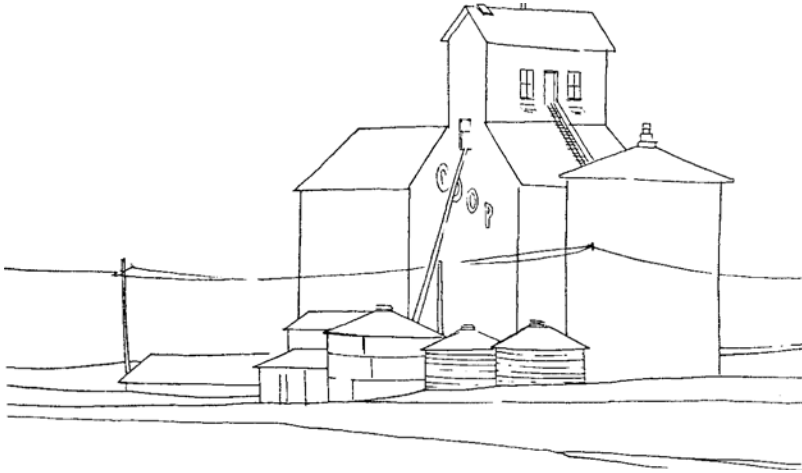


CHAPTER 15



The Great Socialist Experiment

THE RISE OF THE NONPARTISAN LEAGUE was but another chapter in North Dakota's revolt against its dependent, exploited status. First the Farmers' Alliance and then the Populist, progressive, and Equity movements had won wide support and some success. McKenzieism had been overthrown, a multitude of reforms had been enacted, and cooperative rural elevators and a cooperative terminal marketing agency had been built. All of this was accomplished before the birth of the Nonpartisan League. Thus when Arthur C. Townley organized the League in 1915, he was aided by a long history of revolt against exploitation by outside interests. Townley won a great victory: the League gained control of the state government and enacted its program.

But Townley's far-reaching schemes for socialistic enterprises, the host of Socialists and other extremists about him, his preaching of hatred against local businessmen, and, finally, doubts about the integrity of some of the league leaders—all of these things turned thousands of early supporters away from the Nonpartisan League. To many, Townley and his socialist experiment came to mean, not a sound program against outside domination, but class war within the state and a new kind of alien control. So, for all their talents as agitators and for all their devotion to the farmers' cause, Townley and William Lemke, his chief lieutenant, became, ironically, the principal obstacles to public approval of the League. Mismanagement of state industries and the boycott of their bonds by eastern capitalists also contributed to its downfall.

In the end, the League gave the state a number of reform laws in the progressive tradition, the Bank of North Dakota, and, though it was not completed under League control, the State Mill and Elevator at Grand

Forks. These were significant achievements, lessening somewhat the state's exploitation, but they were by no means the system of state enterprises planned by the League and authorized by the laws of 1919. Nor did they greatly alter wheat-producing North Dakota's fundamental problem of dependence on outside interests. Measured by its larger goals, North Dakota's great socialist experiment, like other agrarian revolts, was a failure. History seems to show that all producers of raw materials everywhere, in spite of all their struggles, have always been dependent upon and exploited by the producers of finished products.

TOWNLEY AND THE SOCIALIST PARTY

Although the Nonpartisan League was born of long-standing grievances, it was also the creation of one man—Arthur C. Townley. He was born and raised on a farm in Brown's Valley, Minnesota, graduated from high school at Alexandria, read voraciously on politics and economics under the tutelage of a radical tailor, and taught country school. In 1907, at the age of twenty-seven, he began to farm in the Golden Valley country near Beach, North Dakota. He soon plunged in flax, borrowing heavily for power machinery. When in 1912 an early frost and a break in flax prices wiped out his returns, he went bankrupt with debts of eighty thousand dollars. An embittered Townley turned to socialism. In November, 1913, the Socialist party of North Dakota, recognizing his talent, hired him as an organizer in the western counties.

Socialist activity had begun in North Dakota in 1900 when Arthur Basset organized a socialist club in Fargo. Many Norwegian immigrants had leftist sympathies and were socialists when they came to the Red River Valley; in Norway, socialism was a rural phenomenon. In 1902, Basset, Arthur LeSueur, and others organized the Socialist party in North Dakota. LeSueur, a dynamic young lawyer, became the best-known Socialist in the state when he was elected president of the Minot City Commission in 1911. The Socialists ran candidates for state and local offices, polling some seven thousand votes (about 8 percent of the total) at their peak in 1912. Minot was the center of Socialist activity; Ward, Bottineau, Rolette, and Williams counties cast the most Socialist votes. The party was weakest in German Russian counties, such as McIntosh and Emmons.

The Socialists had considerable success. They brought in many outside speakers; Eugene V. Debs spoke at a large antiwar rally ("red to the core," he called it) at Garrison in 1915. By 1912 there were 175 Socialist locals in the state. Many Republican weekly newspapers had "Socialist departments"; Rugby and Hillsboro elected Socialist mayors. In 1912 the party established a weekly paper, the *Iconoclast*, at Minot. It attacked and ridiculed the National Guard, the Reserve Officers' Training Corps at the University of North Dakota, the Boy Scouts ("hired hessians of capitalism"), and a deity which presided unfeelingly over capitalist injustice. It upheld the violent Industrial Workers of the

The right wing, however, generally controlled the party, and it was interested in a moderate reform program that would attract popular support among farmers. In North Dakota the party dropped collective ownership of land and adopted a platform, the work of LeSueur, of immediate demands: state-owned flour mills and terminal elevators, rural-credit banks, and state-financed hail insurance.¹ Such proposals, of course, were not pure socialism; they represented a Socialist shift, in both the state and nation, to the right to meet the challenge of progressive reform. Henry G. Teigan, a clever and ambitious man, led the shift in North Dakota; he became secretary of the party in 1913 and editor of the *Iconoclast* in 1914.

Under Teigan, Townley began organizing in the western counties late in 1913. He soon saw that the farmers liked the platform but not the party, and he also noted that the organizer needed to get to the individual. More money, more organizers, and more Fords; less emphasis on the party, more on reforms—these were the needs. So, in 1914, Townley created the “organization department.” He persuaded some friends to put up the money for a Ford, and set to work in Bowman County. He talked to the farmers individually. He did not tell them that he was a socialist organizer, but charged each a dollar a month to become a member of the organization department, accepting postdated checks. At a certain stage he would move on to another county, find money for another Ford, and send another organizer with a Ford back to finish the work in the county he had opened up.

Townley had phenomenal success; in a few months he had covered nine counties and bought four automobiles. Although he distributed Socialist literature, the Socialist party denied his organization department any official recognition. On December 15, 1914, the party fired Townley and three organizers for having worked in Renville and Bottineau counties after they had been ordered to stop.²

THE BIRTH IF THE NONPARTISAN LEAGUE

Disgusted and at loose ends, Townley went to Bismarck and watched the legislative session of 1915, which killed the proposal for a state-owned terminal elevator. Amendments to the constitution authorizing such an elevator had already been passed by the legislature and approved by the voters. The 1913 legislature had levied a special one-eighth mill tax for it and had asked the state board of control to report plans and recommendations for its construction. In 1915, however, the board’s report sensibly pointed out that an elevator built in Minnesota or

¹Theodore Saloutos, “[The Rise of the Nonpartisan League in North Dakota, 1915-1917](#),” *Agricultural History*, XX (January 1946), 47.

²Jackson K. Putnam, “[The Socialist Party of North Dakota, 1902-1918](#)” (Unpublished M.A. thesis, University of North Dakota, 1956), pp. 23-143.

Wisconsin would be controlled by the grading standards of those states. It recommended leasing a terminal elevator instead of building one. Leasing would permit an immediate start and save expense. Moreover, the one terminal elevator proposed could not end the dominance of the Minneapolis Chamber of Commerce. Governor Louis B. Hanna, though he had originally proposed the constitutional amendment to authorize a state-owned elevator, now opposed it.

As the 1915 legislature considered the bill for the elevator, the North Dakota Union of the American Society of Equity held its annual convention in Bismarck. The convention endorsed the bill and marched to the capital to present its demands. At an Equity rally the night before the vote on the bill, hotheaded George S. Loftus, the sales manager of the Equity Cooperative Exchange, bitterly denounced the report of the state board of control and named the legislators whom he expected to vote against the elevator bill. His ugly, passionate abuse may have turned some undecided legislators against it, and the next day it was decisively beaten.

The Equity convention quickly became a protest meeting; angry farmers argued long and bitterly with legislators. During one such argument late at night, Treadwell Twichell, a house member, was reported to have told the farmers that the running of the state was none of their business and to have jocularly advised them to “go home and slop the hogs.” Twichell denied ever having said it, but the phrase became a fighting slogan of the Nonpartisan League.

As Townley saw the anger at the defeat of the proposal, he decided to form a new farmers’ organization. From his experience with the Socialist party, he would take the platform of state ownership, his own organizing techniques (individual solicitation, paid organizers, Ford cars, high dues, and the postdated check), and hatred for the business classes. He would keep the League within the Republican party, using party loyalty to give the League control of state government after his well-organized minority had won in the primary election.

While at Bismarck, Townley discussed his plan with his friend A. E. Bowen, a former schoolteacher and one-time Socialist candidate for governor, and also with Fred B. Wood. Genial and respected, Wood was a Socialist, a director on the board of Equity, and a successful farmer near Deering but in Ward County. He told Townley to come out to his place in the spring and they would get the new organization started. Unable to wait, Townley showed up at the Wood farm late in February. Talking late into the night, he sold his plan to the Woods–Fred, about fifty, and his two grown sons, Howard and Edwin.

They scribbled a brief platform on a scrap of paper: state ownership of terminal elevators, flour mills, packing houses, and cold-storage plants; state inspection of grain and grain dockage; exemption of farm improvements from taxation; state bail insurance on an acreage-tax basis; and rural-credit banks for low-interest loans. Early next morning,

Howard Wood and Townley started out in a bobsled to talk to the neighbors. Wood did the introducing; Townley gave the sales talk. This became the standard technique: a “convert” in the township went along with an organizer as a “booster” to break the ice with his neighbors. It was very successful.

The Nonpartisan League grew rapidly. With the help of the Woods, Townley bought a Ford. Then, as the League mushroomed, he recruited a staff of Socialist organizers (old friends and men brought in by advertisements in Socialist and labor papers) and bought dozens of Fords. He trained them in applied psychology—how to get the farmers’ interest, how to put ideas across, how to arouse emotions, and how to secure payment of dues. The organizers swarmed out over the state, avoiding the towns and going from farm to farm. They preached hatred of “Big Biz,” and painted local businessmen—the grain buyer, the cream buyer, the merchant, the banker, and the stock buyer—as the minions of eastern interests. And they took the farmers’ money: dues of six dollars a year and eventually eighteen dollars for two years. High dues paid the heavy expense of person-to-person organization and gave the members an economic stake in the League. If the farmer could not pay cash, the organizer accepted a postdated check.

The Nonpartisan League was a blend of socialism and high-pressure salesmanship. It stirred up and used the old hatreds and feelings of exploitation, but it also succeeded because Townley was an unusually talented agitator. Thirty-five in 1915, he was a slender, intense man with dark hair and a large nose. He was frequently profane, and although no polished orator, he spoke the farmers’ language fluently; his strong, resonant voice moved his listeners with his own emotions. In 1915 and 1916 he was speaking everywhere crowds could be gathered. A man of imagination and courage, he aimed at a solid organization which would trust its leaders, enter the Republican primary, gain control of the state government, and enact its program. The farmers did not organize themselves, but, as Townley recalled years later, “they woke up one morning and found themselves organized.”

The League was strengthened by having its own newspaper, the *Nonpartisan Leader*, published weekly in Fargo. Charles Edward Russell, a well-known Socialist writer, helped put it out, and the *Leader* carried many cartoons by John M. Baer ridiculing Big Biz. Through the *Leader*, Russell and the others kept the members sold on the organization. “Do not believe anything you read about it,” warned Russell in an early issue, “unless you read it in your own journal or in journals that you know are absolutely with you.” By the winter of 1915-1916, the *Leader* had a circulation of nearly thirty thousand, about double that of the largest newspaper in the state.

Not all hailed Townley as a savior, though none denied that the farmers had long-standing grievances. The *Grand Forks Herald* and the *Fargo Courier News* (until it was purchased by the League in

November, 1916) were the leading newspapers against it. Such papers liked to call the League leaders “a lot of soreheads” or “bellyachers.” Opponents were always saying that the farmers, “six-dollar suckers,” were being “gypped”; they suggested that there must be mishandling of the large sums which the farmers were pouring into the League treasury. They also called the League undemocratic because all authority rested with a self-elected executive committee of three: Townley, Fred Wood, and William Lemke.

As the League grew, Townley came to depend more and more upon the talents of Lemke. Born of German stock in Minnesota in 1878, Lemke had grown up on his father’s farm in the Big Coulee country of Towner County. Although the family knew pioneering struggles, his land-hungry father had acquired 2,700 acres before dying of apoplexy when he was outbid for another piece of land. One of nine children, William, a shy boy on the lonely prairie, longed for an education. He attended the University of North Dakota, graduating in 1903, and gained the confidence of his professors and especially of President Webster Merrifield. As a serious, ambitious undergraduate, he took part in the debates of the literary societies; he also won a reputation for grit on the football field, although he was only five feet eight and weighed only 149 pounds. Many of his teammates—William L. Nuessle, Olger B. Burtness, Lynn J. Frazier—were to become leaders in the state; they were also members of the Varsity Bachelor Club, which was to aid Lemke in his later career. Lemke then studied law at Georgetown University and at Yale. He began to practice in Fargo in 1906.

Lemke became an intense, bitter, tenacious fighter for the plain people against the hated interests; he was a natural extremist, in Edward C. Blackorby’s phrase a “prairie rebel.” His hard, tough appearance was unprepossessing; he had lost an eye in a boyhood accident. His face was rough, his big jaw determined, his clothes rumpled. Versatile and emphatic in speech, the language of the threshing crews as well as that of the courtroom came naturally to him. He neither smoked nor drank. When the occasion demanded, he could drive himself unsparingly with a terrible concentration. He was brilliant, a good organizer, ambitious and aggressive, eager for power, a natural promoter and dreamer, an ultranationalist, and an Anglophobe. Until America became involved in the First World War, his friends called him “the Dutchman.”

He began in politics, like so many of his university classmates, as a La Follette progressive. Growing up where everyone belonged to the Farmers’ Alliance, he came naturally to hold the attitudes of debtor farmers: a hostility to bankers and the moneyed interests. About 1911 he found employment as an attorney for the Equity Cooperative Exchange through its president, John M. Anderson, Lemke’s friend from university days. He soon made friends among agrarian leaders (the fiery Loftus impressed Lemke) and acquired a reputation as the farmers’ friend. While working for Equity, Lemke became acquainted with Fred

Wood, and Wood suggested him to Townley. Early in 1916, Lemke, then virtually bankrupt, became a salaried employee of the Nonpartisan League and soon a member of the executive committee. The League became a religion to Lemke.

By the winter of 1915-1916 the League was riding the crest of a wave of almost fanatic enthusiasm; when snow flew, it had some twenty-six thousand members. Its headquarters at Fargo was sending out top-notch speakers to dozens of meetings all over the state; farmers were driving miles over the prairies to hear them. They were shouting the League slogan, "We'll Stick," and meaning it. Farmer solidarity was Townley's great achievement and the key to League success.

As the League grew, the Socialist party in North Dakota declined; its members were dropping out to join the League. In February, 1916, Henry G. Teigan resigned as secretary of the party and editor of the *Iconoclast* to become secretary of the Nonpartisan League, a position he held until the League's collapse in 1923. In July the *Iconoclast* stopped publication. By 1917 almost all of Townley's "ace organizers" were former Socialists, and all of the Socialist leaders in North Dakota were active and influential in the League. The Socialist party was dead in the state; in the spring of 1918 its last secretary, H. R. Martinson, sent the books and records to the national Socialist headquarters and joined Townley.

THE FIRST LEAGUE VICTORY

The League's first success came in the primary election of June, 1916, when it sought Republican nominations for its candidates. Like the McKenzie machine, it wished to benefit from the solid loyalty of North Dakotans to the Republican party. A state convention, meeting in Fargo, nominated a slate for the state offices. Townley opposed selecting either office seekers or League officials. The convention, however, endorsed three avowed candidates: William Langer for attorney general, Thomas Hall for secretary of state, and Carl R. Kositzky for state auditor. These men were all progressives and all had expressed their agreement with the League program, but they were to turn against it in 1919. The other candidates, excluding those for the North Dakota Supreme Court, were all farmers and all Republicans except P. M. Casey, a Democrat, who was endorsed for state treasurer. Most of the candidates were friends of William Lemke.

Lemke had known Langer when they were students at the University of North Dakota. By 1911, Langer and his father had invested and lost \$50,000 in Lemke's scheme for land speculation in Mexico. Lemke's Land Finance Company, organized in 1906, invested \$400,000 in 550,000 acres in the state of Sinaloa, Mexico, but the Mexican Revolution wrecked Lemke's hopes of settling American colonists on the land.

Lemke and Langer were much alike in background, outlook, and

ambitions. Langer was born on a farm near Casselton on September 30, 1886. His parents were of German stock, and his father, Frank, served in the first state legislature. Frank Langer prospered. His son—a keen, energetic lad with a knack, even at fifteen, for handling men—graduated from law school at the University of North Dakota in 1906, passed the bar examination, and then, too young to practice, enrolled in Columbia University. Four years later he had won the Roelker Medal as the outstanding student, received a B.A. degree, and was president and valedictorian of his class. He was chosen by his classmates as “the biggest politician, noisiest student, most popular man, and the most likely to succeed.”³

After fruitful years in New York City (one evening he met Lydia Cady, his future wife, at a concert; her father was the architect who designed the Metropolitan Opera House), Langer returned to North Dakota and began to practice law in Mandan in 1911. He was a brilliant, ambitious young attorney: six feet tall and weighing some two hundred pounds, aggressive, handsome, and self-confident. With his powerful frame, his high forehead and searching eyes, his determined jaw, he was a picture of easy, confident strength. With a genial, warmhearted spirit, he had a talent for friendship and apparently a sort of instinct for the popular medium of human emotions and loyalties in which a politician works.

In 1914 and only twenty-eight, Langer campaigned for state’s attorney of Morton County, beating the bootleggers in the wide-open county by means of a person-to-person canvass. On his first day in office he swore out 167 warrants for the arrest of liquor dealers and vice operators. After cleaning up the county, Langer sued the Northern Pacific Railway Company to compel payment of taxes on the sites it leased for grain elevators, lumber yards, and oil-tank stations on the right of way. The decision of the state supreme court in *Northern Pacific Railway Company v. Morton County* (December 13, 1915) upheld Langer. It established a principle which affected the taxation of 2,038 grain-elevator sites, some 1,000 lumber-yard sites, and 260 oil-tank-station sites in the state. The back taxes amounted to about \$1,250,000. Langer had won a reputation throughout North Dakota as an enemy of the corporations; he was on his way to a public career.

Besides choosing Langer, the Nonpartisan League convention endorsed Lynn J. Frazier, an unknown farmer of Hoople, for governor.

Then forty-one, Frazier had graduated from the University of North Dakota in 1901. At the university he was football captain, an honor student, and a close friend of William Lemke. “Frazier is a ruddy cheeked, broad-shouldered, quiet, plain-spoken man,” wrote one

³*Current Biography, 1952* (New York: H. W. Wilson Company, 1953), pp. 326-328; John M. Holzworth, *The Fighting Governor: The Story of William Langer and the State of North Dakota* (Chicago: The Pointer Press, 1938), pp. 1-2.

observer, "a purely American product who came up from the sod house and the pioneer's hardships, and you can tell by looking at him that he is as clean as a hound's tooth."

After the convention, the primary election demonstrated the solidarity of the League. Its opponents stressed the threat of socialism: "State farms will follow state flour mills and creameries." The League put on a series of picnics; Townley painted Big Biz in a red suit with tail and horns; the Frazier "Victory Special" train toured the state, stopping at every town while Frazier spoke to the crowds. "He looked like a bishop," one Leaguer recalled. "He stood before them sunburned and baldheaded. His voice was firm and persuasive. He spoke briefly and the tired farmers loved him." On election day, June 28, all candidates for state office endorsed by the League won Republican nomination except P. M. Casey, who won a Democratic nomination. For the senate 17 out of 22 Leaguers and for the house 87 out of 98 Leaguers were nominated on the Republican ticket. Frazier carried 46 of the 53 counties; he received 39,246 votes to 23,362 for Usher L. Burdick and 9,780 for John H. Fraire.

The League then had widespread support among all elements in the population. Burdick, the progressive candidate, had made no attack upon Frazier or most of the League program: he did, however, take issue with state-owned elevators and flour mills. Many small business and professional men supported the League. In New Rockford, Bottineau, Valley City, Minot, Devils Lake, and Jamestown, the League had a relatively favorable press. In March, 1916, Fargo had welcomed the League convention with bands, special displays, and free use of the municipal auditorium. After the primary, many standpat Republicans supported Frazier. In September the Democratic state committee adopted the League platform. The majority of the progressive leaders, however, did not join the League; Burdick, Asle J. Gronna, and Patrick D. Norton were typical examples. That fall, Professor Edwin F. Ladd's experimental mill showed that the milling value of wheat damaged by rust and bad weather in the 1916 growing season was only slightly below that of No. 1 Northern, yet the grain trade was paying only a fraction of the price. No North Dakotan doubted the reality of the grievances attacked by the League. What opposition there was came for other reasons.

In the fall election the League was chiefly concerned with its three candidates for the state supreme court; the enactment of its program would require amendment of the state constitution. On September 11, 1916, however, the court had ruled, in the New Rockford case, against the new and faster method of amending the constitution which had been provided by a 1914 amendment. The new method consisted of an initiated petition approved by the voters and then accepted by the state legislature. The court decided it was inoperative until the legislature provided laws to put it into effect. New judges could reverse the

decision; the election of League candidates would remove both judicial and constitutional obstacles to the League program. The *Nonpartisan Leader* said: "We've got to have a Supreme Court that will hold constitutional the laws we pass in the legislature."

The League won an easy victory in November. Frazier carried every county, receiving 79 percent of the vote. All League candidates for state office won except P. M. Casey, who ran on the Democratic ticket. The League elected 81 of the 113 members of the house, but only 18 of the 49 members of the senate (24 senators were holdovers and did not stand for election).

CONFLICT IN THE LEGISLATURE

Lack of control in the senate checked the Nonpartisan League program in the 1917 legislature. The house elected Howard Wood speaker and A. E. Bowen chief clerk. The important decisions of the legislature were made in the League caucus. The League members lived by themselves in the old Northwest Hotel, leased for the session. Each night they met in secret caucus in a large hall of the hotel.

The caucus was an excellent training school for inexperienced farmer legislators; Townley and other League leaders, of course, managed it. The caucus adopted the unit rule, binding the members to follow its decisions in their votes in legislature. William Lemke and other League lawyers drafted the bills. Frazier, trusting his old friend from university days, constantly looked to Lemke for counsel. Lemke's willingness to work, his dynamic energy, his fiery presentations in the caucus, and his closeness to Frazier and Townley gave him extraordinary influence.

To secure its full program, the League would have to amend the constitution, although this was not necessary with regard to a state-owned elevator. The standard amendment procedure seemed too slow, the initiative procedure too uncertain. Therefore, League leaders boldly decided to have the legislature frame an entirely new state constitution in order to authorize a full-scale experiment in state socialism. They reasoned that its approval by the voters would make it legitimate. The proposed constitution, the well-known House Bill 44, allowed the state to engage in any business or industry; it entirely removed the debt limit for state bonds secured by mortgages on real estate or by the property of state industries. These were the controversial points. It also exempted farm improvements from taxation, permitted taxation for hail insurance, established four-year terms for state and county officials, and provided for many other reforms in state government. House Bill 44 raised a storm of protest. Jerry Bacon, owner of the *Grand Forks Herald*, sent out thousands of copies of a pamphlet entitled *A Socialist Constitution for North Dakota*. The bill, after passing the house, was defeated in the senate.

Yet the legislature enacted many reforms. The opposition members of the senate not only voted for them but even wrote some of the bills. The

new laws set up a grain-grading system, guaranteed state bank deposits, established a nine-hour day for women, forbade discrimination by railroads (charging separate rates for long hauls and short hauls, furnishing cars, granting elevator sites), authorized negotiable warehouse receipts, established a state highway commission, and trebled state aid for rural education. The legislature also proposed constitutional amendments for woman suffrage and the exemption of farm improvements from taxation.

The opposition introduced and passed, with the aid of League votes, a proposal to build a state-owned terminal elevator and to appropriate \$300,000 for it. But Governor Frazier, after consulting with League leaders, vetoed it. He believed that a single small elevator could have little effect—one of the reasons for the defeat of a similar bill in the 1915 legislature. He also believed that it would give enemies of the League a chance to discredit state ownership. The Equity people, however, disapproved of the veto; Theodore G. Nelson began to doubt League leadership.

EXPANSION OF LEAGUE ACTIVITIES

Although the Nonpartisan League had not been able to put its basic program through the 1917 legislature, it had become a large, powerful organization with many activities. By November, 1916, it claimed forty thousand members and an income of \$270,000. It had spent \$50,000 on Fords for organizers, \$40,000 on printed propaganda, and much of the rest on office rent and salaries for lecturers and organizers. At first most people were friendly to the League, but as time passed, much bitter feeling arose between Leaguers and anti-Leaguers. In many a country school, League and anti-League children did not play together; even members of the state supreme court were not all on speaking terms with each other.

The League went into merchandising, banking, and newspaper publishing. Early in 1917 it organized the Consumers' United Stores Company to distribute goods (groceries, clothing, hardware, and farm implements) directly from the manufacturers to the consumers. By 1919 it had some thirty stores in Kenmare, Crosby, Minot, and other towns. The enterprise was carelessly managed by an inside clique which diverted the farmers' funds to political activity. By shady manipulations, League insiders (operating as the League Exchange) gained control of the Scandinavian-American Bank of Fargo, then a chain of banks across the state. Loyal farmers put up capital for the banks, but insiders who had contributed nothing controlled them.

The League also acquired control of newspapers. After beginning the weekly *Leader*, it bought the *Fargo Courier-News*, a daily, in the fall of 1916. The next spring, it organized the Northwest Publishers' Service. Without investing a dollar of its own, the Northwest Publishers' Service acquired control of some forty-five rural weeklies in North Dakota and

thirty in other states. This was possible because farmers bought preferred stock, which had no voting rights. The Service was also publishing the daily *Grand Forks American*.

The League, hoping to form a national party, spread into other states. It started organizing in Minnesota in the fall of 1916, and by the end of 1917 it was working in thirteen western states. Townley had changed its name from the Farmers' Nonpartisan Political League of North Dakota to the National Nonpartisan League and had moved its headquarters from Fargo to St. Paul early in 1917 (anti-League newspapers soon quipped that the "throne room" of North Dakota, which the League had so righteously returned to the state, had gone back to the Twin Cities). When the 1918 elections were held, the League had 188,365 paid-up members, the greater part of them in Minnesota, North Dakota, South Dakota, and Montana, and a staff of more than five hundred speakers and organizers and twelve state offices. Control still rested in the hands of the executive committee, composed of Townley, Wood, and Lemke.

As the League expanded, its platform broadened. It was friendly to organized labor; Townley addressed the convention of the American Federation of Labor at Buffalo, New York, on November 16, 1917. The national platform of the League, adopted by a delegate convention in December, 1918, called for a democratic world government, the end of monopoly, full employment, public works for the unemployed, national ownership of public transportation and communication, steeply graduated income and inheritance taxes to pay off the public debt, the repeal of wartime laws limiting civil rights, and the enfranchisement of women.

A national organization had not been part of Townley's original plan. The League had stayed out of the national election of 1916, but when Congressman Henry T. Helgesen of the eastern district died in the spring of 1917, the League ran John M. Baer, the cartoonist of the *Leader*, in the special election in July. Baer defeated Olger B. Burtness, a progressive Republican, and George A. Bangs, a Democrat.

THE ELECTION OF 1918

The election of 1918 was also a Nonpartisan League victory. Its opponents charged it with disloyalty. Actually, the League's war aims, similar to the Socialist Stockholm Manifesto of the Second International in 1916, anticipated Wilson's Fourteen Points. The League endorsed three men for the House of Representatives: John M. Baer, George M. Young, and James H. Sinclair. For the state offices it again backed Lynn J. Frazier and most of the men it had elected in 1916; Howard Wood became the candidate for lieutenant governor. The main concern, however, was with amending the constitution to legalize the League's program. Its members initiated seven amendments. These raised the debt limit, simplified the amending process, and authorized the state to engage in business.

The opposition, very much greater than in 1916, tried to turn the prevailing war hysteria against the League. Twin City papers gave the impression that a victory for Frazier would be a victory for Germany. "Vote as You Would Shoot!" admonished the *Bismarck Tribune*. "The *Tribune* is unalterably opposed to the itinerant preachers of a destructive Socialism, and a damnable pacifism, but it believes the time has come in North Dakota for a complete readjustment of sentiment toward the economic demands of the farmers." But League leaders, making an all-out effort, won a sweeping victory in the June primary. League candidates won every Republican nomination for state and congressional office; Frazier carried forty-five of the fifty-three counties; enough legislative candidates were nominated on the Republican ticket to insure League control of both houses. In Minnesota, however, the disloyalty charge defeated the League.

Before the fall election, the opposition set up the Independent Voters Association (I.V.A.) to defeat the proposed constitutional amendments. The I.V.A. sold ten-dollar memberships, published the *Independent*, and provided speakers and publicity. Its secretary was Theodore G. ("Two-Bit") Nelson; its chief strength was in the cities and towns. Nelson was a former Equity leader who had joined the League, although he doubted the wisdom of state ownership; he had voted for Frazier in 1916. He believed in producer cooperatives.⁴ In the fall, a joint committee of anti-League Republicans and Democrats directed a campaign for the Democratic candidates. In November, Frazier received thirty-three thousand less votes than he got in 1916, yet the League elected him and its whole state ticket except the superintendent of public instruction. It also held large majorities in both houses of the legislature and four out of five of the judgeships of the state supreme court.

Soon after the election, the court ruled that all of the constitutional amendments had passed. This was a questionable point, for some of the amendments had not received a majority of the votes cast in the election, a plain constitutional requirement, but only a majority of the votes cast on the amendment.

THE TRIUMPH OF THE LEAGUE

The court's ruling enabled the 1919 legislature to enact the League program. Most of the real lawmaking of the session took place in the nightly League caucus. Lemke, especially, but also Townley, Walter Thomas Mills, and other League officials, worked out drafts of legislation and brought them before the caucus. There they were discussed freely and thoroughly, yet Lemke, Townley, and others of the inner circle were extremely influential, and each member was bound to vote in the legislature for the bill as it was accepted by the majority of

⁴Theodore G. Nelson, [Scrapbook Memoirs](#) (Salem, Oreg.: Your Town Press, 1957), pp. 70-75.

the caucus. Lemke, an old Leaguer recalled, was “a bit dictatorial”; Myron W. Thatcher remembered that League leaders “threw themselves around” and called “the shots just a little bit too roughly.” After the 1918 victory at the polls, Lemke and the others were in no mood for moderation, and they lost touch with public sentiment.

Five laws created the legal framework for a system of state socialism. One set up the Industrial Commission, composed of the governor, attorney general, and commissioner of agriculture and labor. The Industrial Commission was empowered to manage all business enterprises of the state.

A second law created the Bank of North Dakota, with a capital of two million dollars. The law required that all state and local government funds be deposited in the bank. It was to provide low-cost rural credits, to finance state departments and enterprises, and to serve as a clearinghouse and rediscount agency for banks throughout the state. It might redeposit funds in any bank and make loans on real estate and warehouse receipts.

A third law formed the North Dakota Mill and Elevator Association, which was to engage in the manufacture and marketing of farm products and to establish “a system of warehouses, elevators, flour mills, factories.” A fourth law set up the Home Building Association, through which the state would build houses for a down payment of 20 percent and installments running from ten to twenty years. A fifth law amended the state hail-insurance system already in operation; a flat tax of three cents an acre was to pay part of the cost.

Besides these laws, the legislature passed a number of reforms. At Professor Edwin F. Ladd’s suggestion, it strengthened the 1917 grain-grading law requiring grain buyers to pay the market value of dockage. It enacted a graduated income tax and an inheritance tax. It authorized a state printing commission, made up of League-elected officials, to select the one official newspaper for each county until the next election, when the voters would select it. (The law would subsidize League newspapers with a monopoly on legal printing and so force out of existence many small weeklies hostile to the League. In 1919, sixty-one weekly newspapers stopped publication.) It proposed a constitutional amendment for the recall of public officials. It enacted a workmen’s compensation law and also an eight-hour-day and minimum-wage law for women. It limited the use of injunctions in labor disputes. (Such labor laws would help the League bid for labor support in more industrialized states.)

A new spirit also animated the administration of old laws. The assessed valuation of railroad property rose from \$51,000,000 in 1916 to \$219,000,000 in 1919. When the legislature adjourned, the *Grand Forks Herald* said: “The state is now the socialistic laboratory of the country.” The League published a booklet of the laws it passed called *The New Day in North Dakota*. What the North Dakota Bankers

Association had begun in 1907 as a proposal for a state-owned terminal elevator had become a broad experiment in state socialism.

LAUNCHING THE EXPERIMENT

Two principal obstacles faced the experiment: the talent for mismanagement on the part of some of the persons placed in charge and the natural reluctance of eastern investors to furnish the essential capital. Yet the Industrial Commission set about its work with dispatch. It appointed James R. Waters manager of the Bank of North Dakota in April, 1919, and he soon made F. W. Cathro director-general. Waters had served as state bank examiner for three years; Cathro was connected with the First National Bank of Bottineau for twenty-six years and had served as the first president of the state bankers' association. Waters and Cathro could not, however, find purchasers for the \$2,000,000 worth of bonds which were to furnish the bank's capital. Nevertheless, the Bank of North Dakota opened for business on July 28, 1919. Treasurers of the state, county, township, municipal, and school-district funds began to deposit them as the law required. By September the deposits amounted to \$8,700,000; at the peak in April, 1920, they totaled \$28,700,000. Banks also began to make deposits; 396 banks in the state had \$1,400,000 in the Bank of North Dakota by August 15, 1919.

Thus it began to do a large clearinghouse business. It also acted as a rediscount bank, lending to banks throughout the state. The bank's policy was to redeposit public fund, in the banks of the communities in which they originated; it did, however, help out poor communities by redepositing more money in their banks. But for political reasons, the state bank violated its own policy by giving very large deposits (\$229,883) and loans (\$175,189) to the Scandinavian-American Bank of Fargo, which was controlled by the Nonpartisan League. These redeposits gave Cass County, the wealthiest in the state, more money than its public treasurers had deposited in the Bank of North Dakota. In the last months of 1919, the state bank began to make loans on farm lands. These ran for thirty years and bore 6 percent interest when the average in the state was 8.7 percent. By November 15, 1920, the bank had made \$2,900,000 worth of farm loans, an insignificant amount, for that year the total farm-mortgage debt in the state on owner-operated farms was \$108,000,000.

The North Dakota Mill and Elevator Association had much trouble in getting its operations under way. In August, 1919, it bought a small flour mill at Drake in order to demonstrate what state ownership could do. The manager, opening the mill with fanfare, bought wheat for twelve cents a bushel above the market price and sold flour for fifty cents a barrel under the market. He pretended to be making a profit, but was actually losing \$1.58 on every barrel. The Drake mill closed down on

March 27, 1924, with a loss of \$98,158.⁵

The Mill and Elevator Association could not sell the bonds necessary to build a large enterprise. In October, 1919, Townley announced that the State Mill and Elevator would be built at Grand Forks. This was a poor location because it could serve only the northern portion of the state, but Grand Forks businessmen had agreed to furnish a site and to buy \$1,000,000 worth of bonds, and Townley wanted revenge on Fargo. On April 7, 1920, the Industrial Commission let a contract for the building of a 1,600,000-bushel elevator and a flour mill with a daily capacity of 3,000 barrels. The cost was to be \$922,850, exclusive of power and machinery; the money was advanced as a loan by the Bank of North Dakota. Construction stopped in the fall of 1920 for lack of funds and was not resumed until after the recall election of October, 1921. The first unit was completed in October, 1922, the last in February, 1923; the total cost was \$3,044,391. Thus the chief objective of the League program—a system of state-owned warehouses, elevators, flour mills, and factories—was a complete failure, entirely nonexistent, until after the League was driven from power.

The Home Building Association also failed. It plunged into home building in reckless disregard of the law creating it. Within a few months it began fifty-seven houses, fifty-one simply on oral contracts and with few clients who had made the required 20 percent down payment. William Lemke, although his wife questioned the move, borrowed \$4,000 to start a house estimated to cost \$7,000. It eventually cost more than \$20,000, a great burden on Lemke for many years.

There were, however, some minor successes. The hail-insurance program functioned efficiently. Professor Edwin F. Ladd made the elevators pay for dockage. His inspectors soon condemned a wagonload of false scales, and his report of October, 1919, was an astonishing recital of commercial malpractices.

THE CAMPAIGN AGAINST THE LEAGUE

As the Industrial Commission struggled to launch its program, the Nonpartisan League suffered a disastrous defection. During the 1919 legislative session, three League-elected state officials began to attack the League leadership, though not the original program, and to expose League misdeeds. The trio consisted of William Langer (attorney general), Carl Kositzky (state auditor), and Thomas Hall (secretary of state). Langer revealed that the League Exchange was gaining control of 51 percent of the stock in banks it organized, without investing any money. He also noted that the League-controlled Scandinavian-American Bank had lent \$170,000 to the League-controlled Consumers' United Stores Company and had made other excessive loans, totaling

⁵Gilbert W. Cooke, "[The North Dakota State Mill and Elevator](#)," *Journal of Political Economy*, XLVI (February 1938), 26-27.

\$734,000, to the League and its various agencies. The bank's capital and surplus was only \$60,000; by law it was limited to loans of not more than \$9,000 to any one individual or corporation. The excessive loans were secured by postdated checks, worthless as collateral.

Earlier, Townley had called Langer a "traitor." Langer replied: "You and your hirelings have lied to and are deceiving the farmers of North Dakota." In November, 1919, Langer and Kositzky began to publish *The Red Flame* ("The Red Flame is Socialism"), a monthly magazine which was distributed free by the thousands. It was entirely devoted to attacks on League leaders and state officials, referring to them as "Comrade" Townley and "Comrade" Frazier and playing on the theme of "Bolshevism."

Other tactics were used against the League program. Opponents circulated petitions referring seven of the laws to the voters, those creating the Industrial Commission and the Bank of North Dakota among others. But in a special election on June 26, 1919, all of the referred laws were approved by the voters.

Opponents attacked the League program in the courts. In April, 1919, forty-two taxpayers from forty-two counties filed a suit in the federal district court at Fargo asking that the League laws be declared unconstitutional. The forty-two taxpayers were represented by able lawyers—Judge M. C. Young (counsel for the Northern Pacific), Tracy Bangs (counsel for the Red River Power Company), and C. J. Murphy (counsel for the Great Northern); they were backed by large banking and business interests of Minneapolis. In this case, *Scott v Frazier*, the attorneys argued that the laws required taxation for other than a public purpose and so would deprive the taxpayers of their property without due process of law, a violation of the Fourteenth Amendment. On June 14, Judge Charles F. Amidon dismissed the suit. He said that state elevator, mills, and packing houses were the only effective means by which the farmers could escape the economic injustices at the hands of the great combinations of the terminal cities. He ruled that the court had no jurisdiction, for none of the plaintiffs had shown injury to the extent of nine thousand dollars, and that the taxation involved was clearly for a public purpose. The state supreme court decided a similar case, *Green v Frazier*, in the same way. Both cases were carried to the United States Supreme Court. On June 1, 1920, the federal court likewise upheld the constitutionality of the laws.

In the 1920 elections, Republican and Democratic opponents again combined against the League. Before the primary an Independent Voters Association convention, called by a committee of Republicans and Democrats, endorsed Langer for governor and declared that "the real issue in the campaign in the state is between Americanism and socialism." Large corporations supplied the I.V.A. with funds. With I.V.A. leaders prominent, the Democratic convention endorsed J. F. T. O'Connor for governor. The League convention endorsed Frazier for

governor, most of the League officeholders, William Lemke for attorney general, and Edwin F. Ladd for United States senator. Ladd was to oppose Asle J. Gronna, a progressive Republican.

In the pre-primary campaigning, Townley toured the state in an airplane, but the old enthusiasm for the League was dying. Langer upheld the state industries and attacked only the "corrupt leadership" of the League; he promised to throw the Socialists out of the government. The *Grand Forks Herald* asked: "Shall A. C. Townley continue to rule North Dakota?"

It is clear that many opponents of the League were men much concerned with the exploited status of the state. Some of them were progressive in spirit and ready to use the state government and even state ownership to bring about a better deal for the wheat farmer in the terminal markets. They were not enemies of the farmer (all were bound to his welfare) or the minions of selfish outsiders. They were not, however, ready for state socialism on a broad front, nor were they willing to turn the state over to Townley and a group of Socialists. And they had good reason to doubt the integrity of some League leaders.

League candidates were not as successful in the primary as in earlier years. Frazier beat Langer by a narrow margin, and Ladd defeated Gronna. But League opponents took the Republican nominations for four state offices, and James Sinclair was the only Leaguer to win a nomination for the House of Representatives. John M. Baer, defeated by Olger Burtness, began a career of more than forty years as cartoonist for *Labor*, the official publication of the Railroad Brotherhoods. After the primary, the League endorsed men to run as Independents for offices where I.V.A. candidates had Republican nominations.

The fall election showed a marked decline of confidence in the League leadership. The I.V.A. supported O'Connor and Democratic candidates when Leaguers won Republican nominations. It also initiated five measures to check the League. The most important would make optional the deposit of local government funds in the Bank of North Dakota and would provide for an audit of the state enterprises. Frazier won over O'Connor by 117,118 votes to 112,488, receiving 51 percent of the vote. Leaguers won all of the state offices for which they had Republican nominations. For the others, the I.V.A. candidates with Republican nominations beat the Leaguers running as Independents. This outcome showed that, as a third party, the League could never have controlled the state. Only by operating in the Republican primary, where fewer voters took part, did it succeed.⁶ The I.V.A. gained control of the lower house of the legislature by a four-vote margin. The League kept a majority in the senate by one vote, but it had lost control of the state government. All of the anti-League-initiated measures passed. The outcome of the

⁶Samuel P. Huntington, "[The Election Tactics of the Nonpartisan League](#)" *Mississippi Valley Historical Review*, XXXVI (March 1950), 622-632.

election brought the state industries to a standstill: construction on the mill at Grand Forks stopped; the Bank of North Dakota ceased making farm loans and honoring its checks; the Home Building Association started no more houses.

The 1921 legislature was one of bitter quarrels and investigations of the state industries. The audit, authorized by the initiated measure, found plenty of mismanagement but no dishonesty. A senate investigation commended the Industrial Commission; a house investigation showed that "political considerations" had entered into the state industries. On the last night of the session, anti-League crowds surged through the corridors of the capitol. Fist fights were common. Carl Kositzky came out of one brawl with a cut check and a black eye.

THE FAILURE OF THE LEAGUE

The state industries were handicapped by the inability of the Industrial Commission to sell bonds to provide them with capital. The investment bankers of the nation felt no enthusiasm for financing socialistic enterprises and were in sympathy with the conservative business interests of the state and their natural allies of the Twin Cities. They were boycotting the bonds. The bitter political strife, doubt about the legality of the enterprises, and the depression of 1921 were additional reasons for the boycott. In January, 1921, the North Dakota Bankers Association offered to try to sell the bonds to eastern financiers. The conditions were that the Bank of North Dakota confine its business to the state institutions and departments and that the socialistic enterprises be limited to the bank, the Drake mill, and the Grand Forks State Mill and Elevator. (Events were to prove that the bankers' conditions reflected majority opinion in the state. Since 1921 the socialistic enterprises have neither expanded nor contracted.)

But the Industrial Commission refused the offer. Townley, more realistic, thought the refusal was unwise. A little later, a similar proposition from some Minneapolis bankers came to nothing. The commission, however, did sell five or six million dollars' worth of bonds to labor organizations and individuals after Governor Frazier proclaimed July 23, 1921, as "North Dakota Bond Selling Day." Then in October, 1921, the Industrial Commission sold \$6,100,000 of bonds to Spitzer, Rorick and Company of Toledo.

The long delay in selling the bonds hurt the Bank of North Dakota. It was both deprived of capital for itself and forced to advance funds for the State Mill and Elevator and for home-building activities. The bank was also hurt by the price recession which began in the spring of 1920. As the price of wheat fell, farmers could not repay their loans. Banks began to fail, especially in the western part of the state, where crops had been poor for four years and the farmers were heavily in debt. To help out, the Bank of North Dakota redeposited a million dollars more in the banks of western North Dakota than it had received from that area.

The initiated measure passed in November removed the requirement that local governmental funds be deposited in the state bank, and large sums were soon withdrawn. The bank was forced to call in some of its redeposits; eighteen banks closed in the first three weeks after passage of the measure. But many banks were unable to meet the demands of the Bank of North Dakota for redeposit money, and on December 20, 1920, it stopped paying checks drawn by county and other treasurers who had stopped making deposits. Public deposits continued to drop. Not until September, 1921, was the bank able to pay all checks and other obligations.

By that time a recall election was approaching. In 1920 the voters had approved a League-sponsored constitutional amendment by which petitions could bring about an election to recall a state official. In 1921 the I.Y.A. circulated petitions to recall the three members of the Industrial Commission: Governor Lynn J. Frazier, Attorney General William Lemke, and Commissioner of Agriculture and Labor John N. Hagan. The petitions nominated three men to take their positions: Ragnvold A. Nestos for governor, Sveinbjorn Johnson for attorney general, and Joseph A. Kitchen for commissioner of agriculture and labor. Nestos was a progressive Republican and an earnest attorney from Minot who had attended the university with Frazier and Lemke. Johnson was chairman of the Democratic state committee and a law partner of J. F. T. O'Connor in Grand Forks. Kitchen was a state legislator from Sentinel Butte. The I.V.A. also initiated by petition a constitutional amendment and six laws to limit or end the slate industries; these proposals were also to be voted on at a recall election on October 28, 1921. Nestos, Johnson, and Kitchen said, however, that they supported the original League program or at least were willing to give it "a fair trial." There were therefore two issues in the special election: the membership of the Industrial Commission, which directed the state industries, and the continuation of the industries themselves.

Former Senator Asle J. Gronna, a respected progressive, campaigned against the League, as did such former League leaders as Arthur LeSueur. The League state committee, believing that Townley was now a liability, did not ask him to campaign. Lemke also hurt the League, for the I.V.A. made effective use of the fact that the Home Building Association had lent him \$4,000 to help build his expensive house. By law the maximum cost of houses built by the association was to be \$5,000, but the Lemke house had cost over \$20,000. That fall, crowds surged about the house, burning Lemke in effigy.

On election day the three I.V.A. candidates defeated the three League officeholders. It was the first recall of state officials in the United States. But the margin was narrow; Nestos received 111,434 votes to 107,332 for Frazier; Johnson and Kitchen won by similar majorities. All of the initiated measures were defeated. The League had majorities in the western two-thirds of the state, but the vote went heavily against it in the

eastern portion. A slim majority of the voters had lost confidence in the League officeholders, but not in the League program. Mismanagement of the state industries and distrust of Townley and Lemke played an important part in the League's defeat. After the I.V.A. victory, conservatives, such as N. C. Young, attorney for the Northern Pacific, put much pressure on Nestos to end the state industries, but he stubbornly stood by his promise to give them a fair trial.

The League organization, however, was rapidly falling to pieces. In March, 1921, the telephones in the Fargo headquarters were disconnected for unpaid bills; some employees were laid off; others went for months without pay. A membership drive in August failed; revenues dwindled; the number of organizers and lecturers declined.

In November, 1921, Arthur C. Townley finally began to serve a ninety-day jail sentence in Jackson, Minnesota, for conspiring to discourage enlistments. He had been convicted in July, 1919, after a most unfair trial. The charge was based on the distribution of a pamphlet stating the League's war aims. These were quite similar to President Woodrow Wilson's famous Fourteen Points, and Townley had a letter from the President thanking him for his patriotism. But the presiding judge refused to allow such evidence of loyalty to be introduced. In 1922, Townley resigned as president of the National Nonpartisan League. The next year, the executive committee sold the *Fargo Courier-News*, the victim of an advertising boycott, and the *Leader* ceased publication. Members were no longer paying dues, the foundation of the whole operation. The League as it had been was dead.

The State Mill and Elevator was completed by the opponents of the League and eventually became a successful enterprise. The Bank of North Dakota lowered interest rates for the farmers and served the state government effectively. These enterprises, however, were not the system of socialistic undertakings called for in the League platform. Moreover, they did not greatly alter the dependent, exploited status of North Dakota. In a broad view, the great socialist experiment was a failure.