

**REVIVING THE ACTIVITIES OF THE WAR
FINANCE CORPORATION. JOINT HEARINGS
BEFORE THE COMMITTEES ON AGRICULTURE
AND FORESTRY, CONGRESS OF THE UNITED
STATES, SIXTY-SIXTH CONGRESS, THIRD
SESSION, ON S. J.RES. 212, PARTS I, II**

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COMMITTEES ON AGRICULTURE AND FORESTRY

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JOINT HEARINGS

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2072

U.S. Congress, Senate.

COMMITTEES ON AGRICULTURE AND FORESTRY,
CONGRESS OF THE UNITED STATES

SIXTY-SIXTH CONGRESS

THIRD SESSION

ON

S. J. RES. 212

A RESOLUTION DIRECTING THE WAR FINANCE CORPORATION
AND THE FEDERAL RESERVE BOARD TO TAKE CERTAIN
ACTION FOR THE RELIEF OF THE PRESENT DEPRES-
SION IN THE AGRICULTURAL SECTIONS
OF THE COUNTRY

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REVIVING THE ACTIVITIES OF THE WAR FINANCE CORPORATION.

THURSDAY, DECEMBER 2, 1920.

JOINT SESSION OF THE SENATE AND HOUSE COMMITTEES ON AGRICULTURE, Washington, D. C.

The Committee on Agriculture and Forestry of the United States Senate and the Committee on Agriculture of the House of Representatives met, pursuant to call, at 2 o'clock p. m. in the rooms of the Senate Committee on Agriculture and Forestry, Senator George W. Norris presiding.

Representative FLOOD. Mr. Chairman, I have a telegram from Mr. W. R. Ogg, the secretary and treasurer of the Tobacco Growers Association of Virginia and North Carolina, advising me that they have not had sufficient time to appoint a representative to be at this meeting, and requesting that I appear and look after their interests. I presume Senator Swanson has a similar telegram, and I suggest that if these hearings are to continue for several days that an opportunity be given a representative of this association to be heard.

The telegram is as follows:

LYNCHBURG, VA., December 2, 1920.

H. D. FLOOD, House of Representatives, Washington, D. C.:

We had insufficient time to appoint a representative to confer with Senate and House Agricultural Committees in joint session to-day. Will you please attend this meeting and look after interests of tobacco growers toward larger credit facilities for them and toward opening of foreign markets, increase of prices, and any other propositions which you may consider advisable?

W. R. Ogg, Secretary-Treasurer, Tobacco Growers Association of Virginia and North Carolina, Danville, Va.

Senator SWANSON. Mr. Chairman, I have a similar telegram to the one just presented by Mr. Flood, as follows:

LYNCHBURG, VA., December 2, 1920.

CLAUDE A. SWANSON, United States Senate, Washington, D. C.:

We had insufficient time to appoint a representative to confer with Senate and House Agricultural Committees in joint session to-day. Will you please attend this meeting and look after interests of tobacco growers toward larger credit facilities for them and toward opening of foreign markets, increase of prices, and any other propositions which you may consider advisable?

W. R. Ogg, Secretary-Treasurer, Tobacco Growers Association of Virginia and North Carolina, Danville, Va.

I also request that if these hearings are to continue for any length of time that an opportunity be given a representative of this association to be heard here.

Representative BYRNES of South Carolina. Mr. Chairman, the Cotton Growers Association would also like to have a representative heard here. Mr. Wanamaker is president of that association, and he would like to be heard.

Senator NORRIS. Mr. Scroyer, secretary of the Farmers' Union of Nebraska, is in the building, in my office, and if it is agreeable to the members of these committees, I would like to have Mr. Scroyer heard this afternoon.

Senator KENYON. Mr. Chairman, while Mr. Scroyer is coming, I suggest that Mr. Meyer, who was formerly a director of the War Finance Corporation and who accompanied the Reconstruction Committee on its tour of investigation throughout the country, be heard, to give to the committee such information as was secured by that Reconstruction Committee.

Senator NORRIS. We will hear Mr. Meyer now, if there is no objection.

STATEMENT OF MR. EUGENE MEYER, JR., FORMERLY MANAGING DIRECTOR OF THE WAR FINANCE CORPORATION.

Mr. MEYER. Senator Kenyon, I assume it is in order for me to report a little about the trip of the committee of which you are a member and of which Senator Calder is chairman. Senator Calder, the chairman, not being here, I was a little reluctant to have it appear in the form of a report of that trip.

Senator KENYON. Well, give your own observations.

Mr. MEYER. I was simply an attendant of the committee, having been asked by Senator Calder to make some observations on financial matters.

Senator KENYON. Have you stated your position and official connection?

Mr. MEYER. I was formerly a director of the War Finance Corporation, from the time of its incorporation, and managing director from July 1, 1919, until June 1, 1920.

When Senator Calder undertook to investigate reconstruction, the production for the Senate committee of which he was chairman, he asked me as to the housing situation and for some suggestions, and I pointed out that the housing situation was only one factor of a general situation in which scarcity of capital was the fundamental fact which was making the trouble, and he asked me how the housing industry could get capital, and I told him that it could not under the circumstances; he asked me how the circumstances could be changed so that it could be done. I said if we had more earning and less spending it could be done. That led to my suggestions on the whole situation, and after that I accompanied the Senator on his trip.

Senator NORRIS. Mr. Meyer, if you will excuse the interruption, Mr. Scroyer is now in the room, and if you will allow Mr. Scroyer to be heard now so that he may get away, it will very greatly accommodate him.

Mr. MEYER. I will be very glad to.

Senator NORRIS. Mr. Scroyer, the committee will be glad to hear you.

**STATEMENT OF MR. J. A. SCROYER, SECRETARY OF THE
FARMERS' UNION OF NEBRASKA.**

Mr. SCROYER. Gentlemen, I want to say to you that I probably have nothing new to say to you this afternoon any more than what you have heard, but I certainly can confirm any of your ideas in regard to these western conditions and the deplorable state in which the farmers find themselves.

Senator NORRIS. I wish you would tell the committee where you live and what your business is.

Mr. SCROYER. I live in Nebraska, the southeastern part of Nebraska. I have lived there for 41 years on one farm, and have been engaged solely and only in farming.

Senator NORRIS. What connection, if any, have you with any farm organization?

Mr. SCROYER. For about the last four years I have been on the State Board of the Farmers' Union of Nebraska, and also secretary of that organization.

Senator NORRIS. Does your business as such take you over much of the State, and if so, how much?

Mr. SCROYER. The entire State of Nebraska, from border to border, every way.

Senator NORRIS. Now, I wish you would tell the committee in your own way just what the conditions are of which you have personal knowledge.

Mr. SCROYER. During the summer I have seen a crop grow and mature which is the best—not nearly the best, but the best that was ever grown in that State. We have a splendid crop of corn, a crop of corn never exceeded. Almost every acre has reached its limit of production this year. Our wheat, with very few exceptions in limited territory, is the best ever grown in that territory. It was uninjured by rains during the harvesting and thrashing, and is stored and thrashed in the best possible condition that grain could be cut and thrashed in that State.

We had hay from one end of the State to the other that was never equaled in quantity or quality. The rain never interfered with the harvesting of that hay, and it stands in the barns and stacks in immense quantities. There is more than I have seen in any other year.

Our oats crop is immense. On my own farm it went 56 bushels to the acre. We think we have the greatest oats crop that was ever grown in Nebraska.

Our hog and pig crop is not so large, on account of the terrible conditions that prevailed.

Our cattle are not so numerous as they ought to be, and yet they seem to be more numerous than we care to have them. The reasons are these: We have no market for our wheat; the cars could not carry it away. Consequently it is lying in our bins. Last week I saw in Custer County, wheat at \$1.56 a bushel, as fine wheat as ever was grown in Nebraska. And the seed for that wheat was probably bought at \$2.50 or \$3.50 per bushel if the farmer did not raise it himself and had to buy it. There was an immense amount of seed sold throughout the State at that price. The harvesting cost was very great, about 70 cents an hour. The twine was bought at a high

price. The food we fed to our harvesters and thrashers was the highest that was ever known. It was tremendous. And I want to say that the thrashing bill was the highest that was ever known. It was 12 cents a bushel. We paid that actually on our own farms, \$200 a day for one day's thrashing—12 cents a bushel. All this added expense beyond what we had paid before is added to our wheat, and we find it in our bins at the magnificent price of \$1.56 a bushel. And much of it is raised on land on which the owner is in debt. This year we are building a new State House, and building consolidated schools, and are building \$6,000,000 worth of roads, so I will not be surprised when I get back home and get my tax statement to find that it is nearly \$2 an acre taxes.

Men, these are the actual conditions. I know it will be above \$1.50 for taxes. These are the conditions in regard to the wheat market.

On the corn market like conditions prevail. Some of our boys were patriotic enough not to try to get exemption, but went to the war. Some of them sold their horses and tools, and some of them put the money into the bank, and when they came back, as my boy did, he invested the money in new-seed wheat at \$3.50, and had to get a few implements, and harness, which cost \$32 a set, actually on my farm, although the hide only brought us \$8.60 during the war times.

Senator CURTIS. Now they are selling for \$1.25.

Mr. SCROYER. I don't know. We haven't anything now to buy them with.

The corn that that boy has raised will bring 40 cents a bushel. In Humboldt, Nebr., it was 35 cents. It was 40 cents in my town.

Senator NORRIS. Your town, while you say it is in southeastern Nebraska, it is pretty well east?

Mr. SCROYER. Yes; in the best part of Nebraska.

Senator NORRIS. And it is fair to say that all through the State corn would not exceed 40 cents?

Mr. SCROYER. No, sir; I don't think it would any place in the State.

These soldier boys and the other renters, and the landlords themselves—but the renter, especially if he pays one-half of the grain to the landlord, it leaves 20 cents a bushel, but he has to pay 7 cents a bushel for the husking, and 3 cents a bushel for the shelling, and that leaves him the splendid sum of 10 cents a bushel. If he was a real hard-working farmer, and took no vacations, he might have raised 2,000 bushels of corn during the summer. Gentlemen, he has \$400 to pay his past debts with, and to pay his debts that will accumulate and get him through the winter and get ready for another year's business with, if he has been a successful farmer.

Senator KENYON. The papers carried a story that some of the farmers were going to burn their corn for fuel; is there anything to that?

Mr. SCROYER. I was in Custer County a week ago to-night or yesterday. I heard the farmers discussing this very question. Gentlemen, they were stunned; they were beyond the stage of accusation or rebellion; they were actually stunned. Several of them in the audience did say that; they actually said it; I discouraged it as much as possible. I said, "Gentlemen, the world needs our food

supplies; let us not destroy it. As long as Nebraska has a tree, or we can ship in coal, let us do it." They said, "No, Mr. Scroyer, you would not do it either. If it costs more for us to sell that corn and we are bothered trying to do the work—if it costs us more than it does to get the coal, and the coal is not worth as much as the corn, we are going to burn it." These men actually said that a week ago to-night or yesterday. They said, "We are going to burn the corn."

Senator KENYON. Do you know what the corn crop of the United States is this year?

Mr. SCROYER. No, sir; I do not know.

Senator KENYON. What is the corn crop of Nebraska?

Mr. SCROYER. I can not tell you that either.

Senator KENYON. You know it is the largest you have ever had?

Mr. SCROYER. Yes; it is the largest we have ever raised.

Senator KENYON. So your problem is this great surplus?

Mr. SCROYER. Yes, sir.

Senator KENYON. What is your remedy?

Mr. SCROYER. I have some remedies, gentlemen. If you say there is a law of supply and demand and that is what controls these things, gentlemen, that is not true. Don't you believe it. If you do in theory, you can not do it in practice. We know in Nebraska the hog crop is the shortest it has ever been for years. But in Nebraska the other day a man in Custer County, or any other county for that matter, who loaded his fat hogs on the car, the hogs that weighed 300 pounds apiece, the kind that the Government told me they needed for export to these countries that to-day are starving—they told me to encourage the raising of hogs, and, gentlemen, I did it, and last week I saw some of those farmers who followed my advice load their fat hogs that weighed 300 pounds, and between the time they loaded them on the road to Omaha, which took two days to reach there, they found that those hogs had dropped, not only \$1, but \$2 per hundred, making \$8 on a 300-pound hog, between the farm and the market. And you gentlemen know that no depreciation had occurred in the hog market to justify that. So whenever that argument is brought up of supply and demand, that is not the situation, and does not have anything to do with the conditions that meet one now.

My reasons are these: I have written four or five of them down, for fear I would not get them in the order that I should. I certainly know what they are, and the most important, and the order in which they should be done in the United States to bring about what we farmers want. I want to tell you, as I came along and looked up at one of these magnificent marble temples that the Government has built, and the inscriptions on it, it said this: "The best home is the home on the farm." It said, "The main source of national wealth is the farm." It said, "The foundation of supplies is the farm." And down below it said, "The farmer will cause the desert to blossom as the rose." Gentlemen, I have seen that Nebraska farmer coming into the desert, and I have seen him make it blossom as a rose, and to-day I have seen it enter into the veins of the farmer and prick his life blood, and to-day he is on the verge of ruin, although he may own \$50,000 worth of Nebraska land, because he can not borrow any money. And a banker from Table Rock told me the other day on the way to Humboldt, he said: "Scroyer, I know these people, and