



JEAN CHOATE

“WE WANT OUR MONEY BACK”

The National Farmers' Process
Tax Recovery Association in Minnesota and Iowa

On January 15, 1936, Minnesota Senator Elmer A. Benson sent a telegram to lawyer and political activist Arthur Le Sueur of Minneapolis:

AUTHORITIES IN DEPARTMENT OF AGRICULTURE SAY POSITIVELY PACKERS DID DEDUCT PROCESSING TAX FROM PRICE HOGS HAVE ADMITTED IT REPEATEDLY TO FARMERS AND AT PUBLIC HEARINGS STOP TRIPLE A CHIEF HAS RESEARCH MAN COLLECTING SUBSTANTIATING TESTIMONY STOP SAYS WITHOUT DOUBT NON CONTRACT FARMERS CAN FORCE RE-PAYMENT AND CONTRACT SIGNERS MAY ALSO HAVE CASE IN COURT DETAILED LETTER FOLLOWS AIR MAIL¹

Le Sueur passed the telegram on to Andrew J. Johnson, Iowa Farmers Union president, who read it aloud to a group of hog producers called together for the purpose of forming an organization to recover the processing taxes. They met in Des Moines, Iowa, on March 12, 1936, soon after the United States Supreme Court declared the Agricultural Adjustment Act (AAA) unconstitutional. They formed a movement initially called the Farmers' Process Tax Recovery Association. When its membership expanded to include areas outside of Iowa, it became the National Farmers' Process Tax Recovery Association (hereafter the Recovery Association). Most members were farmers opposed to the AAA, who had not joined the AAA corn/hog program.

PRESIDENT Franklin D. Roosevelt had sent the agricultural adjustment bill to Congress in March, 1933. He called it "the most drastic and far-reaching piece of farm legislation ever proposed in time of peace."² The bill would cut back agricultural production by providing for reductions in acreage or livestock, compensated by payments made to farmers from a tax levied on processors. Under this plan farmers would bring their goods to market and sell them to processors, who then sold the finished product to consumers, and pay a pro-

cessing tax to the federal government. Many farmers believed Congress intended this tax to be paid out of the profits of the processors; however, in the case of hogs, Recovery Association members agreed that the taxes had been taken out of the prices paid to farmers.

The United States Department of Agriculture received many complaints from farmers concerning the AAA hog program. In December, 1933, Mrs. Louis Boldrec of Hamel (Hennepin County) wrote to President Roosevelt saying "things have gone so far and so unfair it wont [sic] be long [until] we will be slaves." Another farmer, R. L. Crase of Good Thunder (Blue Earth County), wrote to Secretary of Agriculture Henry A. Wallace a month later: "Last winter we could feed grain and get along. This winter we go behind on all the grain we feed. When you put the process [sic] tax on hogs, the Packer took it out of us. And it was made very plain that if we butchered a hog and sold even a 1/4 of a hog, the tax was to be paid by us. every time 50¢ tax was put on our hogs dropped 50¢ and the Packer gets by with it."³

Others wrote their congressmen complaining about the processing tax. The legislators, in turn, wrote letters or made calls to officials in the Department of Agriculture. One group of farmers in DeKalb County, Missouri, circulated a petition stating that the packers were "deliberately taking the processing tax off live hogs which is contrary to our understanding of the government's application of the processing tax."⁴

Farmers used other means of expressing their disagreement with the AAA corn/hog program as well. One way was simply not to sign up. In some states more than half of the farmers refused to join. In Minnesota approximately as many farmers failed to participate in the AAA corn/hog program as did join. In 1935, for example, 79,594 Minnesota farmers signed corn/hog contracts, while 70,048 abstained. Those who signed had to reduce their hog production but got a \$5.00 rebate for those they raised.⁵

Finally, the Supreme Court declared the AAA unconstitutional on January 6, 1936. Justice Owen J. Roberts, speaking for the majority, said the processing tax of the AAA was not a genuine revenue measure but a device whereby the federal government sought to exercise control over matters subject only to state control. Roberts rejected the contention that the plan was not compulsory. He said farmers might refuse to comply, but the price of this refusal was the loss of benefits. He

¹ Elmer A. Benson to Arthur Le Sueur, Jan. 15, 1936, National Farmers' Process Tax Recovery Association (NFPTRA) Records, Department of Special Collections, Parks Library, Iowa State University, Ames. Except where otherwise noted, all correspondence cited in this article is from NFPTRA Records.

² Franklin D. Roosevelt, *Public Papers and Addresses of Franklin D. Roosevelt*, vol. 2, *The Year of Crisis, 1933* (New York: Random House, 1938), 79.

³ Mrs. Louis Boldrec to President Roosevelt, Dec. 16, 1933, and R. L. Crase to Henry Wallace, Jan. 16, 1934, both in National Archives Record Group (NARG) 145, AAA 1933-1935, Subject correspondence, Hogs P. T.

⁴ Farmers and Hog Producers of DeKalb County, Missouri, to Secretary Henry Wallace, Dec. 20, 1933, NARG 145, AAA 1933-1935, Subject correspondence, Hogs P. T.

⁵ Figures from Edward E. Kennedy, Farmers Washington Service, Oct. 25, 1937, NFPTRA Records.

Jean Choate, who is completing her doctorate in agricultural history and rural studies at Iowa State University, is a native of Wisconsin who lived in several Minnesota communities before settling in Iowa. This article is a revised version of a paper she presented at the 1989 Northern Great Plains History Conference in St. Cloud.



This 1940 cartoon from the *County Farmer* was subtitled "It's Time to Hook on the Other Trough."

declared that the "power to confer or to withhold benefits is the power to coerce or destroy."⁸

Immediately following the Supreme Court decision invalidating the processing tax, Congress passed legislation providing that processors and producers could file claims and be refunded the portion of the processing tax borne by them.⁹ The Supreme Court decision and the act of Congress gave some farmers the hope of receiving refunds. Shortly thereafter the Recovery Association was organized to facilitate the recovery of taxes paid by farmers, especially those who did not sign up for the corn/hog program.

Milo Reno, former president of the Iowa Farmers Union, was particularly important in the formation of the group. Reno had been associated with the Populist party in the 1890s and 1900s and was a member of the Nonpartisan League during World War I. In his early years in the Farmers Union, Reno opposed the money powers of the East. He said they "presumed to be the dictators of the financial policy of this country . . . [but] have failed to satisfactorily solve the problem. . . . they alone are responsible . . . for our present conditions."¹⁰

Reno also led the Farm Holiday movement, which

sought to raise prices by co-ordinating withholding action among farmers. There were strong ties between the Iowa Farm Holiday and the Minnesota Farm Holiday associations resulting from the friendship between Minnesota association president John Bosch and Reno.⁹ Reno was president of the national organization until his death, when Bosch, as vice-president, took over.

In addition to his concerns over big money interests in the East, Reno also feared the power of the New Deal government. He opposed the New Deal in the 1930s because he felt its farm program took away the freedom of the farmers. Reno along with other Farmers Union leaders worked for the passage of a cost of production bill and looked with disfavor on the new AAA plan. Cost of production involved itemizing average expenses of producers for each commodity, including an allowance for the farmers' wages, in order to set a price for domestic products that would pay the farmer a price equal to costs and labor, with a reasonable profit figured in. Processors would be required to purchase goods for national use at this price. The cost of production proposals were not accepted, however; instead the AAA bill was passed. Reno compared the AAA to a "highway robber" because it did not give farmers a free choice: they either had to "sign this contract; [and] deliver" or the government "will take \$2.25 upon every hundred pounds of pork you produce [and] . . . will boycott and harass you in every way possible."¹⁰

Reno's ideas for the formation of the Recovery Association may have derived from suggestions he received from farmers. On January 9, 1936, L. J. Erchacker of Masonville, Iowa, wrote to Reno saying he did not sign the corn and hog contract but still paid the processing tax: "I think I ought to get that money back. So I am writing you to know how to go about it. My hogs were sold to buyers here, who would you go after to get the processing tax, the packers or the buyers? Or would you get a bunch together and get it that way, it seems as that would be the cheapest way, that way one lawyer (if you had to have a lawyer) could get it all as one."¹¹

⁸ *U. S. v. Butler*, 287 U. S. (1936), in *American Law Reports*, 297-298.

⁹ Edward E. Kennedy, *The Fed and the Farmer* (Pismo Beach, Cal.: Edward E. Kennedy, 1983), 100.

¹⁰ Roland A. White, *Milo Reno, Farmers Union Pioneer, 1866-1936* (Iowa City, Iowa: Athens Press, 1941), 200.

¹¹ David Nass, ed., *Holiday: Minnesotans Remember the Farmers' Holiday Association*, foreword by Lyndon Johnson (Marshall, Minn.: Southwest State University, Plains Press, 1984), xviii, xix.

¹² White, *Milo Reno*, 67-69, 181.

¹³ L. J. Erchacker to Reno, Jan. 9, 1936, Milo Reno Papers, Special Collections, University of Iowa, Iowa City.

Reno replied, "I am suggesting that the farmers, who did not sign the contract, form an organization to obtain justice." Reno also wrote to one Davenport woman: "This administration has taken advantage of both the farmer's distress and the laborer's aswell [*sic*] to build a powerful, political machine, paving the way for a dictatorship." He said the farmer who did not sign the contract and thereby "did not sign away his rights as an American citizen" had been refused any government benefits.¹²

TWENTY-SEVEN MEN attended the first meeting of the Farmers' Process Tax Recovery Association. Reno was in poor health at the time of this gathering and had gone to Excelsior Springs, Missouri, hoping to recover. (He later died there.) Reno sent his greetings to the group, and a man chosen by him, Donald Van Vleet, raiser of Poland China hogs and publisher of a hog raisers' journal, was elected president. A membership fee of \$2.00 was set, and 22 paid their dues as charter members. A. J. Johnson, Iowa Farmers Union president, read the letter from Reno and led part of the meeting, expressing the hope that both the farmers who refused to sign the corn/hog contracts and those who did sign them would be able to get their processing taxes back. Even if they did not recover their taxes, he noted, the formation of the group would be a "hindrance" to any attempt in the future to "put out another such measure as the last Triple A." The group also wrote a letter to Reno thanking him for his efforts in "laying the foundation of this organization."¹³

Soon after the meeting, support for the Recovery Association began to grow. A letter received by Van Vleet from Hattie Kroeger provides an example: "Our hogs died in 1933, so we were out of luck, no use in signing AAA, nor could we seal our corn which we gladly would have done but had to sell cheap. Thousands of farmers in the same fix as we, sure hit us hard. big fellows had the benefit. First it is hard to get the nonsigners together, then it is a long drawn fight to get the Pross. tax back if ever. But the AAA did not play fair."¹⁴ The fact that the AAA benefited the "big fellow" and that the small farmers suffered under the program was a common complaint.



Milo Reno

AS the Recovery Association grew in Iowa, its leaders attempted to reach farmers in the other corn/hog producing states of the Midwest. Recovery Association leaders sought through various means to expand into Minnesota. Van Vleet wrote to Le Sueur a few months after the forming of the organization, and in June Le Sueur replied that the Farm Holiday convention opened on June 30, and he would "get in touch with John Bosch, and . . . try to get them busy. . . . Win, lose, or draw—this matter ought to be settled." Le Sueur wrote again in July suggesting Van Vleet find cases in which Iowa farmers were willing to sue to get their money back on claims involving St. Paul processors. They would then be joined with some Minnesota cases to test the possibility of recovering the processing tax through the court system or through appeal to the director of Internal Revenue. Le Sueur hoped to place claims against the Hormel company in Austin.¹⁵

In another effort to gain Minnesota support, Van Vleet wrote to John C. Erp, Canby farmer and president of the Minnesota Farmers Union, in May, 1937, suggesting that he establish a branch of the Recovery Association in Minnesota. Van Vleet reported he had written John Bosch asking for his help but, although Bosch supported the organization, Van Vleet feared

¹² Reno to Erchacker, Jan. 13, 1936; Reno to Mrs. H. L. Kinney, Jan. 13, 1936; and A. J. Johnson to Reno, Mar. 13, 1936—all in Reno Papers.

¹³ Notes of Mar. 12, 1936, meeting of the Recovery Association, NFPTRA Records; Johnson to Reno, Mar. 13, 1936, and G. L. Harrison, Christian Grell, and Henry Preyt to Reno, Mar. 12, 1936, both Reno Papers.

¹⁴ Hattie Kroeger to Donald Van Vleet, Mar. 19, 1936.

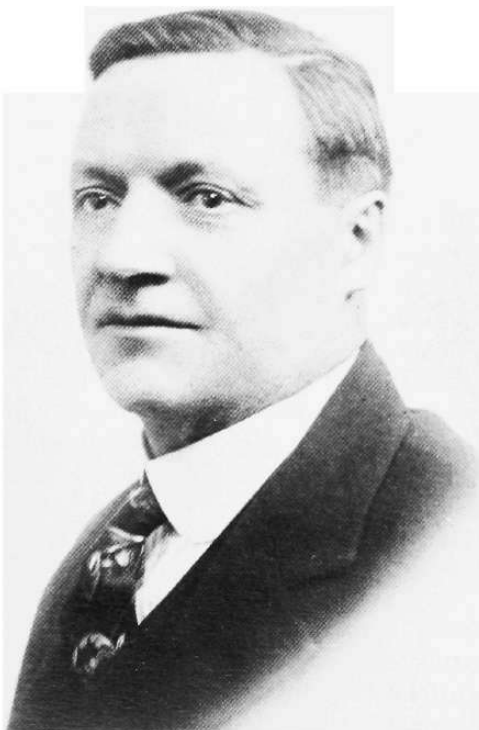
¹⁵ Arthur Le Sueur to Van Vleet, June 29, July 9, 1936.

that he "is so busy that he doesn't have time to give to it."¹⁶

Van Vleet continued contacting Minnesotans whom he thought might lead a tax recovery movement there. In July, 1937, he suggested that Erp accompany him and Johnson to Washington to talk about recovery plans with congressmen there. He wrote, "Although you have not been actively engaged in this work, we know you are in sympathy with this movement." Later that month Erp held a meeting at Granite Falls to discuss the processing tax. Van Vleet encouraged Erp, saying "the stronger this movement becomes and the more agitation there is for the payment of this money the better chance we actually have. . . . Your Mr. Benson was the man who originally started some agitation in behalf of the return of this processing tax." Van Vleet wrote Erp again in August with more advice and suggestions. For filing the refund claim with the association, he said the organization could charge 1 percent of the amount of the tax refund requested; this money would then be divided among the solicitor, the state office, and the national headquarters.¹⁷

Erp then began to organize a statewide recovery association in Minnesota. Various local officers were appointed in most of the counties, but the largest membership was in Big Stone, Kandiyohi, Lac qui Parle,

Arthur Le Sueur



Renville, Swift, and Wright counties—the counties hardest hit by the depression. (These counties, located in the western and central sections of the state, also figured prominently in the Farm Holiday movement.) Members of the Recovery Association in Minnesota, approximately 650, represented only a small percentage of the total number possible; many more had lost money as a result of the processing tax. In 1934, for example, 4,500,000 hogs were marketed for slaughter, 2,480,000 by AAA signers, and 2,040,000 by non-signers. That year the nonsigners paid \$10,208,000 in processing taxes. Although the AAA contract signers had also paid, their payments had been reimbursed by the AAA at a rate of \$5.00 per hog. The processing tax began at \$.50 per hundredweight and rose during the two years of the program to \$2.25 per hundredweight.¹⁸

D. B. Gurney of Gurney's Seed Company in Yankton, South Dakota, needed no urging from Van Vleet to help the farmers recover their processing taxes—he initiated his own action. Gurney, president of radio station WNAX, often presided over the station's popular noon-hour farm program. In January, 1938, Gurney began suggesting that farmers collect their hog receipts and send them in to him. He charged 2 percent for a first filing fee and an additional 6 percent of amounts the claimants received from the federal government. Many of Gurney's letters came from hog raisers in South Dakota, but his broadcasts and their appeal reached beyond state boundaries. He received a number of letters from farmers in North Dakota, Nebraska, Kansas, Iowa, Wisconsin, Missouri, Montana, and Minnesota.¹⁹

Most of the letter writers simply sent in their hog receipts and payments. However, some occasionally gave an indication of their feelings concerning the AAA program. George D. Mohlenbrock of Mountain Lake wrote to Gurney:

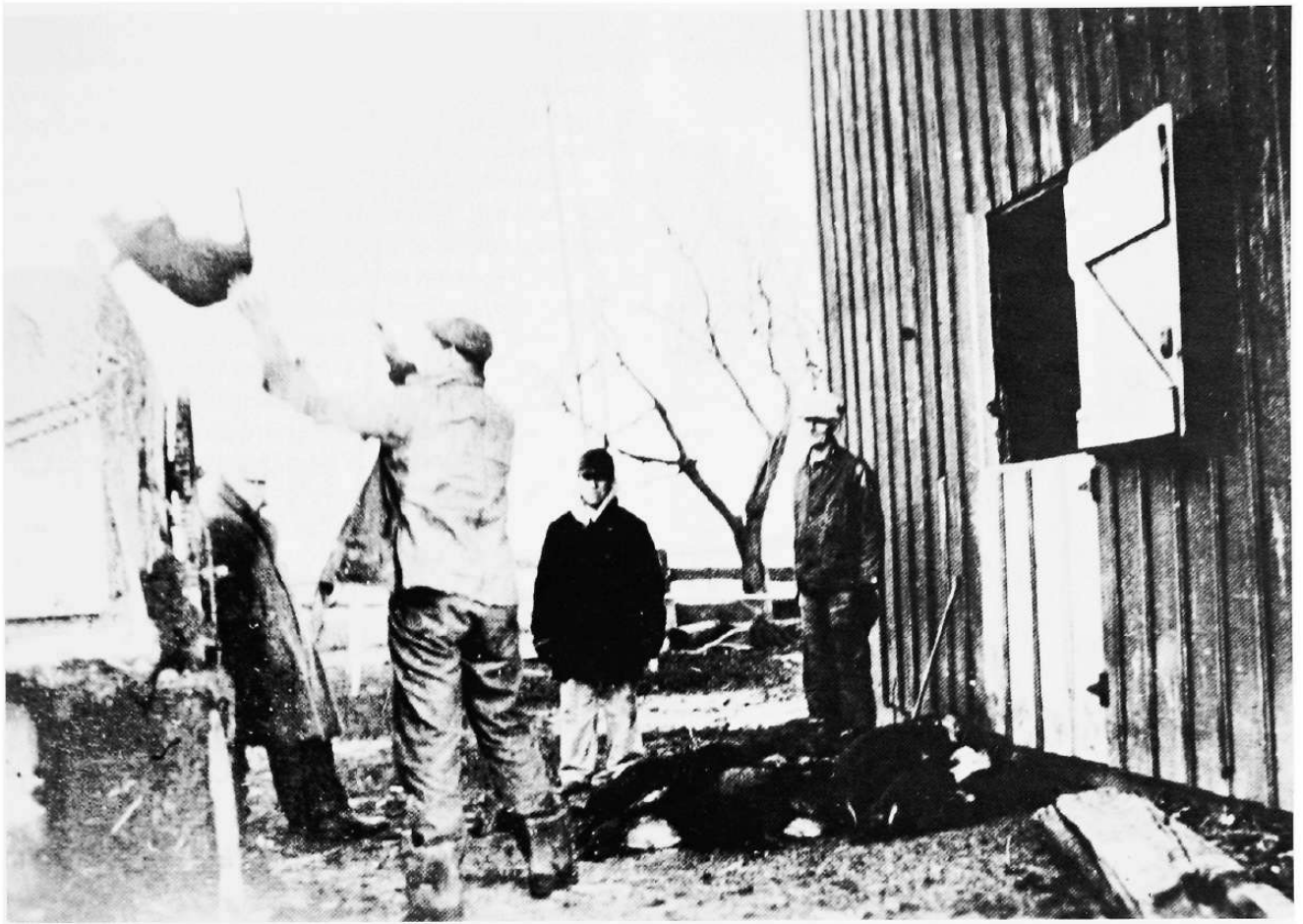
¹⁶ John L. Shover, *Cornbelt Rebellion: The Farmers' Holiday Association* (Urbana: University of Illinois Press, 1965), 205–206; Van Vleet to John Erp, May 10, 1937.

Shover points out that although the two state Holiday Associations were close initially, by 1936 Bosch and Reno had parted ways on many issues. Reno tended to focus on short-term goals and Bosch on long-term, modest goals. Bosch also incorporated the support of the United Farmers' League, which worried Reno because of its Communist sympathies. As a result, when approached by Van Vleet concerning the Recovery Association, Bosch may have been supportive of the movement generally but not have wished to become involved to any great extent. See also Nass, *Holiday*, 196–197.

¹⁷ Van Vleet to Erp, July 3, 15, Aug. 3, 1937.

¹⁸ Nass, *Holiday*, xviii, xix; Kennedy, *The Fed and the Farmer*, 100.

¹⁹ On Gurney, see *Dakota West*, vol. 10, no. 1, p. 12–15, 20–23.



The slaughter of pigs to keep them off the market was a common sight in the early days of the AAA.

Dear Friend,

I have always listened to you over WNAX. And get real old Common sense. More power to you on agriGas and other farm problems. Please accept my appreciation of your efforts. Corn Hog Program I signed up 1 year, had corn sealed: never again. Please help me secure my Share of the Hog Tax. I will be glad to pay Fee's.

The same winter Fred Wooldrik of Sleepy Eye wrote: "I have been listening to your talks over the radio on the subject of the processing tax on hogs. . . . I was a non-signer and I didnt believe in it." Gurney replied to these and other writers asking that they send in their receipts, contact their neighbors and enlist

them in the cause, and write their congressmen asking they back legislation for the recovery of claims.²⁰

Gurney's offer to help farmers recover their processing taxes was regarded by Recovery Association leaders with mixed emotions. They appreciated the fact that Gurney was attracting attention to their cause, and Van Vleet wrote Erp that "Gurney is advertising over the radio quite extensively but according to some of your field men it is helping them more than it is hindering them."²¹ Then Van Vleet began to hear from other local recruiters who resented Gurney's competition because Gurney's rates were lower than theirs. Many potential Recovery Association members were joining him, instead of the association. Recruiters felt they had been leading the fight since 1936, and Gurney was a newcomer. Sympathetic to his local recruiters, Van Vleet changed his mind and began actively to oppose co-operation with Gurney's efforts.

Recovery Association leaders disagreed over their relationship with the Gurney organization. Van Vleet,

²⁰ Here and below, see Mohlenbrock to Gurney, Jan. 31, 1938; Wooldrik to Gurney, Feb. 7, 1938; Gurney to Lewis Ketelsen, May 23, 1938.

²¹ Van Vleet to John Erp, Feb. 16, 1938.



John C. Erp, seen here in 1957

fighting any efforts to join forces with the South Dakotans, was also being criticized by some of the leaders of the Recovery Association because of his efforts to combine recruitment with the sale of agricultural products such as harnesses and yeast pig feed. Amidst the controversy, Van Vleet resigned. In July, 1938, Van Vleet notified Erp, the Recovery Association's vice-president, of his decision and Erp became president.²²

Because of his position as Minnesota Farmers Union president, Erp was able to encourage other officers to become active in the Recovery Association. They included Andrew Jensen, vice-president from Ellsworth, Mrs. Oscar Mellin, secretary-treasurer from Howard Lake, Nels Pederson, legislative chairman from Milan, and Carl Winter, member of the board of directors from Canby.²³ A number of people holding office in the Minnesota Farmers Union actively solicited members for the Recovery Association. Solicitors received a small portion of the new members' enrollment fees.

THE Recovery Association members first attempted to get their money back through legal action. Van Vleet and Le Sueur corresponded about the possibility of filing suits or claims to secure refunds; other lawyers in Iowa were also consulted. In 1936 Recovery Association members filed 265 claims with the commissioner of Internal Revenue. The claims were rejected, however, on the grounds that the farmers did not have receipts showing they had paid the tax. Therefore, they could not recover their tax money, despite evidence intro-

duced showing that though the processors had paid the tax, they deducted the cost of the tax from the price paid to the farmers. (Farmers submitted receipts showing they received lower prices for their hogs after the processing tax was enacted.)²⁴

After their failure with the commissioner of Internal Revenue, the group attempted to lobby for congressional approval of a bill authorizing federal repayment of the processing tax to hog producers. A group of Recovery Association leaders went to Washington to confer with the Iowa Farmers Union representative, Edward E. Kennedy. A friend of Reno and a member of the Iowa Farmers Union, Kennedy was active in the Farm Holiday movement and was one of the first to propose the penny sales used by farmers to prevent the foreclosure of their property by auction during the depression. Kennedy served as the National Farmers Union's secretary until 1936 when he was ousted from that position in a close-fought battle.²⁵

Kennedy took the Recovery Association leaders to meet members of the Senate and House appropriations committees including Senator Guy M. Gillette and Congressman Fred C. Gilchrist, both from Iowa. Johnson later reported before the House Agriculture Committee: "We must have met with 20 or 25 members and they all . . . advised legislation."²⁶

About this same time other groups, including cotton planters, tobacco growers, and sugar beet producers, found their claims for return of their processing taxes rejected. They, along with the hog producers, then attempted to write legislation and have it submitted to the Senate and House agriculture committees where hearings concerning the requests for the return of the processing taxes were held.

Kennedy spoke before the Senate Agricultural Committee concerning the Recovery Association's bill, pointing out that hog producers had testified in Senate and House agricultural committee hearings in 1933 and 1935 that processors were charging the tax back to producers through lower prices for their hogs. Other Recovery Association officers also testified. Erp said the farmers "were of the opinion that the tax was taken

²² Van Vleet to Erp, July 9, 1938.

²³ Minnesota Farmers Union, letterhead, 1937, NFPTRA Records.

²⁴ Statement of A. J. Johnson before the House Committee on Agriculture, May 16, 1939, copy in NFPTRA Records. By May, 1939, Johnson reported 3,100 claims filed with NFPTRA alone.

²⁵ Author interview with Edward E. Kennedy, June 10, 1989, transcript in Special Collections, Parks Library, Iowa State University; Shover, *Cornbelt Rebellion*, 210.

²⁶ Kennedy, *The Fed and the Farmer*, 101; statement of A. J. Johnson before the House Committee on Agriculture, 1939, copy in NFPTRA Records.



from them because of the low hog prices that we had during that period."²⁷

The Senate hearings were followed by shorter hearings before a special subcommittee of the House Committee on Agriculture. Kennedy, Johnson, Erp, and Van Vleet spoke during the House hearings as well. John Vesecky of Salina, Kansas, president of the National Farmers Union, told the committee that the AAA

had worked well for wheat farmers but not for corn/hog producers; he strongly supported the Recovery Association's bill and believed "both the fellow who participated and the fellow who did not participate should be given the same privilege to prove that this tax was taken from the price of his hogs."²⁸

Representative William Lemke of North Dakota, who introduced the Recovery Association's bill into the House, was the last to testify before the subcommittee. He "offered this amendment only after hundreds of farmers, by letter, asked me . . . that they . . . be given an equal chance with the processors, who did not pay the tax." He said that 17 out of 100 hog farmers who had signed up with the AAA got benefit payments and "85 percent did not." However, the 17 did cut down their production and therefore, he believed, both those

²⁷ U.S. Congress, Senate Committee on Agriculture, *Refund of Processing Tax on Hogs, Hearing*, Mar. 18, 75th Cong., 3rd sess., 1938, p. 8, 20.

²⁸ Here and below, see U.S. Congress, House of Representatives Special Subcommittee of the Committee on Agriculture, *Certain Tax Refunds, Hearing*, Jan. 15–Mar. 25, 75th Cong., 3rd sess., 1938, p. 92, 98.

who participated in the AAA program and those who did not should be permitted to apply for the tax refunds. He also suggested that the committee present the hog processing tax and the cotton tax bills together as one bill.

While this legislation was being discussed in Congress, the Recovery Association and Gurney encouraged farmers to write their congressmen. For a time, Gurney enclosed postcards in his letters to processing tax claimants asking that they send them to Washington. A. G. Marks of Marshall wrote to Gurney that he appreciated his "efforts in this good work," and added that he had written his senators and congressmen "and they have replied that they would use all their influence in obtaining passage of this bill."²⁹

After the hearings, the chairman of the committee appended a letter from Agriculture Secretary Wallace to the record of the proceedings. Wallace wrote that he opposed the refund of processing taxes paid on hogs because the hog producers received higher prices following the corn/hog adjustment program. This letter seems to express the opposition of the administration, especially Wallace, to the hog farmers' attempts to recover the processing tax. On June 25, 1938, Congress did appropriate monies for the refund of cotton, tobacco, and potato processing taxes but did not include funds for the repayment of the hog processing tax.³⁰

Why did the administration and Wallace not oppose the refunding of the processing taxes to southern cotton and tobacco growers and northwestern potato growers but did protest the granting of refunds to midwestern hog producers? Perhaps one reason was political. Southern cotton growers certainly had more political clout. The chairman of the Senate Agriculture Committee, for instance, was Senator Ellison D. "Cotton Ed" Smith from South Carolina. Southern cotton growers appealing to their senators were likely to have their wishes respected by the Department of Agriculture and the administration, and bills they requested had a better chance of being passed by Congress. Midwestern senators and congressmen, often Republicans, did not have the same political influence.

Considering that the Recovery Association originated in Wallace's home state among farmers with whom he dealt in producing and selling hybrid corn seed for the corn/hog market as well as people who read his farm magazine, the problem becomes more complex. Perhaps, Wallace resented the fact that people from his home territory rejected his program. Pride, as well as politics, may have dictated his actions in opposing the refund to the hog producers.

Working through friendly congressmen, the Recovery Association submitted bills for several years—1938, 1939, 1940, and 1941—but with no success. Kennedy, Johnson, and Erp continued to lead the movement.³¹ In



Henry A. Wallace

Minnesota many of the Farmers Union officers remained active in Recovery Association affairs.

ASSOCIATION members continued to fight for repayment of the hog processing tax and to recruit members. In a letter to the editor of the *Des Moines Register* published October 8, 1938, E. R. Aschenbrenner said the Recovery Association was a "nonprofit organization incorporated under the laws of Iowa and doing business in every state where hogs are raised."³² The letter was published in order to answer questions anyone interested in the Recovery Association might have.

In Washington Chandler Gurney, D. B. Gurney's son, enthusiastically supported the Recovery Associa-

²⁹ A. G. Marks to Gurney, Mar. 29, 1938.

³⁰ *Certain Tax Refunds*, 99, and *Refund of Processing Tax on Hogs*, 34-36, both in 75th Cong., 3rd sess., 1938.

³¹ Erp to Johnson, Mar. 25, 1941.

³² "Farm Group Seeking Return of Processing Taxes," *Des Moines Register*, Oct. 8, 1938, p. 4.

tion's bills as the new senator from South Dakota, elected in 1938, on the Republican ticket. D. B. Gurney, fearing there might be charges of conflict of interest, turned over his accounts to the Recovery Association and for a time paid Kennedy \$50 a month to represent the claims he had accumulated. Letters addressed to Gurney asking for information on processing tax refund activities were sent to the association's offices in Des Moines and answered from there.³³

Farmers continued their attempts to gather proof of their 1934 and 1935 hog sales. Finding some sort of proof of their sales was not always easy: although some farmers had kept receipts, many had thrown them away. This happened frequently among farmers who had moved since 1934 or 1935. Failing to find their receipts at home, many tried to contact the packing yards for the receipts. Some farmers told the Recovery Association officers or Gurney that they were having difficulty getting their receipts from the processors. Ed Mulverhill of Madison Lake wrote to Gurney: "Now on this sale slips all hogs I sold in Mankato, Minn. I went to them and . . . they [sic] said no we will help you out when the Bill is pass . . . so with Mankato I will leve [sic] that to you."³⁴

Albert Kepka of Worthington sent Gurney a letter he received from John Morrell and Co. of Sioux Falls, South Dakota, saying the company would not give him the information unless it was given the actual dates of delivery and the reason for requesting the information. Andrew Peterson of Roslyn, South Dakota, wrote that he had received a letter from Swift and Company stating: "wires and letters that we have received from Washington indicate there is very little possibility of any bill being enacted and for this reason we do not wish to . . . [secure] this information." And Andrew Hoganson of Hopper, Nebraska, wrote that he had contacted his county agent in order to get the figures for the year he was under the AAA program; the county agent told him "they got orders to keep them."³⁵

In 1941 Recovery Association leaders launched a concerted effort to enlist more members. Meetings were held in various towns in Iowa and Minnesota. W. W. Meyne and Rae Shields held one-day meetings in Iowa at Estherville on April 1 and Cedar Falls on April 8, and another in Swea City on September 20. Carl Meints and Dan Harvey held meetings in Mankato on November 3 and St. James on November 5. A note in the *New Ulm Daily Journal* announced that a meeting would be held at the Grand Hotel in New Ulm on November 7. The writer of the article incorrectly stated that the bill for refunding the processing tax had passed the Senate.³⁶

These recruiting efforts brought some new members to the Recovery Association, but they were not enough to affect seriously the fate of the organization. It remained active through 1941 and began to die out in 1942 without a single member ever recovering the processing tax.

THIS STUDY of the National Farmers' Process Tax Recovery Association in Minnesota and Iowa has opened up new ways of looking at the farmers of the Midwest and the New Deal. The usual assumption has been that the farmers appreciated the New Deal. But, if so, the figures are surprising. In Minnesota nearly as many farmers refused to sign the corn/hog contracts as those who actually signed. Why did they refuse? Some of the letters quoted in this article suggest their reasons: individualism, drought, conservatism.

Why did some join the Recovery Association and not others? Many joined for monetary reasons. They hoped to get their money back. For others it was probably a mixture of financial reasons and a feeling that it was the right thing to do; they had not approved of the processing tax, either when it was first enacted or after living with it for a year. They felt that for two years they had been forced to pay an unwanted, expensive tax. In 1934 50¢ a hundredweight was one-seventh to one-eighth the cost of a hog, and although the prices of hogs increased in the next two years, the processing tax increased to \$2.25 a hundredweight as well. When the tax was declared unconstitutional, farmers felt it was right to attempt to get that money back.³⁷

Letters indicate that a number of farmers did not join the Recovery Association because the cost of two or three dollars for filing a claim was difficult to meet in the midst of a depression when every penny had to be carefully accounted for. Both Gurney and the Recovery Association received many letters from people who were interested in their program but then dropped out before sending in their money.

Other letters show that the writers wondered whether they would get their money back. They feared that the government would never refund their taxes.

³³ Johnson to Joseph Bohoboj, May 26, 1941.

³⁴ Ed Mulverhill to Gurney, Mar. 6, 1938.

³⁵ Albert Kepka to D. B. Gurney, with enclosed letter of John Morrell & Co. to Kepka, Feb. 3, 1938; Swift & Company to Andrew Peterson, Mar. 10, 1938; Andrew Hoganson to Gurney, April 13, 1938.

³⁶ For Recovery Association activities, see, for example, *Estherville (Iowa) Daily News*, Mar. 24, 1941, p. 1; *Waterloo (Iowa) Daily Courier*, April 1, 1941, p. 13; A. K. Iverson to NFPTRA, Sept. 15, 1941; *Mankato Free Press*, Oct. 28, 1941, p. 11; *St. James Courier*, Oct. 28, 1941, p. 5; *New Ulm Daily Journal*, Oct. 29, 1941, p. 1.

³⁷ South Dakota Crop and Livestock Reporting Service, "Price Movement in South Dakota, 1910-1941," *South Dakota Agriculture*, 1942, p. 15; Kennedy interview, June 10, 1989.



John Vanderwerke of Brainerd wrote that he had a long argument with his county agent over attempts to recover the processing tax. The county agent said he knew they would not get their money back because he "got a letter from D.C." saying the farmers would not receive the tax. Vanderwerke said he and some others told the county agent "he had better stick with the farmers." Julius Manthey of Gaylord wrote: "By when will we get this tax paid to us?" G. R. Erickson of Lake Wilson wrote: "Wish you the best of success in what you have undertaken. . . . This Wallace farming sure is a deterrent [sic] to us dirt farmers."³⁸

Although the Recovery Association made progress in the late 1930s, it faltered in the 1940s. The loss of several founders adversely affected the organization. First Reno died as the group was getting under way. Then Van Vleet resigned in 1938. Van Vleet's departure was especially detrimental because he was well known and respected in Iowa, where the association had its strongest base. When Erp became president, he tried to hold the group together, but his strength lay in Minnesota, which had fewer members than Iowa. Kennedy also tried to hold the group together, but his base of operations was in Washington, and in 1941 he became interested in other causes.

Elmer Benson, who sent the telegram to Le Sueur, was a United States senator with federal contacts in 1936. In 1938 he left the Senate to become governor of Minnesota; as a result, during most of the years when the Recovery Association was fighting for passage of federal legislation, Benson was involved in Minnesota state affairs.

The entrance of the United States into World War II irrevocably turned people's attention elsewhere. Farmers as well as the rest of the country geared up for war production. Issues of agricultural freedom or regimentation were set aside in the desire to fight the tyranny of the Axis powers. These issues would not be completely forgotten in the years ahead, however.

Decades later, Benson reminisced in *Minnesota History* about his earlier days and commented that Americans do not fully appreciate the many "grass roots pro-



Elmer Benson (center) visiting with farm colleagues, about 1936

test movements which keep proliferating in our cities and on our farms."³⁹

Some might say the Recovery Association illustrated the underlying conservatism of American farmers. Yet it is difficult to call people who originated penny sales, fought with their county agents, and organized withholding actions conservative. This study points out the necessity of looking at the period with fresh eyes, forgetting the convenient name tags, and trying to see what people were actually doing and saying.

³⁸ John Vanderwerke to Gurney, Feb. 24, 1938; Julius Manthey to Gurney, Feb. 9, 1938; G. R. Erickson to Gurney, Feb. 13, 1938.

³⁹ Elmer A. Benson, "Politics in My Lifetime," *Minnesota History* 47 (Winter, 1980): 159.

The photograph on page 103 is from the State Historical Society of Iowa; the one on page 106 is courtesy of Rozella Erp Hendrickson of Canby; and the cartoons on pages 102, 107, and 110 are from the NFPTRA Records. All other illustrations are from the MHS audio-visual library.



Copyright of **Minnesota History** is the property of the Minnesota Historical Society and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. Users may print, download, or email articles, however, for individual use.

To request permission for educational or commercial use, [contact us](#).