

Agriculture and Industry

As the year 1936 faded into history a number of nationally famous economists were asked to express their opinion of the place of those 366 hectic days in the flow of time. Glancing backward these professional surveyors of welfare observed that the worst of the depression was over, that the first permanent steps toward stability had been taken, and that the psychology of hope was replacing despair. True, some saw flaws in the business picture and some were critical of the political devices to control economic forces. Almost all were agreed, however, that the year 1937 would have the "flavoring of a boom".

Iowa stood high in the ranks of convalescing States. During the year 1936 the national government had continued to pump subsidies into the pockets of tens of thousands of Iowans. While these steady transfusions into the economic bloodstream of the body politic had diminished in amount compared with previous years, the State continued to receive generous aid.

Despite the record breaking drought, Iowa enjoyed its first half-billion-dollar farm income since 1930. A golden harvest of \$561,431,000 was

reaped by Iowa farmers during 1936. This was more than double the farm income of 1932 and \$67,000,000 greater than that of 1935. Furthermore, it included only \$25,428,000 from the government, which was less than half the Federal subsidies in 1935.

Despite the drought and grasshoppers, most Iowa farmers made money. The net income on 781 typical farms scattered over the State was two per cent larger than for 726 farms on which similar records were kept in 1935. The average net farm income was \$2596 compared with \$2530 in 1935. But the income was very unevenly distributed. The east central and north central sections showed a considerable increase over 1935, whereas the western and southern areas suffered a decided decrease. The State averaged only 16.3 bushels of corn to the acre. While some farmers actually failed to harvest a crop, Guy Coulter of Grundy County had cause to be proud. He won the Four-County Corn-Growing Contest with a yield of 103.17 bushels to the acre on a measured ten-acre plot. It was believed that Coulter's record was the highest in the State for 1936.

Notwithstanding evidences of returning agricultural prosperity, as shown by mounting income and higher wages for hired men, the convalescent rural area was not entirely out of danger. Chronic

ills still beset the basic industry of tillage. Farm tenancy was one of the gravest problems. For a series of editorials in the *Des Moines Register* on this subject and its relation to the future of American civilization W. W. Waymack was honorably mentioned by the Pulitzer prize committee.

Despite mortgage moratoriums, rising farm prices, higher land values, and a tendency to return farms to the individual operator, corporations continued to take title to more and more Iowa farm land. During the years 1935 and 1936, companies added 381,000 acres to their holdings, bringing their total on January 1, 1937, to 3,813,000 acres or 11.2 per cent of the farm land in the State. Insurance companies alone owned 2,632,550 acres, which is the equivalent of 114 townships. The increase in 1936 represented only the net gain, for corporations actually acquired 996,000 acres but sold 615,000 acres of farm land. Great as this increase might seem, it was not nearly so large as that of the previous two years.

The *Des Moines Register* was impressed with the "tremendous effect the economic rehabilitation of agriculture" had had in restoring general business stability. Comparatively light losses in liquidating the joint stock land banks were particularly noteworthy. "Let nobody say", the editor concluded, "that the farmer is the only one who has

benefited from the climb of agriculture toward economic parity. Nearly everybody who owned an insurance policy or a bank account in 1933 has received substantial benefit from the betterment of the farmer's status."

By 1936 it was apparent that more and more Iowa farmers were turning to the government's rural electrification administration for aid in obtaining modern power and lighting facilities. On 30,000 farms it was no longer necessary to do the chores by flickering lantern light nor churn the cream by hand. But there were over 212,000 farms in Iowa, and the reservoir for expansion in electrical equipment had scarcely been tapped.

During 1936 business conditions and industrial production, almost without exception, enjoyed one comment in common — "best since 1929". The genial Iowa business prognosticator, George R. Davies, found that business and industry had enjoyed a moderate swing upward despite the withering effect of the drought. "Already the farmers' improved conditions have been a boon to the automobile, steel and other major industries", declared the *Sheldon Sun*. "We hope that the eastern press will soon see the light."

Iowans were pleased to learn from William J. Reilly of the *American Weekly* that the State ranked high as a market. He pointed out that

Iowa stood among the twenty-five States that have the most people with the most money to spend and the highest living standards. Evidence in support of his assertion was not hard to produce. Bank deposits in Iowa increased 190 million dollars between January, 1933, and June, 1936. Deposits in Iowa's 544 State banks increased \$61,080,613.68 during 1936 to a total of \$374,945,417.22. State Superintendent of Banking, D. W. Bates, thought the increase could be traced directly to "the continued improvement in farm conditions and to the increase in employment." He viewed with some concern, however, the steady increase in postal savings deposits, asserting that Iowa had more money than any other State in postal savings accounts.

The sale of ordinary life insurance dropped one per cent during 1936 but the total was three per cent higher than the national average. On July 31, 1936, there were 619,979 automobiles registered in Iowa, or more than two thousand ahead of the total 1935 registration. A travel bureau representative estimated that 3,343,000 tourists would spend \$31,621,000 in Iowa in 1936. This was a larger sum than the Federal government spent on its much-maligned agricultural program. Iowa retail sales climbed to \$694,326,000 for 1936 to exceed the 1935 figure of \$650,029,000 by 6.8 per

cent. Gains ranging from two to 18.5 per cent were registered in every major business. Lumber and building material dealers experienced the most spectacular gain while groceries without meat registered the least.

Typical of the Iowa cities that enjoyed returning prosperity was Waterloo. "Desire buying" which Waterloo business men explained as purchasing "what you want and not just the bare necessities of existence", increased remarkably. "Business conditions are materially better", observed the vice president of the John Deere Tractor Company. "I feel that in our business it is due almost entirely to the substantial increase in the farmer's income." A dozen others agreed that the improved condition of the farmer combined with the increase in employment were vital factors in the recovery.

There were many other evidences that Iowa was well on its way to recovery. By April, industries were employing 10.6 per cent more workers and paying 13.9 per cent more in total wages. College graduates looked forward to more and better jobs: prospects had improved tremendously in 1935 and were even better in 1936. Business training schools had more requests for graduates than they could satisfy. Teachers' salaries continued to improve for the third successive year, although the

index was still 25 per cent below pre-depression years.

The demand for domestic help in the larger cities mounted steadily during 1936. In Des Moines, housemaids could still be hired in 1935 for from two to four dollars a week. By 1936 it was often difficult to secure a good housemaid for less than five or six dollars. This condition existed despite the fact that housework was considerably easier in 1936: Iowa kitchens alone were graced with 21.6 per cent more new electric refrigerators during the first six months of 1936 than were purchased during the same period in 1935.

One persistent note of gloom, however, could be distinctly heard in the general paean of optimism. Hundreds of citizens were not able to earn their own living. The Iowa Emergency Relief Administration spent over three and a half million dollars. The hope of abolishing poverty, which had once seemed so close to realization, had faded completely, and the government frankly assumed the obligation of providing economic security for certain classes. Iowa's old age assistance plan was approved by the national government and State funds for that purpose were augmented by the United States treasury. In December the General Assembly at a special session hurriedly enacted a law to provide compensation for tempo-

rarily unemployed industrial workers. This act conformed to the Federal Social Security regulations and entitled Iowa to receive the benefit of the Federal unemployment insurance taxes collected in this State.

Conclusive proof of better times, however, was revealed in the tax receipts for 1936. Iowans contributed more revenue for the use of gasoline and spent more for motor vehicle licenses. Sales tax collections reached a new high level and the income tax returns were substantially above 1935. Insurance tax receipts were higher, cigarette smoking increased, and beer consumption rose. Only the inheritance tax showed a decline.

Agriculture and industry went hand-in-hand along the road to recovery. The year 1936 was one of genuine optimism throughout Iowa. Broiling weather and red-faced politicians may have been conspicuous features of the year, but the merry jingle of the cash register continued in spite of such temporary diversions and reached a hallelujah chorus in a lucrative Christmas trade. By that time most of the people could count 1936 as a year of economic fruitfulness.

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