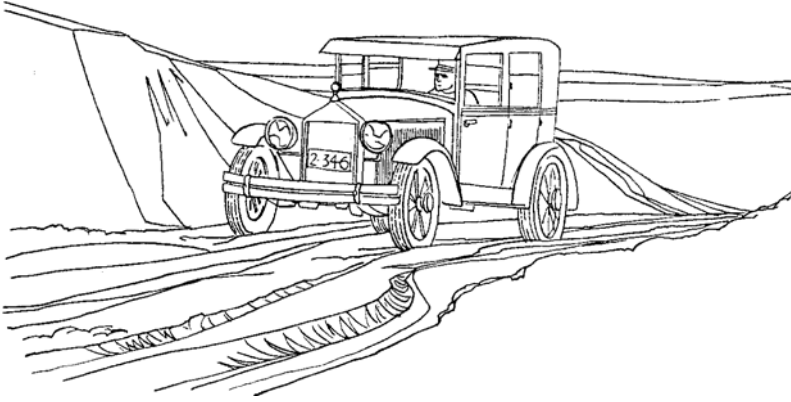


## **CHAPTER 17**



### ***The Twenties: Beginnings of Readjustment***

AS IN OTHER PERIODS, the history of North Dakota in the 1920's was marked with both continuity and change. Continuity was revealed in a number of ways: the state's old problems, such as colonial status and scant rainfall, continued; national trends, such as the swing to conservatism, the impact of the automobile, and disillusionment, were also reflected in the state's history. Change, or contrast with the nation, was highlighted in a number of ways: North Dakota's conservatism was quite liberal; the automobile meant adaptation to the sparsity of population on the treeless plains—a somewhat different meaning than it had for the nation; and North Dakota's disillusionment sprang more from agricultural depression than from disappointment with the outcome of the First World War. The greatest contrast, however, was that North Dakota, like other agricultural areas, suffered from depression in the 1920's while the urbanized, industrialized segments of America enjoyed prosperity.

Moreover, the 1920's in North Dakota were a time of readjustment. The stimulus of pioneering had vanished. Settlement of the semiarid state by people from humid regions had left a heritage of maladjustment, of institutions unsuited to the nature of the country. Because they had anticipated a denser population and a greater production of wealth than the state has yet attained, the pioneers created too many farms, too many towns, too many schools, churches, and colleges, too many counties and too much government, too much railroad mileage, too many banks, and too much debt. This was the Too-Much Mistake, a central theme of North Dakota's history. The 1920's saw the beginnings of a slow and painful readjustment to inescapable realities grounded in the nature of the country.

The First World War and the end of free land had pushed land values up too high for the farmers to make a profit on the capital invested. Through the

1920's they struggled with heavy debts, high costs, and low prices. Land values fell. Many lost their savings in the wave of bank failures, and thousands left the state to seek opportunities elsewhere. Such problems were not, of course, peculiar to North Dakota; they involved many of the farmers of the nation. In North Dakota, however, farmers turned more and more to cooperatives as a way out.

In politics, the Nonpartisan League, with Arthur C. Townley and his Socialist agitators out of the picture, came back under moderate leadership. Its opponents made a success of the Bank of North Dakota and the State Mill and Elevator. Gradually, much of the bitterness died, and many League leaders supported Herbert Hoover for President in 1928.

## **FARM DEPRESSION**

During the 1920's, the important changes in North Dakota agriculture were increased mechanization and the introduction of a superior wheat and a superior grass. Farmers bought thousands of tractors and trucks. In 1920, one farmer in six owned a tractor and one in a hundred owned a truck, but by 1930, more than two in every five owned tractors and one in five owned trucks. The number of horses on the farms fell by one-fourth.

Logically, mechanization should have cut down both the farm labor force and the number of farms, yet such changes could come only slowly. The number of farms did not decline in the 1920's, but the average farm size rose from 466 acres to 496 acres as the amount of land in farms increased by two and one-half million acres in the last years of the decade.

Small increases in numbers of sheep, swine, and dairy cattle meant little advance in diversification, but the introduction of an improved wheat and a better grass meant much. Ceres, the new wheat, was first distributed in 1925. Developed by Lawrence R. Waldron from a cross between Kota and Marquis. it was only moderately resistant to rust, but it gave good yields under drought and other severe conditions and so was a notable adaptation to the semiarid country. By 1934 it was planted on 45 percent of the state's wheat acreage.

The new grass was crested wheat grass, a hardy perennial bunch grass which had been brought to the United States about 1900 from the steppes of Russia and Siberia. Crested wheat grass has a wide spreading and deeply penetrating root system which contributes to its ability to survive cold, drought, and grazing and to protect the soil from wind and water erosion. The first planting in North Dakota was at the United States Northern Great Plains Field Station at Mandan in 1915; the station began seed production in 1921. By 1929 crested wheat grass was listed in the catalog of Oscar H. Will and Company, Bismarck seedsmen. Well adapted to the cool growing conditions of the Northern Great Plains, more resistant to drought than other grasses, and highly palatable, it became the leading grass for pasture, hay production, and erosion control in western North Dakota. It had two or three times the grazing capacity of the native range, so its introduction was a

notable landmark in the history of the state.<sup>1</sup>

Ordinarily, more than two-thirds of North Dakota's farm income came from crops (mostly small grains) and less than one-third from livestock (mostly cattle). Wheat was still king, producing more than half the state's cash farm income in 1925. "So far as Velva was concerned," recalled Eric Sevareid, "wheat was the sole source and meaning of our lives.... We were never its masters, but too frequently its victims.... It was rarely long outside a conversation."

The farm income of the 1920's, divided between 395,000 farm people and almost 78,000 farms, was simply not large enough. There was no spectacular failure, but crops were neither very good nor prices very high. Rainfall was below average for six of the twelve years from 1919 through 1930, and six of the twelve wheat crops were rather poor—under 100,000,000 bushels. The poorest crop was a scanty 61,000,000 bushels in 1919, the best a near record 155,000,000 in 1928. Wheat fell from \$2.35 a bushel in 1919 to \$1.01 in 1921, rallied in the middle 1920's, and sank to 60¢ in 1930. Beef cattle brought \$8.10 per hundred pounds in 1919, \$4.45 in 1921, and \$8.30 in 1929. Selling their stock and grain at such levels, North Dakota farmers generally pocketed a cash income of \$200,000,000 to \$250,000,000, ranging from a high of \$278,000,000 in 1925 to a low of \$149,000,000 in 1930. These figures, representing an average gross income per farm of \$2,500 to \$3,200, spelled an unspectacular but real farm depression throughout the decade.

A study of the cost-of-living records of 139 North Dakota farm families showed that, in spite of the agricultural depression, the quantity of family-living goods and services purchased actually rose 30 percent from 1923 to 1928 and then declined 9 percent from 1928 to 1931. In 1923 the average cost of family living (food, housing, clothing, medical care, recreation, and other items) in this group of above-average farm families was \$1,471, of which \$882 consisted of cash expenditures. It rose to \$1,721 (with a cash expenditure of \$1,158) in 1928 and fell to \$1,305 (\$842 in cash) in 1931.<sup>2</sup> In 1929 the per capita (not per family) personal income was \$375 in North Dakota and \$703 in the United States. Low farm income increased other difficulties.

In the postwar deflation, the value of all farm property in the state fell by one-third, from \$1,760,000,000 in 1920 to \$1,191,000,000 in 1925. This was a shattering loss in values—over half a billion dollars. But the total or all taxes paid—largely the general property tax and excluding taxes levied by towns and villages—rose nearly two and one-half times, from \$11,000,000

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<sup>1</sup>Theodore E. Stoa, "[A Brief History of Wheat Variety Changes on Farms in North Dakota](#)," *Bimonthly Bulletin*, North Dakota Agricultural Experiment Station, VII, 6 (July-August 1945), 24; Warren Whitman *et al.*, *Grass, North Dakota Agricultural Experiment Station Bulletin* 300 (Fargo, 1941), pp. 23-25.

<sup>2</sup>E. A. Willson, *Incomes and Cost of Living of Farm Families in North Dakota, 1913-1931*, [North Dakota Agricultural Experiment Station Bulletin](#) 271 (Fargo, 1933), pp. 6-18.

in 1912 to \$27,000,000 in 1922. Taxes on farm real estate scarcely declined at all in the deflation of the 1920's.<sup>3</sup>

Heavy taxes and the decline in value of farm property further burdened men already deeply in debt. In 1920, seven-tenths of the men working their own farms owed mortgage debts; the total farm-mortgage debt was \$286,000,000. Many could not bear the burden and lost title to their land. In 1920, one in every four North Dakota farmers was a tenant; in 1930, one in every three. William Lemke wrote a friend in 1927:

The farmers have never been as hard up as at present. I have more work than I can do trying to save their homes in a legal way and in defending them in many unfortunate lawsuits, due to poverty or rather deflation. It used to be that they were able to pay my carfare and expenses, but it is getting so now they offer me post-dated checks for even actual expenses.

## THE COLLAPSE OF THE BANKS

The misfortunes of the grain farmer affected the small rural banks, and their wholesale collapse in the 1920's revealed the instability of the state's agricultural economy. Fraught as it was with risk in a one-crop, semiarid country, the economy needed sound banks. But the imperative demand for credit had led to a rapid but unsound development of banking. In some new towns, banks were the first business establishments. North Dakota had 102 banks by 1895, 671 by 1910, and an astounding 898 in 1920. It had three banks for every incorporated place and more banks in proportion to its population than any other state. The most rapid increase had come in the decade of fastest growth in population, but the number of banks had grown four times as fast as the population.

The smaller banks generally had state charters and were opened in the smaller towns; the larger banks had national charters and located in the larger towns. Charters were easily secured. The capital required for a state bank was low, only \$10,000 in the years from 1900 to 1915, and the state bank examiner seldom refused an application. Some state banks even opened on entirely borrowed capital. Charters for national banks were also easily secured, and their capital requirements were low—only \$25,000 in a town under 3,000 population. North Dakotans tolerated laxity because they were more interested in credit for the debtor (a great need in a new country without capital) than security for the depositor. Moreover, everyone was optimistic about the future: the growing economy would soon be able to support all of the new banks.

With good wheat prices and rising land values, banks rarely failed before 1920. Deposits climbed spectacularly, nearly doubling from 1915 to 1917. To attract outside money, the legislature passed a deposit guarantee law in

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<sup>3</sup>R. Wayne Newton and Alva H. Benton, *Some Tax Problems of North Dakota Farmers*, [North Dakota Agricultural Experiment Station Bulletin](#) 203 (Fargo, 1926), pp. 11-12.

1917. The guarantee fund, however, was entirely inadequate (each bank paid in annually only one-twentieth of one percent of its deposits), and the most recklessly managed bank could not be shut out of the system. Country banks used the law in misleading advertisements in which the state itself was represented as guaranteeing deposits on which 6 percent interest was offered. Thus they secured large deposits from the residents of other states.

With their vaults full of cash and with almost unlimited confidence in the state's future, North Dakota banks expanded their loans to farmers far beyond the bounds of prudence. Sound principles required that a bank's loans should not exceed 60 percent of its deposits, but in 1922 the loans of state banks averaged 120 percent of deposits, with many higher. The national banks had lent from 47 to 285 percent of their deposits. The banks then had very small cash reserves, an average of only 6.8 percent of deposits for the national banks in 1922. Three fourths of their assets were loans, mostly to farmers and often of doubtful value and on inadequate security. The situation was fraught with danger. The banks, especially the hundreds of state banks in the smaller towns, were dangerously overcommitted to an unstable, local agricultural economy. If deposits declined, the banks would have to collect their loans to farmers, and if many of the loans should prove uncollectable, the banks would fail.

The collapse of North Dakota agriculture in the early 1920's brought the banks to ruin and wiped out fifty million dollars in hard-earned savings. North Dakota suffered from a nation-wide deflation of agricultural prices. Agricultural exports declined; production was over expanded; Europe could not buy American farm commodities; purchases by the federal government fell off; large carry-overs from 1919 and 1920 glutted the market. The Federal Reserve Board, alarmed by the continuation of inflated prices and credit in 1919, adopted a deflationary tight-money policy. Late in 1919 it began to raise the rediscount rate in order to restrict credit and reduce prices. In June, 1920, the rediscount rate of the Minneapolis Federal Reserve Bank stood at 7 percent.

These deflationary forces, the collapse of farm prices in the fall of 1920, the hard winter of 1919-1920 on the western ranges, and then drought—all cut down sharply the flow of money into North Dakota. The outward flow of money, however, for the necessities of living and for interest, taxes, farm machinery, coal, and transportation, remained high. The balance of payments went heavily against the state, a universal experience in a falling market for regions specializing in the production of raw materials.

Farmers had to draw on their savings, and by the end of 1921, bank deposits had fallen one-third in two years. To meet withdrawals, the banks, short of cash themselves, borrowed heavily from Minneapolis and St. Paul banks, pledging their best securities as collateral. They also began desperately to call in loans. But large loans from Twin Cities banks, from the Federal Reserve Bank of Minneapolis, and from the federal War Finance Corporation enabled North Dakota banks to renew many of their loans to

state farmers and to make new loans where necessary. During the first two years of deflation, the mortgage debt on farms actually increased as desperate farmers refinanced short-term loans into mortgages. The mortgage debt reached a peak of \$320,000,000 in 1922, a staggering sum yet only a fourth or fifth of the value of farm property in the state.

When the agricultural economy failed to revive, many of the farmers and bankers went down together. Each year, hundreds of farmers lost their land in forced sales. The banks, losing their deposits and cash reserves, could neither collect their loans nor repay the Twin Cities banks. In 1923, the first bad year, 99 failed; dozens more went under each year until 573 of the 898 bank, in business in 1920 had closed by 1933. In all, 94 national and 479 state banks failed. Victims of their own overconfidence in the future of a semiarid spring-wheat country, all of the closed banks had made loans in excess of 100 percent of their deposits.

The depositors of the closed state banks lost almost \$40,000,000, receiving about one-fourth of their claims, while depositors of closed national banks lost about \$10,000,000, receiving about half their claims. Bank failures had lost approximately one-third of the \$150,000,000 on deposit in North Dakota banks in 1922, half the loss being borne by out-of-state depositors deceived by the 1917 deposit guarantee law. The fifty-million-dollar loss, though small compared to the half-billion-dollar decline in farm property, was serious; it undermined confidence in banks and dissipated reserves needed for productive purposes. It was a part of the excessive price paid for the rapid development of the new country.<sup>4</sup> Some bankers committed suicide; Eric Sevareid wrote of his father, a banker at Velva: "Years of drought ruined his wheatlands and broke his bank."

The great deflation had other sides. The assets of all North Dakota banks fell from \$223,000,000 in 1922 to \$68,000,000 in 1933, and bank loans from \$171,000,000 to \$26,000,000. The day of too many banks and too much easy credit had passed. Indeed, with the great deflation the pioneer dream of plenty on the prairie frontier was fading. "Everyone agrees," wrote Mandus E. Bridston in 1924, "that something must be done if we are going to save our homes; if we are going to spare our wives and children from a life of drudgery and want.... Is farming a failure?"

## **POPULATION CHANGES: RURAL EXODUS**

Such disillusionment with farming set off a rural exodus. Certainly farming in North Dakota, as elsewhere, was no longer offering opportunities for more people. There were already too many people on farms. The population of the state grew slowly and then just in the towns. It increased only 5.3 percent during the 1920's—from 647,000 in 1920 to 681,000 in

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<sup>4</sup>William E. Koenker, "[Banking Trends in North Dakota, 1922-1947](#)" (Unpublished Ph.D. dissertation, Ohio State university, 1949), pp. 39-311; Arthur S. Link, "[The Federal Reserve Policy and the Agricultural Depression of 1920-1921](#)," *Agricultural History*, XX (July 1946), 167-173.

1930. The urban population (places over 2,500) grew 28 percent; the population of the smaller towns (all incorporated places below 2,500) grew 9 percent; the population of the countryside declined 0.5 percent. Some of the larger places grew very rapidly: Minot from 10,475 to 16,099, Bismarck from 7,122 to 11,090, and Fargo from 21,961 to 28,619.

As a whole, however, the state's 5.3 percent increase (34,000 persons) amount to only one-third of the natural increase, the excess of births over deaths. Thus the state lost about 65,000 people during the decade. In 1920 there were 101,000 persons born in North Dakota but living in other states; in 1930 there were 176,000. Some 75,000 native-born North Dakotans had left, but a part of the loss had been balanced by a modest movement into the state. Many North Dakotans had moved to Minnesota, California, Washington, and Montana. Eighteen of the fifty-three counties and 44 percent of the 295 towns actually declined in population.

In particular, the more semiarid and newly settled sections lost. By the early 1920's some farmers and ranchers were leaving almost every county north and west of the Missouri River. There the number of farms was declining as the more prosperous took over the holdings of those who were leaving. In the northwest corner of the state, defeated farmers were abandoning the poorer land, often owned by absentee speculators. In the typical range counties on the Little Missouri, ranchers were giving up much of their leased range.<sup>5</sup>

The smaller trading centers suffered. When the railroad companies built their lines, they established a station every five or six miles, and often a small settlement would spring up. But the semiarid nature of the country restricted the growth of the surrounding farm population. The sparse rural population hurt the small trading centers, and even before the 1920's the automobile began to rob them of their meager business.

## **THE AUTOMOBILE REVOLUTION**

The automobile was changing North Dakota life in the 1920's. In 1913, North Dakotans owned only 13,075 automobiles, but by 1920 they owned 92,000, and 57 percent of the state's farmers had them. The number doubled during the next decade. By 1930, North Dakotans owned 183,000 automobiles, one for every 3.7 persons, and 87 percent of the farmers were car owners. In the United States as a whole, there was only one automobile for every 5.3 persons.

North Dakota fell in love with the automobile. It provided an excellent means of traveling long distances over the prairies; it reduced isolation; it helped to overcome remoteness; it freed North Dakotans and gave them

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<sup>5</sup>E. A. Willson, H. C. Hoffsommer, and Alva H. Benton, *Rural Changes in Western North Dakota*, *North Dakota Agricultural Experiment Station Bulletin* 214 (Fargo, 1928), pp. 26-28, 41-42; Jesse C. Korthal, "The Growth and Decline of Incorporated Farm Trade Centers in North Dakota, 1900-1920" (Unpublished M.S. thesis, University of North Dakota, 1935), p. 52.

mobility, just as a century and a half earlier the acquisition of horses had freed the Plains Indians.

Automobiles quickly brought better rural roads. In 1917, North Dakota had no surfaced roads and only a few well-graded ones. Most of them were impassable for automobiles a considerable portion of each year. By 1928, however, there was a state highway system of 7,200 miles; about 4,000 miles of it had been graded and 2,400 miles given a gravel surface. By 1930 the state, in spite of hard times, had spent nearly eight million dollars on highway construction.

Improved roads expanded the potential trading area of villages and towns. They furnished farmers with better transportation to shipping centers and made easier the sometimes long trips to town for necessities. They played a part in knitting together the farm and town elements in North Dakota communities and made social contacts easier and more frequent. Good roads aided the consolidation—and hence the improvement—of schools and churches. E. A. Willson, a rural sociologist at the North Dakota Agricultural Experiment Station, wrote in 1928:

Improved highways are causing many changes in rural social life. Good roads improve rural mail service, make better educational facilities available to farm children, bring medical assistance to the farm home quickly, and make possible a broader social life. The automobile and improved highways are causing a re-adjustment in rural social organizations and agencies. They enable the farmer to do his trading, seek recreation and attend church at more distant cities and villages where more and better services are available than the smaller villages furnish.<sup>6</sup>

So farmers began to trade in the larger towns. Such places had many attractions, including larger stores, movies, and banks. By locating in the bigger trade centers, chain stores increased their profits. The J. C. Penney Company, the first chain in the state, opened a store in 1912 and had thirty-three by 1935. Others came in the 1920's; by 1935, Montgomery Ward had eight stores in North Dakota, Gamble Stores fourteen, and Red Owl Grocery forty-six. The automobile and improved rural roads had brought a revolution to North Dakota life.

### **THE STATE BANK AND THE STATE MILL AND ELEVATOR**

During the depression of the 1920's, North Dakota farmers received aid from the socialistic enterprises originally sponsored by the Nonpartisan League. After the defeat of the League, its opponents continued the Bank of North Dakota and completed the construction of the State Mill and Elevator. Soon after the recall election of October, 1921, Governor Ragnvold A. Nestos began, as he had promised, to give the League enterprises a fair trial.

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<sup>6</sup>E. A. Willson, [\*Social Organizations and Agencies in North Dakota\*](#), [\*North Dakota Agricultural Experiment Station Bulletin\*](#) 221 (Fargo, 1928), pp. 15-16.



He pushed the rural-credit program of the Bank of North Dakota. Its farm-loan department made loans on farm land; the state treasurer sold real estate bonds, secured by farm mortgages, to raise the money for the loans. The department had begun to make loans before the recall election ousted the League-controlled Industrial Commission, but most of the loans were made under a conservative commission controlled by the Independent Voters Association.

Each year the state sold several million dollars' worth of real estate bonds; each year the farm-loan department made one to two thousand loans. From August, 1919, to October, 1933, it lent 16,486 farmers nearly \$41,000,000. The loans bore 6 and 6.5 percent interest and were amortized to be repaid in annual installments running 26 to 30 years. They averaged from \$3,600 per loan in 1921 to \$1,500 in 1933. The average loan declined from \$14.07 per acre in the former year to \$5.95 in the latter. Most of the loans were made in the western portion of the state. While the Bank of North Dakota was making its farm loans, the average interest rate on all farm mortgages declined from a peak of 7.3 percent in 1915 to 6.6 percent in 1925 and to 6.0 percent in 1933.

With drought (one year in three was dry in the western part of the state) and depressed prices, payments on a large part of the loans became delinquent. By 1929 the Bank of North Dakota had foreclosed mortgages on 8.3 percent of the loans, by 1934 on 17.3 percent. By 1934 only 12.2 percent of the loans were in good standing. By 1936 an agency of the federal government had taken over 46 percent of the loans, the state bank had foreclosed on 21 percent, and the state had lost \$8,800,000 on the rural-credit program. To meet interest payments on the real estate bonds, nearly \$8,000,000 had been transferred from the motor vehicle tax, the beer tax, and the general tax levy. By 1940 the Bank of North Dakota had acquired 6,277 tracts of land by foreclosure.<sup>7</sup>

A determined effort had been made to solve the credit problems of North Dakota farmers. Its failure demonstrated the unsuitability of the prevailing adaptations to the nature of the country. But the problems were broader than those created by drought, small farms, and high land values.

The state vigorously attacked the wheat-market problem. In 1922, Governor Nestos sold three million dollars' worth of State Mill and Elevator bonds, and that spring, construction was resumed on the skeleton standing on the northern edge of Grand Forks. He hurried the work with round-the-clock shifts, and on October 30, before a large crowd in downtown Grand Forks, he pushed a button to start the mill machinery. The workmen did not

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<sup>7</sup>H. L. Waister, "Farm Mortgage Loans and the Interest Rates in North Dakota," *Bimonthly Bulletin*, North Dakota Agricultural Experiment Station, V, 1 (September 1942), 22-23; Gilbert W. Cooke, "[The North Dakota Rural Credit System](#)," *Journal of Land and Public Utility Economics*, XIV (August 1938), 273-283; Kenneth C. Johnson, "[The Bank of North Dakota: An Analysis of Its Value](#)" (Unpublished M.A. thesis, University of North Dakota, 1957), p. 16.

actually finish construction until February, 1923, but the ceremonial opening a week before election day demonstrated the Governor's good faith and helped to secure his re-election.

The people of North Dakota had acquired a large grain-handling facility. Costing \$3,044,391, it could store 1,700,000 bushels, manufacture 3,750 barrels of flour a day, and wash, clean, and dry grain. The State Mill and Elevator paid as high a price as possible for wheat, allowing a premium for protein; it sold flour for substantially less than private mills. But it purchased only 1 to 3 percent of the state's wheat crop. It seems doubtful that such small purchases could have had any influence on the price received by most North Dakota wheat farmers.

The State Mill and Elevator consistently lost money in the 1920's. Buying more than half its wheat from the line elevators of commission houses, the old enemies of North Dakota farmers, it was paying them a middleman's profit of \$117 per carload in 1927 when under the control of Nonpartisan League Governor Arthur G. Sorlie. Poor sales of mill products, a poor location to serve the southern half of the state, political interference, the lack of low through railroad rates on grain which stopped in Grand Fork—all contributed to the losses. But the principal reason was that during its first ten years the mill operated at much less than its full capacity, generally at a third in the spring and at a half in the fall.<sup>8</sup> Each barrel of flour, therefore, had to carry a heavy interest and depreciation charge. The losses of the mill were much less important than the fact that it was playing an insignificant role in the marketing of the state's wheat crop.

## **THE GROWTH OF FARMERS' COOPERATIVES**

In the 1920's cooperative marketing of wheat proved more helpful to the farmers than did the operations of the State Mill and Elevator. During the first years of the decade, the Equity Cooperative Exchange was expanding its operations, and other cooperatives were established. In the summer of 1920 the American Farm Bureau Federation organized to unite all farmers' cooperatives. In 1921 it set up a national sales agency, called U.S. Grain Growers, Inc., to provide terminal sales agencies, terminal elevators, a finance corporation, and an export corporation. At the end of 1920, Usher L. Burdick, John Lee Coulter, Hans Georgesen, and some county extension agents organized the Farm Bureau in North Dakota. Edwin F. Ladd and Burdick drew up the constitution. Burdick became president and also a director of U.S. Grain Growers. The resolutions of the first two meetings recommended cooperatives, farm legislation, more adequate credit, and county extension work as promising ways of helping the farmers. By the end

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<sup>8</sup>Gilbert W. Cooke, "[The North Dakota State Mill and Elevator](#)," *Journal of Political Economy*, XLVI (February 1938), 27-29; E. Bruce Hagen, "[The North Dakota State Mill and Elevator Association: History, Organization, Administration, and Operation](#)" (Unpublished M.A. thesis, University of North Dakota, 1955), pp. 142-172, 184-185, 325-329.

of 1921, thirty-five counties in North Dakota had Farm Bureau chapters. Many cooperatives were started—for marketing horses and turkeys, for buying binder twine, and for insurance—but all failed, and Grain Growers was undermined by attacks from the grain trade. By 1924 the Farm Bureau had disappeared from North Dakota.

The early 1920's, however, saw a peak in the organization of marketing cooperatives in the Middle West. Secretary of Commerce Herbert Hoover and other national figures were advocating them as the answer to low farm prices. Many North Dakotans were convinced that cooperatives could eliminate the excessive profits of middlemen and throw off the burden of outside exploitation. Cooperatives were a natural expression of the radicalism and hostility to the interests that pervaded much of the thought and emotions of many North Dakotans.

Encouraged by the Equity Cooperative Exchange, cooperatives grew rapidly, especially in the form of farmers' elevators, in the years from 1913 to 1922. Many were organized in the newly settled western portion of the state; in eastern North Dakota, they had come earlier. In 1915 there were 446 farmers' elevators, in 1921 a total of 621, or about a third of all rural elevators. Every farmer was within easy hauling distance of one; the earlier abuses of the grain trade were passing away.<sup>9</sup>

In 1921 the North Dakota Legislature, as did those of many other states, passed the Standard Marketing Act, devised by Aaron Sapiro, a brilliant city-bred Jew, from his experience in aiding the farmers of California and Oregon with their marketing problems. It legalized a marketing agreement to give farmers' organizations the advantages of monopoly control in the market. In 1922, Congress passed the Capper-Volstead Act, which exempted agricultural cooperatives from the antitrust laws.

## **THE NORTH DAKOTA WHEAT GROWERS ASSOCIATION**

The most ambitious cooperative in the state was the North Dakota Wheat Growers Association, the creation of George E. Duis, A. J. Scott, and R. L. Taft. A big, aggressive man, Duis had served as a Democratic mayor of Grand Forks, farmed, and made money in a variety of enterprises—farm implements, an auto agency, and the Mutual Implement Dealers Insurance Company. Scott was a friendly, quick-witted entrepreneur who had come out to North Dakota from New York State as a young man to teach school at Rolla and to play semipro baseball. While teaching at Arvilla, he had begun to learn the grain business as secretary of the local farmers' elevator association. Taft was a Montana banker who had served as cashier of the Washington Wheat Growers Association.

Duis, Scott, and their associates wished to create a huge farmers'

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<sup>9</sup>W. L. Ettesvold, *Farmers' Cooperative Marketing and Purchasing Associations in North Dakota*, *North Dakota Agricultural Experiment Station Bulletin* 294 (Fargo, 1940), pp. 19-20.

cooperative that could gain a monopoly in marketing hard spring wheat and thereby raise its price. Most farmers, pressed for cash, sold their wheat at a depressed price in a glutted market as soon as the harvest was over. Such dumping, Duis argued, meant that although the United States raised less of the high-protein hard red spring wheat than it used, North Dakota farmers received neither any benefit from the tariff on imported wheat nor any premium for protein. To replace dumping with orderly marketing, Duis and nineteen others organized the North Dakota Wheat Growers Association, a nonprofit corporation with no capital stock, at Grand Forks on January 23, 1922.

The association's plan was simple. It had already been worked out by Aaron Sapiro and tried by California fruit growers, by some tobacco raisers, and in some wheat areas. Borrowing the money from a government agency, the association would advance its members 70 percent of the market value when they delivered their wheat. The wheat pool, as the association was commonly called, would sell the wheat throughout the year to millers and exporters, avoiding the depressed prices of the fall glut. Then, after deducting its own expenses, it would divide the returns among the members. The member was to sign a five-year contract to put all his wheat into the pool; he would receive the average price for the year.

If the association could bring most of the North Dakota wheat growers into its membership, the users of hard red spring wheat would have to buy at the association's price. Since North Dakota farmers produced the bulk of the hard spring wheat raised in the United States, monopoly control and monopoly prices were a real and exciting possibility. That was the goal, or, as Duis wrote in 1924, "better times in North Dakota, better homes for our families, better schools for our children, and a more prosperous and contented commonwealth."

But nothing close to monopoly control was ever attained. In 1922 organizers signed up three thousand members. The association borrowed from the War Finance Corporation and sold the wheat in the pool for \$13,300,000, deducting 13.7 cents a bushel for its expenses. After 1922 the association borrowed from the Federal Intermediate Credit Bank of St. Paul. It sold its wheat by protein content, not on grade, and (a matter of pride for its leaders) paid the first protein premium ever received by North Dakota growers. The State Mill and Elevator was not yet in operation, and country elevators, even cooperatives, could not pay a protein premium because they had no laboratories for testing.

Duis drove hard for the indispensable large membership. In 1923 the association had 9,200 signed up and began publishing the *Wheat Grower*, an official bimonthly newspaper, to carry the gospel to all members. A strong drive in 1924 brought the membership total to 15,300, but that was only a fifth of the growers in the state. And the \$6,300,000 worth of wheat handled that year by the pool, while large in itself, was only a minor part of the wheat grown, even by its members, and an insignificant fraction of the

\$125,000,000 crop. Monopoly control was unattainable.

After 1924 the membership grew, but the amount of wheat put into the pool fell off. There were several reasons for failure. Many members refused to deliver all of their wheat to the pool as the contract required. When the harvest came, most North Dakota farmers, in financial straits, had to have the full price for their wheat, not the 70 percent the pool advanced. Moreover, most country elevators were hostile to the pool, either because they were the line houses of Minneapolis firms or because they depended on Minneapolis commission houses to finance their own purchases of grain.

To combat these difficulties, the association expanded its operations. In 1926 it began to seek members in Montana. It set up the North Dakota Wheat Growers Credit Corporation to lend money to its members, freeing them from antipool pressure by the holders of crop mortgages. It set up the North Dakota Wheat Growers Warehouse Company to buy or lease rural elevators, giving the pool a direct contact with its members. In 1927 it owned thirty-four elevators and in 1930 bought forty-four elevators of the Powers line. In 1928 it set up the North Dakota Wheat Growers Cooperative Terminal Association, which bought a 150,000-bushel-terminal elevator in Minneapolis. By July, 1928, the association had 22,500 members, 4,500 of them in Montana.

In the fall of 1929 the Federal Farm Board raised wheat prices by offering a guaranteed price through marketing cooperatives. Because the association was the only wheat cooperative in North Dakota organized under the Capper-Volstead Act, growers had to join it in order to secure the government price. New members poured in, and many country elevators contracted to handle wheat for the pool. But in the spring of 1930 the price of wheat fell, and the United States Grain Stabilization Corporation took the stored wheat off the association's hands. It did not, however, pay the storage costs. The heavy losses on storage and falling prices upset the orderly marketing program of the association, and it went out of business after the small 1930 pool. Its claims against the Federal Farm Board for heavy damages were denied.<sup>10</sup> A valiant effort to apply the methods of business trusts to the central problem of the hard-spring-wheat country had failed.

## **THE NORTH DAKOTA FARMERS' UNION**

The North Dakota Farmers' Union, organized in the late 1920's, was another expression of the farmers' persistent efforts to improve their status. The Farmers' Educational and Cooperative Union was established in Texas in 1902 and came to North Dakota in 1912, first forming locals and then a state organization in 1915. Another national farm organization, the Grange,

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<sup>10</sup>Pamphlets of the North Dakota Wheat Growers Association (*Merchandise Your Wheat*, *North Dakota Wheat Growers Association*, *Pooling for Profits*, *Articles of Incorporation*) and the file of the *Wheat Grower* (Grand Forks), the newspaper published by the association—all in Wheat Growers Association Papers, Orin G. Libby Manuscript Collection, [Chester Fritz Library](#), University of North Dakota.

came to North Dakota in 1914, largely in the counties west of the Missouri River. It sought to relieve the isolation and remoteness, to bring a spirit of friendliness to rural communities. But the rise of the Nonpartisan League sapped the strength of both the Grange and the Farmers' Union, and they soon died out in the state.

When the Nonpartisan League failed, Arthur C. Townley started the Northwest Producers Alliance in 1924. It was a price-fixing venture designed to withhold wheat from the market, but had little success. In January, 1926, Northwest Producers Alliance members and Equity Cooperative Exchange stockholders decided, upon the urging of Myron William (Bill) Thatcher, to merge with the Farmers' Union on condition that it organize the farmers of the northwestern states. That year, the Farmers' Union Terminal Association took over Equity Cooperative Exchange terminal operations in St. Paul.<sup>11</sup>

The Farmers' Union set up the Northwest Organizing Committee, composed of Bill Thatcher, A. W. Ricker, and Charles C. Talbott, to recruit members in Wisconsin, Minnesota, North Dakota, and Montana. Thatcher had been with the Equity Cooperative Exchange and later was to be the manager of the Farmers' Union Grain Terminal Association. A. W. Ricker was manager of the Northwest Producers Alliance, editor of the *Farmers' Union Herald* (the official paper of the northwestern states, published in St. Paul), and also a former Populist, former Socialist, and former Nonpartisan League member. Charles C. Talbott, a massive, square-jawed farmer from Dickey County, had been active in the Nonpartisan League, the Northwest Producers Alliance, and his own local farmers' elevator company. A natural leader and an organizing dynamo, Talbott was to become an outstanding farm spokesman and the first president of the North Dakota Farmers' Union.

In 1927 the committee concentrated on North Dakota, sending out crews of organizers to make a farm-to-farm canvass in each county. They played upon the farmers' sense of grievance and exploitation, condemning the existing order in strong language. The Farmers' Union terminal livestock- and grain-marketing firms at St. Paul financed the work, withholding patronage dividends for that purpose.

Membership offered substantial advantages. Members could ship their grain to the Farmers' Union Terminal Association and their livestock to the Farmers' Union Livestock Commission. They could buy coal, lumber, and twine from the Farmers' Union Exchange, and life and property insurance from Farmers' Union insurance companies. These advantages and the arguments of the paid organizers were effective. In November, 1927, the North Dakota Farmers' Union was organized with thirteen thousand members; Jamestown became the state headquarters and Talbott the first

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<sup>11</sup>William P. Tucker, "[Populism Up-to-date: The Story of the Farmers' Union](#)," *Agricultural History*, XXI (October 1947), 204; Ross B. Talbot, "[The Politics of Farm Organizations in North Dakota](#)" (Unpublished Ph.D. dissertation, University of Chicago, 1953), pp. 20-40.

president.

The new organization was an immediate success. In 1928, with twenty thousand members, North Dakota shared with Nebraska the distinction of being the largest state unit in the national Farmers' Union. In 1929 the state legislature passed the first law sponsored by the North Dakota Farmers' Union; it permitted the issuance of warehouse receipts on farm-stored grain. By 1930, Farmers' Union locals had been organized in all but eight counties—Grant; Hettinger, Sioux, Adams, McIntosh, Logan, Sheridan, and Cass.

The success of the Farmers' Union stimulated the growth of cooperatives. By 1929 it owned twenty oil companies in North Dakota. The following year, the Farmers' Union Terminal Association was handling more than fifteen million bushels of grain annually and claimed to be the largest cooperative grain-marketing association in the United States. It paid a premium based on the protein content of wheat. In 1931 it sold out to the government-controlled Farmers' National Grain Corporation. The Farmers' Union Exchange, reorganized in 1930 as the Farmers' Union Central Exchange under the cooperative laws of Minnesota, was supplying local Farmers' Union cooperatives with gasoline, oil, feed, fertilizer, twine, coal, fencing, tires, seed, and groceries. By the middle 1930's it was doing almost five million dollars' worth of business annually and had its own compounding plant for lubricating oils. Thus the organization of the North Dakota Farmers' Union brought a new force into the life of the state. With dynamic leadership, radical ideas, and funds for widespread activity, it was to play a powerful role in the future of North Dakota.

## **THE CONGRESSIONAL DELEGATION**

In the 1920's, North Dakota politics reflected both the farm depression and the conservative swing of the nation. A few generalizations characterize the political scene. The state, of course, remained Republican during a Republican decade, with the primaries being the significant elections in one-party North Dakota. The cooperation of conservative Democrats and conservative Republicans, forged in the fight against the Nonpartisan League, tended to persist. After the defeat of the League in 1921 and 1922, the voters became apathetic—barely more than half of them bothered to vote in 1930. The Herbert Hoover-Al Smith campaign, however, with its religious bigotry and prohibition issue, was an exception, bringing out more than 72 percent of the voters.

Although after 1922 the Nonpartisan League was dead as an organization with a large dues-paying membership, an official newspaper, and a salaried headquarters staff, it continued to be a factor in elections. It represented economic discontent and the progressive tradition in North Dakota, and its support came from the more western counties, except that Stark, Morton, Sioux, and Golden Valley were not League counties. Since the League's opponents had adopted the heart of its program—rural credit and the State

Mill and Elevator—the elections were often decided by factional strife and personalities rather than issues.

The results were mixed. The League elected the governor, Arthur G. Sorlie, in 1924 and 1926; the Independent Voters Association elected the governor, George F. Shafer, in 1928 and 1930. After 1922, no leader, no issue, and no faction dominated either the political scene or the state government.

The state's congressional delegation was also divided. Anti-League Republicans held two of the three seats in the House of Representatives; after the defeat of Porter J. McCumber in 1922, League Republicans held the two seats in the Senate. In 1920, tall, able, moderate Olger B. Burtness, a Grand Forks attorney, defeated sharp-witted League cartoonist John M. Baer (creator of "Big Biz") for representative from the eastern First District. The only native-born North Dakotan in Congress, Burtness was regularly re-elected until the Democratic landslide of 1932.

The central Second District was represented by attorney George M. Young from 1913 to 1924. Young was a Canadian who had graduated from the University of Minnesota and had begun to practice law in Valley City in 1884. Secretary of State Thomas Hall, onetime Fargo newspaper reporter and secretary of the Progressive Republican Committee of North Dakota from 1906 to 1912, was then elected and re-elected in the Second District until 1932. Burtness, Young, and Hall were anti-League Republicans, but they were or had been progressives.

A League Republican, James H. Sinclair of Kenmare, represented the western Third District in the House from 1919 to 1935. A Canadian immigrant, he had graduated from Mayville Normal and, versatile and enterprising, served as superintendent of schools in Cooperstown and later as Griggs County registrar of deeds. He then started a bank in Binford, but moved to Kenmare, where he farmed and dealt in land. After serving in the state legislature for three terms, he went to Congress for eight terms.

Sinclair was the only Leaguer in the House, but the League held both North Dakota seats in the Senate. President Edwin F. Ladd of the Agricultural College replaced Asle J. Gronna in 1920, and Lynn J. Frazier replaced Porter J. McCumber in 1922. Although McCumber was a conservative Republican, the Independent Voters Association refused to support him against Frazier because he had never been an active opponent of the League. Frazier and Ladd lost their membership in the Republican party and their seniority in the Senate when they supported Robert M. La Follette for President in 1924.

Ladd died in June, 1925. Governor Arthur G. Sorlie, after considerable delay, appointed young political unknown, Gerald P. Nye, then thirty-three, to Ladd's seat on November 14. Nye was a Leaguer, a left-wing supporter of La Follette, and the editor of the *Griggs County Sentinel-Courier* (Cooperstown). After a fight which made Nye's name a household word in North Dakota, a combination of Democratic and insurgent Republican



senators seated him by a vote of forty-one to thirty-nine. The long contest over the seating insured Nye's election in 1926. Nye was above average height, slender, and rather handsome in a boyish way. In Washington he lived simply, but he became an effective, popular speaker and also a skilled conductor of senatorial investigations. Though modest and unassuming, he had a flair for self-advertisement.<sup>12</sup>

The North Dakota congressional delegation, both League and anti-League, were men of progressive outlook, as were the voters of the state generally. North Dakotans naturally supported federal action in aid of agriculture: the Federal Intermediate Credit Bank, the McNary- Haugen bill, and the Federal Farm Board. Though Republicans, they opposed President Calvin Coolidge and later President Herbert Hoover and were critical of big business. But the North Dakota senators and representatives were not the leaders of the farm bloc in Congress.

## THE PRESIDENTIAL ELECTIONS

North Dakota's votes in the presidential elections of the 1920's revealed both isolationist and progressive attitudes. In 1920, with the League of Nations an issue, Warren G. Harding received 78 percent of the votes cast for President in North Dakota. In 1924, Calvin Coolidge, opposed by Robert M. La Follette on a third-party Progressive ticket, received only 48 percent of the North Dakota vote, with 45 percent going to La Follette and 7 percent to Democrat John W. Davis.

Although the state's daily papers attacked La Follette as a radical, he had the support of the Nonpartisan League. Only the votes of conservative Democrats gave Coolidge a victory in North Dakota. La Follette had a larger percentage of the vote than in any other state except Wisconsin, which he carried. La Follette ran strongly in the western counties (71 percent of the vote in Mercer); Coolidge gathered the bulk of his votes in the two tiers of counties just west of the Red River, where he lost only Sargent.

In 1928 the Herbert Hoover-Al Smith campaign aroused much interest. Fargo Methodists and Grand Forks Baptists condemned Smith, a Roman Catholic, for his Tammany Hall connections and his support of the saloon. Such League leaders as Frazier, Nye, and Sinclair supported Hoover, but the Republican state central committee, though controlled by the League, refused to endorse him. William Langer, running for attorney general on the Republican ticket, and William Lemke both supported Smith, but Walter Maddock, a Leaguer running for governor on the Democratic ticket, refused to do so. Two German-language papers, *Der Staats-Anzeiger* (Bismarck)

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<sup>12</sup>Edward C. Blackorby, "[Political Factional Strife in North Dakota from 1920 to 1932](#)" (Unpublished M.S. thesis, University of North Dakota, 1938), pp. 85-90; Robert L. St. Clair, "[Progressivism in North Dakota, 1924](#)" (Unpublished M.A. thesis, University of North Dakota, 1960), p. 167; Ordean G. Ness, "[Gerald Prentice Nye: An Illustrative Analysis of Persuasive Technique](#)" (Unpublished M.A. thesis, University of Wisconsin, 1947), pp. 4-9.

and the *Nord-Dakota Herald* (Dickinson), supported Smith.

The vote was very heavy. Smith received some twelve thousand more votes than Coolidge got in 1924, carrying fifteen counties, many of them with large German Russian populations. Excluding McIntosh and Mercer, the population of the remaining Smith counties was 51 percent Roman Catholic. Smith carried several counties lost by Maddock, Democratic candidate for governor; Maddock, in turn, carried several counties lost by Smith. But Hoover took the state easily with 55 percent of the vote, winning the cities and the heavily populated counties.<sup>13</sup> For many North Dakotans, the election had turned on moral and religious issues—Tammany Hall, liquor, and Catholicism.

### STATE POLITICS: LEAGUERS VERSUS INDEPENDENTS

The 1920's saw a running fight between Leaguers and Independents for control of the Republican party and the state government. In 1922 the Independents (both conservative Democrats and Republicans were active in the Independent Voters Association) renominated Ragnvold Nestos for governor. A heavy, dark-complexioned man of commanding presence and obvious integrity, he had never been a rabid opponent of the League program. Norwegian-born, he was a churchgoing Lutheran, spoke with an accent, and promised to complete the State Mill and Elevator and to provide rural credits through the Bank of North Dakota. Just before the primaries, the Independents secured the indictment of League leaders William Lemke and Arthur C. Townley for wrongdoing in the failure of the Scandinavian-American Bank in Fargo. The court dismissed the charges after the election, but the damage had been done. Lemke wrote that he had been “double-crossed, deceived, tricked.” The Independents again raised such a hullabaloo about Lemke's Fargo house, built by the state-owned Home Builders Association, that they made Lemke, a man of sterling integrity, seem like a shabby trickster. The daily press and outside corporations worked to “get Lemke.” Nestos defeated Bert F. Baker in the primary and Lemke, running as an Independent, in the fall election. The Independents won both houses of the legislature for the first time; the League took only three state offices.

Lemke, the chief figure of the Nonpartisan League in North Dakota, was then a powerless, discredited leader, and the League itself appeared to be dead. It was bankrupt; it sold the *Fargo Courier-News* in April, 1923; it dissolved the national organization. The League did publish a small weekly, *The Nonpartisan*, at Bismarck; its editor was John Blum until his death in 1925, when Gerald P. Nye became editor. As the League collapsed, its opponents abandoned the Independent Voters Association. Secretary and founder Theodore G. Nelson resigned, and in July, 1924, its newspaper, the *Rural Independent*, ceased publication.

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<sup>13</sup>Eugene O. Holen, “[The Election of 1928 in North Dakota](#)” (Unpublished M.A. thesis, University of North Dakota, 1959), pp. 120-150.

Both Leaguers and Independents, however, long continued to shape the course of North Dakota politics. The League was divided between a radical faction, headed by Lemke, and a group of moderates. The motto of the radicals was "No retreat"; Lemke called the moderates "trimmers." At the League convention in October, 1923, a delegate from Sheridan County said: "We can't go back [to power] unless we not only bury Townley and Lemke but plant grass on their graves." The moderates were willing to work with William Langer, the bitter enemy of the League in 1919-1920, and for a while used the *Fargo Courier-News* to undermine Lemke with Leaguers.

The moderates, in tune with the more conservative temper of the time, were able to control the organization. In the 1924 League convention, with Lemke absent, they chose Arthur G. Sorlie as their candidate for governor in the Republican primary. Sorlie, a large, friendly person of fine appearance and democratic manners, was a wealthy Grand Forks businessman. He was not a member of the League, but he was sympathetic with its program, believed in the State Mill and Elevator, and could win over middle-ground voters. His son later described him as "a conservative Liberal." Moreover, Leaguers believed that he would finance their campaign.

The Independents again endorsed Nestos, but he was hurt by some of his courageous acts as governor. He had vetoed appropriations for the Bottineau School of Forestry and for a bridge over the Missouri at Williston; he had also refused to deposit state funds in weak banks during the great wave of bank failures in 1923. Many voters were indifferent to the campaign. Though Sorlie spoke against the "common enemy in the East" and wanted the Bank of North Dakota and the State Mill and Elevator to succeed, he opposed the expansion of state ownership and toned down the radical aspects of the League platform. He endorsed La Follette for President with obvious reluctance.

Few expected the League to win. Independents, who wished the League industrial program liquidated, could see little difference between Sorlie and Nestos, yet Sorlie defeated Nestos in the primary by the narrow margin of 2,200 votes. In the fall he was elected over Halvor L. Halvorson, the Democrat, who had I.V.A. support. The League divided the other state offices with the Independents, but won control of the lower house of the state legislature and failed by one vote to take over the senate. The League had made a surprising recovery. Although it was no longer a militant crusader for state socialism, it was still an important expression of farmer class consciousness.

Governor Sorlie had returned the League to power. He was opposed, however, throughout his two terms by left-wing Leaguers led by Lemke and Lieutenant Governor Walter Maddock. The left-wingers disliked Sorlie because he was a conservative businessman, because he was reluctant to support La Follette for President in 1924, because of his campaign promise not to expand the state industries, because he did not finance the League campaign, and because he appointed Gerald P. Nye to the United States

Senate. In the 1925 legislature they tried to have the state compensate the depositors of closed banks. In 1926 they set up a small Farmer-Labor party to oppose Sorlie's re-election. Sorlie, however, was easily re-elected when the Independents adopted a platform calling for the liquidation and sale of the state industries. The more progressive Independents voted for Sorlie, but the League lost both houses of the legislature.

In the 1927 legislature the League left-wingers joined with the Independents to embarrass Governor Sorlie with an investigation of the State Mill and Elevator. The investigating committee (two Leaguers and one Independent) recommended that the mill be taken out of his hands because of inefficient management. Incredulous at this repudiation, the Governor called a special session in January, 1928. Then O. L. Spencer, the mill manager appointed by Sorlie, sustained the committee's criticisms; not a Leaguer rose in the legislature to defend the Governor. In 1924, Sorlie had promised to make the mill pay, but in the second fiscal year of his governorship it had its first operating loss. Losses after deductions for interest and depreciation had been the usual thing, but not before such deductions. Sorlie's political future was destroyed ("a dead one," wrote Lemke), and he himself died of heart disease in the summer of 1928. His enemy, Walter Maddock, became governor.

In 1928 the left-wingers secured a League platform calling for the extension of the state industries and the establishment of branches of the Bank of North Dakota. The radical League platform embarrassed the moderate League candidate for governor, T. H. H. Thoresen, a Grand Forks attorney. The convention, through the efforts of Roy Frazier, endorsed William Langer for attorney general; thus Langer re-entered the League after long ostracism because of his 1919 defection. The Independents endorsed George F. Shafer for governor; he had served as attorney general since 1923. Shafer defeated Thoresen in the primary and Walter Maddock, running on the Democratic ticket, in the fall election. Langer ran well and was soon contending with Lemke for control of the League organization.

Shafer had two successful terms as governor. He was thoroughly familiar with the problems of North Dakota government, and under his guidance the State Mill and Elevator yielded its largest operating profit up to that time. In 1930 he was easily re-elected, and the Independents won both houses of the legislature. Only three Leaguers, the incumbents, were elected to state offices.

In December, 1930, the old state capitol, built in territorial days, burned. The legislature provided for a capitol commission and a vote on a capitol bond issue. In 1932 the voters turned down Jamestown's bid for the removal of the capital to that city, and the construction of the modern capitol began.

After the 1930 census, North Dakota's representation in the House of Representatives was reduced from three to two. The 1931 legislature failed to redistrict the state, and until 1960 the two congressmen were elected at

large.<sup>14</sup> By 1932 a new era was beginning in North Dakota. Compared to its trials, the depressed 1920's were to seem like a time of serene prosperity.

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<sup>14</sup>Blackorby, "[Political Factional Strife](#)," pp. 63-109.