

Byrd letter

Winder, Georgia
December 27, 1938

Mr. Marriener S. Ecoles, Chairman
Federal Reserve Board
Washington, D. C.

Dear Sir:

I am, unfortunately, a farmer owning and operating a 3,000 acre farm and losing money every year.

I note a news item in the Atlanta Constitution where you take issue with Senator Byrd, of Virginia, in reference to millions of able bodied men working on relief and making no effort to earn an independent living. I am sorry to tell you that so far as the cotton states are concerned the Senator is correct.

The people referred to were once independent minded citizens, far from accepting charity, but the time came when a share cropper on the farm could earn only \$150.00 a year, which is five or six cents per hour wage for their work. The government put on the C. W. A. at 40 cents per hour, then later the W. P. A. at 30 cents per hour. These people accepted the government jobs reluctantly and wages on the farm remained at the very low scale of five or six cents per hour. Having once humbled themselves to take W. P. A. work they now will not pass up a job at 30 cents per hour to go back to the farm job at six cents per hour.

These people will be a burden on the government so long as farm wages are no more than five or six cents per hour.

The government is responsible for the condition of the country. In 1929 farmers were reasonably prosperous. Not over prosperous but were making a comfortable living. They were selling cotton at, or around, parity prices - only what the farmers were due.

The Hoover Administration began to "deflate" and that deflation caused all the trouble - bank failures, business bankruptcies, farmers committing suicide, etc.

In 1933 our good president undertook to remedy the wrongs that the preceding administration had inflicted upon the farmers by the deflation of 1929 and was making some progress. Farm commodity prices were approaching parity. It really looked like cotton would sell for 16 cents, *fall 1937* which was about parity price for cotton but for some reason unexplained the present administration became suddenly alarmed at signs of too much prosperity and made the same blunder that was made in the fall of 1929. If the present administration had only kept their hands off of the "deflation

#2 - Mr. Marriener S. Ecoles, Chairman

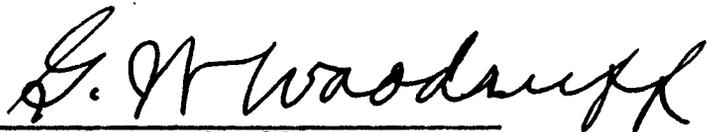
key" we would have gone on to parity prices for farm products. Farmers would be making money and expanding to where they could offer these W. P. A. fellows a crop on shares, which would earn the laborer a fair living. The W. P. A. crowd would be growing less while as it is the number gets larger.

Much has been said about the cause of low prices and surplus stocks of cotton, wheat, etc., and, as usual, it is all caused by over production. The farmers are called "fools" for making so many bales of cotton. This is all wrong and very unfair to the farmer. The main cause of low prices of cotton now is the same as 1930, 1931 and 1932. The deflation that started in April, 1937 caused the trouble and farmers will suffer and the W. P. A. list will grow larger until the error of April, 1937 is corrected.

I wish the people who have the power to "inflate" and "deflate" were compelled to ignore security values and required to observe farm commodity prices only, then the farmer would get a square deal. Inflate or reflate until cotton, wheat and other farm commodities sell at parity. Let the farm owners make some progress so they are able to reach out and call back the laborers who once were making a living on the farm and who are ready to go back to the farm when, and not until, a share cropper can earn a fair living working a crop on shares.

The short route to prosperity, and the only way to a reasonable adjustment of the present low earning scale of farmers, is to "reflate" - give back that which was wrongfully taken away from us in April, 1937.

Sincerely yours,



G. W. Woodruff

GWW:MC