

IOWA STATE COLLEGE  
OF AGRICULTURE AND MECHANIC ARTS  
AMES, IOWA

AGRICULTURAL ECONOMICS SECTION

December 16, 1932

Mr. S.J. Nelson  
McCallsburg, Iowa

Dear Mr. Nelson:

I was glad to receive your letter of the 13th and to get the advice of the United Farmers regarding the renting of the Helland farm. You will be interested to know that about ten days ago I saw Mr. Strum and advised him that I would recommend to the bank that owns the farm that he be given the farm for the coming year. In fairness to you and the United Farmers, though, I think that you should know that there were just two reason for this recommendation. The first is the fact that Mr. Strum apparently is a farmer of at least average ability. I visited his farm and saw how he was taking care of his stock, in spite of the fact that the buildings on the farm are poor and inadequate. My idea of a good farmer is one who takes good care of his family as well as his livestock. A visit with Mr. Strum in his house indicated that Mrs. Strum is a good home-maker and I suspect that their home-life is very pleasant. The second reason for recommending another year on the farm for Mr. Strum is the fact that the people with whom I talked (and who are his friends and mine, both) assured me that Mr. Strum was absolutely honest. So long as the United Farmers of Warren township support farmers who meet these two requirements I think the organization can do a great deal of good. However, every landlord is interested in tenants meeting these qualifications and I think that your organization is justified in calling to the attention of institutional landlords the merits of tenants possessing these two qualifications. I do know of one case in this county where the United Farmers is said to support a tenant who is a poor farmer. I think your organization should be very cautious regarding the type of farmers whom you support, otherwise you may lose the support of some of your own best people, and the organization become discredited among those whom it is intended to serve.

I am glad that in your letter you indicated that your organization is supporting Mr. Strum because of the fact that he is at least an average farmer. The bank that now has title to the land is, I am sure you will agree, entitled to an honest farmer and a good farmer. I wonder whether it has occurred to you as to the nature of the way the bank came to



own this particular farm. Some years ago Mr. Helland was in need of funds and a loan was arranged for him through the Dime Trust and Savings Bank of Peoria, Illinois. When I worked in the bank in McCallsburg I helped to make some of the loans that went to the Dime Trust and Savings Bank. Once it was necessary to go to Peoria to see the bank there in connection with the loan we were then making. It was my business there to convince the bank that the loan was safe. While in the bank I was taken through the various departments and had an opportunity to see the type of people who were making deposits in the bank. Now, Peoria is made up largely of a working-class population. At that time the factories were busy and people were making deposits regularly. The bank used these deposits in loaning on Iowa farm land. The bank wanted safe loans because the depositors were people of small means and it knew that later there might be need for the funds. As it turned out, the depression came on and the working-class people of Peoria had need of their savings. At the same time there was a depression in Agriculture and farmers found it difficult to pay interest and principal on their farm loans. For a time the bank continued to pay interest to the depositors, who were in need of their savings but that could not continue for a very long time with farmers unable to pay interest. Finally the bank got to the point where it was no longer able to take care of the needs of its depositors and it was necessary to close the bank. Whether these people in Peoria get 15, 20, 25, or 30 cents on the dollar in return for their savings depends partly upon whether the bank can rent to good tenants. I am sure you see my point. The bank is merely a go-between. I might say that the assets of the Dime Trust and Saving Bank were taken over by another bank but the assets taken over are held separately in a separate trust fund and the depositors of the old bank will get only what can be realized from the income of the farms. You see the importance of supporting good tenants for when you do so you are aiding some people in Peoria who are out of work and have been out of work for a long time and the little income they will get means a lot to them.

You asked whether it might not be possible to rent the farm to Mr. Strum on the "same favorable terms as advertised in the Nevada Evening Journal". If you talk with Mr. Strum he will tell you that I advised him that that is the way we want to rent the farm. I left a copy of the plan with him and I have sent Mr. Jesse Thompson a copy of the plan also and have asked him to explain any points to Mr. Strum that may not be clear.

Finally I hope that I can feel that your letter was not



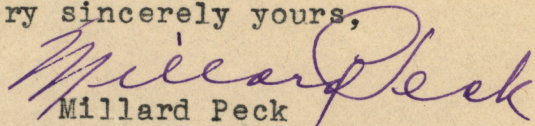
a threat. Your community is my home community. You doubtless know that my father and mother came to Warren township nearly 60 years ago. If you talk with my friends there who are also your friends you will find that your ideas of fairness and justice are identical with mine.

I want to say, incidentally, that I am receiving no compensation for renting this farm. I was interested in showing how the sliding-scale plan would work out and the college is glad to have me devote what little time is involved to show that the plan will work out successfully. The bank will of course compensate me for any out-of-pocket expense to which I am put.

In view of the fact that you are speaking for the United Farmers I would deem it a favor if you would read this letter at your next meeting.

I am

Very sincerely yours,



Millard Peck  
Professor of Agricultural Economics

M.P. :dp