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Congressman KNUD WEFALD

A Minnesota Voice for Farm Parity

JON M. WEFALD

RUNNING under the newly-raised banner of the Minnesota Farmer-Labor coalition in 1922, Knud Wefald, a Hawley lumber dealer, defeated the Republican incumbent, Halvor Steenorson, in the battle for Minnesota's ninth district Congressional seat. Wefald's success was one of many ominous signs of an impending farm revolt, for the Red River Valley and the wheat belt of the Northern Plains were among the first areas to feel the impact of the postwar agricultural crisis. The new Representative was to spend the next four years in Washington demanding aid from the federal government for the crumbling economy of the nation's farm population. In that time he became one of Minnesota's leading spokesmen for the principles which, embodied in the ill-fated McNary-Haugen bills, were to foreshadow more than a quarter century of federal agricultural policy.

With the end of World War I, farm prices slid downward and continued in most instances to fall below prewar figures, while

railroad freight rates remained high, and prices on farm equipment continued at wartime inflation levels. Combined with the persistent problems that had for years troubled the American farmer — mortgage indebtedness, high interest and freight rates, and farm equipment monopolies — were the problems of export surpluses swollen by expanded acreage and improved production techniques. By the 1922 mid-term elections, farm insurgents, making use of a deteriorating agricultural situation, and stressing Republican blunders, gained election victories in the North Star State and several others, including Indiana, Pennsylvania, Iowa, and North Dakota. Wefald was one of three Minnesota Farmer-Labor candidates who moved into the Congress that year, the other two being Ole J. Kvale, elected to the House, and Henrik Shipstead, sent to the Senate.¹

Born in Kragero, Norway, on November 3, 1869, Wefald, like many other Norwegians in the 1880s, left his birthplace to emigrate to Minnesota. He arrived there in 1887, and after working as a farm laborer in Fossum for several years, he moved to the agricultural community of Hawley, where he entered the lumber business. As manager of the Wilcox Lumber Company from 1896 to 1902 and secretary-manager of the Hawley

¹ James H. Shideler, *Farm Crisis, 1919-1923*, 221-223 (Berkeley and Los Angeles, 1957); Theodore Saloutos and John D. Hicks, *Agricultural Discontent in the Middle West, 1900-1939*, 102-110 (Madison, Wisconsin, 1951); George H. Mayer, *The Political Career of Floyd B. Olson*, 24 (Minneapolis, 1951).

Lumber Company from 1903 to 1923, he came in contact with many farmers from the surrounding area. According to Harold Wefald of Fargo, North Dakota, "It was my father's activity in the lumber business that made him see the plight of the farmer."² While in Hawley, Wefald was seven times elected president of the town council and served two terms in the state legislature from 1913 to 1915. This political experience largely accounted for his nomination to the ninth district Congressional seat in 1922.

Wefald's election was due in part to the support he received from members of the Nonpartisan League, an organization founded by Arthur C. Townley of North Dakota in 1915 and dedicated to securing economic relief for the farmer. Gaining rapid success in North Dakota, Townley decided to extend operations to Minnesota in 1917. But rebellious farmers were not enough to insure League victory in Minnesota as they had in North Dakota. Finding that support from the urban dwellers of the Twin Cities and the laborers of the Iron Range was needed to gain state-wide backing, Townley by 1918 was convinced that the League had to broaden its political base by courting organized labor. From this arrangement the Farmer-Labor party of Minnesota was born.³

Townley argued that genuine farm relief could be achieved only if farm representatives worked within the framework of the two major parties. But his Minnesota colleagues overruled him in the 1922 election when a full slate of candidates ran on the third-party Farmer-Labor ticket. Their success in capturing Congressional seats was counterbalanced by failure in the race for state offices.⁴

Wefald launched his campaign by exploiting farm resentment against a phlegmatic Republican party and articulating the hopes of the Red River Valley farmers. He criticized his opponent's position in the Congress during a sixteen-year tenure and pledged himself to a new deal for the farmer. He played up, moreover, Steenorson's vote for the Transportation Act of 1920, also known

as the Esch-Cummins bill, a measure that had pervasive ramifications for the Republican party in the national elections of 1922. Wefald was aware of the intense opposition in the Middle West to those who had voted for this act.

The bill, which became law on February 28, 1920, directed the Interstate Commerce Commission to establish rates so that carriers would earn a fair return on the aggregate value of their property. The return was set at five and a half per cent on the values of the properties, and the commission was authorized to increase this by a half of one per cent to provide funds for needed capital improvement. The result in some sections of the country was freight rate increases ranging from thirty-five to forty per cent. As rates climbed in the fall of 1920, prices for farm products began their downward trend, and farmers naturally pointed to the Esch-Cummins Act as a cause of their distress. To them, Republican prosperity seemed designed only to favor certain groups. Farmers watched as industrial profits zoomed upward, leaving them to plow through the dust of low farm prices and high consumer costs. Antipathy in the ninth district to Steenorson's vote for the measure was sensed by Wefald, who observed, "I think that Steenorson is the strongest [candidate] around here, but even the merchants remember how he lauded the Esch-Cummins bill to the skies and they swear every time they pay a freight bill."⁵

CONGRESS had passed three important agricultural bills from 1921 to 1923. The

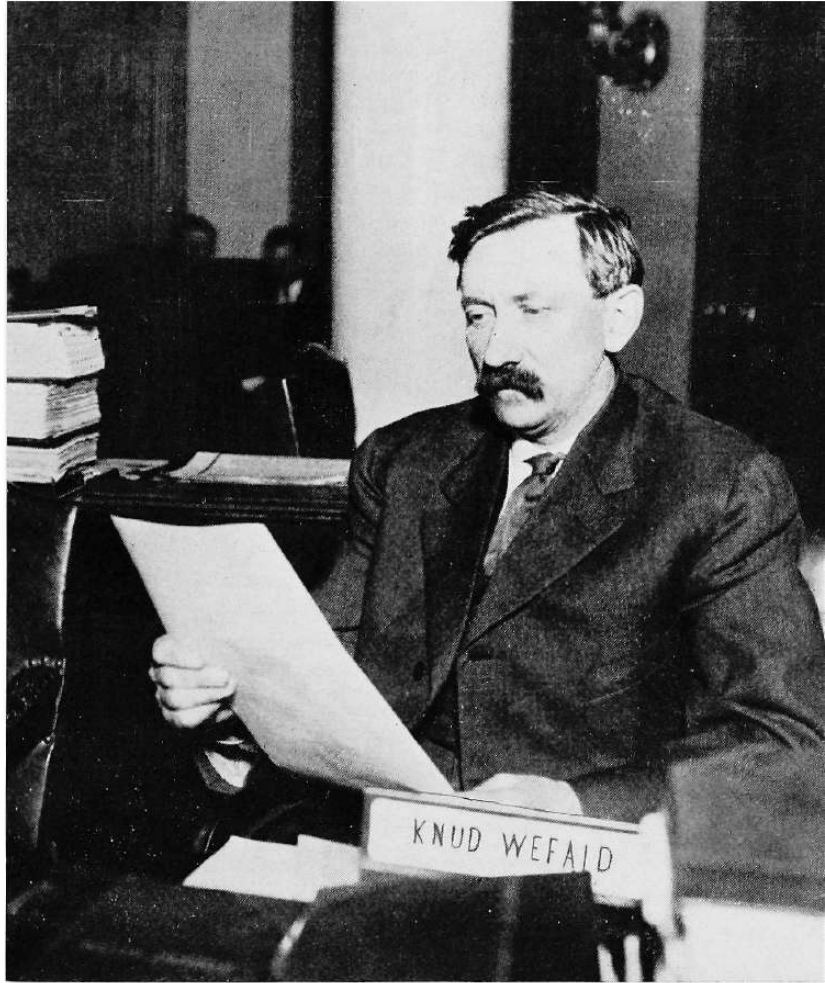
² Joseph A. A. Burnquist, ed., *Minnesota and Its People*, 4:660 (Chicago, 1924); *Hawley Herald*, October 29, 1936; interview with Harold Wefald, June 17, 1960.

³ Robert L. Morlan, *Political Prairie Fire: The Nonpartisan League, 1915-1922*, 191, 207 (Minneapolis, 1955); Mayer, *Floyd B. Olson*, 18-22.

⁴ Morlan, *Political Prairie Fire*, 345; Mayer, *Floyd B. Olson*, 24.

⁵ Shideler, *Farm Crisis*, 28; Murray R. Benedict, *Farm Policies of the United States, 1790-1950*, 170 (New York, 1953); Wefald to N. E. Thormodson, February 14, 1922, Wefald Papers, in the possession of the Minnesota Historical Society.

KNUD Wefald at his desk
in the Minnesota
State Capitol, 1913



Capper-Volstead Act of 1922, which bore the name of Minnesota Representative Andrew J. Volstead, legalized co-operative marketing associations; the Grain Futures Act, passed in the same year, sought to prevent discrimination against such associations by boards of trade and chambers of commerce; and the Agricultural Credits Act of 1923 set up a system of Intermediate

Credit Banks, through which the federal government could extend short-term loans to organized groups of farmers. This legislation, however, did not seem sufficient to many farm leaders, including the new Representative from the Red River Valley. Aware of extensive government support for American business and industry, and searching for ways to realign the economic balance of power to benefit the American farmer, Wefald began backing the farm bloc in Congress by supporting one of the most important proposals set forth by that group in the 1920s: the McNary-Haugen bill.⁶

⁶ Saloutos and Hicks, *Agricultural Discontent*, 288, 322, 340; John D. Hicks, *Republican Ascendancy, 1921-1933, 193-195* (New York, 1960); William E. Leuchtenberg, *The Perils of Prosperity*, 101-103 (Chicago, 1958). The bipartisan pressure group known through the 1920s as the "farm bloc" came into existence in 1921 as a response to the decline in farm prices and the fact that neither major party had a strong farm relief program. It included at one time or another some thirty Senators and as many as a hundred Congressmen. (Hicks and Saloutos, *Agricultural Discontent*, 321-341.) The McNary-Haugen bill received its name from its sponsors, Senator Charles L. McNary of Oregon and Representative Gilbert N. Haugen of Iowa.

The measure was conceived by George N. Peek and Hugh S. Johnson, two capable and energetic executives of the Moline Plow Company of Moline, Illinois. Viewing bleakly the sales charts of their enterprise, they saw mounting losses due to a dwindling market for farm machinery. Peek's re-

mark was telling: "You can't sell a plow to a busted customer."⁷ Coining the phrase "equality for agriculture," Peek initiated a movement that continued until the passage of the Agricultural Adjustment Act in 1933. Advocates of his plan attempted to pass legislation that would fit neatly into the framework of the Republican party principles and incorporate values that were popular in the rural Midwest. Thus instead of trying to eliminate tariff barriers entirely in order to aid agriculture, they advanced the McNary-Haugen plan which they claimed would simply make the existing tariff effective for the farmer.⁸

Because the federal government had been used advantageously to promote the interests of big business, as evidenced by the Fordney-McCumber Tariff Act and the Esch-Cummins Act, the farm representatives felt justified in supporting the McNary-Haugen plan. The bill, said Wefald, "asks the same relative price for farm products that the farmer pays for the goods he must buy. If the bill falls short in any way, it is because it is too modest and does not ask enough."⁹

Five McNary-Haugen bills were introduced into Congress from 1924 to 1928, the first four while Wefald was a member of the House. The original version of the bill was presented in the first session of the Sixty-Eighth Congress on January 16, 1924. Peek and Johnson, originators of the plan, contended that agriculture had to receive a "fair exchange value" for its products if a healthy rural economy were to be maintained. The value would be computed by the secretaries of agriculture and labor for eight basic commodities — wheat, flour, cotton, corn, cattle, sheep, swine, and wool — on the basis of "the same ratio to the current general price index as a ten year, pre-war average crop price bears to the average general price index, for the same period."¹⁰ Thus was the concept of parity born.

To restore and maintain ratio prices for basic farm commodities, a government export corporation was to be set up, capital-

ized at two hundred million dollars, with power to buy and dispose of surpluses. If the export corporation, consisting of the secretary of agriculture and four presidential appointees, found the domestic price of a basic farm commodity lower than the ratio price, it was to buy the surplus at the ratio figure. The surplus products would then be sold abroad by the corporation at world prices. Losses suffered by selling on the world market would be recouped through an equalization fee that would be charged back to those who sold for a higher price on the domestic market. Thus, a two-price system was called for: a tariff-protected parity price for the American market, and the world price for the foreign market. Assessments would be charged to those selling on the domestic market by issuing "scrip" as partial payment for their crop. The value of the scrip would be set after operation costs and losses were determined. The plan was built on the philosophy that farmers could be helped if they were forced to enter into co-operative marketing arrangements, and the bill attempted to facilitate the solution of farm marketing problems by laying the groundwork for involuntary co-operation.¹¹

Reflecting clearly grass roots support for this philosophy was a letter to Congressman

⁷ Quoted in Gilbert C. Fite, *George N. Peek and the Fight for Farm Parity*, 38 (Norman, Oklahoma, 1954).

⁸ Saloutos and Hicks, *Agricultural Discontent*, 372, 377.

⁹ Hicks, *Republican Ascendancy*, 198–200; *Congressional Record*, 68 Congress, 1 session, p. 11093.

¹⁰ Saloutos and Hicks, *Agricultural Discontent*, 378; Hicks, *Republican Ascendancy*, 198.

¹¹ Fite, *Peek and the Fight for Parity*, 60; Saloutos and Hicks, *Agricultural Discontent*, 378, 380. The tariff was ineffective in protecting the farmer because the United States exported most basic crops. Thus in the absence of either marketing or production controls, the domestic price fell to the level of the world price. This would occur even in the event that a very small proportion of the crop were sold abroad. The McNary-Haugen bills called for marketing restrictions without production controls on the assumption that the bulk of agricultural produce could be sold on the domestic market at an artificial price, and that the surplus to be dumped at a loss on the world market would remain relatively small.

Wefald from C. M. Strawman, manager of the Montana Wheat Grower's Association, who insisted that "A government agency having complete control of the product provides the only solution for handling this surplus, for the losses incurred can be charged back to all producers. The McNary-Haugen bill will control the entire commodity. It will provide the machinery for keeping our domestic prices up to a basis with other commodities."¹²

Other Minnesota representatives who responded to the wave of feeling in behalf of the bill included Kvale and August H. Andresen, a Republican from the third district. Kvale, a fervid backer of agricul-

ture, voted for the McNary-Haugen bill, informing the House that "In my section of the country the farmers are in more dire straits than they have ever found themselves." Using slightly different reasoning, but still supporting the measure, Andresen said, "It has been demonstrated beyond any doubt, that 6,000,000 farmers cannot organize co-operatively without the assistance of the government, and I believe that the Haugen bill will stimulate and encourage co-operation to the fullest extent."¹³ Richard T. Buckler, state chairman of the Farmer-Labor party, claimed that "Over ninety percent of the voters in the Red River Valley are in favor of the McNary-Haugen Bill." In that area dwindling returns on wheat and potato crops, proliferating bank failures, and increasing foreclosures helped make the idea of administered crop prices acceptable

¹² Strawman to Wefald, April 13, 1924. Wefald Papers.

¹³ *Congressional Record*, 68 Congress, 1 session, p. 10026; *Minneapolis Tribune*, May 8, 1926.

"POLITICAL hog
Killing Time" as viewed
by the Minnesota Union
Advocate in 1922



even to traditionally *laissez faire*-minded Midwestern farmers.¹⁴

In a House speech Wefald angrily pointed out that if the bill failed, its supporters could be expected to call for alternative measures to aid a stifled farm population. "We will ask revision of the Federal reserve act in the interest of the people," he declared. "We will ask reduction of cost of transportation. If the farmer must continue to sell his products in the world market, he will demand that he does not have to buy what he needs in a highly protected one." Emphasizing the sectionalism prevalent on the issue, Wefald alleged that New England was only trying to protect its industrial and business interests. With particular reference to Robert Luce, a Republican Congressman from Massachusetts, the Minnesotan bombastically stated: "So long have he and his able colleagues been coming before Congress pleading for help for bleak and barren New England in the shape of high protective tariff, subsidy, bonus, and God knows what not, that he does not want to call the McNary-Haugen bill either a tariff, a subsidy, or a bonus. . . . Tariff, subsidy, and bonus are all right in their place and for their rightful purpose, namely, to help New England . . . but—perish the thought—they were never intended to help any other part of the country, especially the West." Contending that the people of the Midwest would never again be tricked by the cry that a high protective tariff would help the whole country, Wefald stressed that agriculture should have its Fordney-McCumber tariff, too, in the form of the McNary-Haugen bill.¹⁵

THE FIRST attempt to pass the bill was defeated in the House on June 3, 1924, by a vote of 223 to 153. The voting followed geographic lines; the West and the Midwest favored it, the East and South were opposed. President Coolidge laid the basis for his opposition to the bill by jejunely preaching the doctrine of self-help, and—more appropriately—he warned that the plan would lead to greater overproduction and

larger surpluses. Lending money to co-operatives, and encouraging the curtailment of production, felt Coolidge, were all the federal government could do.¹⁶ Frustrated, Wefald reminded the president that no additional legislation for the farm population was necessary "providing that the Federal reserve act, the Esch-Cummins law, and the Fordney-McCumber tariff law were rewritten in favor of all the people and not allowed to stand on the statute books as they are now, special interest acts pure and simple."¹⁷

Even though the first try to pass the bill had been decisively defeated, George Peek would not quit, and working with the American Council of Agriculture, he outlined a new proposal.¹⁸ The second McNary-Haugen bill, introduced in the following session of the Sixty-Eighth Congress, omitted both the ratio price and scrip features because business and banking circles had especially attacked these aspects of the first version. Still strongly behind Peek's plan, Wefald declared: "The progressive element in Congress, backed by the progressive element among the people, are not discouraged . . . they believe that their program as it affects the vital interests of the common people is absolutely and fundamentally sound." Because it was caught in a legislative log jam, the revised measure did not come to a vote in the second session.¹⁹

Finding that President Coolidge had scarcely deviated from his original stand

¹⁴ Buckler to Wefald, February 25, 1927, Wefald Papers; *Congressional Record*, 68 Congress, 1 session, p. 6431-6434; Mayer, *Floyd B. Olson*, 20.

¹⁵ *Congressional Record*, 68 Congress, 1 session, p. 11090, 11093.

¹⁶ Hicks, *Republican Ascendancy*, 198; Fite, *Peek and the Fight for Parity*, 77.

¹⁷ *Congressional Record*, 69 Congress, 1 session, p. 9163.

¹⁸ The American Council of Agriculture, representing some fifty-five farm organizations, was formed at St. Paul, July 11-12, 1924. Its main purpose was to mobilize support for the McNary-Haugen bill. Shideler, *Farm Crisis*, 288.

¹⁹ Benedict, *Farm Policies*, 219; Fite, *Peek and the Fight for Parity*, 111; *Congressional Record*, 68 Congress, 1 session, p. 5243.

on the McNary-Haugen proposal, Congressman Wefald, in a House speech on February 20, 1926, invited Coolidge to spend the summer in Minnesota, hoping that a visit of reasonable duration would convince the head of the Republican party of the farmer's plight. Coolidge had visited Minnesota a year earlier when he spoke at the Minnesota state fairgrounds. But, according to Wefald, the one-day visit was not nearly long enough to allow Coolidge to meet the typical Minnesota farmer and discuss his problems. Optimistically, naïvely, yet sarcastically, Wefald preached: "We would like to get the President so far West, for a short time, that Wall Street, the monopolies, and the trusts could not get near him. If he saw us in our homes, saw us at work, saw us in trouble, he would begin to understand the problems of the farmer. I say that there will be no farm relief legislation passed out of Congress until the President thoroughly understands the farmer's plight."²⁰ The president quietly turned down the invitation, a response which probably came as no surprise to the Congressman from Minnesota or to most other political observers.

UNDAUNTED by the first two setbacks, George Peek calmly reorganized his forces. Collaborating with the Corn Belt Committee and the Committee of Twenty-Two, and gaining support from the American Farm Bureau Federation, Peek initiated action for a new bill.²¹ On April 27, 1926, the House

Agriculture Committee reported favorably another plan, commonly labeled as the third McNary-Haugen bill. Under this proposal, a federal farm board of twelve members appointed by the president was to be set up. It was charged with removing price-depressing surpluses from the market by contracting with co-operative marketing associations. As with the earlier bills, the third revision contained an equalization fee that was to be levied on each unit of a commodity sold. This would force all producers to help finance benefits which could come from the regulated disposal of the crop.²²

To avoid the charge of price fixing, the 1926 bill, like the previous version, dropped the ratio price feature, and called for the world price plus the tariff. Maintaining that they simply sought to make the tariff effective for agriculture, supporters of the bill argued once more that their measure was in keeping with the prevailing policy of tariff protection for American industries.²³

Opposed in 1924 and in 1925 to McNary-Haugen principles, the South by 1926 was beginning to reverse its stand. With cotton acreage expanding and a surplus threatening the price of the 1926 crop, the idea of an alliance between the South and West was revived. After a meeting held in Memphis, Tennessee, in January, 1926, leaders from the cotton states began to appear before committees in support of the revised measure. A proviso was attached to the bill stating that no equalization fee was to be collected on cotton and corn for a period of three years. Southerners were not yet ready for the fee portion of the program.²⁴

The revised bill was introduced into Congress but, again, not enough support could be mustered for its passage. On May 21 the bill was defeated in the House by a vote of 212 to 167, and on June 24 the Senate voted 45 to 39 against the plan. Although not enough Southern votes were picked up, there was a noticeable shift in the voting pattern of representatives from the South Atlantic states. The possibility of an alignment was increased after the South in 1926

²⁰ Speech of Knud Wefald, February 20, 1926, Wefald Papers.

²¹ The Corn Belt Committee was formed at a meeting of farm organizations called by the National Farmers' Union in Des Moines, Iowa, during May, 1925. It represented mainly corn and hog-raising interests. The Executive Committee of Twenty-Two was appointed by a farm marketing conference officially representing eleven Midwestern states, held in Des Moines, January 28, 1926. The committee became a powerful lobbying instrument. Saloutos and Hicks, *Agricultural Discontent*, 386; Fite, *Peek and the Fight for Parity*, 146.

²² Fite, *Peek and the Fight for Parity*, 155.

²³ Fite, *Peek and the Fight for Parity*, 155.

²⁴ Saloutos and Hicks, *Agricultural Discontent*, 391-393.

produced its largest cotton crop in history. In St. Louis on November 17, 1926, Southern and Western leaders met in a cotton and corn states conference to solemnize the marriage of wheat and cotton and endorse the principles of the McNary-Haugen bill.²⁵

Taking into consideration various changes suggested by particular groups, in the hope of reducing administration hostility, the farm bloc introduced another revised bill in February, 1927. This version proposed to establish orderly marketing of basic agricultural commodities — cotton, wheat, corn, rice, hogs, and tobacco — by controlling and disposing of surpluses; all reference to tariff or price was eliminated. Again, a federal farm board was advocated to work through the co-operatives in disposing of the crops, but as a concession to the administration, a provision was inserted restricting the board's operations. Advisory councils composed of representatives of farm organizations and co-operatives had to approve of the board's plans.²⁶

Not forgetting the central argument of their opposition to the bill, administration supporters refused to countenance the equalization fee, and called instead for a revolving fund of \$250,000,000, which could be loaned to co-operatives to handle surpluses. In reference to this substitution, Wefald argued that "The equalization fee has been the storm center in this debate. If, as some fear, it is unconstitutional, it will be stricken from the law; if it is constitutional, it will function as well as the tariff."²⁷ The bill came to a vote on February 17, 1927, and "The galleries were packed. There was tense excitement as members milled around the chamber. Loud roars of 'no' greeted every amendment or substitute as the McNary-Haugenites firmly held their lines."²⁸

This time the bill passed both houses — the Senate by a vote of 54 to 43, and the House by a vote of 214 to 178 — but on February 25 President Coolidge vetoed the measure, an act the farm progressives regarded as blatantly unfair. They felt that

the administration, paying lip service to the principle of limited government in so far as industry was concerned, had applied it practically against a positive role for government in agriculture.²⁹

Standing firm against price fixing, fearing the building up of a prodigious bureaucracy, and realizing that the dumping of farm products abroad would bring resentment and retaliatory action by foreign governments, Coolidge denounced the McNary-Haugen group for their attempt to pass the bill. Thirty-five years later, with the perspective that history offers, it seems apparent that his opposition was partially justified and that increased surpluses would have resulted from the lack of production controls. He failed, however, to construct any positive program for the desperate Midwestern farmer, and on the very day of the veto he raised the tariff on pig iron by fifty per cent, allowing the price of that commodity to soar fifty cents a ton two days later.³⁰

THE FOLLOWING year farm progressives again succeeded in passing the measure and once more it was resoundingly vetoed. Congressman Wefald had no part in this, however, for in February, 1927, he made his last plea on behalf of the McNary-Haugen bill. After thundering for four years about the problems and hopes of the Red River Valley farmers, he had met defeat in the election of 1926. His successor was Conrad G. Selvig, a Crookston Republican.

Discouraged, Wefald could only look to the future. "The present condition can't last forever," he remarked. "A change must come one way or another soon. . . . The only relief lies in changing the personnel of the administration. New men with sympathy in

²⁵ Saloutos and Hicks, *Agricultural Discontent*, 393, 397; Fite, *Peek and the Fight for Parity*, 162.

²⁶ Fite, *Peek and the Fight for Parity*, 173-175.

²⁷ *Congressional Record*, 69 Congress, 2 session, p. 4061; Fite, *Peek and the Fight for Parity*, 174.

²⁸ Fite, *Peek and the Fight for Parity*, 176.

²⁹ Saloutos and Hicks, *Agricultural Discontent*, 399.

³⁰ Leuchtenberg, *Perils of Prosperity*, 103.

"ADVICE from the
featherbed
isn't helping"



their hearts for the farmer must take their place before relief comes."³¹

Despite its apparent futility, however, the long and bitter struggle over the McNary-Haugen bill had significant results for American agricultural policy. It brought about a unification of farm forces and helped to crystallize new concepts sharply at variance with the old slogans of agrarian revolt that

had rung through the Upper Midwest for more than a generation. In the decade of the twenties no solution to the farm problem was found, yet one proposed solution — McNary-Haugenism — persisted. As Wefald hoped, some ideas central to the McNary-Haugen bills of the 1920s became integral parts of farm legislation in the 1930s, and echoes of them may still be heard in the federal farm program of today.

³¹ Wefald to Ray Crowe, March 29, 1926, Wefald Papers.

THE PORTRAIT on page 178 is owned by the Minnesota Historical Society. The cartoon on page 181 is from the *Minnesota Union Advocate* of August 31, 1922, and the one above is from the *Farmers' Dispatch* (St. Paul) for May 30, 1924.

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