

Draft Draft Draft

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Why those New Deal farm production controls? Henry A. Wallace and the quest for a modern agriculture
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The New Deal is back in the news these days. This owes, of course, to the financial crisis of 2008 and the more recent debate over the stimulus bill. The possibility of a depression-scale economic collapse has sent economists, financial journalists, and even a few historians scurrying back to the debates about the efficacy of New Deal policies and programs. Skeptics of government fiscal and regulatory activism contend that the New Deal failed (this has earned the New Deal's more extreme critics the label of "New Deal denialists") and they make their case, in part, by pointing to the high rates of unemployment in 1939 and 1940. Defenders of government activism contend that by 1940 the unemployment rate had dropped dramatically from where it had been in 1933 and that most other economic measures had improved as well. No one disputes that the 1930s marked a "defining moment" in the history of American economic policy but the exact nature of that moment remains a contested question.

I want to examine some of these questions, but from a different perspective. Economists who emphasize the New Deal's shortcomings – Harold Cole and Lee Ohanian, for instance – focus on the consequences of the National Recovery Administration or the National Labor Relations Act (the Wagner Act).¹ My focus is on another part of the New Deal – its farm programs, and specifically the Agricultural Adjustment Act of 1933, which created the Agricultural Adjustment Administration (AAA) and initiated extensive governmental involvement in the farm economy. Economists – particularly since about the 1970s – have been none too kind in appraising the New Deal farm programs. Some concede that, yes, the depression-era farm crisis demanded a public response. Others, however, see the production controls, price supports, and marketing orders as a massive bundle of inefficient distortions that have worked to the advantage of land-owning farmers. But I also want to shift the focus from New Deal consequences to asking why New Deal policies took the shape that they did. Specifically, I want to ask why the New Deal embraced a program of production controls. But not just production controls. The New Deal farm programs were based on the idea of voluntary production controls. Under the terms of the 1933 act, no farmer was to be compelled to reduce production. Instead, farmers were offered an incentive – a benefit payment financed by a tax on agricultural processors – to cut back on production. And the AAA was administered, in large part, by local committees of farmers in townships and counties who worked with county extension agents, the land-grant colleges, and the Department of Agriculture to carry out the programs.

Critics of the AAA contend that it embraced "scarcity" economics, imposed a regressive sales tax on hard-pressed consumers, mired farmers in complicated administrative procedures,

¹ Harold L. Cole and Lee E. Ohanian, "New Deal Policies and the Persistence of the Great Depression: A General Equilibrium Analysis," Journal of Political Economy 112 (Aug. 2004), 779-817.

and did not substantially reduce output. Defenders argue that by putting cash in the pockets of farmers it rescued the most devastated sector of the American economy and brought to agriculture a modest measure of economic stability. But why attempt production controls at all? It was true, certainly, that the U.S. farm economy was burdened by mammoth surplus stocks, but so were other nations. The United States, however, was virtually the only major producing country to restrict output.²

Framed in a somewhat different way, historians of public policy might agree that it was inevitable that there would be some kind of policy innovation in 1933. Something had to be done about the staggering human costs of the deflation of farm incomes and property values. Something had to be put in place of the Hoover administration's failed Federal Farm Board. Something had to be done to quell the unrest in Iowa, South Dakota, Nebraska, Minnesota, and Wisconsin where the Farmers Union and the Farmers Holiday Association were organizing "farm strikes" to stop milk, livestock, and corn from being sold in terminal markets and where farmers were using mob-like tactics to stop bankruptcy auctions and tax sales. But this begs the question of why the New Deal adopted the specific policies that it did.

Economists and economic historians like to study policy consequences (especially if they can be measured). Political scientists like to study policy consequences and how policies are implemented. Historians (and some political scientists – Hugh Heclo comes to mind) who study public policies like to ask why – why a particular set of policies at a particular moment?³ Economists and political scientists like simple causal stories. So do some historians. There are three simple explanations as to why the New Deal farm programs took the shape that they did in 1933. One is that farmers in the 1920s had been ignored by business-oriented Republican administrations in spite of a decade-long agricultural depression, and when the depression hit, their needs could no longer be ignored. A second is that farm interest groups – the American Farm Bureau Federation, the Farmers Union, and other groups – pressed the new Roosevelt administration for action, and Roosevelt delivered. Make way for iron triangles and interest group liberalism. A third is that anti-market liberals – reared on Thorstein Veblen, committed to some notion of "planning," and fresh, in some cases, from a trip to Russia – seized the depression crisis to pummel pro-market conservatives and start building the modern leviathan.

² For various views, see, for instance, Theodore Saloutos, The American Farmer and the New Deal (Ames, Iowa, 1982); Richard S. Kirkendall, Social Scientists and Farm Politics in the Age of Roosevelt (Columbia, Missouri, 1966); David E. Hamilton, From New Day to New Deal: Hoover Roosevelt, and American Farm Policy, 1928-1933 (Chapel Hill, 1991); Kenneth Finegold and Theda Skocpol, State and Party in America's New Deal (Madison, Wisc., 1995); Barton J. Bernstein, "The New Deal: The Conservative Achievements of Liberal Reform," Towards a New Past: Dissenting Essays in American History ed. Barton J. Bernstein (New York, 1967); Jim F. Couch and William F. Shughart, The Political Economy of the New Deal (Cheltenham, UK, 1998).

Good discussions of how economists have explained the farm problem and farm policy are: Bruce L. Gardner, "Changing Perspectives on the Farm Problem," Journal of Economic Literature 30 (1992), 62-101; Bruce L. Gardner, "Causes of U.S. Farm Commodity Programs," Journal of Political Economy 95 (1987), 290-310; Bruce L. Gardner, "The United States," in Agricultural Protectionism in the Industrialized World (Baltimore, 1990), 19-63.

³ Hugh Heclo, Modern Social Politics in Britain and Sweden: from relief to income maintenance (New Haven, CT, 1974).

Each is a good story. Each contains a bit of truth. Each is too simple to tell us much. There was a “farm relief” fight in the 1920s and it is certainly true that American farmers – and producers of primary goods worldwide – found the 1920s a difficult period. Nevertheless, the farm economy had made a substantial recovery by the years 1927-1929, and this recovery belies the notion of a decade-long agricultural depression. More importantly, the major farm relief proposals of the 1920s – the two-price plans (known as the McNary-Haugen bills) and export subsidies -- were summarily rejected by the New Dealers in 1933 as hopelessly flawed. The farm interest groups did clamor for action in 1933, but they opposed production controls (as did most farmers). The farm organization leaders, moreover, are best described as wandering about in a confused and frightened fog of uncertainty. And as for the argument that the New Dealers were erecting a command economy, why, one must ask, would they insist on voluntary production controls? On an administrative apparatus that made farmers central to its administration? On a farm program that envisioned the eventual rebuilding of international commodity markets?

I want to suggest some not-so-simple-causal stories. One is that the farm programs that took shape in 1933 were as much a response to the challenges of modernity as they were the crisis of the Great Depression. By the 1920s, the United States had built a system of agriculture tied to scientific and technological advances and allied with an expanding network of public institutions such as the extension service, the land-grant colleges, and the Department of Agriculture. These institutions had begun producing a variety of public goods – goods such as market grades and standards, an inspection system that facilitated commodity storage, the dissemination of market information, and new advances in the fields of plant and animal breeding, disease control, and soil analysis. The cumulative effect of these public goods was not only a higher level of output but a more capital-intensive system of agriculture and the broadening and deepening of agricultural markets. The USDA-land-grant-extension system was an awkward, clumsy, but successful example of public-private cooperation. The success of this system, however, posed wrenching dilemmas. Each new advance in productive methods enhanced the productivity of the farm economy and the allocative efficiency of the American economy. Collectively, the advances rendered the Malthusian Trap an artifact of history (for the United States, at least). But each boost in output posed new problems. Did the United States need 6.3 million farmers? And if not, what of the one or two or three million who were now defined as “marginal”?

The economists Theodore Schultz and Douglass North offer two additional perspectives helpful for understanding the advent of a New Deal for agriculture. Schultz stressed that “economic growth with no economic disequilibria is not possible.” By disequilibria, he meant “inflations and deflations, booms and depression, and various types of economic irregularities.” And a corollary to this assumption, he argued, was: “The value of the ability to deal with disequilibria is high in a modernizing economy.” Successful economies are resilient; they can respond to crises and cope with uncertainty and risk. North suggested a somewhat similar view by emphasizing the importance of what he called “adaptive efficiency.” By this he meant “the kinds of rules that shape the way an economy evolves through time.” How, he asked, does a society “acquire knowledge and learning,” “induce innovation,” “undertake risk and creative

activity . . . as well as resolve problems and bottlenecks . . .”? North emphasized that “the overall institutional structure plays a key role” in a society’s ability to be “adaptively efficient.”⁴

The ability to cope with the strains of modernity, to adapt efficiently, to contend with disequilibria --- these are essential features of well-functioning economies and governing systems. Schultz and North emphasize (although not exclusively) the role of market systems in making possible these capacities. But as the economist and political scientist Dani Rodrik has emphasized, it takes more than market systems to address these challenges. It is helpful to think of the New Deal, I think, as part of the search for building new capacities for resiliency, contending with disequilibria, and enhancing adaptive efficiency.⁵

We may understand a bit better these larger issues if we ask why and how the New Deal took the specific shape that it did. In the case of agriculture, this requires that we examine the furious struggle over how the United States should respond to the depression crisis. One of these responses was to resist a creeping modernism. Its proponents sought to insulate farmers from markets and from institutions – public or private. They wanted no part of campaigns for “efficiency” or “scientific farming” or “book farming” or “good farming.” They were determined to halt in its tracks the spread of centralized institutions and modern forms of expertise. Consolidated schools, state police, state veterinarians testing for TB, state-appointed tax assessors, Farm Bureau-affiliated county agents, land-colleges and their experiment stations – they were all odious, they were all a threat to freedom. Another response was to embrace modernity, but reconcile it with tradition, democratize it, humanize it. This meant finding ways to adapt efficiently, finding ways to cope with disequilibria, and finding ways of contending with uncertainty.

It was the interaction of these two positions – one that would stymie modernity and one that would seek to channel it – that shaped New Deal farm policy. This story is best told by examining how Henry A. Wallace, the secretary of agriculture from 1933 to 1940, came to terms with the farm crisis of the Great Depression during the years 1930 to 1933.

* * *

Henry Wallace was a central figure in the New Deal for at least two reasons. One is that with impressive skill he oversaw and administered the Roosevelt administration’s farm programs until 1940. The second is that he articulated a thoughtful justification for expanding the government’s role in the twentieth-century economy. The farm problem, Wallace realized, was but one part of a larger set of national and international economic problems that demanded massive changes in the organization of markets and governments. More so than any of the leading New Dealers – including Franklin Roosevelt – Wallace spoke for an expansive federal government with new fiscal, regulatory, and managerial powers.⁶

⁴ Theodore W. Schultz, “Tensions between Economic and Politics,” in Origins of Increasing Returns (Oxford, UK and Cambridge, Mass., 1993), 287-309, 298-99; Douglass C. North, Institutions, Institutional Change and Economic Performance (Cambridge, Eng, 1990), 80-81, 99, 136; Douglass C. North, Understanding the Process of Economic Change (Princeton, 2005).

⁵ Dani Rodrik, One Economics, Many Recipes: Globalization, Institutions, and Economic Growth (Princeton, 2007).

⁶ John C. Culver and John Hyde, American Dreamer: A Life of Henry A. Wallace (New York, 2000); Graham White and John Maze, Henry A. Wallace: His Search for a New World Order (Chapel Hill, 1995).

If we are to believe Amity Shlaes, Robert Higgs, and other New Deal critics, the New Dealers who descended on Washington in March of 1933 were determined to fetter what had been unfettered markets.⁷ At first glance, Wallace seems to fit this pattern. Wallace's father had been secretary of agriculture under first Warren Harding then Calvin Coolidge until his death in 1925. His father's tenure was not a happy one as he warred with Coolidge and Herbert Hoover over farm policy. Henry A. Wallace, as the editor of his family's Des Moines, Iowa farm paper the Wallaces' Farmer, attacked Republican farm policies throughout the 1920s, endorsed (reluctantly) the McNary-Haugen bills, and urged Iowa farmers to vote for New Yorker Al Smith in the 1928 presidential campaign over one-time Iowan Herbert Hoover. And as a student of modern economics, Wallace had immersed himself in the writings of the institutionalist critics of neoclassical economics such as Thorstein Veblen and John R. Commons.

The path from Coolidge-Hoover critic to becoming a liberal New Dealer, however, was not as straight or as simple as it might seem. Wallace was a shy, thoughtful, brilliant man. He was a highly respected farm editor who used the Wallaces' Farmer to inform his readers of innovations in farming methods. He was also an outstanding plant geneticist and during the 1920s had begun experimenting with corn hybrids. In time, the company he formed to produce and sell this innovation would take the name of Pioneer Seed and would emerge as one of the the twentieth-century's most successful agribusiness ventures. Wallace the Republican critic, in other words, was also a talented entrepreneur and scientist who was in the forefront of creating a more productive system of agriculture.

Wallace on the eve of the Great Depression was also a frustrated man uncertain about what to do with his own life. There were many reasons for this, but I will mention three, and all three pertain in various ways to Wallace's attempts to come to terms with what Walter Lippmann called "the acids of modernity" that were reshaping American life after World War I.⁸ One reason for Wallace's frustration and sense of doubt was his search for religious certainty. He accepted the tenets of religious modernism, but he yearned for some kind of religious belief in an age of disbelief. He experimented with Unitarianism, religious mysticism, and Native American religions. As late as August of 1932, in fact, he was flirting with the idea of abandoning the material world of seed corn experiments and public advocacy for a life with Indian spiritual leaders. A second source of his frustration was the nature of the new world he saw emerging during the 1920s. On the one hand, he saw a world marked by an astounding inventive genius and productive capacity, which were making possible an unprecedented abundance. And yet abundance seemed to produce insecurity and alienation. Modernity burned away outmoded traditions but what did it leave in their place? Modern societies, he often insisted, needed some expanded capacity for social invention to keep pace with mechanical invention. He found the condition of Iowa farmers particularly disturbing. As a farm editor, he trumpeted the new and the modern, but often these advances put tens of thousands of farmers into a competitive struggle that seemed certain to leave many of them bankrupt or mired in debt.

⁷ Robert Higgs, Crisis and Leviathan: Critical Periods in the Growth of American Government (New York, 1987); Robert Higgs, "Regime Uncertainty: Why the Great Depression lasted so long and why prosperity resumed after the war," The Independent Review 1 (Spring 1997), 561-90; Amity Shlaes, The Forgotten Man: A New History of the Great Depression (New York, 2008).

⁸ The phrase "acids of modernity" is from Lippmann's A Preface to Morals (New York, 1929).

Finally, the values and outlooks of farmers themselves troubled Wallace. He strove to engage his readers in a conversation not just about how to farm but about public issues such as tax systems or consolidated schools or whether protective tariffs and the gold standard served the interests of agriculture. When he endorsed Al Smith for the presidency in 1928, he had hoped he could use the campaign to explain to farmers their stake in world markets and why Republican tariffs worked to their disadvantage. But Protestant Iowans, who were overwhelmingly “dry” on the issue of Prohibition, ignored topics of farm relief and economic policy. Instead, they unleashed visceral, ugly attacks on the Roman Catholic and wet Smith. As Wallace saw it, the Iowa vote had been determined by religious bigotry and a desire to impose a single standard of morality on a diverse nation. How, he wondered, could a society cope with the strains and alienating consequences of modernity if citizens were so easily swayed by “prejudices”?

Wallace’s despondency over the election suggests an important dimension of his thinking. His ambition as the editor of Wallaces’ Farmer was not to modernize Iowa farms but to make farmers modern. Becoming modern meant, as Wallace saw it, accepting the inevitability of change, the certainty of uncertainty, and the dependency of interdependency in twentieth century life. And it meant accepting global markets, new forms of expertise, and new institutions as well.

Wallace was contemplating whether to continue as editor of the Wallaces’ Farmer when suddenly the economy fell apart and cornbelt farmers were plunged into the worst crisis they have ever known. Week after week came letters -- some angry, some poignant, some pathetic -- from men and women who for years had been reading the Wallaces’ Farmer and who needed help. One letter read: “I am a hard worker but things just went wrong. I am honest as well. . . . Please write me a personal letter and advise me what is best. There’s nothing ungodly about me.”^{9/10}

Wallace was deeply moved by these letters, but he also saw the depression as a larger crisis of a modern society. Many farmers, he realized, found villains to explain their plight. They blamed Hoover, Hoover’s Farm Board, Wall Street, the commodity exchanges, Chicago’s meatpackers, immigrants, workers, bankers, businessmen, European nations, high taxes, and any number of other convenient targets. Militant agrarian farm leaders such as William Hirth, John Simpson, and Milo Reno stoked this anger and used it to call for slashing taxes that funded public institutions, abolishing the Farm Board, fixing the price of farm goods at cost-of-production levels, subsidizing exports while prohibiting imports, and wiping away farm debts.

The search for villains, Wallace thought, was rooted in “prejudices,” “hatreds,” “ignorance,” “selfishness.” And it allowed farmers to see themselves as victims, which meant they could absolve themselves of any responsibility for the crisis and any obligation to accept change. Such attitudes, he reasoned, would only compound the crisis. In their place, he called for unity, cooperation, harmony, and tolerance. This litany, of course, fit neatly Wallace’s logic

⁹ George Sessler to HAW, Sept. 14, 1931, Wallace Papers; George S. Thompson to HAW, Aug. 9, 1932, *ibid.*; S. A. McFate to HAW, July 27, 1932, *ibid.*; Raymond Johnson to HAW, Sept. 11, 1932, *ibid.*; George W. Milbourn to HAW, June 2, 1932, *ibid.*; William Gross to HAW, Sept. 20, 1932, *ibid.*

¹⁰ Mrs. L.S. Kaser to HAW, Jan. 12, 1931; H. M. Stueland to HAW, July 12, 1931; Chas. Paul to HAW, Aug. 12, 1931; George Sessler to HAW, Sept. 14, 1931; HAW to S. L. Singleton, Jan. 8, 1931.

of modernity. He was convinced that science and technology were creating new possibilities for abundance, and worry though he did about the implications of economic and social change, he nevertheless believed in the virtues of productivity. He wrote to the historian Charles Beard: “. . . we have the mechanical machinery, the inventive genius, the scientific understanding and the methods of mass production which make it possible to enjoy a standard of living twice as high as we now have in the United States”¹¹ The anger of the hard times, however, would make it impossible to ever realize this possibility. Hence, his aim was “to direct this angry protest spirit into constructive channels.” The “present suffering,” he said, “should get . . . [farmers] to doing some real thinking.” The depression crisis was an opportunity to educate his readers, political leaders, and “the rank and file of our people” about the realities and larger needs of modern society. His mission after 1929, he frequently said, was “to engage in educational work.” “This is not very exciting,” he said, “but it is the really important thing.”¹² Instead of attacking Hoover, he insisted: “It is now time to declare war again, . . . this time against prejudice, ignorance, fear and greed.”

Central to Wallace’s campaign were two specific aims. One was his longstanding quest to convert farmers to economic internationalism. When farmers wrote him attacking Wall Street or industrial corporations or the Hoover administration or some other villain, Wallace wrote or editorialized that the depression was the product “of the world-wide deflation of commodity prices.”¹³ He defended the Farm Board for failing to halt the slide in prices because it could not control “the international tariff situation, the international debt, the German reparations, the management of currency by the Central Banks relative to the general price level, and the general lack of international confidence and friendship.”¹⁴ It was beyond the control of bankers or Hoover or the Farm Board.¹⁵ The collapse, he argued, was rooted in the aftermath of the postwar peace settlement and the pursuit of economic nationalism during the 1920s. As he explained over and over, prior to World War I, American cotton, wheat, lard, and tobacco had flowed easily into export markets. After the war, this changed. The United States had emerged as the world’s leading creditor nation, which for Wallace was the single greatest economic development of recent history. The United States, he argued, should have adjusted by taking the lead in encouraging central bank cooperation, lowering its tariffs, and abandoning demands for repayment of the burdensome Allied war debts. Instead, it had cut off immigration, raised its tariffs, demanded payment of the debts, and insisted on bringing back an outmoded gold standard. These actions had put American staple commodities at a competitive disadvantage in world markets. The extent of this disadvantage had been masked by massive American lending in world credit markets, but when the loans stopped flowing, American farmers faced horrific declines in commodity prices.¹⁶ The Smoot-Hawley Act of 1930 had only compounded the

¹¹ “Odds and Ends,” Wallaces’ Farmer (Jan. 23, 1932), p. 5; HAW to Charles Beard, April 7, 1932, Wallace Papers.

¹² HAW to Carl G. Carlson, Oct. 29, 1930

¹³ HAW to F. G. Hickman, Oct. 28, 1930.

¹⁴ HAW to Joseph Davis, May 13, 1931.

¹⁵ HAW to M.G. Birlingmair, Mar. 10, 1932, Wallace Papers; HAW to Arthur Nelson, Mar. 31, 1930, *ibid.*; HAW to C. E. Koepke, Oct. 3, 1932, *ibid.*; HAW to Mark C. Mills, April 20, 1931, *ibid.*; HAW to Walter A. Liggett, July 23, 1931, *ibid.*; “Odds & Ends,” Wallaces’ Farmer (May 16, 1931), p. 5.

¹⁶ HAW to S. L. Singelton, Jan. 8, 1931.

crisis, but Wallace, who waged an unrelenting attack on the bill, saw it as the culmination of years of wrong-headed foreign policies. And these policies had led “the world toward depression and chaos.” Was the object of the tariff “to bring about lower prices in the United States? If so, it had been a grand and glorious success.”

Wallace saw trade liberalization and U.S.-led world cooperation on economic issues as vital to a recovery but also as hallmarks of a modernist outlook. “[T]he greatest need in the world today,” he said, “is a strong feeling of world consciousness on the part of the rank and file of the common people as well as on the part of the leaders.”¹⁷ Always he stressed that internationalism was simply a commonsense response to the radically changed postwar world. “With the world as it is today,” he wrote, “even the ordinary farmer will sooner or later realize that he has a definite concern with the unrest in India, revolution in China, new methods in Russia, and unemployment in England and Germany. The whole world has become one world for the first time in history.”¹⁸ His constant message was the need for “world consciousness” and for the “different classes” to move beyond their “own smaller grievances and . . . think in terms of the larger [needs].” Wallace’s modernist thinking was best expressed in his frequent lament that there must be “greater confidence between nations and between classes.”¹⁹

Wallace was critical of Hoover for signing Smoot-Hawley and for Hoover’s longstanding high tariff advocacy. But Iowa farmers, because of their deeply ingrained faith in high tariffs, economic nationalism, and political isolationism, were complicit with Hoover in bringing about the economic collapse. They had clung to the tariff when it only worsened their position. They feared Europe, demanded that the war debts be paid in full, and wanted no part of a larger role for American leadership in world affairs. These views, Wallace thought, were rooted in “ignorance,” “prejudice,” and intolerance. “As long as we export half our cotton, a fourth of our wheat and a third of our lard, the disorganized state of affairs in Europe is bound to have some effect on our situation here in the United States.” “I am very much afraid we are going to have to suffer a lot longer before the people of the United States are willing to accept a logical solution to the present situation.”²⁰ “From a broad point of view,” he wrote, “it seems to me that the most necessary thing to be accomplished with the farmers . . . is to broaden their outlook so that they will be willing to think more kindly and more intelligently on international problems.”²¹

In addition to appealing for “world consciousness,” he proposed a slew of specific policies to liberalize trade. The list included unilateral tariff reductions, reciprocal tariff negotiations, a world economic conference, international disarmament, and canceling the war debts.²² He found, however, that he won few converts, and he was especially exasperated with the intransigence of farmers regarding tariffs and the war debts. Often farmers claimed that the

¹⁷ HAW to R. G. Ramsay, July 2, 1931.

¹⁸ WF 55 (Oct. 11, 1930), 6.

¹⁹ HAW to Carl Snyder, Sept. 12, 1931, Wallace Papers; HAW to Dammer Lee, June 4, 1932, *ibid.*; HAW to F. A. Duncklee, Sept. 24, 1932, *ibid.*; HAW to J. F. Corbett, Nov. 10, 1931, *ibid.*; HAW, “Odds and Ends,” Wallaces’ Farmer (Feb. 6, 1932,), 5.

²⁰ HAW to S. L. Singelton, Jan. 8, 1931.

²¹ HAW to Gilbert J. Challice, Feb. 5, 1932.

²² HAW to Frank D. Ruppert, Oct. 23, 1930.

call to cancel the war debts was a plot hatched by international bankers. For Wallace, this was another example of “prejudice and hatred.” To one farmer he wrote that insisting on high tariffs while trying to collect the war debts “is just like a person who puts a rope around the neck of another person and tries to draw that person to him while at the same time this person puts a pitchfork against the belly of the other person and tries to push that person away. The whole thing is impossible and irritating and can result only in disaster of one kind or another.”²³ To another he wrote that Europe could pay its debts only if it could trade in goods, “and the United States refuses to permit that kind of a settlement because of her tariff policy.” He added, rather testily: “It is just a question of time until we get some of these tariff truths beaten into our heads. The present depression has not yet been enough to wake up our people to the truth.”²⁴

The other half of Wallace’s campaign of enlightenment focused on the gold standard and monetary policy. Wallace had first begun studying these issues in the midst of the 1920-1922 deflation, and he was soon drawn to the work of a group of monetary economists that included George Warren and Frank Pearson of Cornell, James Rogers of Princeton, Irving Fisher of Yale, and Carl Snyder, a statistician with the New York Federal Reserve Board. He eagerly read their books and articles and when they created the Stable Money Association he agreed to serve as one of the organization’s honorary vice-presidents. These economists were convinced that a wise monetary policy could ensure economic stability. Carl Snyder, for instance, argued that advances in statistical analysis had made it possible to regulate monetary growth to ensure stable prices. Some of them also argued – James Harvey Rogers, for instance – that the gold standard was an antiquated foundation for a modern system of international exchange.²⁵

Wallace had been writing about these issues for many years and after 1929 he developed a sophisticated analysis of how the gold standard and Federal Reserve Board policies were worsening the crisis and inhibiting recovery. Writing in September of 1930, for instance, he told his readers that the “world-wide business depression . . . [was] due either to the complications growing out of a shortage of gold or to difficulties in exchanging goods and credit growing out of such things as the tariff and international debts.”²⁶ How, he asked, could world economic recovery come about as long as the United States and France possessed sixty percent of the world’s gold supplies and the Federal Reserve Board pursued its gold sterilization policy? The need to sustain the gold standard, he noted, was forcing central banks to tighten monetary policy when there was a scramble for liquidity. Antiquated though it was, the gold standard remained in place because it suited the ancient “prejudices” of bankers and bondholders. He appealed for its end, but meanwhile central bankers should cooperate to “work out a suitable monetary mechanism to bring about long-time price stability.”^{27/28}

Wallace also called for domestic monetary expansion. The Federal Reserve Board, he insisted, had ample power to restore price levels by employing open market operations, issuing

²³ “Odds & Ends,” Wallaces’ Farmer (Jan. 9, 1932); HAW to P. H. Breen, July 27, 1932, Wallace Papers.

²⁴ HAW to Roy Manley, Nov. 11, 1930.

²⁵ Joseph Reeve, Monetary reform movements : a survey of recent plans and panaceas (Washington, D.C., 1943).

²⁶ “The World Gold Supply,” WF, Sept. 6, 1930, p. 4.

²⁷ “For an Honest Dollar,” WF Jan 17, 1931, p. 6.

²⁸ HAW to John D. Black, July 7, 1931.

currency, and using its rediscount rate. The Federal Reserve's failure to expand the money supply more aggressively after the stock market crash had helped cause the fall in prices and "unemployment, general misery, foreclosures and eventually revolution."^{29/30}

These points Wallace made in a barrage of editorials and articles. "One of the great needs," he explained to Frank Pearson, "is to educate the rank and file of our people on these monetary matters so that we can take genuinely intelligent action." It was, he added, a "long slow process and we must say the same thing over and over again in many different ways."³¹ In addition, however, he worked with other farm editors to launch what became known as the Honest Dollar campaign. This was an appeal for Congress to pass legislation mandating the Federal Reserve Board to use its own monetary tools and work with other central banks to restore (or "reflate") prices to 1926 levels. Restoring the supply of credit and money and raising the price level would make it easier to repay debts contracted when prices were higher and that were now "crushing the life out of thousands of farmers and thousands of small business men."³² The measure passed the House of Representatives in 1931 but was bottled up in the Republican-controlled Senate.^{33/34}

What might we say of Wallace's policy prescriptions in 1930 and 1931? In his condemnation of "selfish ignorance" and his appeal for "world consciousness," Wallace could rather easily assume the role of a righteous moralist assigning blame to any and all. He also readily assumed that with little difficulty the Federal Reserve Board and central bank action worldwide could halt and then reverse the economic collapse. At the same time, given the state of economic knowledge in the early thirties, he offered a sophisticated analysis of the depression's causes and what might be done to bring about recovery. In fact, in interesting ways, his ideas foreshadow later scholarly arguments by Charles Kindleberger (need for the U.S. to assume the role of an international hegemonic financial power), Barry Eichengreen (the fetters of the gold standard), and Milton Friedman and Anna Schwartz (if only the Fed had acted . . .).^{35/36}

It is also worth noting that Wallace's prescriptions fit rather neatly what latter-day economists would describe as "first-best" or "Pareto-optimum" policies. Wallace, moreover, clearly comprehended these advantages. He argued, for instance, that a better working monetary system would ensure against loading "the dice for one class or nation and against other classes or nations."³⁷ For the most part, too, he pursued what might be called non-statist or non-bureaucratic policies. He wanted to liberalize trade policies, expand the money supply, and

²⁹ HAW to George Hinshaw, Dec. 18, 1931; HAW to D. K. Unsicker, Nov. 12, 1930.

³⁰ HAW to Dan McKee, May 8, 1931

³¹ HAW to F. A. Pearson, Mar. 10, 1932.

³² HAW to W. F. Hansen, Sept. 18, 1931.

³³ HAW to Burtness, July 6, 1931.

³⁴ HAW to Rev. William A. Crawford, Sept. 18, 1931.

³⁵ Charles P. Kindleberger, The World in Depression, 1929-1939 (Berkeley, 1973); Barry Eichengreen, Golden Fetters: The Gold Standard and the Great Depression 1919-1939 (New York, 1995); Milton Friedman and Anna Jacobson Schwartz, A Monetary History of the United States, 1867-1960 (Princeton, 1963).

³⁶ WF, 55 (Oct. 11, 1930), 6.

³⁷ HAW to Viggo Rasmussen, July 4, 1931; Wallaces' Farmer (Jan. 17, 1931), p. 6.

bring about central bank cooperation. These proposals were, at the time, bold and controversial, but he did not call for developing new governing capacities, creating new regulatory or managerial systems, devising new fiscal authorities, or increasing taxes. He envisioned, in fact, in 1930 and 1931 that the existing governing machinery could rather easily reverse the depression's course. He wrote, for instance: "If the Central Bank Heads are sufficiently scared about the danger of revolutions, they can, with their present gold reserves, stop all monetary causes of the deflation."³⁸

What Wallace proposed was remarkably market-oriented. Instead of retreating from global markets, he would embrace them. Why these pro-market, non-statist policies? One part of the answer was his commitment to an open-ended modernity. He equated abundant production with modern systems of science and technology, and better working trade and credit systems would sustain the productive advances of the early twentieth century. He wrote his uncle that the international situation was "very disturbing because prices over the entire world are so low as to cause grave political unrest. What an extraordinary thing it is that abundant production over such large parts of the world should make people so sad instead of happy."³⁹ His constant lament about the "shortsightedness" of farmers and politicians and the problem of "prejudice" and "selfish ignorance" suggest the degree to which he saw the depression as a crisis of modernity. "The people of the United States because of their selfish ignorance," Wallace said, "are to some extent responsible for the troubles which they are now suffering."⁴⁰ All groups – farmers included – had an obligation to assume some responsibility for their refusal to become modern.

Another part of the answer is Wallace's own ambivalence about the creation of a larger, more intrusive American state. As one might expect of a man who had studied Veblen and Commons, Wallace was no laissez-faire ideologue. He accepted and endorsed a significant role for public institutions in American life. At times, he suggested that the centralization of institutions (public and private) was an inevitable feature of the twentieth century and hence farmers should expect some "marked limitation of individual liberty of action." Occasionally, as conditions worsened, he suggested that the United States was headed toward "state socialism" or some form of "christian communism." But usually he made these predictions as mournful laments about the economic chaos. More importantly, he maintained a strong distaste for ad hoc interventions, which he believed facilitated "special privilege" and "government paternalism." He clearly understood the shortcomings of "second-best" or "third-best" policies and of the kind of the broker-state political economy that the New Deal would sanction. He also believed that when these measures were adopted – the tariff was an excellent example – farmers were usually hurt more than they were helped.^{41/42}

What, then, of production controls, the centerpiece of the Agricultural Adjustment Act? Wallace had raised the idea from time-to-time, but he knew farmers were overwhelmingly opposed to it, and he usually couched it in terms of a solution that would mean "bureaucracy," or

³⁸ HAW to Dan McKee, May 8, 1931.

³⁹ HAW to Dan Wallace, Sept. 25, 1930.

⁴⁰ HAW to George M. Hinshaw, Dec. 18, 1931.

⁴¹ HAW to Ralph Snyder, April 29, 1930.

⁴² HAW to C. J. Claasen, Dec. 5, 1931.

“state socialism” or “dictatorship.” In 1931, he began to suggest production controls, but the context in which he did this is crucial for understanding his thinking. In letters, speeches, and editorials, he began to argue that Iowa farmers faced three choices or “roads”. One was to continue sterilizing gold supplies, maintaining high tariffs, and trying to sell large quantities of cotton, wheat, and lard in export markets. The result would be lower prices and more bankrupt farmers. A second was embrace internationalism, begin cooperating with other nations, lower trade barriers, cancel the war debts, and facilitate export sales. A third was to maintain isolationism and introduce rigid production controls enforced by government agents in order to reduce dependence on export markets. The point, Wallace emphasized, was that farmers were “on the horns of a dilemma.” They could either overcome their “dislike of being mixed up in European affairs” or their “hatred of controlled production.” Either road violated their “fundamental prejudices.” Wallace clearly preferred the internationalist road. “Many of my best friends,” he wrote in one letter, “are firmly committed to the idea that a realistic approach to this problem demands that we accept isolation as a foregone conclusion. If so, I think the outcome will be state socialism with a vast bureaucracy to enforce planning which would be involved in such a radical change in our productive methods.” “[W]hen our people have a chance to examine all the facts,” he added, “they will be willing to accept the world cooperation path.”⁴³

* * *

Farmers, however, did not choose the path of world cooperation. Plans for production control, he glumly predicted to Franklin Roosevelt in April of 1932, were “working quite definitely toward a bureaucratic plan of state socialism.” At some point in 1932 (and perhaps more especially in 1933) Henry Wallace became a more enthusiastic advocate of emergency production controls for staple agriculture. In fact a month or two before he wrote his doleful letter to Roosevelt, he had written an open letter to Iowa’s county agents urging them to support a new farm plan known as the “Voluntary Domestic Allotment Plan” that had been devised by the agricultural economist M. L. Wilson and Mordecai Ezekiel. Out of this plan would emerge the basic framework for the AAA’s voluntary production controls.

What explains this shift in Wallace’s thinking? Part of the answer was the worsening state of the Iowa economy in 1931 and 1932. The early part of the depression during 1930 and the first months of 1931 had been difficult, but if prices had improved, even slightly, in 1931 the crisis might have passed. Instead, there came a series of new shocks – the central European financial breakdown, Britain’s departure from the gold standard, and a major banking panic. These shocks, in turn, set off a stunning race on the part of European nations to devalue their currencies and impose nationalist trade policies. American agricultural exports plunged downward and so did commodity prices. As conditions worsened, it became less and less likely that trade liberalization or an expansionary monetary policy might bring about a sudden reversal.

For Wallace this second phase of the depression was especially disheartening. He had hoped that the depression might break Iowa farmers of their isolationism, localism, and other “prejudices” and produce “a certain amount of genuine insight.” Instead, he found that the

⁴³ HAW to Clark Eichelberger, April 21, 1932, Wallace Papers; HAW to F. E. Nusbaum, Feb. 1, 1932, *ibid.*

worsening crisis was intensifying these same beliefs and attitudes.⁴⁴ More distressing, still, the new phase of the depression incited a grassroots attack on Iowa's public institutions. It was this attack that caused Henry Wallace to change his mind about production controls.

Resentments over property taxes, state regulations, and the new forms of expertise centered in the land-grant colleges were hardly new, but now these resentments turned to organized attacks. In early 1931, seething anger in eastern Iowa provoked a rebellion against the state's mandatory livestock test for tuberculosis, which was administered by the office of the state veterinarian in Ames. The test was not always reliable and the compensation for a destroyed animal was modest, but what inspired the resistance was the ominous sense that the tests were the work of distant and remote bureaucratic forces beyond the control of farmers and their communities. When farmers living near Tipton refused to allow the tests to proceed and threatened the lives of the veterinarians, the state's governor sent out 1,500 national guardsmen to quell what became known as the "Tipton Cow War."⁴⁵

The Cow War was just the start. Across Iowa, farmers began demanding the slashing of public salaries and the elimination of public offices. They pointed much of their ire at the county agents and at the various institutions headquartered in Ames and these included the state veterinarian, the state highway department, the state extension service, and Iowa State College. Why pay taxes to support experts who would make farmers more productive when farmers were suffering from the accumulation of surplus stocks? The attacks had broad support, but they also had a talented leader, and this was Milo Reno.⁴⁶

Reno had been active in farm politics for many years through the Iowa Farmers Union and in 1932 he would organize the Farmers Holiday Association and launch the farm strike movement.⁴⁷ Much like Wallace, Reno saw the crisis of the depression as a larger crisis confronting modern America, but the very values and institutions that Wallace embraced Reno loathed. Low prices and mortgage foreclosures, he insisted, were symptoms of larger "dangers besetting the nation." The real "perils of the Republic" were centralization and bureaucracy that were trampling the individual in American society. "The individual," Reno warned ". . . is being entirely submerged, entirely eliminated." A fervent agrarian fundamentalist, Reno equated

⁴⁴ HAW to L. J. Nickle, Mar. 8, 1932, Wallace Papers; HAW to Gust Pearson, June 22, 1932, Wallace Papers; HAW to Franklin D. Roosevelt, April 23, 1932, *ibid.*

⁴⁵ Theodore Saloutos and John D. Hicks, Agricultural Discontent in the Middle West, 1900-1939 (Madison, Wisconsin, 1951); John L. Shover, Cornbelt Rebellion: The Farmers Holiday Association (Urbana, Ill., 1965), 28-40.

⁴⁶ H. W. Abrams to HAW, June 22, 1931, Wallace Papers; W. H. Brock to HAW, June 12, 1931, *ibid.*; HAW, "Odds and Ends," Wallaces' Farmer, Feb. 20, 1932, *ibid.*

⁴⁷ On Reno and militant agrarianism of 1931-1933, see: Roland A. White, Milo Reno: Farmers Union Pioneer (New York, 1975); Lowell K. Dyson, "The Farmers Holiday Movement," Ph. D. dissertation, Columbia University, 1968; Shover, Cornbelt Rebellion; Alan L. Olmstead and Paul W. Rhode, "An Impossible Undertaking: The Eradication of Bovine Tuberculosis in the United States," Journal of Economic History 64 (Sept. 2004), 734-772; Olmstead and Rhode, "The "Tuberculous Cattle Trust": Disease Contagion in an Era of Regulatory Uncertainty," *ibid.*, (Dec. 2004), 929-963.

farming with autonomy and he warned that “powerful forces [are] operating to destroy the independent agriculture of the nation.”

What were these “powerful forces”? Reno pointed to bank and business mergers, chain stores, chain farming – any evidence of centralization and bureaucracy. He pointed to “Wall Street,” the “Wall Street Gang,” “financial cutthroats,” “money manipulators whose only god is gold,” and “capitalistic millionaires.” The list included politicians controlled by money interests and unelected officials who staffed government bureaus and who made claims of authority based on expertise. Reno never explained how these villains had caused the depression, and he didn’t have to. The men and women who read his column in the Iowa Union Farmer or who flocked to hear him speak shared his dislike for these same institutions that they knew were wrecking the lives of the “plain people.” Reno was their defender, and he stood ready to battle any and all encroachments. He fought the creation of a state police force by insisting that police power be rooted in counties with elected sheriffs. School superintendents and county tax assessors wielded authority over the lives of the plain people and hence they should be elected and not appointed. He fought all forms of compulsion such as a state-wide minimum salary for public school teachers, the compulsory assessment for county agricultural agents, and compulsory military training at state colleges. He also wanted an end to all school consolidation. And he wanted to insulate farmers from the competitive pressures of international markets. “Every decent man,” he wrote, “should be willing and happy to concede . . . [the farmer] an American price for American service.”⁴⁸

Above all else, Reno wanted to destroy the power held in Ames. He hailed the Cow War fight against compulsory tuberculosis testing, called for an end to the building of state highways, and urged the dismantling of both the state highway and state veterinarian departments (both of which were headquartered in Ames). The most noxious of the Ames’s institutions, the institution Reno hated above all else, was Iowa State College. Reno wanted to wipe it away by cutting its budget in half. These institutions, but particularly Iowa State, were accelerating the centralization of Iowa life. They were trampling on the rights of Iowa’s “plain people” by enslaving them to the demands of science, expertise, and efficiency, and Reno despised them for it. He envisioned a system of farming in which farmers would no longer be subjected to TB reactors, taxes for state highways, assessments for county agents, or the ever-pressing demands to adopt what was new and modern and efficient emanating from a land-grant college.⁴⁹

Reno waged a two-front war. On the one hand, he wanted to free farmers from the snares of centralization and lower their taxes by obliterating public institutions. On the other, he wanted to insulate them from the competitive marketplace by demanding cost of production prices, radical forms of inflation, and extreme forms of economic nationalism. The “farmer,” he argued, “is morally entitled to production costs be that cost what it may.” Invoking the mantra of fundamentalism, he proclaimed: “The production of human food is the basic industry of this and

⁴⁸ Reno to Cecil A. Johnson, Feb. 16, 1933, Reno Papers., University of Iowa.

⁴⁹ The Iowa Union Farmer, Feb. 12, 1930, pp. 1, 2; Mar. 25, 1931, pp. 1, 2, 4.

all other nations and the value of this service should regulated the value of all other produced goods.”⁵⁰

Wallace watched in dismay as Reno’s support grew and the attacks on Ames mounted. The depression crisis, instead of revealing the folly of outdated ideas, was driving farmers to ever more desperate beliefs. But more importantly, Reno was bent on destroying what Wallace saw as the very foundations of abundance and productivity – the foundations of modernity. Wallace understood the vulnerability of the land-grant college-county agent system as tax burdens became more onerous and surplus stocks of farm goods piled up. Why should farmers pay taxes that were ruining them to support efficient production when efficient production meant price-depressing surpluses? What was the point of taxes for state highways or state veterinarians?

Wallace was rightly alarmed at the intensity of the attacks. He insisted that it was “possible to work for . . . the general welfare while at the same time you work to be efficient as an individual.”⁵¹ He believed deeply in science, its potential for human betterment and the value of study, observation, and experimentation. In a constantly evolving, constantly changing world to resist change was folly. “We must balance up our inventive genius,” he wrote, “in some common sense way so that it does not cause the world to become smothered to death in overproduction,” but destroying colleges and extension services was hardly a common sense way.⁵² Each time he defended Iowa State and the county agents, however, he was inundated with “extreme letters [that] contained no appeal to reason but were merely vituperative.” He heard the same anger when he spoke to farm groups, and he knew that he had to propose some more positive answer. His answer was the new domestic allotment plan with its production controls. He conceded that the plan “is still rather clumsy. . . Nevertheless, I think it is better to experiment with social devices of this kind than to allow ourselves to continue in the present disorder.” He began to advocate it in the pages of the Wallaces’ Farmer and he wrote a circular letter to all of Iowa’s county agents urging that they support it.⁵³

There were, I think, four specific reasons why Wallace came to endorse the Voluntary Domestic Allotment Plan. One was the need to counter the growing popularity of alternative schemes that he saw as dangerous panaceas. Reno’s call for fixed prices at cost-of-production levels was one of these. Corn was selling for fifteen cents a bushel and Reno would fix its price at a \$1.42 which would mean “that the world would be smothered in corn.” Clearly, too, he valued the principles of consent and obligation. Another idea was to pay farmers a simple per-unit bonus. Wallace described this as “a raid on the federal treasury.” In both cases, however, he objected that the plans asked nothing of farmers. They were not required to adjust production

⁵⁰ The Iowa Union Farmer, June 3, 1931, p. 1; July 15, 1931, pp. 1, 2; July 13, 1932, p. 1; Reno to Oren L. Herbert, Jan. 26, 1933, Reno Papers; Reno to Walter M. Singler, Jan. 2, 1933, *ibid.*

⁵¹ To C. J. Claasen, Dec. 5, 1931, Wallace Papers.

⁵² HAW, “Odds and Ends,” 55 (April 5, 1930), 5.

⁵³ HAW to Ed. N. Hochreiter, Feb. 25, 1932, Wallace Papers; HAW to E. C. Nelson, Mar. 12, 1932, *ibid.*; HAW to Ira Christy, Feb. 25, 1932, *ibid.*; HAW to Emmett C. Gardner, Mar. 7, 1932, *ibid.*; HAW to William Borah, Mar. 24, 1932, *ibid.*; HAW, A letter to Iowa County Agents and the Extension Department, Mar. 2, 1932, *ibid.*; “Odds and Ends,” (Feb. 20, 1932), 5.

or participate in administering the schemes but rather would impose the burden of farm relief on the non-farm economy and thereby perpetuate the tradition of “selfish ignorance.”

The voluntary nature of the plan was a second reason for Wallace’s change of heart. Mandatory controls smacked of undemocratic compulsion. This was “the method,” Wallace argued, “which would be employed if the United States were being run by a dictator.” But proposals for voluntary controls were usually unworkable because of the “outsider” or free-rider dilemma. The benefit payment feature offered a solution to this issue which would both help restore farm income and make voluntary production controls a workable program. Wallace explained to Dwight MacDonald, then an editor with Fortune, “In a Democracy, in order to have the effective cooperation of educated, willing producers, it is essential to make the plan voluntary and to give a bonus or commodity benefit to those producers who reduce their production or acreage by a certain amount.”⁵⁴

A third reason was Wallace’s grim realization that world commodity markets were so burdened by trade barriers that price levels were likely to be depressed for some time. Production controls, in other words, made sense only because anti-market protectionist policies had made restoring the volume of trade impossible. If the “international situation leaves us with a decided surplus of wheat, lard, and cotton,” there was no alternative except “acreage control.” The “trouble is deeper than many people suspect.” Agriculture needed “an intelligent, orderly retreat in line with the world in which we now find ourselves.” He hoped that the production controls would be short-lived and would give way to market restoration by rebuilding the world trading system along multilateral lines. But “with the strong nationalistic feelings now prevailing everywhere, it is obvious we cannot again hope to have as much of a market abroad for our surplus as we have hitherto. This means, therefore, that we must temporarily at least work out some means of adjusting our internal economy.”⁵⁵

Finally, the plan Wilson and Ezekiel had devised had one immense advantage: it could be administered with the very public institutions that Reno wanted to destroy – the county agents, the land-grant colleges, and the Department of Agriculture. It offered a defense of these institutions that Wallace saw as essential to the creation of modern abundance by giving them a role in rescuing agriculture. Flawed though they might be, these institutions applied reason in place of prejudice, open-minded thinking in place of emotions. The current “international situation,” Wallace warned, was “a very real peril to the County Agent System.” Faced with this reality, some emergency system of production controls might stave off the assault on Ames and the science-based institutions that he saw as modern. It was battle, in his view, between emotional prejudice and reasoned intelligence, and he wanted a bit of breathing space in the

⁵⁴ HAW to Dwight MacDonald, Dec. 18, 1932, Wallace Papers; HAW to L. J. Nickle, Mar. 8, 1932, *ibid.*; HAW to H. Begalski, Feb. 23, 1932, *ibid.* Mordecai Ezekiel, “The Problem of Agricultural Surpluses in the United States,” Aug. 13, 1930, Speeches and Articles file, Box 28, Ezekiel Papers; Hamilton, From New Day to New Deal; The classic discussion of the problem of collective goods is Mancur Olson, The Logic of Collective Action: Public Goods and the Theory of Groups (Cambridge, Mass., 1965).

⁵⁵ HAW to J. W. Whiseland, Dec. 15, 1932, Wallace Papers; HAW to George F. Chipman, April 16, 1932, *ibid.*; HAW to M. S. Rukeyser, April 15, 1932, *ibid.*

battle for modernity. The alternative was Reno's road to an anti-modernist serfdom based on fixed prices, nationalist autarky, and an extreme localism.⁵⁶

* * *

What to conclude? First of all, if we see the origins of the New Deal programs as a simple story of anti-market liberals battling pro-market conservatives, we miss a good deal. The example of Henry Wallace illustrates this. Wallace was critical of Hoover for his rigid commitment to high protective tariffs when Wallace believed that open world markets would best serve Iowa farmers and the American economy. Wallace was also deeply fearful of the anti-market effects of the Reno-Hirth-Simpson call for fixed prices and export dumping combined with drastic import restrictions.

Wallace at the start of the Great Depression was frustrated and beset with doubts about the nature of modern life, but he was not about to abandon his modernist convictions. Crises, he realized, were a part of the modern economy. To invoke the language of Schultz and North, he could accept the possibility of disequilibria and need to adapt efficiently. Reno, by contrast, saw the depression as an apocalyptic event. His response was to seize the crisis to scuttle market systems, undermine the place of institutional infrastructures, and wipe away knowledge-creating capabilities. Reno would strip the economic and governing systems of any capacity for resiliency in a time of crisis. Wallace, by contrast, overcame his own doubts about modernity's consequences and his misgivings about an expanded public sector in order to begin building a vastly more resilient farm economy.

⁵⁶ C. Ci. Morriss to Wallace, Oct. 28, 1932, Wallace Papers; HAW to Florence L. Small, Oct. 26, 1932, *ibid.*