49	50,000.00	-----	283,228.70
Coffee.....	49,912.13	-----	-----	-----
Cotton.....	35,782,074.27	431,833.30	20,000.00	58,795,637.88
Dairy products....	6,878,337.49	3,677,593.60	-----	-----
Citrus fruits.....	-----	2,288,186.23	-----	-----
Grapes and raisins	4,897,658.99	5,030,279.19	-----	1,885,061.43
Other deciduous fruits.....	552,476.12	993,832.77	-----	94,368.90
Misc. fruits and vegetables.....	355,367.82	67,668.56	-----	14,565.03
Grain.....	16,649,565.46	440,970.00	-----	207,278.62
Honey.....	-----	-----	-----	39,680.42
Livestock.....	5,059,375.84	-----	-----	-----
Maple sirup.....	-----	-----	-----	-----
Nuts.....	355,610.86	46,891.48	-----	9,728.20
Potatoes.....	381,200.00	-----	-----	-----
Poultry and eggs..	296,455.35	204,000.00	-----	5,000.00
Rice.....	441,965.96	307,500.00	-----	6,237.46
Seeds.....	416,603.10	40,080.00	-----	480,064.28
Tobacco.....	337,074.25	-----	-----	2,553,005.65
Wool and mohair...	5,980,936.39	5,750.00	-----	13,520,138.22
Total.....	78,622,281.51	13,584,585.13	20,000.00	77,893,994.79

Outstanding advances arranged by commodities under the various sections of the agricultural marketing act as shown by the records of the treasurer's office, Federal Farm Board, as of June 30, 1932.
Continued

Commodity	Sec. 9 (for Stabilization purposes	Total
	Dollars	Dollars
Beans and soybeans	-----	520,896.19
Coffee	-----	49,912.13
Cotton	102,042,735.70	197,072,281.15
Dairy products	-----	10,555,931.09
Citrus fruits	-----	2,888,186.23
Grapes and raisins	-----	11,812,999.61
Other deciduous fruits	-----	1,640,677.79
Miscellaneous fruits and vegetables	-----	437,601.41
Grain	199,985,284.21	217,283,098.29
Honey	-----	39,680.42
Live Stock	-----	5,059,375.84
Maple Syrup	-----	-----
Nuts	-----	412,230.84
Potatoes	-----	381,200.00
Poultry and eggs	-----	505,455.35
Rice	-----	755,703.42
Seeds	-----	936,747.38
Tobacco	-----	22,890,079.90
Wool and mohair	-----	19,506,824.61
Total	302,028,019.91	472,148,881.35

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"The following statement shows commitments made from the Federal Farm Board's revolving fund to farmers' cooperatives from February 28, 1933 to April 30, 1933, and the total loans outstanding as of April 30, 1933."

Name and Address

Alabama Farm Bureau Cotton Association Montgomery, Alabama.....	\$-----	\$	268,084.23
Alabama Florida Cooperative Peanut Association, Montgomery, Ala.....	-----		14,550.00
Alamo Cooperative Milk Producers Asso- ciation, San Antonio, Texas... ..	-----		10,562.61
American Cotton Cooperative Association... New Orleans	440,455.40		71,454,735.78
American Rice Growers Association, Lake Charles, Louisiana.....	-----		73,462.15
Arizona Pimacotton Growers Association, Phoenix, Arizona.....	-----		265,845.75
Arkansas Rice Growers Association, Stuttgart, Arkansas.....	-----		254,599.34
Arnegard Potato Growers Association, Arnegard, North Dakota.....	-----		4,000.00
Battletown Cooperative Fruit Exchange, Berryville, Virginia.....	-----		16,800.00
Big Horn Cooperative Marketing Associa- tion, Basin, Wyoming.....	-----		117,563.39
Blair Apple Growers Association, Blair, Kansas.....	-----		7,638.55
Cafeteros de Puerto Rico, Ponce, Porto Rico.....	-----		49,912.12
Calvo Growers of California, Los Angeles, California.....	-----		12,000.00
California Cotton Cooperative Association, Ltd., Bakersfield, California.....	-----		89,112.00
California Grape Control Board, Ltd., San Francisco, California.....	-----		2,460,690.65
California Peach & Fig Growers Association, Fresno, California.....	-----		155,884.36
California Prune & Apricot Growers Association, San Jose, California.....	-----		385,658.50
California Raisin Pool, Fresno, California.....	-----		1,267,257.02
Calloway Cooperative Creamery, Calloway, Nebraska.....	-----		3,510.62
Challenge Cream and Butter Association, Los Angeles, California.....	--28,000.00		248,627.33
Cassia Potato Growers Cooperative Asso- ciation, Burley, Idaho.....	-----		2,211.42
Chautauqua & Erie Grape Growers Associ- ation, Westfield, New York.....	-----		175,103.40
Clintondale Fruit Growers Cooperative Association, Clintondale, N.Y....	-----		175,000.00
Consolidated Badger Cooperative, Shawnee, Wisconsin.....	19,000.00	-----	
Colorado Bean Growers Association, Trinidad, Colorado.....	-----		111,381.28
Cooperative Grange League Federation, Ithaca, New York.....	200,000.00		410,000.00

Name and Address	New Commitments	Total Loans Outstanding
Cooperative Pure Milk Association, Cincinnati, Ohio.....	\$-----	\$ 1,725,000.00
Dairy and Poultry Cooperatives, Inc. Chicago, Illinois.....	-----	82,284.39
Dairymen's Cooperative Creamery of Boise Valley, Caldwell, Idaho	-----	120,000.00
Dairymen's League Cooperative Association, New York City...	-----	3,750,000.00
Eastern Dark Fired Tobacco Associa- tion, Springfield, Tennessee.	300,000.00	609,536.75
Eastern Shore of Virginia Produce Exchange, Onley, Virginia....	4,914.14	44,023.14
Eatonton Cooperative Creamery, Inc., Eatonton, Georgia.....	-----	8,830.31
Egyptian Seed Growers Exchange, Flora, Illinois.....	-----	38,491.02
Enid Cooperative Creamery, Inc., Enid, Oklahoma.....	-----	8,200.00
Farmers Equity Cooperation Creamery Association, Orleans, Nebraska	5,000.00	31,115.17
Farmers Equity Union Creamery Company, Lima, Ohio.....	-----	19,200.00
Farmers Federation, Inc., Asheville, North Carolina.....	-----	56,680.15
Farmers National Grain Corporation, Chicago, Illinois.....	-----	15,768,860.24
Farmers National Grain Corporation, (Drought Relief) Chicago, Ill.....	-----	789,379.64
Farmers Union Cooperative Creamery, Billings, Montana.....	-----	6,181.00
Farmers Union Cooperative Produce Association, Colony, Kansas.....	-----	82,786.01
Farmers Union Poultry Commission Company, St. Paul, Minn.....	-----	1,546.51
Florida Citrus Exchange, Tamps, Fla.....	-----	2,179,606.49
Florida Truck Growers Association, Bradenton, Florida.....	-----	3,930.00
Fruit Growers Union Cooperative, Sturgeon Bay, Wisconsin....	-----	665,433.62
Fruit Industries, Ltd., San Fran- cisco, California.....	-----	2,934,149.95
Georgia Cotton Growers Cooperative Association, Atlanta, Ga....	-----	299,195.46
Georgia Peanut Growers Exchange, Inc., Albany, Georgia.....	-----	12,456.83
Great Lakes Fruit Industries, Inc. Benton Harbor, Michigan....	-----	169,797.05

Name and Address

Growers Cooperative Association, Newberg, Oregon.....	\$-----	\$	2,505.45
Growers Cooperative Grape Juice Company, Westfield, New York.....	-----		9,600.00
Guilford Dairy Cooperative Association, Greensboro, North Carolina.....	-----		12,664.98
Hastings Potato Growers Associa- tion, Hastings, Penna....	-----		100,000.00
Idaho Egg Producer, Caldwell, Idaho.....	-----		30,657.09
Idaho Grimm Alfalfa Seed Growers Association, Blackfoot, Idaho.....	-----		28,000.00
Illinois Fruit Growers Exchange, Centralia, Illinois.....	-----		13,540.00
Indiana Poultry Cooperative, Inc., Indianapolis, Indiana....	-----		16,040.38
Interstate Associated Creameries, Portland, Oregon.....	-----		49,383.19
Jay County Farm Bureau Cooperative Association, Portland, Indiana.....	6,500.00	-----	
Kentucky Blue Grass Seed Growers Cooperative Association, Winchester, Kentucky... 30,000.00			532,160.98
Land O' Lakes Creameries, Inc., Minneapolis, Minnesota. 300,000.00			2,977,857.00
Louisiana Cotton Cooperative Association, New Orleans, Louisiana.....	-----		55,796.50
Lower Columbia Cooperative Dairy Anns., Astoria, Oregon..	-----		185,500.00
Magtex Fig Association, Houston, Texas.....	-----		75,471.33
Mains Potato Growers, Inc., Fort Fairfield, Maine.....	-----		2,670.93
Maryland Tobacco Growers Assn., Baltimore, Maryland.....	150,000.00		211,789.40
Marion Vegetable Growers, Marion, New York.....	5,700.00	-----	
Miami Valley Cooperative Milk Producers Assn., Dayton, Ohio.....	2,500.00		3,782.38
Michigan Producers Dairy Company, Adrian, Michigan.....	-----		87,536.86
Mid-South Cotton Growers Assn., Memphis, Tennessee.....	-----		106,488.83

Name and Address	New Commitments	Total Loans Outstanding
Minidoka Potato Growers Cooperative Association, Inc. Rupert, Idaho	\$----- \$	1,622.94
Mississippi Farm Bureau Federation Jackson, Mississippi.....	-----	2,800.00
Missouri Valley Blue Grass Seed Growers Assn., Plattsburg, Missouri.....	-----	261,573.05
Monetta Asparagus Growers Assn., Monetta, South Carolina.....	-----	50,000.00
Montana Bean Growers Assn., Billings, Montana.....	-----	32,046.95
Mountain States Honey Producers Assn., Boise, Idaho.....	-----	39,680.42
Mushroom Cooperative Canning Assn., Kennett Square, Pennsylvania.....	-----	21,356.85
National Cheese Producers Federation, Plymouth, Wisconsin.....	-----	78,412.85
National Fruit and Vegetable Exchange, Chicago, Illinois.....	-----	105,380.49
National Live Stock Marketing Assn., Chicago, Illinois.....	43,000.00	4,055,011.72
National Pecan Marketing Assn., Jackson, Mississippi.....	---38,515.93	354,775.64
National Producers Feeder Pool, Chicago, Illinois.....	-----	91,580.33
National Wool Marketing Corporation, Boston, Massachusetts.....	---64,598.71	17,656,699.95
North Carolina Cotton Growers Coopera- tive Assn., Raleigh, N.C.....	-----	74,036.50
North Dakota-Montana Wheat Growers Assn., Grand Forks, N.D.....	152.23	223,429.16
North Platts Valley Cooperative Cheese Company, Gering, Nebraska.....	-----	63,637.23
Northern Wisconsin Cooperative Tobacco Pool, Madison, Wisconsin.....	-----	607,079.50
Northwest Grain Assn., Minneapolis, Minnesota.....	-----	16,986.49
Ohio Farmers Cooperative Milk Assn., (new) Cleveland, Ohio.....	650,000.00	-----
Ohio Farmers Cooperative Milk Assn., (old) Cleveland, Ohio.....	-----	430,000.00
O.K. Cooperative Milk Assn., Inc., Oklahoma City, Oklahoma.....	-----	9,591.95
Oklahoma Cotton Growers Assn., Okla- homa City, Oklahoma.....	-----	388,722.06
Orchard Grass Seed Growers Cooperative Assn., Louisville, Kentucky	-----	444.88
Pinto Bean Growers Assn., Trinidad, Colorado.....	-----	42,112.28
Plains Cooperative Inc., Plainview, Texas.....	-----	9,415.51

Poultry Producers Association of Texas, San Antonio, Texas	\$ 5,000.00	\$	182,743.51
Producers Creamery, Marion, Ind.	-----		30,000.00
Producers Mutual Exchange of N. Carolina, Durham, N.C....	-----		4,850.00
Producers Produce Company, Inc., Chillicothe, Missouri....	-----		102,169.62
Rice Growers Assn. of California, Sacramento, California...	-----		361,250.00
Rio Grande Valley Citrus Exchange, Weslaco, Texas.....	-----		14,456.06
Rio Grande Vegetable Cooperative Assn., Weslaco, Texas....	-----		41,479.91
Sacramento Valley Walnut Growers of California, Live Oak, Cal.	-----		19,014.00
San Dimas Lemon Assn., San Dimas, California.....	-----		15,000.00
Shelby County Milk Producers Assn., Memphis, Tennessee.....	-----		89,595.49
South Carolina Cotton Growers Cooperative Assn., Columbia, South Carolina.....	-----		98,499.71
South Carolina Packing Corp. Co- operative, Fairfax, S.C.	-----		47,180.90
South Carolina Tobacco Growers Marketing Assn., Florence, South Carolina.....	-----		718,866.56
Sodus Vegetable Growers, Sodus, New York.....	6,150.00		-----
South Shore Cooperative Assn., Silver Creek, New York..	-----		7,316.52
South Mississippi Dairy Producers Assn., Laurel, Miss.....	-----		17,893.09
Southern Idaho Bean Growers Assn. Twin Falls, Idaho.....	-----		49,829.24
Southern Irrigated Cotton Growers Assn., El Paso, Texas....	-----		42,000.00
Southwestern Poultry Assn., Brownwood, Texas.....	-----		5,000.00
Soy Bean Marketing Assn., Chicago, Illinois.....	-----		127,985.70
Staple Cotton Cooperative Assn., Greenwood, Mississippi...	-----		10,958,841.27
Stayton Canning Co. Cooperative, Stayton, Oregon.....	-----		10,926.55
Stemming District Tobacco Assn., Henderson, Kentucky.....	-----		115,184.74
Sun Maid Raisin Growers of Calif., Fresno, California.....	-----		4,484,287.48
Texas Certified Cottonseed Breeders Assn., Dallas, Texas.....	-----		24,127.40

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Texas Cotton Cooperative Assn. Dallas, Texas.....	\$-----	\$ 429,625.79
The Dallas Cooperative Growers. The Dalles, Oregon.....	-----	34,890.19
Tulsa Milk Producers Cooperative Assn., Tulsa, Oklahoma.....	-----	35,666.61
Utah Farm Bureau Cooperative Assn., Vernal, Utah....	-----	5,250.00
Union Fruit Co. Paonia, Colo. 8,000.00	-----	-----
United Dairy System, Inc., Springfield, Mass.....	-----	16,500.00
United Dairymen's Assn., Inc. Seattle, Washington...	-----	764,560.65
Upper Snake River Valley Dairy- men's Assn., Idaho Falls, Idaho.....	-----	70,000.00
Utah Fruit & Vegetable Growers Inc., Salt Lake City, Utah....	20,000.00	16,913.75
Utah Poultry Producers, Salt Lake City, Utah.....	30,000.00	-----
Valley Cooperative Fruit Exchange Winchester, Virginia...	-----	27,000.00
Valley of Virginia Cooperative Milk Producers Assn., Harrisonburg, Virginia	-----	45,850.00
Virginia Cooperative Peanut Assn., Suffolk, Virginia.....	-----	9,149.50
Washington Cannery Cooperative, Vancouver, Washington...	-----	38,578.55
Washington County Cooperative Creamery Co., Linn, Kansas	-----	12,642.49
Wathena Apple Growers Assn. Wathena, Kansas.....	-----	8,797.95
Wayne Cooperative Cherry Growers, Inc.,odus, New York....	-----	14,299.78
Wenatchee-Okenogan Cooperative Federation, Wenatchee, Washington	300,000.00	-----
West Virginia Poultry Cooperative Assn., Parkersburg, W. Va..	-----	1,579.78
Western Dark Fired Tobacco Growers Assn., Murray, Ky.	-----	283,970.67
Wisconsin Potato Growers Exchange, Waupaca, Wisconsin.....	-----	1,450.00
Wolcott Vegetable Growers, Wolcott, New York.....	3,150.00	-----
Woodstock Cooperative Fruit Ex- change, Woodstock, Virginia	-----	15,260.00

Total-----\$8,672,536.97 \$156,370,309.07

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VITA

Charles William Richards

Born July 21, 1892 at Orlinda, Tennessee.

Finished Grade School work at Sulphur Spring, Kentucky,
1912.

Finished High School work at Western Kentucky State
Normal School in 1916.

Attended the Western Kentucky State Normal School, 1914
to 1917.

Taught school at Martwick, Kentucky in 1914 for six
month term.

Taught school at Big Spring, Kentucky in 1915 for six
month term.

Served in United States Army, July 1917 to January 1919.

Graduated Western Kentucky State Teachers College in
summer 1919.

Entered University of Kentucky fall of 1919.

Graduated at University of Kentucky spring of 1921 B.S.
in Agriculture.

County Agricultural Agent in Amelia County, Virginia
from October 25, 1921 to March 31, 1930.

Married Mary Susie Morris of Amelia, November 14, 1922.

County Agricultural Agent James City County, April 1, 1930
to present time.

Took work leading to a Master of Arts in Economics at the
College of William and Mary, February 1931
to January 1933.