

Economic Stimulus Past and Present

By Stewart Truelsen

There is one thing missing from the economic stimulus package signed into law by President Barack Obama – a catchy title. The American Recovery and Reinvestment Act pales in comparison with the New Deal of some 75 years ago. The same could be said of the banking and credit initiatives that go by the acronyms TARP (Troubled Asset Relief Program) and TALF (Term Asset-Backed Loan Facility).

The economic mess the nation finds itself in also lacks a distinctive label. One hopes it won't turn out to be the Second Great Depression. The first one left a lasting impression on today's older Americans. Depression was supposed to be a more accurate and less frightening term than "panic," the name given to severe economic downturns in the 19th century, but it hasn't worked out that way.

The federal government's response to the Great Depression, Roosevelt's New Deal, was a major chapter in Farm Bureau history. American Farm Bureau leaders led by President Edward A. O'Neal worked closely with the new administration in 1933 to craft the Agricultural Adjustment Act which is considered to be the nation's first farm bill.

At the time one-fourth of Americans lived on farms, and O'Neal warned that a revolution was possible in the countryside unless positive economic action was taken. Not only were farmers hit by plunging income, but many local banks failed which wiped out depositor savings. It was the worst time in U.S. farm history. President Herbert Hoover's grim-faced treasury secretary, Andrew Mellon, said the time had come to liquidate labor, farmers, stocks and real estate.

Farm Bureau had other ideas, especially as it pertained to farmers. One reason it is the largest and most influential farm organization today has to do with its actions during the Depression. Farm Bureau worked closely with the nation's leading agricultural economists to come up with the ideas that were incorporated into farm legislation and lobbied for quick passage.

Farm Bureau also advocated inflating the money supply and making more credit available to combat the devastating effects of deflation which had driven down commodity prices. The development of the South's economy aided by the Tennessee Valley Authority was another Farm Bureau success.

Farm Bureau also played a major role in getting farmers to support the New Deal and sign up for its programs. Over the next few years, farm income doubled, and hope was restored to rural America. Farm Bureau itself grew in size and service to members.

The Great Depression, New Deal and Agricultural Adjustment Act, have all been analyzed many times over, and hopefully we have learned from them. The seminal book on the stock market crash was written by John Kenneth Galbraith, who served for a time on the American Farm Bureau staff.

Although agriculture is not in the same dire position it was at the beginning of the Great Depression, the nation's economy is certainly at a critical stage. Farm Bureau has applauded the broadband, renewable energy and tax provisions contained in the current stimulus act. Even without a catchy title, those provisions will represent a new deal for farmers, ranchers and all other Americans.