

Source: Leonard J. Arrington, "Idaho and the Great Depression. "Idaho Yesterdays, XIII (Summer 1969). 2-8.

Not many students of Idaho history will be cognizant of several points that Leonard Arrington makes in the following article. That Idaho and other western states benefited so well from New Deal recovery policies is not well known. Equally surprising is the point that hard times came to Idaho well before 1929. The Depression hit Idaho as hard as nearly any other state, and this is the major reason for large New Deal expenditures in the state. Yet when these funds are averaged on a per capita basis, it is notable that only \$67 per person per year came to Idahoans in the 1933 to 1939 period. Professor Arrington, who was recently named to the Redd Chair of History at Brigham Young University and as L. D. S. Church Historian, helps to explain why residents of the Gem State felt so severely the economic pinch of the thirties.

Those interested in pursuing further the ideas of the following essay should consult Arrington, "The New Deal in the West: A Preliminary Statistical Inquiry," *Pacific Historical Review*, XXXVIII (August 1969), 311-16; and Arrington and Gwynn W. Barrett, "Stopping a Run on a Bank: The First Security Bank of Idaho and the Great Depression," *Idaho Yesterdays*, XIV (Winter 1970-71), 2-11. A more general treatment is James T. Patterson, "The New Deal and the States," *American Historical Review*, LXXIII (October 1967), 70-84.

Several years ago, while doing research at the Henry F. Huntington Library and Art Gallery in Southern California, I became personally acquainted with one of the "greats" in American economic history. A confirmed New England Yankee, who-shall-be-nameless irreverently suggested that our beloved West was hardly more than a gigantic federal boondoggle-a mechanism by which the taxes paid by frugal and industrious Easterners were siphoned off to support impractical settlement projects better left to the coyotes and rattlesnakes. The reason for the continuation of this national scandal, he declared, was that each poorly populated Western state had two senators just as many as each of the populous productive states in the East. To these blasphemous exaggerations I replied, somewhat indignantly, that Eastern monopolies had continually plundered the West of its resources-that these resources contributed mightily to the prosperity of the East-and that any financial support which the West managed to obtain through means of the government in Washington was really ours to begin with.

Some documents recently "discovered" make possible a rather precise measurement of the assistance rendered by the national government to Idaho and other Western states during the Great Depression of the 1930's. Prepared in 1939 by the Office of Government Reports for the use of Franklin Roosevelt during the presidential campaign of 1940, these documents-one for each state-give statistical and descriptive information on the activities and achievements of the various federal economic agencies within each of the states for the years 1933 to 1939. The obvious intent of these reports was to dramatize the accomplishments within each state of the various anti-depression agencies of the New Deal. After the invasion of Poland in September 1939, however, Dr. Win-the-War replaced Dr. New Deal, and America's interests shifted from domestic policies to international affairs. The state reports were pushed aside and, apparently, have not been used by historians of the West.

The discovery that the New Deal recovery agencies benefited Idaho and other western states more than they did other sections of the nation was a surprise. If one reduces New Deal expenditures to a per capita basis, Idaho ranked eighth among the forty-eight states in the expenditures of the anti-depression agencies of the New Deal, ranking first in Rural Electrification Administration expenditures, second in Civilian Conservation Corps expenditures, second in Civil Works

Administration expenditures, fourth in public works grants, sixth in public roads subsidies, ninth in Federal Emergency Relief, eighteenth in Reconstruction Finance Corporation grants, and twenty-first in Works Progress Administration expenditures. All told, from 1933 to 1939, federal agencies made grants to Idaho of \$209 million and loans of \$112 million, for total assistance of \$321 million. If the more than \$10 million worth of loans insured by government agencies is added, the grant total of federal financial assistance to Idaho during these years was more than \$331 million.

What were the justifications for these expenditures? First, despite a number of contemporary statements to the contrary, Idaho's economy was in desperate straits during the 1930's. The three principal supports of Idahoans had been agriculture, mining, and lumbering. Under the substantial incentives of high prices and patriotic urgings during World War I, each of these activities was greatly expanded. New land was opened for farming which, from a long-term point of view, should never have been brought under cultivation. Old mines were resuscitated which had better lain in desuetude. Forests were exploited in a manner that was to bring later regret. No sooner had this expansion taken place than the war ended, and with no planned withdrawal the result was catastrophic. Idaho suffered probably as much as any state in the Union from the depression of 1921, and Idaho's recovery from that depression not only was slow, but in fact never did take place. Wheat, for example, sold for \$2.50 in 1919, and brought only \$1.30 in 1929. Sugar beets, another important source of support, sold for \$22 per ton in 1919, and only \$15 per ton in 1929. Idaho's wonderful potatoes sold for \$1.51 a bushel in 1919, sank to a low of \$.31 a bushel in 1922, and rose only gradually thereafter. Thus, a good case can be made for the fact that Idaho and other western states did not participate fully in the prosperity of the 1920's. This helps to account for the fact that Idaho, next to Montana, had the highest rate of emigration of any western state in the 1920's.

Then came the depression of the 1930's. Looking back on it, one wonders that Idaho could have experienced so much distress. One supposes that agricultural states would not suffer heavily, farmers could always eat, and they were seldom unemployed. Nevertheless, in terms of income lost the economies of the agricultural states exhibited more affliction than the more heavily industrialized states. The state, which suffered the greatest drop in income from 1929 to 1932, was North Dakota, followed by South Dakota, Mississippi, Oklahoma, Alabama, Montana, and Idaho. The states, which had the least percentage decline in income, were the heavily industrialized states of New England, New York, and New Jersey. From 1929 to 1932, the incomes of New Englanders dropped by about a third, while those Great Plainsmen and Westerners fell by approximately one half. The income of average Idahoans dropped by 49.3 percent, compared to a decline of only 30.5 percent for the average Massachusetts resident.³

The evidence for the decline in Idaho's income between 1929 and 1932 is not hard to find. The price of wheat dropped to 26 cents per bushel, while cattle brought less than \$20 a head in 1932, the lowest average price since the 1890's. Sheep, similarly, sold for \$2.25 per head in 1932 the lowest in the century. Prunes were down from \$22 per ton in 1929 to \$6.50 a ton at the bottom of the depression. Sugar beets sank to \$4 per ton in 1932, while wool declined from 36 cents per pound in 1929 to 9 cents per pound three years later.

With respect to lumber, there was virtually no demand at any price in 1932 because people were not building. The production of Idaho's famous white pine dropped from 438 million board feet in 1929 to 169 million board feet in 1933. The total production of mineral products declined from \$32 million in 1929 to less than \$10 million in 1933 again, the lowest in the twentieth century. The price of silver fell from \$1.39 an ounce in 1919 to 24 cents an ounce in 1933. This was the lowest price silver had brought in Idaho's history.

It is instructive to observe the differing behavior of silver and gold during the early years of the depression. The production of silver fell drastically; but inasmuch as the United States was on the

gold standard until 1934, the decline in the general price level after 1929 caused gold to become more valuable. This induced a surge in the production of gold from 21,000 ounces in 1929 to 62,000 ounces in 1933. The combination of the rise in price and rise in production caused the value of Idaho's gold crop to spurt from \$429,000 in 1929 to \$1,641,000 in 1933. As a contemporary observer pointed out, the depression of the 1930's induced a rejuvenated gold industry comparable to the boom period of the 1860's. Indeed, it is unfortunate that the New Deal did not try to help out matters by taking the gold out of Fort Knox, burying it in various centers of unemployment, and letting the unemployed go out and dig it up to put in circulation for the benefit of trade!

In terms of aggregates, the cash income of Idaho farmers dropped from \$116 million in 1929 to \$41 million in 1932. Similarly, wages and salaries fell from \$139 million in 1929 to \$81 million in 1932. Total income payments of all kinds in Idaho moved downward from \$235 million in 1929 to \$123 million in 1932. This was a drop in per capita income from \$529 in 1929 to \$268 in 1932. Manufacturing employment was cut back from 15,644 men in 1929 to 7,682 men in 1933, and Idaho's manufacturing payroll declined from \$22.5 million to \$7.1 million during the same period.

Perhaps a word of personal recollection may not be inappropriate. My father--a farmer east of Twin Falls--decided that 1929 was a good year to expand his farming acreage, and after much soul-searching he finally purchased a tract of sixty acres of rich apple orchard land, paying \$300 per acre. He planned to raise potatoes, and Grade A potatoes in 1929 were selling for \$1.50 per bushel. At such a price, and considering his big family of boys, he could envision paying for the land within a few years. But in 1930 when he harvested the first crop, potatoes were selling for only 75 cents a hundred. In 1931 the land yielded well, but potatoes were down to 50 cents per hundred. In 1932, as the depression continued to deepen, run-of-the-field "spuds" brought 10 cents per sack. I was 15 years old at the time, and while helping to load several truckloads of these ten-cent "spuds," I asked my father, "What do you suppose people will pay for these potatoes in grocery stores?" My father said he didn't know, but why didn't I find out?

Under my father's direction I prepared ten letters which were placed in representative sacks on different truckloads. The letters indicated where the potatoes were produced, mentioned the ten-cent price per sack, included a self-addressed envelope, and asked the final purchaser to reply what he had paid. As I recall, we received five replies from the ten we had enclosed in the sacks. All of the replies were from California, and the price paid by the ultimate purchaser had varied from a low of \$1.50 per sack to a high of \$2.15 per sack. I still have in my possession one of the letters. Mailed from Oceanside, California, the letter carried this message. "You say you received 10 cents for this sack of potatoes. I paid \$1.85, although the freight from Twin Falls to here is only 75 cents. Something is wrong here!"

It was precisely in order to discover what was wrong there that this former Future Farmer of America later enrolled as an agricultural economics major at the University in Moscow, and later switched to economics. The answer, as I inevitably discovered, was complex. But one thing was clear. My father had obligated himself in 1929 to pay \$300 per acre for land on the assumption that it would produce an abundance of potatoes worth \$1.50 per hundred-pound-sack. He was still having to make the agreed payments on that land when the potatoes worth harvesting were bringing only ten cents a sack. Something was wrong there, too! How my father ever held on to the land and made the payments I was never able to find out. My mother said it was by the labor of her boys, but that may have been her way of making us feel important. There were persons in our neighborhood who had made similar investments who did not have the boys to do the work nor wives who could manage to "get along" on virtually no income. Sometime during the winter of 1932-1933 a family acquaintance was foreclosed by his creditor, and a sheriff's sale ordered for a certain Monday. All the farmers in his neighborhood gathered together on Sun-day evening and agreed upon a plan to help their friend. They would attend the sale and refuse to bid against each other. The next day, as the auctioneer

went through his accustomed chant, a splendid team of horses sold for \$1.50; a grain binder, \$2.00; a hay mover, \$1.00. Prices of other animals and equipment ran from a low of 50 cents to a high of \$3.00. The farmers duly paid the sums they had bid, received the items purchased, and promptly turned them back to the farmer who had been foreclosed.

There were many examples of such conspiracies. Michael Malone, in his splendid dissertation on C. Ben Ross and the New Deal, states that in Gem, Boise, Idaho, Valley, Adams, and Lemhi counties arsonists systematically ignited fires in the forests in order to obtain employment as fire fighters. The situation became so serious that Governor Ross declared those counties to be in a state of insurrection, placed them under martial law, and ordered the National Guard to close off the forests to public access.⁶

One other factor which explains the severity of the depression years in Idaho is the drouth of 1934. The report of the Governor's Emergency Drouth Relief Committee, dated May 22, 1934, states that on the basis of reports from 45 water districts, representing 80 per cent of the irrigated land of Idaho, the general average water supply was 56 per cent of normal.⁷ Crop losses were estimated at \$22.4 million. About 30,000 people required relief in the 45 districts.

The reports from six weather observation stations in southern Idaho showed that from October 1933 to April 1934 there was a precipitation of less than 65 per cent of the long-term normal for that period, and that there was already a heavy crop loss of potatoes, beets, beans, peas, and hay. According to the report, 1934 was already the driest year in southern Idaho since the stations had started keeping records in 1909.

The report estimated that approximately 75,000 Idaho citizens would need aid on account of the drouth, and that \$2 million in emergency relief funds was needed to remove beaver dams obstructing the flow of streams; to pump water from lakes, marshes, sloughs, ponds, and streams into irrigation ditches and canals; to straighten creek and river channels; to pump from wells; to clean canals and ditches; and for direct relief. In a telegram to the Universal News Service in Chicago on July 26, 1934, Governor Ross declared: "In Idaho the drouth is serious, the worst in the history of the white man in this territory. Rivers and creeks are drying up which in previous years furnished irrigation. Thousands of springs that have been used for watering livestock in the mountains have become dry, and water must be furnished from other sections. While people in the affected areas will not be required to evacuate, feed must be shipped in to save the livestock. ...With assistance of the Federal Government we will be able to sustain our people in their homes without evacuation." The files of Ross Administration in the State Archives contain many applications for drouth relief.

The problems of the drouth pyramided as the drouth in the Great Plains region caused thousands of families to move into the Far West. Idaho received many thousands of these migrants--from Nebraska, Kansas, Oklahoma, Arkansas, Missouri, and Texas. Thus, although Idaho's economy was incomparably more distressed in the 1930's than in the 1920's, the net emigration of the 1920's was converted by Grapes of Wrath folk into a net in-migration in the depressed thirties. The newcomers, who went principally into the Snake River Valley in Southern Idaho and the cut-over area in Northern Idaho, created a mounting relief load. Clearly, conditions in Idaho, as in other states, required a sustained program of relief and recovery.

The federal aspects of the anti-depression program in Idaho included unemployment relief, agricultural loans and benefits, programs for youth, social welfare assistance, works programs, and lending programs. All of these measures were extensive in their coverage, and a review of the activities of federal agencies in Idaho is instructive. But the most surprising thing is how really small the expenditures of the various New Deal agencies proved to be. Accepting the political folklore of the 1930's, one gets the impression that Franklin Roosevelt staged a giant barbecue which supported

millions of people and forced the nation irretrievably into debt. Somehow or other, the most easily remembered quotation is one attributed to Harry Hopkins: "We will spend and spend and elect and elect." Compared with expenditures of recent years, however, New Deal expenditures were quite modest. Although Idaho, as mentioned previously, ranked sixth among the forty-eight states in per capita federal expenditures during the period 1933 to 1939, the total expenditures in Idaho of all New Deal agencies during those seven years was only \$470 per capita, or an average of \$67 per person per year. That is less than half the estimated annual per capita expenditures of the National Reactor Testing Station of the U.S. Atomic Energy Commission at Arco.

Of course, the dollar was worth more in those days. But to convert to present prices, the figures are still far less than Apollo 8--or, for that matter, some of our model custom-produced bombers. One reason the nation failed to recover from the depression of the 1930's until the advent of World War II was the small magnitude of the effort made. In all the years of the New Deal, the total expenditures of the federal government on recovery programs were approximately \$24 billion. That is a stout sum, but in the first years of World War II the federal government spent more than twice that figure. One of the lessons of World War II was that our recovery effort had been inadequate.

Looking back at the 1930's, we are amazed at the things the nation was able to do with the expenditures made by the various anti-depression agencies. In Idaho alone:

The Civilian Conservation Corps provided healthful and productive outdoor labor for almost 20,000 sons of poor families.

The National Youth Administration provided part-time employment for some 5,000 needy high school and college students.

The Reconstruction Finance Corporation, Federal Emergency Relief Administration, and other agencies provided relief for some 20,000 destitute Idaho families during most of these years. Approximately 20,000 to 30,000 Idaho farmers signed contracts with the Agricultural Adjustment Administration and received payments to help sustain their incomes. Another 9,000 low-income farmers were given more substantial help by the Farm Security Administration. More than \$50 million was loaned to Idaho farmers by agricultural loan agencies.

Some 4,000 Idaho laborers were employed on an expanded highway program involving thousands of miles of new and improved roads. Other Idaho workers constructed the Owyhee Reclamation Project, several storage reservoirs, 78 educational buildings, 25 airports in the state, 125 public buildings, the sewer systems of several dozen cities, the municipal waterworks for other Cities, and hundreds of athletic fields, fairgrounds, and parks throughout the state.

Creative Idahoans, directed by Vardis Fisher, put out the first of the state guides, an Idaho Encyclopedia, an Idaho Folklore, and an Idaho Digest and Blue Book.⁵

All of this, of course, cost money--but only a small percent of it came from Idahoans, whose incomes had fallen so low that their federal taxes were minimized. The Idaho Digest and Blue Book indicates that in 1933 Idaho paid only \$904,000 in internal revenue to the federal government while receiving some \$39,900,000 in emergency relief. Only one state (South Dakota) paid a smaller percentage in taxes in relation to what it received.⁹

As the result of the inflow of federal funds, Idaho's economy did improve. The following summary is suggestive:

Individual income taxes in Idaho rose from \$138,000 in 1933 to \$628,000 in 1939. Corporate taxes

rose from \$265,000 in 1933 to \$1,384,000 in 1939.

Bank deposits rose from \$41 million in 1933 to \$90 million in 1939.

Income per capita rose from \$287 in 1933 to \$452 in 1939.

Farm marketings rose from \$52 million in 1933 to \$80 -million in 1939.

Silver production rose from \$2 million in 1933 to \$15 million in 1939.¹⁰

As did other Americans, Idahoans slowly improved in wealth and welfare. By the outbreak of World War II, Idahoans were in a reasonably good position to participate effectively in the struggle for national survival against the menaces of German Nazism, Italian Fascism, and Japanese expansionism.

NOTES

1See Leonard J. Arrington, "The New Deal in the West: A Preliminary Statistical Inquiry," forthcoming in *Pacific Historical Review*, and the data presented in Table I of this article.

2Earl Pomeroy, *The Pacific Slope: A History of California, Oregon, Washington, Idaho, Utah, and Nevada* (New York, 1965), 295.

3Frederick M. Cone, "Income Payments by States," *Survey of Current Business* (August, 1941), 21:14.

4G. C. Hobson, comp., *The Idaho Digest and Blue Book* (Caldwell, Idaho, 1935), 566-571.

5Cone, "Income Payments," 14.

6Michael P. Malone, "C. Ben Ross and the New Deal in Idaho" (unpublished Ph.D. dissertation, Washington State University, 1966), 51-52.

7The report may be found among the papers of the Ross Administration, Box 27, folder entitled "Drouth Relief, 1934-1935." Idaho State Archives, Boise. The chairman of the committee was R. W. Fans, the Idaho Commissioner of Reclamation.

8These summaries have been compiled from Office of Government Reports, Statistical Section, Report No. 10, Idaho, Vol. II (Washington, D.C., 1940). A Xerox copy of this 54-page mimeographed report is in the Utah State University Library.

9Idaho Digest and Blue Book, 296-301.

10These summaries are compiled from Office of Government Reports, Report No. 10"

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