Herbert Hoover and Federal Farm Board Wheat*

By C. Roger Lambert

In recent years Herbert Hoover, the man and the President, has been the subject of serious investigation and reinterpretation. No longer does any serious student portray Hoover as a nineteenth century laissez-faire tool of big business, or as a simple hard-hearted reactionary content to see his fellow Americans starve in depression. Was Hoover the direct and knowing precursor of the New Deal and expansion of the state, or was he so bound by his inflexible moral principles that he could not act, or was he an incompetent politician pushed by conditions and forces beyond his competency to direct? The Federal Farm Board and the handling of the vast wheat surplus provide some interesting suggestions.

As farmers experienced a chronic depression in the 1920s some farm spokesmen demanded positive federal action to guarantee equality of economic conditions for agriculture. Although there were variations, the most popular expression of that position was the McNary-Haugen proposal. Herbert Hoover, Secretary of Commerce from 1921 to 1928, maintained, to the dismay of many farm spokesmen, an active interest and role in the making of farm policy. Hoover saw McNary-Haugenism as price fixing which he strongly opposed. He preferred a program of long-term stabilization. Farmers must follow the course of enlightened businessmen and build "strong voluntary associations" which under competent managers could provide the kind of guidance necessary to successful farming. The government role should be to assist farmers in achieving this "business-like" solution rather than in assuming a supervisory role over farming.2

After winning the presidency in 1928, Hoover called a special session of Congress to legislate his farm program. Although the Agricultural Marketing Act of 1929 proclaimed the objective of putting agriculture "on a basis of economic equality with other industries," the measure was designed to do what Hoover had advocated—make agriculture efficient and create the Farm Board to help establish cooperatives but without significant federal involvement in

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In mid July 1929, Hoover met with his chairman of the Farm 
Board, Alexander Legge of International Harvester, to consider policy 
guidelines for the Board. The President had prepared a "Memo- 
dandum on possible procedures" which emphasized that the "fundamental purpose . . . is to build up farmer-owned and farmer-con- 
trolled institutions for marketing the farmer's crops and to use the 
unds and authority provided to the Board for this purpose." He 
suggested that wheat was the "first commodity" that the Board should 
sist. In more than two legal size pages, the President outlined steps 
 to aid wheat producers—marketing cooperatives which "should be 
gradually molded into cooperation and coordination with each 
" and a national wheat corporation to lend to member co- 
operatives and to provide marketing facilities. The farmers were to 
ern and control these organizations but so long as they were in debt 
to the Board they should be guided by its policies. The President did 
not reject purchases of wheat for stabilization purposes but suggested 
that it be done only with the approval of the Board. 

During its first months of operation the Federal Farm Board 
followed the cautious course envisioned by Hoover. Legge, who proved 
a dominant politician 
fluence Board policy, emphasized that the primary problem of farm- 
ers was their excessive individualism and "lack of organization." 
Marketing difficulties and overproduction could only be resolved 
through collective action. The Board would concentrate its efforts on 
the expansion and strengthening of the cooperative movement" and 
would not buy commodities. Legge declared that the Board was not 
a "relief organization" concerned with helping "those in distress" 
but was concerned with the elimination of the "cause of distress." 

As the first step in the long-term program for wheat, three board 
bers met with wheat marketing cooperatives and farm organiza- 
leaders on 26 July 1929. The Board recommended the formation 
of the Farmers National Grain Corporation, a centralized wheat 
marketing organization. It was emphasized by the Board that the 
new corporation should concentrate on the efficient marketing of 
grain and not on stabilization efforts to raise or set prices, although 
stabilization, with Board approval, was not ruled out. 

Even this cautious position put the Board in the middle, a position 
 it never really escaped. Wheat farmers, faced with a large carry over, 
a bumper crop and declining prices, expected a much more positive 
approach to the resolution of their problems. Walter Newton, Secret- 
ary to the President and friend of grain men in Minnesota, reported 

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*From the Faculty of Agriculture Conference on October 1928, A Faculty 
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on 30 July that some of his friends had been surprised by the creation of the Farmers National and felt "that it cannot meet with the chief's ideas." Throughout its life the Board would be attacked by the special grain trade interests, the Chamber of Commerce, a committee of the American Bar Association, as well as many individuals. The private grain men insisted that the Board was unfair, even trying to destroy them, a charge which one member of the Board partially verified. Others accused the Board of competing in private businesses, socialism, un-Americanism, and Sovietization. Even before appointment of the Board, a writer told Hoover that the legislation was "so objectionable that it's nauseating," that it was unfair special privilege for farmers, and that Congress was a "bunch" of "Bolsheviks." As the Board became more active, farm interests attacked it for not doing enough or not doing the right things, while others attacked it for doing too much.

The Board's cautious long-term policy was probably doomed after the depression started. Wheat surpluses brought demands by farmers for more action; the stockmarket collapse applied pressure to prices and to cooperative organizations; and price declines brought great political pressures as well as threatening the stability of the cooperatives. After some months of careful, cautious loans to cooperatives, in late October the Board sought to maintain wheat prices through a vast loan program. As prices continued to decline, the Board created the Gram Stabilization Corporation in February 1930 to buy wheat. After three and one-half months of attempts to peg wheat prices and the acquisition of over sixty million bushels of wheat, the Board ceased purchases and Chairman Legge announced that there were no further plans to stabilize wheat prices.

Over the next five months members of the Board declared repeatedly that the Board was not a relief organization. The Secretary of Agriculture, Arthur M. Hyde, warned that "the Stabilization Corporation cannot be used as a permanent remedy to relieve farm surpluses." Legge warned that farmers who continued the production of surpluses for the Board to buy were in for a rude awakening for there would be no further purchases of wheat.

Although Legge insisted that the Board could not play the role of "Santa Claus," he announced on 17 November 1930 that the Stabilization Corporation had resumed purchases of wheat. For the next six and one-half months the stabilization effort continued at a dizzy pace. By June 1931 the Board controlled approximately 250 million bushels of wheat. When the Board began its massive loan policy late 1929, it fixed prices for no. 1 wheat at 1.18 in Chicago, by June 1931 wheat was less than 57 cents in Chicago. It was reported that farmers were receiving 27 cents or less in Oklahoma. Obviously stabilization did not keep wheat prices at a reasonable level, but what
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The explanation for the desertion of the conservative, long-term resolution of farm problems for the rather adventurous purchase confused many observers. Farmer and political pressure for a more positive aid program was constant, but there was little evidence to indicate great responsiveness. During the first purchase period, Board members insisted that wheat prices were unnaturally low and that purchases were a reasonable investment. This was designed to give psychological relief as well as to maintain farm prices and purchasing power. After the second great buying period, Board members talked about relief for farmers, saving banks from collapse, and general depression relief. All of these concerns may have exerted some influence but the most recent scholarly study of the Board suggests that the motive was to save the farm cooperatives. The Board had loaned vast sums to wheat cooperatives. With the price decline, these cooperatives were in danger of financial collapse thus threatening the whole long-term farm policy. This was particularly true before the second purchase period. Governor Clyde Reed of Kansas wired the President that prices were "insufficient in many cases to cover loans already made" and that the cooperatives were in danger of bankruptcy. Others expressed the same fear.11 Thus, the Board probably made the stabilization purchases to save the cooperative program which was the base of its long-term farm policy. With the first purchase of wheat, the problem became what to do about surplus production and with the wheat owned by the government. Few saw the "staff of life" as a great opportunity for good; most saw it as a great burden. For two years, the Board devoted much time to trying to control surplus production and to ways of disposing of 250 million bushels of wheat without further endangering the domestic or foreign market or its own existence.

In the spring and summer of 1930, the agriculture officials launched a major acreage reduction campaign for wheat. By June the Board held almost 70 million bushels of wheat, prices were going down, farmers expected a bumper crop, and critics were vociferous in their attacks on the activities of the Board. The wheat state—Kansas—proved to be the center of conflict for the Board. Some farmers warned that they "would pile" their crops on the ground before selling it at the depressed price. Legge supported the idea of farmers holding wheat off the market to help the price situation, but he insisted that the only permanent solution was to reduce output. Farmers, he argued, should form cooperative groups which would give them con-
m not only over the marketing but also the production of wheat. Legge, Hyde, and experts from Washington toured the wheat belt, especially Kansas, explaining the surplus and market conditions, urging farmers to voluntarily reduce wheat acreage, and debating with the governor and farm experts. Reduction, the people from Washington insisted, was the only way farmers would ever get more from their wheat. Although Governor Reed demanded that the Farm Board buy more wheat, the Administration spokesmen bluntly said that they would not buy wheat and insisted that the fate of the farmer was up to the farmer.

The wheat regions proved unreceptive to the reduction campaign. Legge engaged in a prolonged and at times bitter debate with Max and Louis Levand, two Wichita newspaper publishers. In one of his presentations Legge said that the “biggest hog will always lie in the trough,” and suggested that Kansas farmers should ask themselves if they were in the “hog trough.” The Levands immediately charged that Legge had said Kansans were in the trough and demanded that he resign. Legge attempted to explain but ended telling the Levands “to go to hell.”

More important was the farmer response to the reduction campaign. The *Kansas City Star* polled its readers and found 77 percent opposed to reduction. Some farmers insisted that the Board proposal was “bunk,” “hot air” or warned that they would “boot the first ‘white collar’ that comes on my farm and tells me what to raise.” Others emphasized the moral issue. They talked about hunger in America and throughout the world, pointed to under-consumption “on account of the millions of unemployed that cannot buy,” and expressed fear “of the wrath of God if I should slack my best effort to supply food.” Others poked fun at Legge and Hyde and questioned the wisdom of the President:

What a pity our Herbert lacked the wisdom of that old Egyptian king! He could have found a Joseph who would have known what to do with that pesky surplus. Now providence with this awful drought is wiping out all our surplus grain with a vengeance that fairly takes the hide off Mr. Hyde and that leaves not a leg for Mr. Legge to stand on.”

Some emphasized that the Department of Agriculture had spent money for many years helping farmers to increase production and was now preaching just the opposite. Agricultural experts from Kansas State and Texas A & M strongly opposed the reduction campaign. There was no significant cooperation with the effort. Although a few farmers made slight reductions in acreage, the cuts came primarily in the eastern wheat area (a long-time trend) and from the effects of the drought. The Farm Board continued to voice support for acreage
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Early in 1931, the Board announced that it would sell its wheat in such a way as not to harm the regular market.
This immediately brought widespread protests from farmers and grain men who demanded that the Board set a minimum price of 85 cents to one dollar and pledge that it would not sell wheat until the market price reached that level. Senator Arthur Capper, Vice-President Charles Curtis, farm spokes­men, and others pressed the demand. One of the more interesting expressions came from Mrs. R. D. Rood of the Republican National Committee from Oklahoma. After pointing out that farmers were receiving only 27 cents for no. 1 hard wheat and accepting the Board’s assurance that the price guarantee would not help wheat prices, Mrs. Rood warned that the Board’s position had aroused “the active hostility and opposition of the people . . . .” She urged that a guarantee would have “great psychological and resultant political value in showing that the Administration was willing to go the limit to help the farmers in their extremity.” Although in March the President urged that the Board push its sale of wheat, he reversed himself and persuaded the Board to offer the appearance of compromise—a pledge that sales would be limited to five million bushels a month. Although some wheat was sold at very low prices and the Board worked out some large sales to China and Germany on most unfavorable credit terms, and traded wheat to Brazil for coffee, the basic problem remained.

From the first expression of concern about the wheat surplus, Americans demonstrated interest in its use. The character of their proposals indicates the depth of their feelings and also the confusion that reigned in the country. One movement in 1930 was an “eat more” campaign. Secretary Hyde declared that “there would be no farm cuts” and according to some even threatened retaliation against those who refused to cooperate, but the emphasis shifted in 1931 to the disposal of the wheat which had been purchased.

The serious drought of 1930 offered the Board hope for reducing the stockpile of wheat. With weather conditions severely limiting feed crop output and affecting wheat production, the Administration leaders saw an opportunity to rid the nation of excess wheat. Legge declared that the Board was not a relief organization and could not give wheat to drought victims, but he urged that farmers feed wheat. The Board and the Department of Agriculture pointed out that wheat was cheaper and equally as nutritious as corn. They issued pamphlets on the feeding of wheat to livestock. Although some wheat was used for feed purposes, by mid 1931 the ownership of 250 million bushels of wheat was still a problem to the future of the Board. That stockpile had a frightening influence on the grain market and on the hopes of farmers.
surplus if there were no diet experts... Others took up this refrain and urged that each American eat “one more slice” of bread a day in order to erase the surplus. The Civic and Commerce Association of Minneapolis organized an energetic “eat more” drive. They attacked dieting, suggested that Americans did not eat enough, and sloganized “eat one more slice of bread each day and help the farmer.” When someone proposed that Hoover recommend the program, his aide, George Akerson, replied: “Frankly and confidentially Perry, I am wondering if the heat has been too much for your folks out there.” Although the “eat more” campaign did not become the great national movement its backers desired, similar proposals continued to appear.

Many proposed that the wheat be donated to the hungry Chinese: Americans seemed convinced that the Chinese were always hungry. One proposed that every wheat grower give 20 percent of his output to the starving Chinese; another suggested that the Chamber of Commerce lead a drive to collect one dollar from every American to buy wheat for the hungry Chinese. It was suggested that every American family buy a barrel of flour; the flour could be used at home or donated to charity. Others urged Hoover to simply give the unground wheat to the needy and teach them to boil it with a little salt to provide a good nutritious diet for only a couple of cents a day.

The use of the surplus wheat for relief was a significant issue throughout the Hoover Administration. President Hoover, once called the “world’s greatest Relief Administrator” by Senator Joe T. Robinson of Arkansas, was not prepared for the role of depression relief. Although some saw in the Farm Board wheat a great opportunity for Hoover to aid the drought-stricken and unemployed, the President did not respond.

As the 1930 drought developed, many well-meaning citizens suggested that the wheat either be given or sold on favorable terms to the drought victims. Secretary Hyde insisted, on the contrary, that the government should no more feed drought victims than others who were needy. To start such a program would be “treading dangerous ground.” It would, he warned, “constitute a dangerous step toward the dole system.”

Pressure in 1930 came from the Economic Conservation Committee headed by J. R. McCleskey and from Democratic politicians such as William Gibbs McAdoo. McAdoo warned that it would be “a travesty if deserving but unfortunate people are permitted to suffer hunger because the government hoards” wheat. Joe T. Robinson, Senator from Arkansas, at McAdoo’s suggestion, pressed Congress for relief use of the wheat. John Pollard, Governor of Virginia, told Hoover that all it would take to get relief use of the wheat was a word
from the President. McCleskey warned that "the desperation born of hunger breeds a mental attitude which cannot be permitted to gain a foothold among so large a mass of our people as are now destitute." He also told Hoover that the "public thought . . . was that the President should do something definite and practical and immediate to help feed the people who are hungry now." Alexander Legge re-emphasized that the Board was not a relief agency and that it had no authority to give its wheat or money away, but he did indicate his willingness to sell the wheat to charity organizations for relief purposes.

In 1931 the drive for relief use of surplus wheat continued with one of the interesting efforts that of Isaac Sprague and the Porto Rico Child Health Committee. Sprague told Theodore Roosevelt, governor of Porto Rico and son of the former President, that he had donated one dollar to the Committee and that this was enough for 20 meals. He considered this good use of money but reported that he had been able, using unground wheat "boiled into porridge" to prepare "reasonably palatable, and unquestionably nutritious meals" for "three tenths of a cent per meal." A number of people came up with the idea of using unground wheat as a cheap but healthy food for the needy. Sprague also contacted the Farm Board and Walter Gifford, chairman of the President’s Committee on Unemployment Relief. The Farm Board responded that it was not a relief agency and could not "give away any of the wheat." Roosevelt considered the suggestion worthy and wrote:

You have hit the nail on the head. Why should some be starving because they have nothing to eat, and others broke because they cannot sell their wheat. At least if it cannot be sold it can be eaten. I will make another attack on that insidious animal, the serpents of red tape, and see if there is anything else I can do to disentangle its tail.

Roosevelt, if he made any real effort, had no more success than others.

E. N. Hopkins of the Meredith Publishing Company led another effort to get the wheat "distributed to the worthy poor" through some charity group. Hoover was warned about the "violent talk from persons of the industrial and agricultural classes," and possible "class strife." Hopkins emphasized the necessity of feeding "starving humanity" and suggested that Hoover could not only gain credit but also "stabilize farm prices and stop the mouths of thousands of people who are criticizing the government." Warnings of this type were common in 1931, but the President either refused to hear them or was unable to understand them. Hoover's attitude was best summed up in a January 1932 letter to Walter Gifford. After stating that relief seemed well in hand through the traditional local authorities except for "certain sore spots." Hoover continued:
If we could have the sum of five to ten millions of dollars placed at your disposal to be used to supplement the efforts of local committees under your direction, we could certainly avoid all the infinite evils of the Federal Government entering into this problem. It seems to me a matter worthy of consideration by substantial men in this country that they should place you in position to assure the passage of the winter with the same success that we passed last winter and without a breakdown in our fundamental ideas of government. It seems to me that it is worth the effort of your calling upon such men to learn if they will not pledge themselves to give you this support which is needed for this purpose.

With this declaration of belief, Hoover made no effort to use the wheat or to seize the relief initiative. Clearly, keeping the federal government out of relief and relying on wealthy individuals took priority over assistance to the needy.

Congress took up the wheat question in the winter of 1931-1932. Again the Farm Board emphasized that the wheat should be paid for, and President Hoover was understood to oppose donation of the wheat for relief. Congress, however, approved in two grants the donation of 85 million bushels of wheat to the Red Cross for distribution to the needy with no restriction on origin of the need. The President, White House reports indicated, opposed the measure but would sign the bill; as the government would be giving a commodity rather than cash it was not considered a dole. Chairman James C. Stone of the Farm Board termed it an "extremely bad principle" to use money provided for aid to agriculture in general relief. Another member of the Board argued that if there was need to save "anyone anywhere from being hungry we should take anything anywhere and give it" but the Board should be repaid for the wheat.

In a year, the Red Cross approved for distribution over eight and one-half million barrels of flour to 5,140,955 families in all but 45 of the 3,072 counties of the nation. It committed over seventy-three million bushels of the donated wheat. Although Hoover apparently disliked the idea, by 1932 it would have been all but impossible to refuse this most limited relief effort.

The distribution was a major turning point in that it initiated the role of the government in federal food relief. In 1937, Larry Richey, an aide to President Hoover, claimed the "Hoover Administration bought eighty-five million bushels of wheat... and distributed them to the people on relief as a gift." Although his statement was not quite accurate, it indicated the marked change in atmosphere that five years had brought.

President Hoover was convinced that an expanded bureaucratic government which actively involved itself in the farming industry and provided direct aid to needy individuals represented a "clear and present danger" to the American System. He said that he would never permit Americans to starve and that when necessary he would take action.
Although he accepted Reconstruction Finance Corporation relief loans to state governments, he never accepted that the time for federal relief had come. He was not without support in his opposition to federal aid. As one correspondent declared:

We Americans don't give doles to unemployed labor as the English do . . . When a man ceases to be able to support himself, if he calls this condition to those in charge of local poor laws, he will be sent to the poor house, not for his benefit and advantage, for he loses his right to vote, but for the benefit of society, so he may be saved from the temptation to steal and thereby injure his neighbor's prosperity.

Another correspondent urged Hoover to stop "helping the Farmer. It is too bad how the Government is being swindled helping these bum farmers . . ." He continued:

The more you help people the more helpless they become. Folks that the Red Cross helped and other charitable institutions are just getting back from pleasure trips to the Rockies and California. The Red Cross flour to the needy is a huge joke. Ha, Ha.

Another urged that Hoover stand firm against the "Senate Demogs" for the "Roman Nation and Civilization fell when they fed the mob from the public crib." Hoover's views were not that simplistic nor was he a disciple of William Graham Sumner, but there was a reluctance to change to meet new conditions and an apparent reluctance to recognize new conditions.

Clearly the Depression changed the rules for both farm policy and relief to the needy and presented an even greater "clear and present" danger to the system as the expanded state Hoover feared. It was in the farmers' best interests for farmers to reduce acreage voluntarily but to expect them to do so in the midst of the depression was terribly unrealistic. Local government and charitable relief were more in the American tradition than federal aid, but to have expected five or ten million dollars, given by wealthy individuals, to see the country through the winter of 1932 was equally unrealistic. With his reputation as a relief administrator, Hoover could have seized upon the drought crisis in 1930 and the growing unemployment problem, and used the Farm Board wheat to launch a vast national voluntary-federal humanitarian relief movement. With a minimum of federal involvement, he could have maintained the initiative and perhaps limited the development of the "stalism" which he so feared. Instead he quoted the Grover Cleveland maxim that "the people support the government, the government should not support the people." He could have led, but he refused.

There is no simple explanation as to why he forfeited leadership in the Depression. Clearly Hoover as not a laissez faire President. He initiated the Farm Board in 1929 before the Depression. He sought
to provide a degree of guidance if not federal action in the Depression. But, when it came to the kind of strong decisive action necessary to meet the farm crisis or to deal with hunger, he drew back. Again and again Hoover gave way reluctantly and with the appearance of bad grace, to the demands for assistance to the drought sufferers in 1931, to the demands for state relief loans, and to the demand for use of Farm Board wheat. Instead of leading the nation into the welfare approach of the New Deal, Hoover was pulled and pushed into the outskirts of the New Deal.

NOTES


7. See also W. G. Millis, Herbert Hoover and the Great Depression, New York: Oxford University Press, 1934.


