

CULTIVATING CAPITAL: COUNTRY BANKERS AND THE TRANSFORMATION OF  
THE CENTRAL GREAT PLAINS, 1870-1940

BY

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## **Abstract**

Bankers in the Central Great Plains region of western Kansas played a significant part in transforming their communities from frontier outposts into components of a modern region. Between 1870 and 1940, country bankers came to see themselves as reformers and advisors in the process of transforming their towns into viable parts of a regional economy, and their influence was considerable. This dissertation contextualizes bankers' multiple functions within rural communities and adds nuance to popular portrayals of predatory moneylenders. Bankers representing towns typically less than 5,000 in population served as economic, social, and political leaders instrumental in their development. The decisions they made shaped the fortunes of a specific set of rural communities as they navigated severe economic, social, and political challenges, but this story of country bankers driving development efforts while balancing the cultural and social traditions of rural America replicates trends from around the U.S. West and the nation. Contrary to the reputation of businessmen as heartless usurers, these bankers operated instead as cultivators of economic, political, and social power within their communities and the region. They shared the interests of farmers and other rural businesspeople in facing the changes of a modernizing nation.

## Acknowledgments

A dissertation represents both the beginning of a career as a fully-fledged academic and the culmination of years of professionalization. I recently discovered just how long I have been on this track when I found a note from myself in about fourth grade commenting that history was my favorite subject and that I wanted to become a teacher someday. At the same time, a collection of treasured childhood artwork revealed, first, a small totem made of colorful paper and a Pringles can, and second, a high school genealogy project consisting of a family tree in the shape of a Chinese checkerboard. The first object, surprisingly, revealed the deep roots of my fascination with some of the themes presented in this dissertation. A tier of the totem symbolized the wheat-farming heritage of my family, which began homesteading the Great Plains in the Nebraska panhandle in the 1880s. Another tier included symbols of my nuclear family, including a dollar sign to represent my father's career as a banker and a bookmark which suggested my already deep love of reading and narrative building. These tokens of my childhood, viewed again in my last year of graduate school as my father prepared to move from our longtime home in a rural town on the Great Plains, humbled me and renewed my sense of purpose as a scholar of community history. I wish to thank those educators who nourished my pride of place and love of history all those years ago.

Teachers have been among my favorite people all of my life, and my professors at Nebraska Wesleyan University were no exception. I cherish my liberal arts education from an institution that has hosted at various times ten members of my extended family. Those in the history faculty provided a strong model of historical education and challenged me constantly. Elaine Kruse, Sandra Mathews-Benham, Patrick Hayden-Roy, and my advisor Meghan K. Winchell offered opportunities for intensive research at an early stage, including a stint at the

Franklin D. Roosevelt Presidential Library that served as my first introduction to archival research. NWU was generous in offering a collaborative faculty-student research grant to support this experience.

As I transitioned to graduate study at the University of Kansas, I was again the recipient of tremendous financial and academic support. While funded by the History Department as a Graduate Teaching Assistant and Assistant Instructor, I have gained valuable teaching experience while learning the ropes of professional academic research and service. The office staff of the KU Department of History was always friendly and willing to help. Research grants from the Department of History, the Office of Graduate Studies, the KU Center for Research, and the Hall Center for the Humanities aided in the completion of my doctoral research. Additionally, this research was funded in part by an Alfred M. Landon Historical Research Grant administered by the Kansas Historical Foundation. The Agricultural History Society has provided financial support for travel to its annual conferences on multiple occasions, and has served as a collegial forum for presenting my ideas. Meanwhile, Virgil Dean of the *Kansas History* journal has proven a helpful and encouraging guide to the community of agricultural and regional history, as well as to the publishing process.

I have been blessed with an extraordinarily wise and friendly committee. Kim Warren and Ann Schofield both presided over my first venture into this dissertation project. In their colloquium on gender history, I conducted research that uncovered some of my absolute favorite stories, and began to conceive of ways to theorize bankers as both paternalistic and pragmatic figures within their communities. Paul Kelton also oversaw an early seminar paper. In his classes, I gained some of the best training for becoming an academic. Sara Morris, a librarian in the KU Libraries, has proven the inestimable value of these professionals. Not only did she allay

the fears of a first-semester graduate student writing her first historiographical essay, but she routinely met with me in every subsequent term. A fellow historian of rural America, she encouraged me to attend the meetings of the Agricultural History Society and to make it an intellectual community of my own. She has gone above and beyond the ordinary duties of librarians in joining my committee and constantly providing sound research and life advice to me. Sara Gregg's contributions to my development as a scholar are unquantifiable. We met when I served as a GTA for her introductory U.S. History survey, and by happy accident, we happened to find that our research interests overlapped a great deal. My co-advisors Kim Warren and Sara Gregg, each with a wide range of scholarly interests, have contributed substantially to my professional development and to the shaping of a dissertation itself diverse in historical perspectives. Any errors, of course, are mine.

On a personal note, I must thank the many friends from all walks of my life who have continued to support me through the challenges of graduate school. They visited or called even when I didn't always return the favor, understood when I was mentally more ready to chase adult responsibilities than to continue as a student in my late twenties, and believed in me when I still chose to stick it out and finish my degree. I appreciate that they let me continue to share in their life trajectories, from new jobs to marriage, home-buying, and children. They, in turn, have been incredible companions in my own life changes. Special thanks to Alyssa Silhacek, Krista Barger, Pam Schollett, Jessica Modrell, and Justin Modrell. My fellow graduate students—Amanda Schlumberger, Irene Olivares, Harley Davidson, Sarah Bell, Scharla Paryzek, Nick Cunigan, George Klaeren, Adam Newhard, Alex Boynton, John Hess, and many others—have proven to be good friends and colleagues. Among my peers, I want to thank Claire Wolnisty, in particular, for her companionship, modeling of hard work, and example of service to others. We

entered the program together, both directly from our undergraduate careers, and have faced much of the uphill climb together.

Another graduate student friend turned into much more than a colleague—my husband, Rob Miller. It is impossible to say just how much he (and our dog, Clark Gable) has helped me to find personal balance within the demands of a graduate school experience he has shared. Rob's family—including Gladys Park, Rob Miller, Sr., Diane and Wendal Mitchell, Edith and Carl Jones, and Christee and Carlie Bentley—have been wonderful and encouraging in-laws. Their warmth and graciousness signifies their southern heritage, and their wit and humor is always entertaining. In addition to opening up his own life and family to me, Rob has provided valuable service to this dissertation as one of its chief critical readers. Our conversations and exchanges of our writing constantly provoke deeper and sharper thinking, and he deserves much credit for the effects on this project.

Finally, it gives me great pleasure to recognize my extended family of Smiths and Hursts. It is their heritage on the Great Plains, after all, that inspired much of this research. All of my grandparents and generations further back lived in this region, in both Kansas and Nebraska. I can imagine that they would recognize many of the themes presented in this project about the region's rural communities. My mom, Jo Hurst, has always set high expectations for my sister and me, and for some reason we have sought to meet them in exceedingly difficult fields. But her faith has not wavered, and I am thankful for her constant belief in my abilities. My sister, Carey Winans, has understood the challenges of breaking into an academic career and also encouraged me to just get done and get a job!

My dad, Gordon Smith, inspired my earliest thoughts about community history and the subject of this dissertation. He is a country banker himself, and we share a fascination with

history such that stories about bankers past naturally filtered into our philosophical conversations about life and community survival in the Great Plains. Stories of the insidious or parasitic banker are repeated throughout much popular literature on the Plains, and indeed reverberated through my childhood growing up in a small town in the region. Rumors of an early town banker who shot himself when his bank failed and unsubstantiated tales of a banker in a nearby town who reportedly led the area Ku Klux Klan (storing the Klan robes in the bank basement for later confirmation) validate some of the worst characteristics bankers could possess.<sup>1</sup> Yet paradoxically, some of the bankers subject to such reputations continue to exercise a positive economic influence within their communities even years after their deaths. The supposed KKK member who practiced stringent measures of social and economic control also organized a philanthropic trust to use in perpetuity to support projects toward economic and cultural development in the community. Funds from this trust, and others like it, continue to support worthy causes such as scholarships, and to sustain community buildings such as a historic theater, community center, and local ballparks. How do these paradoxes reconcile themselves? Somehow communities in the Great Plains have managed to survive through years and even decades of depression, and I would argue that bankers, not all of them driving their banks to ruin or joining their communities in racial rituals, played a substantial part in this survival. My dad's example of the banker as a central member of a rural community shapes this perspective in no small part, and for this reason I dedicate my dissertation to him.

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1. It seems that the first banker who committed suicide did not actually do so upon the failure of his bank. According to local historian Jean Gray, George W. Gordon later in his life succumbed to illness and "melancholy," which caused him to steal a gun from a tenant of the local hotel and end his life. See Gray, *Homesteading Haxtun and the High Plains: Northeastern Colorado History* (Charleston, S.C.: The History Press, 2013), 128-129. The latter stories have reached the author anecdotally only, but again Gray's work confirms that the KKK had a visible presence in the county in 1924 and 1925. See Gray, *Homesteading Haxtun and the High Plains*, 100.

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## **Introduction. Country Bankers as Cultivators of Community**

Twenty-three-year-old banker Jerome W. Berryman arrived in Pond Creek, Oklahoma Territory in 1893, to open a community bank with the financial backing of his Kansas and Missouri banking family. An October 12, 1893 article in the *Pond Creek Tribune* welcomed Berryman by touting his experience in banking and the financial power of his backers, as well as noting his approbation of the “splendid town,” its “salubrious” climate, and its “solid, substantial, enterprising” people.<sup>1</sup> The banker soon assumed a role in local politics and in June of the next year, played an important part in leading the town’s battle with the Chicago, Rock Island, and Pacific Railroad.

The conflict between Pond Creek residents and the “Rock Island” revealed common tensions of the western United States in the late-nineteenth century. Locals aligned themselves against the railroad while many regional newspapers, politicians, and even the financiers in Berryman’s family condemned their actions. The territorial government had officially designated Pond Creek the county seat when the Cherokee Strip lands in north-central Oklahoma opened to white settlement in 1893. Settlers had purchased lots and built the town confidently, but the railroad then attempted to construct its own town three miles to the north, past the Salt Fork of the Arkansas River. The railroad established a stop at its townsite even though it failed to reach the size of Pond Creek, and then refused to place another depot at the more populous town despite its status as county seat. Over the course of several months, the people of Pond Creek appealed to railroad officials and to the federal government. The U.S. House of Representatives

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1. “Has Faith in Pond Creek,” *Pond Creek Tribune*, Oct. 12, 1893, Box 6, Berryman Family Collection, Kansas State Historical Society, Topeka, Kansas (Hereafter, Berryman Papers).

passed a bill requiring the Rock Island road to make stops at Pond Creek, but the railroad's lobbyists were able to prevent its passage through the Senate.<sup>2</sup>

Meanwhile, Pond Creek issued an ordinance requiring trains to slow down through the town limits. As local newspapers reported indignantly, the Rock Island engineers defied the law blatantly, barreling through town with "throttle wide open."<sup>3</sup> As the editor of the *Pond Creek Tribune* put it, "The Road seemed mocking at the people's distress." He added, "Human endurance has a limit, and at that limit with the brave, earnest and law-abiding men who form the population of these western towns, there is danger of a catastrophe."<sup>4</sup> That catastrophe indeed occurred. As the *Democratic Voice* (Pond Creek) reported, on the morning of June 6, 1894, a train failed to stop for a crossing wagon and smashed it to splinters. Later that day, "four or five hundred citizens" charged on the railroad and tore up nearly 1,000 feet of track. Their leaders attempted to flag down the incoming train, but the engineers ignored the warning and again put on speed. When the train hit the torn up track, the second accident of the day resulted. No human injuries were reported, but the townspeople had to rescue a large number of cattle from the wrecked train cars. In the following weeks, the presence of Pinkerton forces, sent in by the railroad, and the explosion of the rail bridge north of town inhibited efforts to reestablish order. Several witnesses gave evidence toward a conspiracy instigated by the railroad itself, and this naturally fueled the flames.<sup>5</sup>

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2. "A Brief Review," *The Trainwrecker* (Pond Creek, O.T.), July 4, 1894; and "Memorial," *Pond Creek Tribune*, June 14, 1894, both in Box 6, Berryman Papers.

3. "It Stopped! Uprising of Indignant People," *Democratic Voice* (Pond Creek, O.T.), June 7, 1894, Box 6, Berryman Papers.

4. "Memorial," *Pond Creek Tribune*, June 14, 1894, Box 6, Berryman Papers.

5. "That's the Way to Do It," and "Some Pinkerton Work," *Cherokee Sentinel* (Pond Creek, O.T.), June 14, 1894; "A Brief Review," *Trainwrecker* (Pond Creek, O.T.), July 4, 1894; and "Who Caused Explosions," *The Oklahoman* (Oklahoma City), July 5, 1894; all in Box 6, Berryman Papers.

Throughout these events, the town's newspapers defended the local citizens involved.<sup>6</sup> The righteous language of the local newspapers emphasized the bravery of the local citizens who rose up against the abusive railroad and mirrored common populist complaints about railroad corporations in the U.S. West. Local news coverage referenced previous American political movements, arguing that the attack on the railroad was no different from the Boston Tea Party. One editor defended the locals by noting that the event "was no rabble's work, it was the work of indignant, law-abiding men, who suppress lawlessness; it was the work of good citizens, unmasked, in broad day-light and fearlessly [*sic*]." As defenders of justice, they were "the descendants of the heroes of Valley Forge, of New Orleans and of Gettysburg."<sup>7</sup>

Berryman's role in the railroad fight is noteworthy, for although he represented a typically conservative profession, he sided with the town and ultimately earned the respect of its people for doing so. As *The Voice Extra* commented, the banker was "looked up to as a leader in the town fight." In fact, just as had happened in Pullman, Illinois one month earlier as the result of a railroad strike, Berryman was arrested along with two other town leaders and charged with the obstruction of the U.S. mails.<sup>8</sup> The editors defended Berryman, one noting that he was an honorable "young man of considerable promise." When the community was accused of blowing up the railway bridge in late June, the *Voice Extra* reported:

No one dares to say that [Berryman] uses any dark means to win what the people of [Pond Creek] regard a just cause. He is a careful, conservative business man. He does not believe in radical measures and has no faith in the power of powder, except in the hands of the miner and well-digger.<sup>9</sup>

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6. "Our Defamers," *Pond Creek Tribune*, June 14, 1894, Box 6, Berryman Papers.

7. "It Stopped! Uprising of Indignant People," *Democratic Voice* (Pond Creek, O.T.), June 7, 1894, Box 6, Berryman Papers.

8. "Latest News! Arrests and Counter Arrests," *Pond Creek Tribune*, June 14, 1894, Box 6, Berryman Papers.

9. No. 24, *The Voice Extra* (Pond Creek, O.T.), n.d., Box 6, Berryman Papers.

Berryman's profession lent him a sturdy and reliable reputation, but his commitment to protecting the community's interests, even resorting to vigilante-style justice, endeared him to the town. He united the financial interests of a community banker reliant upon the local economy with the protests of the farming classes against an oppressive corporate target.<sup>10</sup>

Despite the community's belief in the fairness of their argument and the bearing out of justice in national legislation, Berryman's friends and family disapproved of his involvement in the battle carried out through "lawless" means. Berryman's uncle W.S. Woods, the president of the National Bank of Commerce in Kansas City, Missouri and one of his prominent financial backers, wrote to Berryman twice requesting that he remove himself from the fray. He noted that Kansas City newspapers and business interests had been commenting on the matter and wrote to Berryman, "It will reflect upon your personal reputation, and do you no credit . . . any reflection upon you is a reflection upon me, and on my account, I hope that you will be very particular in this and other matters." He even threatened the young banker with reducing his financial backing, "I can't afford to furnish you money, and sustain you in your business unless you pursue methods which I have found to be the best."<sup>11</sup> A month later, Woods continued in an exasperated and paternalistic tone to admonish Berryman: "You know my principal [*sic*] in business, Jerome, is to help young men who help themselves, and I have no patience with anything but the most prudent, straightforward and correct conduct . . . economy, caution and integrity."<sup>12</sup> Woods and Berryman's cousin Charles Q. Chandler, another prominent Kansas

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10. Ultimately, populists and local businesses alike scored a victory with the U.S. Congress's approval of a bill requiring railroads to build stations in all townsites through which the line passed. Pond Creek citizens finally obtained their depot. Even though the Western railroads frequently subverted the nation's political system through the corporate lobby, the Pond Creek situation pointed out how local citizens could challenge the railroad developers when they united in opposition and deployed their political influence at the national level. For more on the anti-railroad animus in the West, see Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton & Company, 2011), xxiv-xxv.

11. W.S. Woods to J.W. Berryman, June 28, 1894, Box 6, Berryman Papers.

12. W.S. Woods to J.W. Berryman. July 26, 1894, Box 6, Berryman Papers.

banker, both expected Berryman to pull out of the battle and attend to his banking business alone, to secure risky loans in the “hard” and “tough,” newly established community and perhaps even to prepare to sell the business.<sup>13</sup> These city bankers had a particular version of community banking in mind that did not suit the raw Oklahoma settlement. While Berryman would maintain connections with his financial backers, he did not take their advice in Pond Creek. He had begun to develop a sense of how best to accommodate local communities’ interests and at the same time to buttress his own authority through displays of leadership. Time after time, Berryman’s community affirmed his understanding of local needs by supporting his business and electing him to numerous local and state offices.

The foregoing story of banker Jerome W. Berryman defending his community on the Oklahoma frontier against powerful railroad interests raises several questions that shape this dissertation. How did country bankers negotiate between the financial interests of investors in far-away places and the interests of their clients in the local community? Did bankers’ participation in popular issues on the local level earn them a degree of economic power, and how did economic power give them legitimacy in political and social arenas? In what ways did bankers shape the development of the frontier and the region’s responses to later challenges such as out-migration, farm crisis, and drought?

I argue that the incident between Berryman’s community and the Rock Island Railroad in 1894 evokes a larger transition from an era when country bankers depended on financial backers in Eastern and Midwestern cities to an era when they exercised more power of their own. This case also illustrates the motivations of country bankers to protect not just their own livelihoods,

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13. W.S. Woods to J.W. Berryman, July 26, 1894; and C.Q. Chandler to J.W. Berryman, July 28, 1894, Box 6, Berryman Papers.

but also the broader economic vitality of the communities on which they depended. The unity of their interests with local causes earned bankers the approbation of their communities, which granted them additional economic, social, and political power. Over time, country bankers cultivated these diverse modes of influence and simultaneously nurtured their communities through difficult transitions in the development of the Great Plains. They supported both maintenance and change within their rural communities. As leading citizens of small towns, bankers felt called to modernize infrastructure so as to retain rural populations. Meanwhile, they urged the most successful farmers of their region to adapt to the market pressures of the modern agricultural system: to mechanize, consolidate, and produce efficiently. Yet they still worked to retain some of the traditional elements of the region's culture and economy, based on commercial family farms.

These arguments are borne out through a composite portrait of country bankers on the Central Great Plains, between the settlement of western Kansas in the 1870s and the depression and Dust Bowl of the 1920s and 1930s. In addition to Berryman, my subjects include Frederick J. Atwood, a Vermonter who moved to Concordia, Kansas to run a bank established by eastern investors; W.D. Ferguson, a banker born to an established banking family in Colby, Kansas who had to balance his community's ideological commitment to family farming with his own desire to invest in industrialized agricultural ventures; Thad Carver, a Pratt, Kansas banker who led civilian fundraising efforts in his community during World War I; and Albert A. Doerr, a merchant and lender from Larned, Kansas who demonstrated the role of capitalists in the region's transition to modern farming patterns. A mixture of these case studies and references to a larger set of qualitative data about prominent bankers in western Kansas communities—generally consisting of towns smaller than 5,000 in population and the surrounding rural areas—

demonstrates bankers' complex and sometimes conflicting interests. These complexities offer a sharp contrast with the stereotyped portrayals of country bankers in American popular culture from around the turn of the twentieth century. This dissertation offers multiple examples of these popular representations, including the nineteenth-century political tracts of farmers and populists as well as novels by Sinclair Lewis and John Steinbeck. Doing so illustrates some elements of truth within cultural understandings of this class of businessmen, but also a great deal of false perception by the public. Whereas stereotypes might portray bankers as inflexible, aloof, avaricious, and predatory, the realities of community life on the Great Plains often revealed that bankers embodied elements of civic-minded leadership.

This project highlights banking's place in the process of developing the economy, political culture, and social institutions of rural communities.<sup>14</sup> Bankers on the Central Great Plains ultimately performed many functions in their local communities as towns grew from frontier outposts to centers of rural development around the turn of the twentieth century. Contemporary bankers asserted that "the very nature of the banker's occupation—his relations with all classes of people, with every variety of business, [gave] him an insight into and a wide outlook upon all phases of life and industry."<sup>15</sup> Bankers perceived themselves to be reformers and advisors concerning the social and economic development of their communities. They leveraged their social and economic power to gain positions in local governance as well as in state legislatures, where they advocated for local agricultural interests, among other issues. While country bankers had to be pragmatic about what parts of community life they could preserve in the face of growing challenges to rural lifestyles, they exhibited a strong concern for the well-being of their communities.

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14. William Cronon, George Miles, and Jay Gitlin speak to this phenomenon in their introduction to *Under an Open Sky* (New York: W.W. Norton, 1992).

15. "The New Banker," *The Banker-Farmer* 1, no. 4 (March 1914), 8.

## Banking and the History of Great Plains Communities

As a rural community study set during a period when the Great Plains frontier matured into a region with a distinct set of economic, political, social, and environmental challenges, this dissertation draws on a diverse body of historical scholarship. The late historian Craig Miner offers perhaps the most nuanced interpretations of the community leaders of the Great Plains—farmers, bankers, attorneys, newspaper publishers, and merchants among them—who helped to sustain the region not just until “next year,” but into the modern era.<sup>16</sup> His books capture the essence of the Plains spirit of both agrarianism and entrepreneurialism, values that brought the residents who “stuck it out” into accord with present forms of industrialized agriculture and with the modern community infrastructures that supported them. Miner’s understanding that historians need to describe communities at the level of their own observations and opinions, through the medium of manuscripts, newspaper reports, and oral histories, underscore his reasoning that local changes occur against the backdrop of state and national trends, but certainly on their own timelines. His style, methodologies of community research, and perspectives on both the optimism and pessimism embodied by the Plains people at different periods of its settlement and development all inform this dissertation.<sup>17</sup>

Miner’s perception of the need to unite local events with broader contexts corresponds to what rural scholar Orville Burton calls the “horizontal and vertical dimensions” of community

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16. Craig Miner, *West of Wichita: Settling the High Plains of Kansas, 1865-1890* (Lawrence: University Press of Kansas, 1986); Miner, *Next Year Country: Dust to Dust in Western Kansas, 1890-1940* (Lawrence: University Press of Kansas, 2006); and Miner, *Harvesting the High Plains: John Kriss and the Business of Wheat Farming, 1920-1950* (Lawrence: University Press of Kansas, 1998). Pamela Riney-Kehrberg, *Rooted in Dust: Surviving Drought and Depression in Southwestern Kansas* (Lawrence: University Press of Kansas, 1994) takes a similar perspective.

17. Some other ruminations on regional studies include Brian W. Dippie, “American Wests: Historiographical Perspectives,” *American Studies International* 27, no. 2 (October 1989), 3-25; Frederick C. Luebke, “Regionalism and the Great Plains: Problems of Concept and Method,” *The Western Historical Quarterly* 15, no. 1 (January 1984), 19-38; Rita G. Napier, “Rethinking the Past, Reimagining the Future,” *Kansas History* 24, no. 3 (September 2001), 218-247; and Allan Pred, “Place as Historically Contingent Process: Structuration and the Time-Geography of Becoming Places,” *Annals of the Association of American Geographers* 74, no. 2 (June 1984), 279-97.

history. Burton, in his 2002 presidential address to the Agricultural History Society, describes the rich details of ordinary lives inherent in community studies:

One reason to study communities is to gain new knowledge of behavior, to learn how people lived, how they reacted to and treated others, and what their lives meant to them. Local studies deal with all the people in the community, all their ambiguities and contradictions, all their negotiations across lines of race, class, gender, and power. We need to reveal the complexity of people without reducing them to simplicity.<sup>18</sup>

Burton adds that comprehensive studies serving as microcosmic portraits of American society “must include the culture and daily existence of elite and ordinary people. One needs to know about daily routines of household, work, play, church, and school.” Another function of community studies, however, involves situating the interactions of micro-history within “transregional networks” of ideas and values.<sup>19</sup> The case studies offered in this dissertation fulfill the functions of community history Miner and Burton outline by drawing on several large themes: banking history; the histories of regional and national events affecting local communities, such as populism, progressivism, the Country Life Movement, and the Great Depression and New Deal; and the environmental history of the Great Plains.

This study reinforces the idea that economic institutions were central to frontier development, and continues that thesis through the middle of the twentieth century. It builds upon the work of Allan Bogue, an historian who pioneered the use of social and economic history to understand the role of capital in the development of the frontier and during periods of

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18. Orville Vernon Burton, “Reaping What We Sow: Community and Rural History,” *Agricultural History* 76, no. 4 (Autumn 2002), 644.

19. Burton, “Reaping What We Sow,” 645-46. Some of the foundational community studies include Lewis Atherton, *Main Street on the Middle Border* (Bloomington: Indiana University Press, 1954); and John Mack Faragher, *Sugar Creek: Life on the Illinois Prairie* (New Haven: Yale University Press, 1986). Atherton’s monograph is a somewhat impressionist portrait of rural communities of a general typology, based primarily on literary accounts. Faragher’s work is a social history intimately tied to a particular place. His methodology is useful, but the departures between the Illinois frontier of the early-to-mid nineteenth century and the Great Plains frontier of later in the century are substantial. Faragher describes an insularity and subsistence culture that was not entirely possible in a network of communities dependent upon trade and the railroads for basic resources and survival.

economic crisis. Many historians had accepted farmers' complaints about the scarcity of credit and the predatory nature of bankers and other mortgage lenders at face value, or otherwise marginalized the role of banks within regional development.<sup>20</sup> Bogue's work, however, offers remarkably clear insight about the motivations of financiers in the processes of extending and sometimes contracting credit among farmers.<sup>21</sup> He lays the groundwork for economic historians studying the role of finance in the settlement of the frontier and ultimately for many targeted studies about the role of mortgage debt in later crisis periods, such as the 1920s and 1930s.<sup>22</sup> Bogue's study of the J.B. Watkins Land Mortgage Company of Lawrence, Kansas and other

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20. Chester McArthur Destler, *American Radicalism, 1865-1901, Essays and Documents* (New London, Conn.: Connecticut College, 1946), 25; Theodore Saloutos and John D. Hicks, *Agricultural Discontent in the Middle West, 1900-1939* (Madison: University of Wisconsin Press, 1951), 102-3, 15-17; and Fred A. Shannon, *The Farmer's Last Frontier: Agriculture, 1860-1897* (New York: Farrar & Rinehart, 1945), 185-86. One example of how narratives of Western development have marginalized banking history is Rodman W. Paul, *The Far West and the Great Plains in Transition, 1859-1900*, The New American Nation Series (New York: Harper & Row, 1988). Though this text recognizes that businessmen in cattle towns, farm communities, mining districts, and market cities tended to establish banks early on, it does not provide detail of how credit functioned in these industries.

21. Allan G. Bogue, "Farmer Debtors in Pioneer Kinsley," *Kansas Historical Quarterly* 20, No. 2 (1952), 82-107; Bogue, *Money at Interest: The Farm Mortgage on the Middle Border* (Ithaca: Cornell University Press, 1955); and Bogue, "Foreclosure Tenancy on the Northern Plains," *Agricultural History* 39, no. 1 (January 1965), 1-16.

22. Studies concerning finance and the financial crisis of the 1890s include Brandon Dupont, "Bank Runs, Information and Contagion in the Panic of 1893," *Explorations in Economic History* 44, no. 3 (July 2007), 411-31; and Barry Eichengreen, "Mortgage Interest Rates in the Populist Era," *American Economic Review* 74, no. 5 (December 1984), 995-1015. Economic historians have conducted many additional studies about mortgage debt and the causes of the bankruptcy and foreclosure crisis of the 1920s and 1930s. For some examples, see Lee J. Alston, Wayne A. Grove, and David C. Wheelock, "Why Do Banks Fail? Evidence from the 1920s," *Explorations in Economic History* 31 (1994), 409-31; L.J. Alston, "Farm Foreclosures in the United States during the Interwar Period," *Journal of Economic History* 43, no. 4 (December 1983), 885-903; Lee J. Alston, "Farm Foreclosure Moratorium Legislation: A Lesson from the Past," *The American Economic Review* 74, no. 3 (June 1984); 445-57; H. Thomas Johnson, H "Postwar Optimism and the Rural Financial Crisis of the 1920s," *Explorations in Economic History* 11, no. 2 (April 1974), 173-92; Mary Scott Rowland, "Kansas Farming and Banking in the 1920s," *Kansas History* 8, no. 3 (September 1985), 186-99; David C. Wheelock and Subal C. Kumbhakar, "'The Slack Banker Dances: Deposit Insurance and Risk-Taking in the Banking Collapse of the 1920s,'" *Explorations in Economic History* 31, no. 3 (Jul 1994), 357; David C. Wheelock and Subal C. Kumbhakar, "Which Banks Choose Deposit Insurance? Evidence of Adverse Selection and Moral Hazard in a Voluntary Insurance System," *Journal of Money, Credit, and Banking* 27, no. 1 (Feb 1995), 186; E.N. White, "A Reinterpretation of the Banking Crisis of 1930," *Journal of Economic History* 44 (1984), 119-38; and E. Wicker, "A Reconsideration of the Causes of the Banking Panic of 1930," *Journal of Economic History* 40 (1980), 571-83.

such companies also sets a precedent for the analysis of banks and bankers on a more institutional basis.<sup>23</sup>

While biographies of individuals and particular lending institutions have proliferated, another major component of historical scholarship on banking is a consideration of long-term changes in banking structure and policy throughout the nation.<sup>24</sup> The best scholarship concerning banking in the western U.S. places economic institutions firmly at the center of the “new Western history”—that is, history centered on the communities and institutions behind the development of the frontier. Lynne Pierson Doti and Larry Schweikart’s *Banking in the American West: From the Gold Rush to Deregulation* uses a wide range of subjects, and both qualitative and quantitative sources, to consider themes such as bank security through a number

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23. A similarly insightful text about frontier investment financing, which demonstrates these themes to be relevant not just in Kansas in the late-nineteenth century but throughout the national frontier development, is John D. Haeger’s *The Investment Frontier: New York Businessmen and the Economic Development of the Old Northwest* (Albany: State University of New York Press, 1981). Studies of specific organizations or families proliferate. See also Felice A. Bonadio, *A.P. Giannini: Banker of America* (Berkeley: University of California Press, 1994); Allen DuPont Breck, *John Evans of Denver: Portrait of a Twentieth Century Banker* (Boulder, Colo.: Pruett, 1972); H. Peers Brewer, “Eastern Money and Western Mortgages in the 1870s,” *Business History Review* 50, no. 3 (September 1976), 356-380; Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: Atlantic Monthly Press, 1990); Billy M. Jones, *The Chandlers of Kansas: A Banking Family* (Wichita: Center for Entrepreneurship and Small Business Management, Wichita State University, 1983); Henry C. Klassen, “Creating Opportunities for Farmers and Ranchers: Small State Banks in Montana to the 1930s,” *Journal of the West* 38, no. 1 (January 1999), 6-14; Glenn H. Miller, Jr., “The Hawkes Papers: A Case Study of a Kansas Mortgage Brokerage Business, 1871-1888,” *Business History Review* 32, no. 3 (Fall 1958), 293-310; Dawn Moore, “Pioneer Banking in Tucson: Lionel and Barron Jacobs and the Founding of the Pima County Bank,” *Arizona & the West* 24, no. 4 (1982), 305-18; Gerald D. Nash, *A.P. Giannini and the Bank of America*. Norman: University of Oklahoma Press, 1992; Elizabeth L. Ramenofsky, *From Charcoal to Banking: The I.E. Solomons of Arizona*. Tuscon: Westernlore Press, 1984; James Harold Thomas, *Arthur W. Kincade: Banker, Philanthropist, and Civic Leader* (Wichita: Center for Entrepreneurship, College of Business Administration, Wichita State University, 1984); and L. Milton Woods, *John Clay, Jr.: Commission Man, Banker, and Rancher* (Spokane, Wash.: Arthur H. Clark Co., 2001).

24. Some examples include Howard Bodenhorn, *A History of Banking in Antebellum America: Financial Markets and Economic Development in an Era of Nation-Building* (New York: Cambridge University Press, 2000); Bray Hammond, *Banks and Politics in America, from the Revolution to the Civil War* (Princeton: Princeton University Press, 1957); Bray Hammond, “Banking in the Early West: Monopoly, Prohibition, and Laissez Faire,” *The Journal of Economic History* 8, no. 1 (May 1948), 1-25; Louis Hyman, *Debtor Nation: The History of America in Red Ink* (Princeton: Princeton University Press, 2011); and Murray N. Rothbard, *A History of Money and Banking in the United States: The Colonial Era to World War II* (Auburn, Ala.: Ludwig von Mises Institute, 2002). For an older historiographical overview of banking history, see Larry Schweikart, “U.S. Commercial Banking: A Historiographical Survey,” *Business History Review* 65, no. 3 (Autumn 1991), 606-661.

of lenses: physical bank design, anti-theft efforts, and bank regulations.<sup>25</sup> A few monographs explore banking policies within the framework of a single state, a useful approach considering the uniqueness of state banking rules before the mid-twentieth century. An emphasis on powerful commercial banks on the West Coast and in the Southwest, however, leaves the banks of the interior West understudied.<sup>26</sup> Two exceptions are a dissertation by economic historian Wayne D. Angell, “A Century of Commercial Banking in Kansas,” and Michael J. Hightower’s recently published monograph, *Banking in Oklahoma before Statehood*.<sup>27</sup>

The dynamics of banking in small Great Plains communities were different than in the thriving mining and merchant centers of California and the Southwest, for example, and merit an intensive regional study. Bankers who owned or worked in financial institutions in small Great Plains towns were much more closely integrated with their clients in daily life and business than those in bigger cities. In these towns, the reputation of bankers and their ability to establish successful social and economic relationships with their fellow citizens were paramount in the maintenance of individual banks and the communities themselves. Banks on the Great Plains also differed from larger institutions in the Far West in their capitalization and configuration. Other local banks and groups of partners tended to provide capital for the small banks, and while they depended on urban banks for the provision of currency, usually the latter institutions did not control the activity or finances of local banks. Furthermore, sources such as the *Kansas Bankers*

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25. Lynne Pierson Doti and Larry Schweikart’s *Banking in the American West: From the Gold Rush to Deregulation*. Norman: University of Oklahoma Press, 1991.

26. Lynne Pierson Doti and Larry Schweikart, *California Bankers, 1848-1993* (Needham Heights, Mass.: Ginn Press, 1994); and Larry Schweikart, *A History of Banking in Arizona* (Tucson: University of Arizona Press, 1982).

27. Wayne D. Angell, “A Century of Commercial Banking in Kansas, 1856 to 1956,” (Ph.D. diss., University of Kansas, 1957); and Michael J. Hightower, *Banking in Oklahoma Before Statehood* (Norman: University of Oklahoma Press, 2013). In considering the issue of credit as a function of early mercantile businesses, Linda English’s *By All Accounts: General Stores and Community Life in Texas and Indian Territory* (Norman: University of Oklahoma Press, 2013) also provides a useful comparison with the present study.

*Association Proceedings* suggest that bankers from rural areas and small towns on the Great Plains tended to advocate for different regulatory policies than those working in more urbanized settings in the East and West. Kansas bankers, for example, opposed branch banking vehemently through the first decades of the twentieth century because it tended to agglomerate a great deal of capital within one controlling bank. By contrast, more industrial and urban locations in the West, such as California, supported branch banking and facilitated the growth of well-known national bank chains such as the Bank of Italy (now Bank of America).<sup>28</sup> Focusing on the Great Plains region covers new ground in the field of Western banking history.

Looking at the realm of banking within the U.S. West allows for a more accurate perspective on U.S. economic and political history writ large. Economic histories featuring the West have tended to focus on relationships of dependency and power between the hinterland and an eastern metropole or gateway city such as Chicago.<sup>29</sup> Manuscript records do draw connections between banks in rural western Kansas and capitalists in New England and the Midwest. These

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28. Doti and Schweikart, *Banking in the American West*, 111, 134-40.

29. Patricia Nelson Limerick, *The Legacy of Conquest: The Unbroken Past of the American West* (New York: W.W. Norton & Company, 1987); Donald Worster, *Rivers of Empire: Water, Aridity, and the Growth of the American West* (New York: Pantheon Books, 1985); Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton, 2011); William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: W.W. Norton & Company, 1991); and Steven Stoll, *The Fruits of Natural Advantage: Making the Industrial Countryside in California* (Berkeley: University of California Press, 1998). Cronon's analysis of financial markets centered in the "gateway city" of Chicago directly relates to this study in unveiling how Chicago came to be a financial juggernaut on the basis of its prime location and connections with investors from New York City, the key port of the national credit trade. Cronon's interpretation of bankruptcy data during the Panic of 1873 allowed him to "map capital," and thus to demonstrate the complexity of financial relationships between the hinterland and major commercial institutions in Chicago, and between Chicago and the East. This dissertation confirms the relationships between rural and city banks such as those in Chicago, but asserts that bankers in country towns exerted power in shaping the banking system as they saw fit and developed financial hierarchies of their own within their sub-regions. See Cronon, *Nature's Metropolis*, 278, 282-283, 305. Mary Eschelbach Hansen is currently developing another project that "maps capital" through bankruptcy records, this time during the 1920s and 1930s. Conclusions from her first data sample are reviewed in Mary Eschelbach Hansen, "Sources of Credit and the Extent of the Credit Market: A View from Bankruptcy Records in Mississippi, 1929-1936," in *Enterprising America: Businesses, Banks, and Credit Markets in Historical Perspective*, ed. William J. Collins and Robert A. Margo (Chicago: University of Chicago Press, 2015), 179-212. As the project continues, more data will be added to <http://www.american.edu/cas/economics/bankrupt/>. The Kansas City and St. Louis regions are the next to be uploaded, and these studies should provide useful data for understanding the networks of credit in rural Kansas even better.

records make it clear, however, that over time the flow of capital became more of an exchange of funds, rather than a one-way transfer. Furthermore, various levels of hierarchical relationships developed among Western banks themselves. Thus, banking did not simply confirm common depictions of unequal power relations between a dependent West and a dominant East. Beyond shedding light on the complexities of financial networks among regional and national banking institutions, this dissertation emphasizes the centrality of local people within economic history. It adds to understandings about negotiations of power specifically among bankers and their surrounding communities, and considers bankers as members of a class of business people exercising the functions of economic, social, and political power. Excellent models for understanding the roles of such actors within community development include Alan Taylor's *William Cooper's Town* and Sven Beckert's *Monied Metropolis*.<sup>30</sup>

This dissertation demonstrates some of the unique aspects of banking in rural communities of the Great Plains. Broadening the scope of inquiry to include country bankers' interests in social and political issues suggests that their stories shared important characteristics with the narratives of rural Americans throughout the nation. Social and cultural values transcended different regions, uniting country bankers in western Kansas with the largely white, Anglo-Saxon, Protestant classes of elite Americans in their affinities for social clubs and paternalistic community leadership. The lives and businesses of country bankers intersected with the dominant movements of their era, including populism, progressive politics, the Country Life Movement, nationalism inspired by World War I, and the New Deal.

Populist rhetoric against bankers, found in political memoirs, pamphlets distributed to Farmers' Alliance and People's Party constituents, and even in elements of popular culture such

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30. Alan Taylor, *William Cooper's Town: Power and Persuasion on the Frontier of the Early American Republic* (New York: Vintage Books, 1995); and Sven Beckert, *The Monied Metropolis: New York City and the Consolidation of the American Bourgeoisie, 1850-1896* (Cambridge, U.K.: Cambridge University Press, 2001).

as dime novels and Western films inspire questions about whether these antagonistic portrayals truly fit the characteristics of Great Plains bankers. This study incorporates sources which illuminate the anti-banker sentiments of popular culture in the late nineteenth and early twentieth centuries, particularly memoirs, fiction, and political tracts. My sources suggest, however, that bankers were not always opposed to the causes of the populists; Berryman, for instance, joined his community in opposing the railroads. Country bankers' affiliation with the platforms of progressivism and the Country Life Movement—which often followed directly upon the earlier proposals of populist farmers—further demonstrated the unity of their interests with rural reformers, even with populist radicals who were sometimes the most vocal in decrying bankers.<sup>31</sup>

Interpretations of the content, leadership, and limits of progressivism have varied widely, proving unable to definitively untangle diverse strands of moral and institutional “reforms.” It was both a businessman’s movement and a movement upholding the longtime demands of farmers and laborers to correct the economic maladjustments of the modern era. The movement represented the culmination of decades of domestic and transnational demands for government reform, and resulted in the increased study of American society as well as a growth of government bureaucracies intended to correct some of the nation’s ills.<sup>32</sup> A few characteristics of

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31. The scholarship on populism is diverse. Two of the classic arguments are Richard Hofstadter’s characterization of the subjects as conspiratorial, cranky hayseeds with little modern relevance, and Lawrence Goodwyn’s contextualization of the populists within the cultural and political milieu of a working-class subculture. More recently, scholars such as Thomas Frank and Charles Postel have argued that populists possessed more sophisticated, historically based yet modern theories on how government should function in the interests of society. See Hofstadter, *The Age of Reform: From Bryan to F. D. R.* (New York: Knopf, 1955); Goodwyn, *The Populist Moment: A Short History of the Agrarian Revolt in America* (New York: Oxford University Press, 1978); Frank, “The Leviathan with Tentacles of Steel: Railroads in the Minds of Kansas Populists,” *Western Historical Quarterly* 20, no. 1 (1989), 37-54; and Postel, *The Populist Vision* (New York: Oxford University Press, 2007).

32. Characteristics of the “businessmen’s movement,” identified in Robert H. Wiebe’s *Businessmen and Reform: A Study of the Progressive Movement* (Cambridge: Harvard University Press, 1962) and *The Search for Order, 1877-1920* (New York: Hill and Wang, 1967); and Gabriel Kolko’s *The Triumph of Conservatism; A Reinterpretation of American History, 1900-1916* (1963) are evident in this study of bankers’ roles in the transformation of Kansas governmental administration. Yet strains of many other elements of progressivism, from country life to labor reform, were also present on the Kansas political scene in these years. It is not my intent to engage in a complex definitional process. It is my goal, rather, to consider progressivism in the terms and scope

Kansas's brand of progressivism, especially as embraced by country bankers, deserve further definition. First, moral issues often took precedence over the urban, industrial platforms of the national movement. Kansas was a frontrunner in causes such as prohibition, and this, combined with its reputation as the "free state," led its politicians to consider the state highly progressive. Second, the rural-oriented platforms of the People's Party influenced progressivism in Kansas. During the early years of the twentieth century, the state legislature revisited and adopted several key issues of the populist platform, including reforms to reduce the influence of railroads on politics and increase the political power of the people. Later on, politicians even considered land-distribution schemes as a means of improving the balance between family farms and large estates. In this sense, reform-minded Kansans did represent the spirit of progressivism as it entailed redressing the dangers of industrial or corporatized society upon the body politic. Third, Kansas politicians showed interest in the scientific or managerial elements of the progressive agenda in better organizing the state's bureaucracy, expanding its regulatory powers, and ultimately alleviating some of the growing pains of a society both agrarian and industrial. Finally, although the timing and focus of Kansas's reform efforts sometimes varied from other states, the ascendance of many professionals, including bankers, into positions within the state government signaled strong correlations with the national movement.<sup>33</sup> Country bankers

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within which Kansans viewed it, and to offer it some legitimacy as a valid representation of the political goals of this era and those to follow. I do not lend much credence to scholarly dismissals of the progressive legacy, such as Richard Hofstadter's *Age of Reform: From Bryan to F.D.R.* (New York: Knopf, 1955). Instead, I share the perspective of such scholars as Andrew Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge: Belknap Press of Harvard University Press, 1998); and Stuart William Shulman, "The Origin of the Federal Farm Loan Act: Agenda-Setting in the Progressive Era Print Press," (Ph.D. diss., University of Oregon, 1999); who seek to ground the rationale for many progressive ideas in a transnational reform culture. William E. Leuchtenburg's classic work *The Perils of Prosperity, 1914-1932* (Chicago: The University of Chicago Press, 1958) also embraced this vision of progressivism as a grounding philosophy behind long-term developments in American policy.

33. Regional historians have emphasized that local timelines for even national movements could vary. See Craig Miner, *West of Wichita: Settling the High Plains of Kansas, 1865-1890* (Lawrence: University Press of Kansas, 1986), 3; Robert Sherman La Forte, *Leaders of Reform: Progressive Republicans in Kansas, 1900-1916* (Lawrence: University Press of Kansas, 1974).

expressed similar commitments to the progressive mindset, despite differences in political affiliations and social ideas, and this commitment drove their efforts of community development.

The Country Life Movement was an outgrowth of progressivism that affected the agendas of country bankers and their communities particularly strongly. Capitalizing on the mission to study and present bureaucratic solutions to common problems of American life, Theodore Roosevelt organized a Country Life Commission in 1908. Headed by L.H. Bailey of the Cornell Agricultural College, the commission instigated a flurry of activity, including legislative attempts to further organize extension work and improve rural credit, conferences on country life, and voluntary movements outside of government.<sup>34</sup> Some reformers were motivated by nostalgia for the rural life of bygone days, or by the need to ensure food production for growing urban populations.<sup>35</sup> But more importantly, the Country Life Commission's vision also created a new drive for conservation and ecological sustainability. As Scott J. Peters and Paul A. Morgan remark, its members encapsulated the "emerging ecological sensitivity and a particular variant of Progressive Era reform devoted to the pursuit and realization of key American civic and economic ideals in an increasingly scientific, urban, and industrial age." The Commission's goal was thus twofold: "to meet material demands to 'feed the hungry nations,' while also meeting ecological demands to restore, protect, and even improve the fertility of the soil."<sup>36</sup>

Reformers and land use planners adapted the ideal of scientific management of agriculture in order to conserve land quality, modernize farming methods, revitalize the social community of the countryside, and generally make it easier for producers to remain on the land.

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34. The commission's findings were reported in L.H. Bailey, *The Country-Life Movement in the United States* (New York: The Macmillan Company, 1911).

35. William L. Bowers, *The Country Life Movement in America, 1900-1920* (Port Washington, N.Y.: Kennikat Press, 1974), 4-5. Bowers contended that the nostalgia for individualism and self-reliance was quite at odds with the drive for farmer organization and government assistance to improve agriculture.

36. Scott J. Peters and Paul A. Morgan, "The Country Life Commission: Reconsidering a Milestone in American Agricultural History," *Agricultural History* 78, no. 3 (Summer 2004), 292-93.

In practice, however, scientific management practices often led to industrialization and consolidation of farms, owned by fewer individuals or corporations and farmed by tenants or managers.<sup>37</sup> Tenancy did not suit the democratic vision of agrarianism the Country Life Commission supported, so although its increase was one unintended consequence of agricultural and rural development schemes, reformers filled the pages of trade journals and farm newspapers alike with ideas to redress the problem.<sup>38</sup> Country bankers were among those who sought to partner with farmers to make changes to the rural landscape and society, and to preserve the agrarian way of life upon which their communities relied.

A periodical dedicated to farm solutions, published and distributed nationwide by the agricultural committee of the American Bankers Association (ABA), served as the figurehead for what contemporaries called the “banker-farmer” movement. B.F. Harris, the scion of a family of banker-farmers from Champaign County, Illinois, was among the first to envision the movement and develop it beyond the mere discussion of rural life issues in the occasional association meeting. As chairman of the agricultural committee of the ABA, Harris began publishing *The Banker-Farmer* as a monthly periodical in 1913. The Illinoisan wished to provide a forum not just for more conversation, but also for reporting about bankers actually working to support

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37. A number of historians have explored the issue of conservation as the epitome of an industrial or scientific practice of agriculture during the twentieth century and as early as the mid-nineteenth century. Samuel P. Hays, *Conservation and the Gospel of Efficiency: The Progressive Conservation Movement, 1890-1920* (Cambridge: Harvard University Press, 1959) is the classic study, while many other works bring his interpretation of the conservation movement to the local level, where they can view the perspectives of local farmers and business professionals alike. See Andrew P. Duffin, *Plowed Under: Agriculture & Environment in the Palouse* (Seattle: University of Washington Press, 2007); Deborah Fitzgerald, *Every Farm a Factory: The Industrial Ideal in American Agriculture* (New Haven: Yale University Press, 2003); Sarah T. Phillips, *This Land, This Nation: Conservation, Rural America, and the New Deal* (New York: Cambridge University Press, 2007); Steven Stoll, *The Fruits of Natural Advantage: Making the Industrial Countryside in California* (Berkeley: University of California Press, 1998); Steven Stoll, *Larding the Lean Earth: Soil and Society in Nineteenth-Century America* (New York: Hill and Wang, 2002); and Donald Worster, *Dust Bowl: The Southern Plains in the 1930s* (New York: Oxford University Press, 1979).

38. In Kansas, one journal noted, 40 to 48 percent of farmers were tenants by the early 1920s, whereas in 1880 only 16 percent had lived as tenants. See Charles Moreau Harger, “Kansas Tackles a Big Problem: Here’s Its Plan to Reduce Farm Tenancy,” *The Banker-Farmer* 7, no. 3 (February 1920), 2-3; and “Farm Tenancy in the United States,” *The Banker-Farmer* 9, no. 2 (January 1922), 11.

agricultural development around the country.<sup>39</sup> He propounded the idea of the good citizen banker, not just pursuing the dollar but also the public good. Given the keen economic interests country bankers held in agricultural production, such sentiments might have struck some contemporaries as disingenuous.<sup>40</sup> Yet Harris's conception of altruism did not recognize any problem in business leaders promoting agricultural and rural life reform and in fact encouraged these activities. Echoing attitudes common among progressive reformers, he considered business professionals uniquely suited to leadership in the rural life movement for social and structural change. Harris remarked in an editorial:

Good government, like any other serviceable and practical institution, is a matter of good business and business methods. Business men, with a vision broadened and heart warmed by the public interest, must shape, direct and dominate, if we are to approach a true democracy.<sup>41</sup>

Countless country bankers embraced this vision of themselves and of the changes they could promulgate as community leaders.

Over the course of its publication between 1913 and 1927, the *Banker-Farmer* supported efforts to modernize rural life through such methods as infrastructural development and home and farm improvements. Its pages also supported changes to farm credit structures that would allow more tenant farmers to purchase land, though its contributors did not always agree on the method for delivering expanded credit to farmers.<sup>42</sup> Commenting on the many legal changes in

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39. Joseph Hirsch, "Tributes to B.F. Harris: Associates Tell What His Work Meant to the Banker-Farmer Movement," *The Banker-Farmer* 8, no. 2 (January 1921), 2.

40. Indeed, Bowers criticizes such economic motives among the primarily middle- and upper-class participants of the Country Life Movement. See Bowers, *Country Life Movement in America*, 5.

41. Originally printed in B. F. Harris, "What the Banker-Farmer Movement is Doing for Bankers," *The Banker-Farmer* 2, no. 8 (July 1915), 4; reprinted in L.M. Tobin, "Tributes to B.F. Harris," 5. Robert Wiebe discusses this attitude extensively in *Businessmen and Reform: A Study of the Progressive Movement*. Cambridge, Mass.: Harvard University Press, 1962.

42. Some examples of the diversity of perspectives on the rural credits issue within this publication include L.H. Bailey, "Wise Words on Rural Credits," *The Banker-Farmer* 1, no. 2 (January 1914), 6; Robert Bulkley, "The Status of Rural Credit Legislation in Congress," *The Banker-Farmer* 1, no. 8 (July 1914), 6; W.C. M'Guire, "Rural Credit, A Letter from a Farmer," *The Banker-Farmer* 2, no. 4 (March 1915), 5; Herbert Quick, "Bankers and the Farm Loan Act—As Seen by One of Uncle Sam's Board," *The Banker-Farmer* 4, no. 5 (April 1917), 14-15; and

the national banking structure, such as the formation of the Federal Reserve Banks in 1913 and the Federal Land Banks in 1916, the magazine served as an effective medium of debate for more than 20,000 country bankers in the U.S., as well as their farmer clients.<sup>43</sup> Comments from other publishers, from local and regional newspapers to large circulation magazines such as *The Economist* and *The Financial Age*, and even from a few farmers, indicate a wide circulation and acceptance among other groups of business professionals.<sup>44</sup>

Economic interests, altruism, and indeed a general desire to redeem an unpopular public image, all underlined bankers' activism in the country life movement. As one early contributor to *The Banker-Farmer* argued, the banker's understanding of community needs and extension of his service "beyond the confines of the bank—out through the community and its general welfare" in a spirit of "active citizenship" that would help redeem the "misunderstood" reputation of the occupation.<sup>45</sup> The rhetoric surrounding bankers' involvement in the reform movement took on tones as spirited in their positivity toward the businessmen as the popular literature was in its vitriol. Popular accounts of the era, rife with anti-banker rhetoric, overshadowed strong evidence of bankers' community-mindedness where agriculture was concerned.

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B.F. Harris, "What the Present Banking System is Doing—and Can Do—For Farm Loans," *The Banker-Farmer* 3, no. 2 (January 1916), 14. Harris reiterated this point in "Better Farming, Not Federal Laws, Will Bring Better Credit," *The Banker-Farmer* 3, no. 1 (December 1915), 4-5.

43. As *The Financier* magazine pointed out, the majority of the nation's bankers were "real country bankers, close to the soil and the men upon it," not "big city 'plutocrat[s]' buttressed by billions of dollars." Cited in "The Country Banker," *The Banker-Farmer* 4, no. 2 (January 1917), 9. In an effort to promote even broader circulation, the journal encouraged its readers to purchase lots of one hundred copies to distribute to their farmer neighbors, and the publishers sent copies to public libraries and county farm agencies. See "Some B-F Details," *The Banker-Farmer* 1, no. 2 (January 1914), 15.

44. "What They Are Saying," *The Banker-Farmer* 1, no. 2 (January 1914), 15-16; and "What They Say," *The Banker-Farmer* 1, no. 3 (February 1914), 16.

45. "Misunderstood," *The Banker-Farmer* 1, no. 2 (January 1914), 9. For more on how bankers saw themselves as a "broad-minded, patriotic and public-spirited...class of men" with responsibility to society, see "The New Banker," *The Banker-Farmer* 1, no. 4 (March 1914), 8.

Bankers' interests in progressive and country life reforms—economic, political, and social—also influenced their functions within Great Plains communities. Integration with a broader community of bankers through state and national banking associations and through publications such as the *Banker-Farmer* exposed country bankers in western Kansas to national concerns. The banking associations helped to organize members not only for country life programs, but also for patriotic efforts during the First World War and for debates over political responses to ongoing malfunctions within rural banking—such as low reserve rates and a lack of effective deposit protection in state banks—which eventually caused high rates of foreclosure and bank failure in the 1920s and 1930s. Bankers formed a strong interest group within state and national politics, while exercising immediate influence over the economic, political, and social directions of their local communities. The values of bankers and rural communities transcended the local setting, and so this study of the Great Plains is representative of the issues all rural Americans were facing after the turn of the twentieth century.

The regional setting is nonetheless significant, and not only because country bankers in the nation's interior created specific parameters for the practice of their profession. The agricultural and environmental circumstances of the Great Plains also produced a particular form of economy and regionally specific challenges during such tumultuous periods as the 1920s and 1930s. Craig Miner, once again, helps make the case for pursuing regional history encompassing Kansas counties “West of Wichita,” or the 98<sup>th</sup> meridian. He acknowledges that Euro-American settler societies throughout the West brought with them the baggage of culture, technology, and resources. Certainly, extra-regional social and political influences have become apparent. Examining the influential features of regional environments and cultures, however, helps combat unnecessarily simplistic or mythological characterizations of broader areas as derivatives of the

larger nation.<sup>46</sup> On the Great Plains, economic trials caused by environmental factors produced a distinct experience. Environmental history, thus, dovetails with the study of Great Plains history in important ways. The environment is an essential feature of my study; because agriculture and ranching formed the centerpiece of local economies, the forces of nature could easily influence a community's historical path. Settlers and bankers on the Central Great Plains encountered unique topographies and climates that affected the crops, machines, and capitalization needed in their specific locations, but the sub-region's dependence on agriculture and its general aridity unify it.<sup>47</sup> Studies of humanity's efforts to adapt and survive on this landscape, especially during the 1920s and 1930s when such survival was not assured, are therefore also significant to my research.<sup>48</sup>

### **Chapter Outline: Cultivating the Lending Tree**

The influences of the intra-regional environment and agricultural economy, as well as of trans-regional economic, political, and social values, are evident within the chapters that follow. Using a metaphor of the community bank as a "tree," I present bankers as the "cultivators" of several specific forms of capital: financial, political, and social. One point of analysis concerns the role of finance within the lives of rural people. The first chapter describes the credit building

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46. Craig Miner, *West of Wichita*, 1-4.

47. Walter Prescott Webb, *The Great Plains* (Boston: Ginn and Company, 1931); and Donald Worster, *Rivers of Empire: Water, Aridity, and the Growth of the American West* (New York: Pantheon Books, 1986).

48. Historians do not agree on the degree of success found in adaptation, however. Donald Worster, *Dust Bowl: The Southern Plains in the 1930s* (New York: Oxford University Press, 1979); Miner, *West of Wichita*; and Geoff Cunfer, *On the Great Plains: Agriculture and Environment* (College Station: Texas A&M University Press, 2005) offer three distinct views on the relative power of human culture, natural forces, and technological adaptation. Cunfer's determination that technology is able to support human adaptation to challenging environmental systems in the medium-term builds upon the works of James Malin. Additional studies using local and county-wide farm data to argue that human systems were adapted well to the Great Plains include Kenneth M. Sylvester, Susan Hautaniemi Leonard, Myron P. Gutmann, and Geoff Cunfer, "Demography and Environment in Grassland Settlement: Using Linked Longitudinal and Cross-Sectional Data to Explore Household and Agricultural Systems," *History and Computing* 14, no. 1-2 (2006), 31-60; Kenneth Sylvester and Geoff Cunfer, "An Unremembered Diversity: Mixed Husbandry and the American Grasslands," *Agricultural History* 83, no. 3 (Summer 2009), 352-383; and Kenneth M. Sylvester, "Ecological Frontiers on the Grasslands of Kansas: Changes in Farm Scale and Crop Diversity," *The Journal of Economic History* 69, no. 4 (Dec 2009), 1041-1062.

functions of bankers' work within their communities. It considers bankers' development of financial connections with eastern institutions and regional banking networks—the “roots” of the community's financial development. The analysis draws upon the memoirs of bankers transplanted from the eastern U.S. and those who rose up from the class of merchants to become money-lenders on the Kansas frontier in the 1870s and 1880s. Bank advertisements represent the ways banks forged connections with local communities by building on the reputations of strong financial backers and bankers of sound character.

The dissertation also addresses the broader political and social values at stake within rural communities, especially as mediated by country bankers' brokerage of power as elected officials and civic leaders. The second chapter details the ways bankers sought to create and preserve laws beneficial to the continued growth of their banks and communities. Such laws provided “fertile ground” for community development. Using Jerome W. Berryman as a key subject alongside news reports on legislative affairs, it represents the ways bankers transformed economic power into political capital. The third chapter concerns the ways bankers and their families carefully preserved a “canopy” of social and moral values within their communities. Manuscript records, as well as newspapers from such towns as Concordia and Pratt, Kansas, illustrate these business leaders' interests in issues such as temperance, suffrage, patriotism, and “100% Americanism.”

The final two chapters link finance to the agricultural development of western Kansas and interrogate the ways bankers established a foundation for the continued stability of the regional economy, despite strong economic and environmental trials during the 1920s and 1930s. Chapter four highlights the decisions bankers made about extending “branches” of credit on their “lending tree.” During the interwar period, such decisions determined the vitality of a particular

bank within a downwardly spiraling financial system. The records of the Farmers National Bank of Oberlin, Kansas detail the roles played by bank directors in making lending policies. Letters between Colby banker W.D. Ferguson and his wealthy client and business partner offer an intimate perspective on the individualized relationships of credit on the Great Plains, which had a material impact not only on the survival of the bank, but of the region's agricultural economy.

Chapter five positions Albert A. Doerr, a merchant and bank director from Larned, Kansas, as a landlord within a system where banker-landowners became "stewards" for a system of farming that sustained the community livelihood into the modern era. It interrogates the deeds for Doerr's land purchases during the 1920s together with correspondence with the tenants who farmed his land, and uses agricultural production records to trace the origins of a farming system still supporting rural Great Plains communities today despite the continually challenging environment. The dissertation thus extends its focus to the role of the Great Plains environment within country bankers' efforts to uphold the agricultural economy upon which their communities relied. An arid and cyclically droughty climate supported particular forms of agriculture—namely wheat and cattle raising—and fostered gradual trends toward mechanization and consolidation of farms.

As is clear in the consideration of bankers' financial, political, and social roles within their communities, those who participated in the agricultural economy of the region had a strong stake in regional sustainability and served vital functions in maintaining the prosperity of the Great Plains. The stories of individual bankers, woven together with data representing the broader class of lenders they represented, present a narrative of rural banking rather unlike what literary representations would have us understand—and I argue that this evidence more closely portrays the actual role of bankers within Great Plains communities. Not simply

uncompromising, disinterested, greedy, or predatory, country bankers instead represented a complex mix of economic, social, and political interests. Understanding their values within the context of rural America leads me to conclude that bankers *shared* the interests of farmers and other rural businesspeople. They faced together the challenges of growth and retraction within the credit structure and agricultural economy, as well as the social and political changes attendant with modernization, rural-to-urban migration, and the increasing role of the nation within the lives of ordinary Americans. The story of country bankers like Berryman is one worth reclaiming—not only for understanding the history of the Great Plains, but also for adding to historians' understanding of the complex social and economic patterns that have altered the course of U.S. history.

## **Chapter One. The Roots of Credit: The Development of Frontier Banks and Their Communities**

The market orientation of settlers who sought to leverage their property into credit for purchasing seed, equipment, and more land necessitated a strong field for credit as the frontier opened in western Kansas. Between 1886 and 1890, a period when the towns and counties of Kansas's westernmost tier developed, settlers mortgaged their lands at a rate higher than any other state in the Union: from 60.3 to 72.7 percent of all farm lands in the state were mortgaged.<sup>1</sup> In spite of the frontier mythology of the individualist homesteader carving out the Western empire, economic institutions were central to regional development. Bankers' power within this process served as a foundation for their extensive influence within rural communities.

Capital from the eastern U.S. was never absent from the "frontier." Representing the earliest established "roots" of the regional financial system, eastern institutions supplied much of the credit for the early financial boom in western Kansas. Many investors bought mortgage bonds from trust companies operating in the West, while others sent agents to survey credit needs and establish commercial banks on the frontier. As small towns developed in western Kansas, however, local capital gradually began to supplant some of the influence of eastern financiers. Merchants, farmers and ranchers, and other professionals built on their experiences in the developing western economy to establish new banks. They and their cohort of regional bankers—in small towns and cities—formed additional "roots" which tied together the national financial system. The growth of a local class of bankers signaled the development of a more stable regional economy. Although western banks remained linked to eastern financial networks, they became somewhat less dependent upon the East for expertise and capital. Country bankers,

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1. Wayne D. Angell, "A Century of Commercial Banking in Kansas, 1856 to 1956, Volume II" (Ph.D. diss., University of Kansas, 1957), 206.

including the first generation of eastern capitalists and the later generations of local financiers operating within communities of less than 5,000 population, wielded substantial power over the local economy as well as considerable influence upon the political and social lives of developing towns.

Residents of rural America would have been familiar with the type of banker who established channels for bringing capital into town, and whose opinions on his fellow citizens' credit worthiness could make or break a business or farm. Bankers' economic power, many concluded, often made their place within local society and within the national mythology of frontier development rather uncomfortable. No commentator captured the unease Americans felt about the country banker quite like the novelist Sinclair Lewis. His novel *Main Street* (1920) offered a candid portrait of the economic, political, and social life of small-town America. The banker was an influential player in the town. Lewis described him:

Ezra Stowbody was a troglodyte. He had come to Gopher Prairie in 1865. He was a distinguished bird of prey—swooping thin nose, turtle mouth, thick brows, port-wine cheeks, floss of white hair, contemptuous eyes. He was not happy in the social changes of thirty years . . . nobody was impressed in this rotten age of automobiles by the 'spanking grays' which Ezra still drove. The town was as heterogeneous as Chicago. Norwegians and Germans owned stores. The social leaders were common merchants. Selling nails was considered as sacred as banking . . . But his brick house with the mansard roof was still the largest residence in town, and he held his position as squire by occasionally appearing among the younger men and reminding them by a wintry eye that without the banker none of them could carry on their vulgar businesses.<sup>2</sup>

The elderly, conservative banker became something of a trope for Lewis, whose next novel, *Babbitt*, included a similar figure.<sup>3</sup> George Babbitt stood in utter awe of William W. Eathorne, and upon visiting the banker's stately old mansion, he marveled, "That little fuzzy-face there,

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2. Sinclair Lewis, *Main Street* (New York: Harcourt, Brace, 1920), 48-49.

3. Sinclair Lewis, *Babbitt*, reprint (New York: Signet, 1961), 169.

why, he could make me or break me! If he told my banker to call my loans—! Gosh!”<sup>4</sup> The reading public of the 1920s could be excused for stereotyping local bankers as old, conservative, aloof, and yet powerful entities within a community.

Further characterization of the financial elite as a whole hit even closer to the mark for many readers. The “aristocracy” of Gopher Prairie, the setting of *Main Street*, included “all persons engaged in a profession, or earning more than twenty-five hundred dollars a year, or possessed of grandparents born in America.”<sup>5</sup> Yet those with the most considerable power were Stowbody; Jackson Elder, the mill owner and town hotelier who owned “quite a share in the Farmers’ National Bank”; and Luke Dawson, “the richest man in town” as well as a “lender of money on mortgages, [and] owner of Northern cutover land.”<sup>6</sup> A wide chasm existed between these elites and the farmers of the surrounding community. Carol Kennicott, the novel’s naïve and idealistic protagonist, overheard a farmer complaining:

Stowbody and Dawson foreclose every mortgage they can, and put in tenant farmers . . . the lawyers sting us, the machinery-dealers hate to carry us over bad years, and then their daughters put on swell dresses and look at us as if we were a bunch of hoboes. Man, I’d like to burn this town.<sup>7</sup>

Meanwhile, the townspeople expressed decidedly unsympathetic views on the farmers. At a women’s social event, Ella Stowbody, the banker’s unmarried daughter, commented:

There isn’t any real poverty here. . . . Papa says these folks are fakers. Especially all these tenant farmers that pretend they have so much trouble getting seed and machinery. Papa says they simply won’t pay their debts. He says he’s sure he hates to foreclose mortgages, but it’s the only way to make them respect the law.<sup>8</sup>

The other banker in town, appropriately named “Gougerling,” cemented the image of the uncaring and powerful town elites. No amount of sympathy from Carol, who suspected that the

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4. Lewis, *Babbitt*, 175.

5. Lewis, *Main Street*, 74.

6. *Ibid.*, 42-43.

7. *Ibid.*, 229.

8. *Ibid.*, 142.

town actually depended upon the farmers as “parasites” upon their productive wealth, could convince her husband or anyone else of the true merits of the farming class. Dr. Kennicott merely scoffed, “Parasites? Us? Where’d the farmers be without the town? Who lends them money? Who—why, we supply them with everything!”<sup>9</sup>

Although Lewis’s depictions of country bankers mirrored the common stereotypes of popular culture, the historical record suggests that bankers’ roles within their communities were most often developmental rather than destructive or parasitical. In order to demonstrate this feature of rural banking, this chapter examines the relationships newly established banks in western Kansas maintained with investors in the eastern U.S. and in Midwestern cities such as Chicago, Kansas City, and Wichita. While investors enjoyed the ability to profit from the credit needs of settlers trying to increase their stake in the capitalist economy through continual expansion, local communities benefited from the successful management of these financial networks. As local institutions and the communities around them matured, strong financial roots continued to connect banks to their supporting institutions in the East, while other roots spread across the region to banks in other communities. Ties with other banks ultimately became profitable for all parties, so although western bankers never gave up their connections with larger financial institutions, they gained a surer role in the management of their own financial institutions and of the regional economy.

The administration of banks involved providing physical and fiscal security for operations and, most importantly, attracting depositors and borrowers. In the early years of development, conditions such as isolation, lack of infrastructure, competition between banks operating under different rules, and the variable market for farm mortgages created problems of physical insecurity and financial instability for new banks. Connections with financial investors

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9. Lewis, *Main Street*, 57.

who sent both money and banking expertise to the developing communities of the West allowed rural banks to navigate such challenges. Country bankers developed creative solutions to security threats and, over time, the construction of up-to-date banking facilities helped them to demonstrate their institutions' structural and financial soundness. As security matters became less pressing, competition among banks for customers and their deposits led them to participate in the growing field of advertising. The medium of the local newspaper offered a primary way for bankers to attract new clients and establish financial relationships with the community.

Exploring the relationships of bankers with other capitalists in national and regional capital networks, as well as the ways they used these financial roots to establish credit opportunities for community development, uncovers an important narrative within the history of American capitalism. The motivations of banks and bankers within the largely agricultural economy of western Kansas deserve further exploration, which I believe will ensure that the rural financial class does not remain mired in the tropes of literature. I argue that country bankers worked *with* the community's broader economic interests to attract capital investment from throughout the nation, create growth in their own institutions and within the regional banking structure, and develop a sound basis for the prosperity of their region. This process earned successful bankers the respect of their communities and the continued business of local residents. Thus, it granted them a preeminent position within the economic power structure of the rural West.

### **“The Web of American Finance” Reaches Western Kansas**

The settlement of western Kansas in the 1870s and 1880s benefited from the development of a national banking system during the Civil War. The state followed the patterns of a financial structure that had begun to develop across the nation, both by law and by custom.

When investors moved into banking in Kansas, they could either choose to charter national banks with \$50,000 in capital, or pay much less capital (usually around \$10,000) to charter a state bank. State banking was less regulated than the national system, but still operated within the newly developed “pyramid” system of banking that established what economic historian Howard Bodenhorn called “the web of American finance.”<sup>10</sup> Risks were inherent in the process of developing new banks, but investors could also make substantial profits. Ultimately, banks formed the backbone of regional development as they supported ranchers and farmers, merchants, and town companies in their quest to stabilize the frontier. Finance was an essential component of the community-building process.

Frederick J. Atwood, a New England banker who moved to Concordia, Kansas in 1878, offers an unusually rich portrait of how frontier banks were established in his memoirs, and his later experiences in establishing banks in several Kansas towns demonstrate the functions of the pyramid system linking the finances of banks of all sizes and locations in the nation. Atwood’s upbringing illustrated some common ways of entering banking as a profession, and showed that it was a desirable field for a young man wishing to move up in the world. Atwood grew up in central Vermont in a middle-class household that inculcated the value of hard work but also allowed him the means to attain some higher education. He attended a normal school (a college designed to train teachers) and spent several months at the Troy Business College.<sup>11</sup> Having concluded his education, Atwood set out to find a job, “Something that would satisfy my thirst for knowledge and my desire for financial independence.” In July 1876 a cousin offered him a job in the First National Bank of Brandon, Vermont. The job, paying five dollars per week,

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10. Howard Bodenhorn, *A History of Banking in Antebellum America: Financial Markets and Economic Development in an Era of Nation-Building* (New York: Cambridge University Press, 2000), 164.

11. Frederick J. Atwood, *Reminiscences of an Octogenarian*, 1937, y10, MSS Collection 261, Library and Archives Division, Kansas State Historical Society, Topeka. Page numbers follow Atwood’s unique scheme designating each period of his life (e.g. ch=childhood, y=youth, em=early manhood).

consisted of “a conglomerate of heterogeneous duties ranging from janitor to assistant cashier,” and provided Atwood the chance to move up in his social and economic status. He noted about his new living circumstances, “I found a high-class boarding house in an equally high-class neighborhood and paid four of my five dollars for bed and board.” He added, parenthetically, “I deemed it essential that my environment harmonize with my aspirations!”<sup>12</sup>

As Atwood learned the banking trade, he observed those around him, and the qualities of the bank officers and directors made particularly strong impressions. His portrait of the bank president, Mr. Sprague, demonstrated the diversity of bankers’ professional interests, as well as the economic and political rivalries of country bankers and other local professionals. Besides serving as bank president, Sprague was president of a local manufacturing plant and the owner of several experimental farms. His social situation confirmed some of the characterizations of local bankers about which Sinclair Lewis would later write. Sprague lived in the finest neighborhood among the wealthiest citizens of the town, but political rivalries meant that he did not associate with many of them and took every opportunity to “accost” and “irritate” the other bankers.<sup>13</sup> Sprague nonetheless “sought local popularity” as he “aspired to political honors.” The bank president largely abstained from the “routine work of the bank” and treated the “bank’s directors’ room as his private office” for his political purposes. Atwood added, “Because he was rich and politically ambitious, and perhaps for other reasons, he had both friends and enemies. He was conceited and arrogant but with all that he had fine qualities that were not always recognized as they should have been.”<sup>14</sup> The banker’s character was complex, and offered Atwood an early perspective on how bankers should and should not function within their communities. He disliked the impact of Sprague’s political feud on the Brandon community, but did admire the

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12. Atwood Reminiscences, y14-15.

13. Ibid., y19.

14. Ibid., y18.

wealth and aspirations of the bank president. Sprague, and later Atwood, showed how the financially powerful nurtured relationships with many community members and often successfully parlayed their success into other avenues of political power.

Atwood also recalled what two of the First National Bank's directors taught him about the benefits of active and broad-reaching investment. These men, T.B. Smith and S.W. Harrison, "were wealthy and loaned to their neighbors as opportunity offered-but the demand was not equal to the supply and so they had too much idle money."<sup>15</sup> Atwood noted that the two banks in Brandon "were over capitalized. The First National had a capital of \$100,000 and a surplus of \$150,000; The Brandon National a capital of \$200,000 and a surplus of \$50,000, thus making the working capital of each a quarter of a million."<sup>16</sup> These figures were well above the \$50,000 capitalization requirement for national banks in towns of this size, about 3,500 people in the 1870s. This abundance of capital relative to the needs of the Vermont community opened up a search for new opportunities to invest in western banks. Smith and Harrison "had heard of the high rates of interest 'out west' where the country was being settled rapidly and the rich virgin soil was being put under plow." The directors' agricultural backgrounds and Harrison's family connections aided in the decision to pursue prospects in Concordia, a farming community in north-central Kansas. Upon visiting the town, Harrison found that a young cousin had been loaning his income earned as a lawyer at three percent per month, but wanted to start a bank with ample investment to meet the needs of more potential borrowers. Harrison put the proposition up to his friend T.B. Smith. Atwood described the decision-making process: "Mr. Smith was conservative; it looked like a gold mine but he must see it with his own eyes. He, too, went west and to Concordia." Smith discovered they could obtain "3% per month on short time paper and

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15. Atwood Reminiscences, em4.

16. *Ibid.*, y19.

12% per annum on first mortgage farm loans, with a cash commission of 12% which would accrue to the bank for obtaining the funds. It appeared to be all that Mr. Harrison had pictured.”<sup>17</sup> Thus, two Vermont bank directors decided to set up a bank in Concordia with Harrison’s cousin, C.W. McDonald, as cashier—the bank’s chief operating officer. Atwood, meanwhile, was appointed assistant cashier with a salary of \$800 per year, nearly double what he had been earning in Brandon. S.W. Harrison suddenly passed away right as the charter for the Cloud County Bank of Concordia was obtained on December 20, 1878, but his son, Henry C. Harrison, assumed the presidency of the new bank’s board of directors. Another Harrison relative, R.J. Harper, who lived in Riley County, Kansas and served as a probate judge there, joined the operation as Vice President.<sup>18</sup> The new bank showed how eastern investors could capitalize upon the profit potential of the frontier while establishing lasting institutions to aid in developing a prosperous community. The diversity of background among the various parties also represented a key fact about country bankers in developing towns: many joined the profession as a way of investing profits from farming or ranching, as a continuation of the land abstracting or notary services they might provide as country lawyers or real estate salesmen, and especially as an outgrowth of lending credit through mercantile businesses.<sup>19</sup>

The banking venture in Concordia, which would remain in the community until a merger in 1992, was only the beginning of the Harrison family’s investments in the Kansas banking scene. Although H. C. Harrison continued to make his home in Vermont, he sought further investment opportunities as settlement expanded westward through Kansas in the following

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17. Atwood Reminiscences, em4.

18. *Ibid.*, em5.

19. The sample group of bankers I have consulted for this dissertation includes a large number of bankers with such backgrounds. Those who served in the Kansas legislature at any given point have been well documented, including their professional backgrounds. See web directory of past and present legislators at <http://kslib.info/BusinessDirectoryii.aspx>. The Biographies of many of these banker-legislators are readily available also, in reference volumes at the Kansas State Historical Society.

years. He learned about the prospects for loans and deposits in Great Bend, Kansas from a local resident named A.H. Adkison. Adkison was a railroad land agent, farmer, and rancher with prior experience in banking, so his outlook on the matter would have been valuable.<sup>20</sup> In a letter to Harrison on November 18, 1881, Adkison wrote at length about the potential for successful stock raising in the area, as well as the loan-making opportunities concerning that business:

Money can be loaned here on Chattle [*sic*] Mortgage very readily. It would require care in doing so, but I am satisfied a considerable sum could be placed safely and at satisfactory rates. A better class of loans however could be made to farmers and stock men for the purpose of investing in stock raising. Security could be had on land as well as on the stock, and their increase. Of course they could not afford to pay so large a percent for that purpose, as might be realized in certain other cases, but a large amount could be safely let out in that way at 12 to 18 per cent (his emphasis).<sup>21</sup>

Loans on chattel goods (often animals themselves, as well as equipment), and even safer loans with land as collateral, would bring a highly profitable rate of return owing to the scarcity of money in the region. As Adkison added about the town's existing financial institution, "The bank and what few individuals who have a little money for that purpose [were] entirely inadequate to supply the demand."<sup>22</sup> For a land agent, the prospect of attracting further avenues of credit for potential buyers would have been of great interest.

Beyond the loan investment opportunities presenting themselves in Great Bend, the area seemed ripe for the chartering of another bank. Adkison wrote to Harrison, "I believe that a very fair line of commercial deposits could be worked up and that by paying especial attention to the stock interests the concern would in a year or two have a nice balance of country deposits."<sup>23</sup>

Although Harrison easily could have invested in one of the mortgage companies beginning to do

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20. "A.H. Adkison," in *History of the State of Kansas*, edited by William G. Cutler (Chicago: A. T. Andreas, 1883), <http://www.kancoll.org/books/cutler/barton/barton-co-p4.html>.

21. A.H. Adkison (Great Bend, KS) to H.C. Harrison (Brandon, VT), November 18, 1881, in the H.C. Harrison Papers, MSS Collection 374, Kansas State Historical Society, Topeka (hereafter, H.C. Harrison Papers).

22. Adkison to Harrison, November 18, 1881.

23. *Ibid.*

business in the area, he maximized his financial strength and experience in Kansas to open another full-service bank. Though mortgage companies such as the J.B. Watkins Land Mortgage Company of Lawrence, Kansas might advertise to investors in the eastern U.S. that its position close to the field allowed them to keep a close watch on borrowers, Harrison did not have to rely on another company to place his investments. He already had an extensive link to Kansas that permitted him to take on his own deposit and lending operations. Though Harrison's banks in Kansas would continue to rely on the capital from his home state of Vermont, his decision to establish local banks represented, to a small degree, the beginning of more localized institutional development. The financial scene in western Kansas was becoming increasingly complex. Farmers now had local options for obtaining credit—from bankers who lived in their communities and risked their own capital more directly than did the mortgage companies pooling investors' funds in the East and purchasing farm notes on the basis of profits rather than personal character.<sup>24</sup>

After receiving a few more reports on Great Bend's suitability for a bank, including its strong prospects for a railroad and the great need for money in the area, Harrison proceeded to set up a new institution.<sup>25</sup> He appointed J.F. Rogers, formerly an assistant cashier at the Cloud County Bank of Concordia, as the cashier and on-the-ground operator of the new bank. In late December 1881, Rogers began the task of chartering the Barton County Bank in Great Bend,

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24. See Allan G. Bogue, *Money at Interest: The Farm Mortgage on the Middle Border*, Reprint (New York: Russell & Russell, 1968), especially Part 2, "The Middleman: The J.B. Watkins Land Mortgage Company," for a detailed description of this major investment company working in Kansas. Another relevant Kansas company is discussed in Glenn H. Miller, Jr., "The Hawkes Papers: A Case Study of a Kansas Mortgage Brokerage Business, 1871-1888," *Business History Review* 32, no. 3 (Fall 1958), 293-310. Other such enterprises working in the western mortgage field are discussed in H. Peers Brewer, "Eastern Money and Western Mortgages in the 1870s," *Business History Review* 50, no. 3 (September 1976), 356-380; and John Denis Haeger, *The Investment Frontier: New York Businessmen and the Economic Development of the Old Northwest* (Albany: State University of New York Press, 1981).

25. J.F. Rogers to H.C. Harrison. November 28, 1881; and D.N. Heizer (Great Bend) to H.C. Harrison, December 1, 1881, both in the H.C. Harrison Papers. Harrison had meanwhile sold his stock in the Cloud County Bank of Concordia, where the leadership shifted to T.B. Smith. See Atwood Reminiscences, em25-26.

securing an office for the bank, and establishing correspondent relationships with banks in New York and Kansas City. Networking with these city banks was important because they could provide capital for the Barton County Bank when needed, on the basis of the country bank's periodic deposits of cash reserves in the city banks. The cashier did his research on the interest payments different city banks would provide based on certain deposit balances, and noted:

The 1<sup>st</sup> Natl N.Y. & Merchants Natl. Kansas City are the correspondents I would have suggested as both are I believe substantial. NY allows 2 ½% on daily balances. Merchants only allow 2% on all over \$1000, nothing on first \$1000, but that is as good as any of the best Kansas City Banks give.<sup>26</sup>

In addition to offering interest to country banks for the favor of using their reserve funds as the basis of their own lending, these banks also served a central banking function in that they could provide currency when a country bank ran low on cash reserves.<sup>27</sup> These connections through capital exchanges linked rural communities directly with eastern financial centers. Country banks, both state and nationally chartered, would continue to rely on larger city banks for the support of their credit operations.

Rogers reported positively about the bank's prospects in letters to Harrison. The young cashier wrote to Harrison in December 1881, "I find the native banker here is not very well liked & am sure that just dealing will bring us a good share of the business."<sup>28</sup> He commented the following February that offering loans on farmland near Great Bend was just as feasible as near

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26. J.F. Rogers to H.C. Harrison, December 30, 1881, in the H.C. Harrison Papers.

27. Murray N. Rothbard provides a cogent explanation of the stacking of deposits from state banks to national banks in the countryside, to reserve city and central reserve city banks in *A History of Money and Banking in the United States: The Colonial Era to World War II* (Auburn, Ala.: Ludwig von Mises Institute, 2005), 136-141, 144. Howard Bodenhorn provides some historical context for these relationships between banks. He explains that restrictions on the ability to charter banks across state lines (or often, even to branch within states), meant that individual institutions did not have a large amount of capital from which to draw. This drove the creation of the correspondence relationship between country banks and banks in larger cities, such as Boston, Philadelphia, and New York, as early as the 1790s. By 1850, nearly 600 of the nation's 700 operating banks had a correspondent bank in New York City, making it undeniably the "financial center of the country." See Bodenhorn, *A History of Banking in Antebellum America*, 192-98.

28. J.F. Rogers to H.C. Harrison, December 30, 1881.

Concordia, and suggested that they do so at an interest rate just below the highest rate offered by mortgage companies. Offering a rate lower than the seven percent (plus commission) charged by these companies would allow them to “compete successfully with other agencies here & add very materially to the earnings of the bank.”<sup>29</sup>

Despite the strong initial groundwork in setting up the bank in Great Bend, it was difficult to keep banks operating competitively in the young towns of western Kansas. The Barton County Bank struggled over the next few years to maintain an acceptable profit margin in a town of only about 1,100 residents, despite the fact that it would more than double in population over the 1880s. George H. Young, an assistant cashier sent out from Vermont to assist Rogers, adopted a gloomier outlook about conditions in Great Bend than the cashier. Within only a month after his arrival to that town in January of 1882, Young wrote to Harrison in Vermont about the dismal state of Kansas banks, and of the railroad’s declining interest in Barton County. He also noted several times that the bank would have to lower its monthly interest rates on short-term loans from three percent to two and a half percent in order to be competitive.<sup>30</sup> Young commented, “The other bankers have come down on their notes to the soundest of their customers (merchants). They make their note read 3% and then say here if you will keep [quiet] about it we won’t charge you so much.”<sup>31</sup> To deal with this policy, the Barton County Bank would have to turn around and offer lower rates to borrowers. As Young explained it, the bank needed to establish relationships with borrowers, build its reputation for safety, and maintain even rates with its competitors in order to succeed. He commented, “It seems to me that we have first to get the confidence of the people by doing business safely and then keep our

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29. J.F. Rogers to H.C. Harrison, February 13, 1882, in the H.C. Harrison Papers.

30. George H. Young to H.C. Harrison, January 14, 1882 and February 18, 1882, both in the H.C. Harrison Papers.

31. G.H. Young to H.C. Harrison, March 21, 1882, in the H.C. Harrison Papers.

notes about the same as the others and in this way gradually work up a [lot] of business.”

Gaining solid inroads with potential borrowers was more important, however, than cooperating with other banks on rates, because as Young concluded, “Their word don’t amount to sticks.”<sup>32</sup>

Interest rate competition, then, constituted the first challenge of successfully operating a new bank in a young country town. Even the optimistic J.F. Rogers admitted a pair of other issues impeded the bank’s success. First, the reputation of banks in general tended to suffer when banks in surrounding towns failed. Rogers noted that a bank failure in nearby Larned, Kansas, for example, “Will probably effect [*sic*] our deposits for some time to come.”<sup>33</sup> Second, it remained difficult for small country banks to get their hands on sufficient money despite their relationships with larger banks in regional and national “reserve” cities. As Rogers complained to Harrison, the Barton County Bank had been having trouble receiving drafts from their New York exchange bank.<sup>34</sup> Given these difficulties, the investment in the Great Bend bank began to seem less worthwhile to the Vermont investor. Just as he had pulled stock out of the Concordia bank in 1881, Harrison decided to sell out his interests in the Barton County Bank in 1885.<sup>35</sup> For this non-resident bank executive, already wealthy and established in Vermont, exploiting high interest rates in the early years of banking in western Kansas proved too much of a risk.<sup>36</sup> Bankers with stakes rooted locally in the growth of enterprise in Kansas would soon take over the major roles in Kansas banks.

Some of the investors who stuck it out in Kansas for the long term did come from the East, but had already established residence in the state. Vermont, although not the only state with

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32. G.H. Young to H.C. Harrison, March 21, 1882.

33. J.F. Rogers to H.C. Harrison, April 14, 1882, in the H.C. Harrison Papers.

34. J.F. Rogers to H.C. Harrison, May 25, 1882, in the H.C. Harrison Papers.

35. See E.M. Parlin to H.C. Harrison, April 15, 1885, in the H.C. Harrison Papers, regarding the First National Bank of Larned, Kansas’s interest in buying out the Barton County Bank.

36. This investment style bore out a pattern for conservative eastern investors, described by John Denis Haeger in *The Investment Frontier*.

keen young entrepreneurs, sent a substantial number of agents to examine prospects in western Kansas due to a stagnant economy at home and high earnings potential for capital in the West.<sup>37</sup> Some of the more successful ventures, such as the Cloud County Bank, sent agents to establish banks in other regions. Although the Great Bend venture was a separate institution, another bank in Kirwin, Kansas had direct financial ties with the Cloud County Bank. The bank in Kirwin, founded in 1884, hired personnel from the Concordia bank, including cashiers from Vermont who had first gained experience in the Cloud County Bank.<sup>38</sup> While not technically a “branch” bank, this financial institution shared stockholders and directors with the older bank, and the new bank would have held deposits in the larger one in function of a correspondent bank. This practice provided both institutions stability and the means to develop new lines of credit.

Furthermore, investors from Brandon, Vermont, were not the only Vermonters to take stock in Kansas banks. Theo. Ackerman recalled, for instance, that Vermonter Edwin Copeland was a party to the opening of the first bank in Russell, Kansas. Copeland and Ackerman had been operating and expanding a mercantile interest in Russell, a town founded along the Kansas Pacific Railroad in 1871. As did many successful merchants in the early days of banking, they decided to open a bank as well. They sought the counsel of a group of bankers in the nearby town of Ellsworth, who assured the entrepreneurs “that such an institution would be of great convenience to the people of the County, and promised to be a source of profit to its promoters.”<sup>39</sup> As had been the case in Concordia and Great Bend, the prospects of the town of Russell were important in determining whether to open a bank. To Ackerman and Copeland,

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37. It was common that a group of investors from one town, region, or state would come together to invest in a banking enterprise. Angell cites one example of a group of Douglstown, Pennsylvania investors who capitalized a bank in Newton, Kansas. See Angell, “A Century of Commercial Banking in Kansas,” 253. These investments were part of a long trend in American finance, dating back to the establishment of the earliest frontier regions in New England and the Old Northwest. For one example, see Haeger, *The Investment Frontier*.

38. *Concordia Daily Blade*, August 15, 1884, p. 3.

39. Theo. Ackerman, “Reminiscences [*sic*] of Banking in the Early Days of Russell County,” 1912, p. 1, Russell County History Collection, MSS Collection 726, Kansas State Historical Society, Topeka.

their previous success as merchants there undoubtedly influenced their decision. The fact that Russell was the county seat and the largest town in the county, with connections to a large region “south of the Solomon River on the north, and for thirty or more miles to the south,” suggested that settlers as well as mercantile outfitting businesses would be likely to frequent the city and the bank.<sup>40</sup>

The gamble proved worthwhile. Owing to Kansas’s lack of banking laws, Ackerman and Copeland were able to establish a bank in their store building on July 19, 1877, with capital of only \$2,000.<sup>41</sup> The Russell Bank grew to such an extent that the owners sold the mercantile business within a year and increased the bank capital to \$20,000. They built a new bank across the street by 1879, and within a few years reached \$50,000 in capitalization. By 1889 the bank operated with loans and deposits over \$100,000.<sup>42</sup> This growth owed to a combination of factors, including the original investors’ decision to sell out their other business and concentrate all of their capital on the bank, profits from high-interest farm loans converted into capital, and probably outside investment from wealthy stockholders.

It should be noted that New England investors and correspondence relationships with banks in prominent cities like New York were not the only sources of capital and connections for those wishing to establish banks on the western frontier in the late nineteenth century. Jerome W. Berryman’s efforts to establish a small bank in Pond Creek, Oklahoma underscored how important family and intra-regional financial networks could be in supporting such operations. Berryman had the financial support of his uncle, William S. Woods, and of his cousin, Charles

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40. Ackerman, “Reminiscences [*sic*] of Banking in the Early Days of Russell County,” 1.

41. This is a surprisingly low capitalization in comparison with national banking rules. The national banking laws of 1863 and 1865 stipulated that national banks in rural communities had to pay in at least \$50,000 in capital. Kansas’s first general banking law of 1891 established that state banks could obtain a charter with only \$5,000 of paid-in capital. See Rothbard, *History of Money and Banking*, 136-141; and Angell, “A Century of Commercial Banking,” 288-94.

42. Ackerman, “Reminiscences [*sic*] of Banking in the Early Days of Russell County,” 1.

Q. Chandler. Woods was president of the powerful National Bank of Commerce in Kansas City, while Chandler was a prominent banker in the Wichita area.<sup>43</sup> This family's successful banking operations in Missouri, Oklahoma, and Kansas suggest that country banks in the West were not solely reliant on Eastern financial centers. Just as J.F. Rogers discovered in setting up the bank in Great Bend, country bankers could also capitalize upon the growing financial power of their own region, particularly in Kansas City and later, in Wichita. As the Kansas banking system matured, they did just that. The success of banking operations at Concordia, for instance, led Frederick J. Atwood and others of his colleagues into investment ventures in nearby towns. He helped charter at least six other banks, where he served as a director and usually as the president. These banks included the State Exchange Bank of Randall (established June 10, 1899), the State Bank of Miltonvale (April 25, 1902), the First State Bank, Aurora (July 30, 1903), the Wayne State Bank (September 17, 1903), the Kackley State Bank (January 4, 1907), and the Peoples State Bank of Courtland (June 21, 1911).<sup>44</sup> The banks formed prior to 1903 would have been capitalized at one-tenth the rate of national banks, at merely \$5,000, while those founded after 1903 still only had to provide \$10,000 in capitalization.<sup>45</sup> These smaller state banks formed part of the "pyramid" system by depositing funds with the First National Bank of Concordia and holding correspondent relationships with larger institutions such as the National Bank of Commerce in Kansas City. Regional networks of financial influence, then, soon emerged to compete with eastern investors in the development of western communities.

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43. Billy M. Jones, *The Chandlers of Kansas: A Banking Family* (Wichita: Center for Entrepreneurship and Small Business Management, Wichita State University, 1983).

44. Walter E. Wilson, *Fifteenth Biennial Report of the Bank Commissioner of the State of Kansas*, September 1, 1920 (Topeka: Kansas State Printing Plant, 1921). It should be noted that these banks were not considered "branch banks," because banks were not allowed to invest in the capital stock of other banks, per the Kansas General Banking Law of 1897. Rather, these connections consisted of *individual* connections. Such overlapping or "interlocking" directorships were quite common. See Angell, "A Century of Commercial Banking," 210, 312.

45. Angell, "A Century of Commercial Banking," 313.

The “root system” for the banking institutions of western Kansas became increasingly complex by the turn of the twentieth century, as bankers maintained ties to eastern investors and city correspondent banks while forging new links to other banks within their own vicinity. A hierarchy of financial institutions developed, and large institutions in cities did constitute an important source of capital for rural western banks. Bankers in Kansas communities, however, exercised a degree of choice in forming relationships with city institutions, and often expressed a preference for those in Wichita and Kansas City, places that already boasted strong market connections. Banks wishing to cultivate correspondent relationships with rural banks had to remain competitive on the services they offered those banks. Meanwhile, country banks also operated within a regional system where state banks had to cooperate with one another and where each had distinct advantages. Nationally chartered banks had a monopoly on currency distribution, so state banks were forced to hold deposits in national banks in order to receive currency. National banks in rural towns extended state banks the same sorts of perquisites they themselves received from city banks: capital investment and interest payments in exchange for the deposits of state banks, which they used for their own lending. State banks, however, had greater freedom to lend on farm real estate than did national banks, and so national banks frequently formed corollary state banks with the same investors so that they might take advantage of the high interest rates and profits to be made from the mortgage market.<sup>46</sup> This practice persisted even once the Federal Reserve Act began to permit national banks to lend a small proportion of their reserves on farm loans. The Federal Reserve Banks, meanwhile, added one more financial “root” to the complicated system of rural credit—an additional source of necessary capital that bankers often simply added onto their existing city bank relationships.

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46. Competition in this field was stiff. Although my focus in this dissertation is on community banking institutions, life insurance companies and mortgage brokerage firms incorporated throughout the nation and particularly in the East also operated within the western lending system.

### **“The Banker Had Need of the Best that was in Him”: Banking in the Early Days of Settlement**

Maintaining financial connections with investors served a vital function in preserving the flow of credit to western communities, but this was only one part of the process of administering country banks. J.W. Berryman’s trials in establishing a bank in the environment of a newly settled community in Oklahoma replicated some common difficulties of founding banks on the frontier during the late nineteenth century, including the lack of an assured railroad outlet and the associated threat that posed to the community’s future. J.F. Rogers’s experiences in setting up a bank in Great Bend also suggested that it was difficult to persevere through the first few years of banking, owing to infrastructure problems as well as competition with other banks. Frederick J. Atwood of Concordia and Theo. Ackerman of Russell also witnessed some of the early challenges of frontier banking, although each man was lucky enough to work in a banking institution that stood the test of time. Getting banks established on the frontier involved moving past temporary setbacks and assuring the local community of the security of the bank’s physical structure as well as its operations and financial backing.

Security was an important concern for these frontier banks. Banking historians have recognized the significance of a strong physical presence—namely a sturdy looking safe—for a banking operation’s demonstration of success. At first founding, though, a bank would be lucky to have any semblance of a working safe.<sup>47</sup> Atwood described the Cloud County Bank’s first safe, set in the back of a small room with only a pine partition to separate it from customers:

It was old; it had no time lock; the doors were so loose they would rattle loudly when shaken. It was more or less artistically repainted and so presented a formidable appearance to a child—possibly so to a frontiersman who had never seen a modern safe designed to resist the force of a skilled cracksman.<sup>48</sup>

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47. Lynne Pierson Doti and Larry Schweikart, *Banking in the American West: From the Gold Rush to Deregulation* (Norman: University of Oklahoma Press, 1991).

48. Atwood Reminiscences, em10-11.

The safe may have looked deceptively secure, but the reality necessitated that Atwood sleep in the back room with it, an “old unreliable revolver” his only means to deter potential thieves.<sup>49</sup> In order to develop a more solid stature within the community, in time the bank would have to get new accommodations and a safe that more appropriately served institutional security needs.

Security concerns extended from the bank itself to the actual security clients offered as collateral for loans. Ackerman remembered several times when he had to chase wrongdoers out into unsettled territory to regain the chattel on an unpaid bank loan. One colorful example follows:

The writer recalls following the chase into Colorado in search of a span of mortgaged mules and when he finally located them, what do you think he found, the owner had endeavored to disguise his property, and had entirely changed the original color from grey to brown, by using a paint brush from head to heels, and he made a pretty good job of it, too.<sup>50</sup>

Although Ackerman found his mules on this occasion, the bank sometimes failed to recoup its security. In another case, a loan client “who had pledged his wheat stacks for a loan, refused to thresh until the price met his views.” The client waited for two years, by which time the wheat was unsalable. Ackerman discovered this the hard way as, when invited “to climb to the top of a stack . . . he fell [up] to his neck into the rotten heap, which being water soaked was only fit for hog feed.”<sup>51</sup> Probably the banker learned to exert a little more pressure on his borrowers so as to avoid a repeat of this ordeal. Such tales of guarding safes with revolvers, discovering check forgers and turning them over to the law, and chasing livestock across the countryside show some of the serious challenges of frontier banking that moderated over time as communities grew more settled and as banks invested in more permanent structures.

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49. Ibid.

50. Ackerman, “Reminiscences [*sic*] of Banking in the Early Days of Russell County,” 2.

51. Ibid.

Even dealing with deposits and withdrawals could open a bank up to security breaches. Although the era of numerous local currencies was ended with the National Banking Act of 1863, the authenticity of checks and notes was not always guaranteed during the 1870s and 1880s, when western Kansas remained an unevenly settled cattlemen's frontier. Ackerman recalled that banks risked "paying forged or raised checks," and that checks written in pencil, a common practice among cattle buyers out on the trail, were especially susceptible to forgery.<sup>52</sup> Even handling government vouchers for payment of veterans required extraordinary care, "For in case of loss in the mails the duplicate could not be issued for three months." The banker noted that "at one time a bunch of six miscarried and the Bank lost the use of the money for ninety days."<sup>53</sup> Maintaining the bank's cash flow against fraudulent withdrawals and even temporary losses was a full-time preoccupation for a bank's cashier. The ability to do so was a crucial part of developing the institution's image of financial strength within the community.

The banks in Russell and Concordia managed to overcome their earliest security challenges and to take advantage of the opportunities of the developing frontier. From the benefit of hindsight, the founders of the Russell Bank could point to these early years, made difficult by poor crops and low prices, as fundamental in the establishment of the bank's mission of community development. Ackerman reflected that these years steeled the bank and its community: "It was during those precarious years, that the Russell Bank steered on its course trying to fulfill its mission, to serve the people, to aid the settler in the development process, to build up the country, often extending aid when on account of the risk it would have pleased more to decline, often furnishing seed which at harvest time could not be returned, only the [tears?]

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52. Ackerman, "Reminiscences [*sic*] of Banking in the Early Days of Russell County," 2-3.

53. *Ibid.*, 3.

being the reward.”<sup>54</sup> Even if the bank did not always function as altruistically as its owner would remember thirty-five years later, it was clear that the Russell Bank and others like it had an important role to play in advancing credit and providing a place for depositing funds safely in western Kansas.

Credit needs remained high, and the banks had to learn how to accommodate applications in a professional and secure manner. As Atwood reflected on conditions in Concordia, “Borrowers came a running. We put out 3%-per-month money rapidly and it was not long until we advised the folks back East that business was so good that we would soon want more funds if we were to meet the demand.”<sup>55</sup> Rates soon moved down from twelve to eight percent per year for longer-term real estate loans as capital came in from the eastern U.S. and Europe, while short-term money fell from three to one-and-a-half percent per month. According to Atwood, however, “This loss to banks was largely off-set by the steadily increasing line of deposits.”<sup>56</sup> Higher deposit levels meant that the bank could loan out more money and recoup the losses from lower interest rates. Although most borrowers came from Cloud County in north-central Kansas, some came from surrounding counties and from as far as “twenty-five and thirty miles away.”<sup>57</sup> This wide-ranging field of credit meant that the bank had to put into effect a strict policy for evaluating loan prospects. C.W. McDonald, the cashier, “Took plenty of security for the loans made,” and limited the amount of credit loaned for farms. The bank loaned “from \$400 to \$1000 on a quarter section, improved.”<sup>58</sup> Atwood noted, as well, that “unless we were familiar with the land on which we planned to make a five-year loan one of us would drive out and look it over carefully and make written report which would accompany the completed set of papers sent to

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54. Ackerman, “Reminiscences [*sic*] of Banking in the Early Days of Russell County,” 1-2.

55. Atwood Reminiscences, em12-13.

56. *Ibid.*, em28.

57. Atwood Reminiscences, em13.

58. *Ibid.*

the person for whom the loan was made.”<sup>59</sup> Although all mortgage lenders likely would have had agents perform this task, local knowledge gave community banks an advantage in determining the best prospects for a loan. Atwood, as a young assistant cashier, thereby learned the skill of evaluation, necessary in the creation of land abstracts, titles, chattel and real estate mortgages, wills, and other kinds of paperwork. He meanwhile provided much-needed professional services for the developing region.

The Cloud County Bank of Concordia soon settled into its place within the maturing system of banking in Kansas, despite some changes in the leadership of the bank. J.W. McDonald left first, to form a competing bank in town that soon ran afoul of new state banking laws and closed. Upon his exit, Atwood became Cashier, the bank’s chief operating officer, and J.F. Rogers was hired as assistant cashier. Within the next couple of years, H.C. Harrison, R.J. Harper, and J.F. Rogers left with their investments and talents to form the new bank in Great Bend. Their exits opened the way for more long-term stability in the Cloud County Bank. T.B. Smith, now the bank’s chief stockholder from Vermont, became president of the Cloud County Bank. Smith’s brother-in-law, E.L. Warren of Orwell, Vermont, became vice president. Two brothers from Orwell came out to Concordia as assistant cashier and bookkeeper of the expanded bank, which now held \$100,000 in capital.<sup>60</sup> The new leaders of the bank understood that even as interest rates fell, the bank could remain profitable and provide a valuable service to the community. The construction of a new two-story bank building in the early 1880s signaled the new officers’ commitment to the bank. Both Smith and Warren came to Concordia from Vermont to supervise the construction, and despite being “well advanced in his 70s,” Smith

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59. Ibid.

60. Atwood Reminiscences, em25-26.

joined in on the excavation and foundation work.<sup>61</sup> Atwood remarked, “The bank when completed was the finest building in town. . . . It was a proud and happy day when we moved into our up-to-date banking home.”<sup>62</sup>

The Cloud County Bank within four years doubled its capital as “more and more eastern friends were attracted” by the farm loans the bank offered for investment. It provided vital services to local settlers such as Hiram H. Young, whose journal recording his day-to-day activities between 1886 and 1895 noted his frequent use of nearby banks for loans, personal deposits, and the deposits of town and school organizations for which he volunteered. Young had moved to Cloud County from Indiana in 1873. As a former Union soldier, he represented a large population of veterans who took advantage of liberal homesteading laws in Kansas.<sup>63</sup> The editor of his journals argued that “the diary refutes the popular impression that farmers in that portion of the West lived isolated lives,” and indeed, the many references to banking activities suggest just how integrated settlers were within the financial networks of the nation.<sup>64</sup> In the course of just thirteen months between October 1890 and November 1891, for example, the busy farmer noted his use of bank services no less than nineteen times.<sup>65</sup> The bank allowed for a smooth operation and accounting of farm business and domestic needs for cash or checks, and also facilitated Young’s management of his local school fund and the dues for his Farmers’ Alliance and other fraternal obligations. Young’s business with the bank, even while he participated in

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61. Atwood Reminiscences, em26. Atwood described Smith with high admiration as “a prince of a man; kind, industrious, frugal-but never niggardly. In his youth he had laid the foundation of his wealth on a farm by industry, economy, and careful saving” (em27).

62. Atwood Reminiscences, em27.

63. Powell Moore, ed., “A Hoosier in Kansas: The Diary of Hiram H. Young, 1886-1895, Pioneer of Cloud County; Part One, 1886-1889,” *Kansas Historical Quarterly* 14, no. 2 (May 1946), 166-67. The journal continues in the following four editions of the *Kansas Historical Quarterly* (August 1946, November 1946, February 1947, and May 1947).

64. Moore, ed., “A Hoosier in Kansas,” no. 2.

65. Moore, ed., “A Hoosier in Kansas,” no. 3.

populist political organizations critical of financial institutions, indicates that country banks like this one could avoid general disapproval.

The longevity and success of such banks, financed by capitalists from points east, began to inspire envy among Kansans who wished to open banks on their own account. New banking laws established by the populist Kansas legislature in 1891 promoted this development, as Atwood noted. The law “made it necessary to have more local directors in order to have a quorum of the Board available to take action if and when necessary.”<sup>66</sup> This made a great deal of sense, considering the fast-changing nature of financial conditions in western Kansas. Knowledge of local weather, prices, and other matters of dealing with Kansas farmers and ranchers would be useful to the successful management of a bank’s loan portfolio. The new law would be hard to meet if the cashier were the only bank officer present in the town. Initially, the Cloud County Bank accommodated Kansas law by appointing “the most influential men in the community” to the board of directors.<sup>67</sup> The bank’s owners did not allow these local men to purchase stock in the bank, which was then paying high dividends at around 25 to 30 percent, however, and the local directors began to chafe at this restriction. Atwood remarked:

Their new relationship to the bank gave them an opportunity to know the earning power of the stock. Naturally it created an appetite for ownership. No stock was for sale. This made them only the more anxious to buy. They talked to some of their friends-’It was too bad that the thick cream that was being skimmed should all go to non-residents!’<sup>68</sup>

Some of the directors soon planned to open a bank of their own. The competition of a new bank organized by local stockholders posed a great threat to the Cloud County Bank. The influence of the powerful businessmen and farmers leading the exodus to a new bank would carry away many customers. Not only would these founders’ relationships with the community make a difference,

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66. Atwood Reminiscences, em30-31.

67. Ibid.

68. Atwood Reminiscences, em31.

but a bank owned by locals would also appeal to westerners' desires for independence from eastern financial control. As Atwood put it, "The prestige of a home-owned bank would be great."<sup>69</sup> The founders of the new bank even convinced Atwood himself to join their venture, when it appeared that the stockholders of the Cloud County Bank were unwilling to pay his \$2,000 cashier's salary any longer. The new bank assured him that salary, and offered him \$5,000 in stock.<sup>70</sup> In just a few years after moving to Kansas to help establish the Vermont-held capital operation, and after helping it to thrive and move to its grand new headquarters, Atwood resigned and moved on to the First National Bank of Concordia. It was a sign of the times, of the competitive forces of capitalism, and of Kansas's growing assurance in its own financial power.

Concordia had grown large enough to support multiple banks over the long term. Like many towns of its size, just under 2,000 in 1880, it would come to support both a state-chartered bank (the Cloud County Bank) and several national banks. The Concordia banks would become especially profitable due to the town's government land office. Farmers filing homestead patents after might immediately turn to the banks in town for mortgages to improve their newly "proved up" property. The First National, chartered October 12, 1883, employed Atwood through the 1930s. One of its other cashiers, W.W. Bowman, would go on to positions of leadership in the Kansas Bankers Association.<sup>71</sup> The bank proved both a profitable and a challenging venture as the "pendulum" of economic conditions "swung from grinding poverty to prodigal wealth," and vice versa.<sup>72</sup> The optimism of the 1880s led Atwood, a young man with considerable responsibility as the bank's cashier and chief operator, to make loans that at the time seemed wise and well secured. The banker noted that the board of directors gave these loans the stamp of

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69. Ibid.

70. Atwood Reminiscences, em31-32.

71. Ibid., em34.

72. Ibid., em72.

approval, owing to the high interest rates banks could then require and the consequent profit return to stockholders.<sup>73</sup> Nine consecutive seasons of poor weather and bad crops in the late 1880s and early 1890s, however, meant that during these years “banking was neither pleasant nor profitable—bank managers grew old.”<sup>74</sup> Atwood, who had a creative bent, many times turned lyrical in describing the grief induced by natural phenomena that cyclically destroyed crops in Kansas. One verse of his poem, “After Next Year’s Crop,” captures these problems, as well as the sometimes tongue-in-cheek optimism that kept farmers and bankers invested in the game:

It is true sometimes things worry-  
 Sure, the outlook’s mighty blue  
 When the wind gets sou’-sou’westward  
 And blows hot a whole week through-  
 When the chinch-bug gets his work in  
 And the ‘hoppers take the rest,  
 When a cyclone or a hailstorm  
 Knocks the wheat-fields galley west!  
 But we soon forget these trifles  
 For we know we’ll be on top  
 When we gather in the shekels  
 From the Next Year’s Crop.<sup>75</sup>

The woes Atwood described were widespread enough to warrant a young colleague’s sending the poem along for publication in the *Topeka Daily Capital*.<sup>76</sup> Even once banks had persevered through the trials of frontier banking, from poor facilities to the risks of accepting bad checks or making loans to disreputable characters, they continued to face new challenges, largely economic and environmental. In all this trouble, as well as in the better times to come, Atwood reflected,

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73. Atwood Reminiscences, em69.

74. *Ibid.*, em72.

75. Atwood Reminiscence, em51. The use of the term “shekels” is an interesting allusion to the anti-Semitic popular culture surrounding Jews in banking. It is somewhat fitting considering Atwood’s tone of amused disparagement for the whole business of farming and banking during those hard times.

76. The local newspaper also reported that Crane & Co, a Topeka business that produced much of the state’s official publications, printed this along with several other poems. See “Mr. Atwood’s Kansas Rhymes,” *Concordia Daily Blade*, January 16, 1903, p. 1.

“The banker had need of the best that was in him.”<sup>77</sup> The character of a banker—the nebulous qualities that led him to sympathize with a farmer experiencing heavy losses and carry him through until “next year’s crop,” as well as to carefully conserve the assets of the bank while investing in worthwhile community development projects—was central to his ability to keep his business solvent. A banker’s placing faith in the community through investing in its future often persuaded its citizens to compensate his institution through continued business. Thus, a bank’s reputation was built firmly on a tradition that balanced both conservatism and generosity.

### **“You are Invited to Do Business”: Advertising and the Development of the Community-Bank Dynamic**

Conservatism and generosity translated to mean that the banker had to maintain business by conveying financial soundness and develop new customer relationships through lending. Attracting the business of all types of community members would serve the bank’s reputation for security and openness. As Atwood reflected in an address before the Kansas Bankers Association in 1911, the banker in a small Kansas town had a somewhat different mission than a banker in a large city. He contrasted the “Jayhawker’s Creed” with the New York banker’s rule not to accept accounts from un-recommended persons who could not keep an average balance of at least \$5,000 or who had a tendency to overdraw. Atwood advised Kansas bankers: “Turn down nothing; give everybody the glad hand. Most men are honest; treat them right and they’ll not go back on you. Take some chances—not too many—but don’t forget the golden rule.”<sup>78</sup> The Concordia banker offered two anecdotes displaying his bank’s policy of magnanimously serving as a savings depository for children with only pennies to deposit and foreign-born widows with small pensions. A small amount of work to maintain a low-balance account was worth a great

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77. Atwood Reminiscences, em72.

78. F.J. Atwood, “The Value of an Account,” 89-90, in *Proceedings of the Twenty-fourth Annual Convention of the Kansas Bankers Association, Kansas City, Kansas, May 24-25, 1911*.

deal in community accord, and there was no need to be snooty when everyone in the town knew one another. As the banker concluded his address, “The value of an account? In the case of a country banker, who can measure it? We know this, and no more: An account certifies good will, friendship, confidence, no less than dollars. True, good will does not buy flocks and herds, stocks and bonds; but is it therefore valueless?”<sup>79</sup>

Advertising for local banks emerged as a means to convey the honesty, security, and well-being of banks to customers new and old, and of course as a way of attracting new accounts. Statements of security and financial soundness became all the more important during and after economic depressions, such as in the late 1880s and early 1890s. During this period, bank advertisements in the local newspapers wooed depositors and borrowers, trying to assure the community of their bank’s longevity. Banks nationwide felt the impetus to do away with some of the secrecy and speculation that pervaded the image of banking. National publications such as *The Commercial and Financial Chronicle* urged banks to publish an account of their earnings, expenses, capital, and debt liabilities at least quarterly, so that local communities could hold banks accountable.<sup>80</sup> Banks in small-town Kansas began doing this regularly by the late-nineteenth century; in addition to undergoing audits and sending statements to the Kansas Bank Commissioner (an office established in 1891), banks began publishing statements of their assets and liabilities in local newspapers.

The earliest bank advertisements adopted a direct and simple format, a style that many established banks maintained for decades. The banking community considered such advertising

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79. Ibid.

80. Gordon, *Empire of Wealth*, 231. Demonstrating that the publication of such financial statements was a relatively new phenomenon in Kansas, Kansas bank reformers noted that only two banks had submitted financial reports to the state in 1870. The ethic of transparency, among other business principles, became an important part of the foundational mission of the Kansas Bankers Association, which was organized in 1887. The Kansas General Banking Act of 1891 codified for the first time that state-chartered banks would have to submit such reports periodically to the Bank Commissioner. See Angell, “A Century of Commercial Banking,” 282-84, 288-94.

dignified, as T.B. Brown reflected before the Kansas Bankers Association in the 1911 conference:

My idea of dignified bank advertising is the plain, simple announcement displayed by modest, dignified types, setting forth the name, location, the date of its establishment, capital, surplus, and the names of its officers and perhaps its directors. . . . *Its solidarity and the personnel of its management*, modestly stated and modestly displayed, generally sinks into the memory of the public deeper than a recitation of virtue (emphasis added).<sup>81</sup>

Naming the bank's officers in the advertisements, along with the capitalization and reserve levels of the bank, allowed readers to draw connections between the bank as an institution and the character of the bankers themselves. Customers made decisions about where they banked based on the people involved, and the type of services they needed. If they needed a farm mortgage, for instance, they would be likely to visit a state bank with the capacity to lend on real estate. Consequently, listing names and assets remained a prominent feature of bank advertising despite other changes in design. Many established banks maintained "dignified" and simple stylistic preferences into the early twentieth century, but the options for bank ads began to expand. Along with adopting a more graphic and eye-catching style, some bank advertisements started to offer messages of advice to people about saving their money in banks or investing it soundly in bonds offered there. Advertisements' styles and messages changed over time, but their overall intentions to open up the relationship between a bank, its officers and directors, and the community remained the same.

A sampling of advertisements from the banks of Concordia, Kansas from the 1880s to the 1900s offers examples of these themes. Banks in this town got into the advertising business at the first opportunity; the *Concordia Daily Blade* newspaper began operation in 1884 and banks

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81. T.B. Brown, "Dignified and Undignified Advertising," 91-92, in *Proceedings of the Twenty-fourth Annual Convention of the Kansas Bankers Association, Kansas City, Kansas, May 24-25, 1911*.

began running ads that same year. Banks typically ran advertisements weekly, or at least multiple times per month. The earliest samples were quite simple. The ad featured the name of the bank in large font, while also printing the names of the bank officers and/or directors, as well as a listing of capital and surplus funds in smaller font. This allowed for transparency regarding finances and staked the reputation of the bank on its officers. A statement of the business's mission or one of its virtues somewhere on the ad drew attention to its openness to a broad clientele, or to some other important facet of the business, such as its sense of responsibility, its size, or its longevity. In one example, the First National Bank of Concordia simply said, "Does a gener'l banking business" (Figure 1.1a).



Figure 1.1a and b. First National Bank advertisements, *Concordia Daily Blade*, December 5, 1884, p. 2; and February 3, 1888, p. 3.

Compressed space called for brevity and even odd letter omissions, which in addition to cost considerations, possibly also suggested to readers a certain informality and openness. Another advertisement for this institution pointed out that it was "the largest bank in northwestern Kansas" (Figure 1.1b). These advertisements, coupled with a regularly published statement of financial conditions, told the public that the bank and its officers considered themselves

responsible to the community for running a sound, financially secure business.<sup>82</sup> If readers paid attention, they could also see that the bank continued to gain in deposits, loans, and capital.<sup>83</sup>

Banks varied in the message and style of the advertisements they chose. Newer banks, for example, wished to make a strong impact and gain more business, and thus used more graphic print and, increasingly, images. While the advertising commentator at the Kansas Bankers Association convention called these more graphic bank advertisements “undignified,” they were eye-catching and thus a reasonable strategy for a new bank or a small one wishing to expand.<sup>84</sup> One particularly extravagant example by the Citizen’s National Bank of Concordia featured an engraved image of the stately



Figure 1.2. Citizen’s National Bank advertisement featuring its prominent location at the intersection of two major streets and its handsome architectural features. *Concordia Daily Blade*, August 27, 1888, p. 4.

Italianate bank building on the corner of an intersection (Figure 1.2).<sup>85</sup> This stylistic choice reflects the perspective that in developing communities, banks’ most important symbols of

82. The first such financial statement I found was a year-end report. Again, Concordia banks were ahead of the curve of the law, which only began mandating such statements in the 1890s. It is likely that bankers within the newly formed Kansas Bankers Association played a role in influencing the formation of the law to require all of their competitors to provide the same measures of transparency for their communities—and to force a measurable comparison between banks. See “Report of the Condition of the First National Bank of Concordia,” *Concordia Daily Blade*, January 2, 1885, p. 7.

83. A financial statement from two years later indicated that the First National Bank had grown from a \$142,320.99 operation to \$297,061.54. See “Report of the Condition of the First National Bank of Concordia,” *Concordia Daily Blade*, August 12, 1887, p. 4.

84. Brown, “Dignified and Undignified Advertising,” 91-92.

85. Richard V. Francaviglia discusses the symbolism of such architecture and the placement of central community institutions like banks within the landscape of “Main Street.” The Italianate style featured corbels and other detailed architectural elements popular in Victorian America, where decoration of homes and office buildings symbolized wealth and stature. It was among the more popular styles for prominent Main Street buildings, though

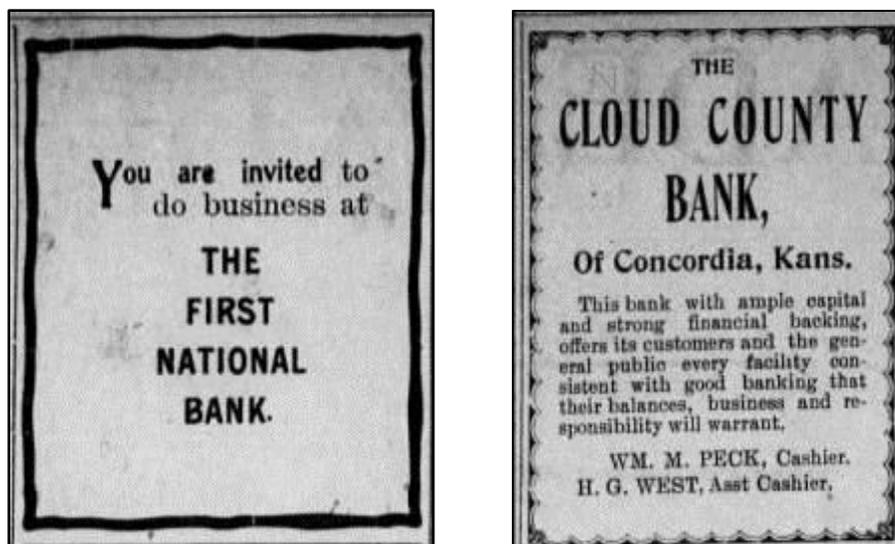
security consisted of the building itself, the vault, and even the cages surrounding early teller windows.<sup>86</sup> The Citizen's National Bank advertisement also shared common features with other bank advertisements of the era, however, including the names of its officers and its capital and surplus on hand. This indicates that above and beyond the physical infrastructure banks had to offer as security, the people who worked there and made decisions about how to invest in the community were equally if not more important factors in the bank's success.

Still greater diversity in advertising choices prevailed after the turn of the twentieth century. Some remained utterly simple, as did the advertisement of the First National Bank that merely stated, "You are invited to do business at the First National Bank" (Figure 1.3a). This sentence was embedded within a fairly large white space, surrounded by a bold black border. The bank was simultaneously able to convey the simplicity of its earliest messages, while suggesting that they were secure enough to not need fancy bells and whistles in their advertising. The oldest bank in the region, the Cloud County Bank, maintained a similar sense of minimalism in its styling. Its ad stated, "This bank with ample capital and strong financial backing, offers its customers and the general public every facility consistent with good banking that their balances, business and responsibility will warrant" (Figure 1.3b). The ad kept the names of its officers in the text, as well. Other than adding a scalloped black border around the text, this piece represented its bank's traditional place in the community.

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banks also often adopted the Greek Revival style with heavy pillars symbolizing security and age. See Francaviglia, *Main Street Revisited: Time, Space, and Image Building in Small-Town America*. Iowa City: University of Iowa Press, 1996.

86. Doti and Schweikart, *Banking in the American West*.



Figures 1.3a and b. Minimalist advertisements from the two oldest banks in the community. First National Bank advertisement, *Concordia Daily Blade*, April 12, 1904, p. 2; and Cloud County Bank advertisement, *Concordia Daily Blade*, May 23, 1904, p. 2.

It was important to continue advertising because the practice maintained a bank's sense of transparency, but the two older banks in the community were nonetheless able to do this in a low-key manner—they had already established their reputations. The officers and directors of these banks were prominent community members whose activities the paper reported frequently. Only on rare occasions did they promote their banks or themselves extravagantly, as when the town published a special edition of the newspaper featuring promotional material about the town's businesses. In this edition, the paper featured the pictures of F.J. Atwood and W.W. Bowman, the president and cashier of the First National Bank, under the heading, "This Is a Mighty Strong Team." The text went on to read, "No better business men, no more courteous or honorable gentlemen, were ever resident here and none have a wider circle of friends or more fully enjoy the confidence and respect of the people. They have made the First National one of the leading banks of Kansas."<sup>87</sup>

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87. *Concordia Daily Blade*, August 25, 1904, p. 38.

Concordia's youngest bank, meanwhile, placed the most complex ads of all, occasionally using images and frequently changing text. The first of this type by the Farmers and Merchants State Bank of Concordia capitalized on a recent report of the state bank commissioner, saying that the institution had "the greatest percentage of growth in the state." The ad featured a sturdy-looking locked briefcase and an inviting phrase, "We would like to have you start an account with us" (Figure 1.4). This advertisement and most of the others by this bank did away with the formality of including the names of its officers. One exception shortly followed this first ad placement. The bank did publish an ad proudly announcing that since opening on May 1, 1903, deposits had risen to \$61,111.78 on September 9, 1903, and then to \$135,275.60 on September 6, 1904.<sup>88</sup> The bank's cashier, undoubtedly responsible for this rapid growth, affixed his name to



Figure 1.4. An example of the increasingly diversified messages and images of bank advertising. Farmers and Merchants State Bank advertisement, *Concordia Daily Blade*, September 1, 1904, p. 1.

the announcement. Still, this was a rarity for a new bank trying to make an impression with sage advice and the occasional graphic. A few examples demonstrate the style of the new bank. In two ads run on the same day, for different editions of the paper, the bank struck a friendly and inviting tone in suggesting to the reader, "You feel perfectly free in going to a dry goods store or a grocery store. We want you to feel just as free to come to us when needing the service of a bank."<sup>89</sup> Its next ad adopted the pose of a helpful friend: "It is hard to get in debt when once the habit is acquired of regularly banking

88. *Concordia Daily Blade*, October 14, 1904, p. 1.

89. *Concordia Daily Blade*, November 9, 1904, p. 2.

part of your income. It is hard to keep out of debt unless that habit is acquired. Let us help you to keep out of debt.”<sup>90</sup> Finally, one text-heavy advertisement read:

You wish to save, then spend less than you earn and bring what you can to the Farmers and Merchants State Bank, Concordia, Kansas. We guarantee you absolute safety for your fund, and also prompt and courteous treatment at all times. Start small if necessary, but **START NOW**, and **Make This Your Bank**.<sup>91</sup>

The new marketing strategies represented in these ads, including graphics, more specific and targeted messaging, and a conscious effort to make the bank meet a mission for offering friendliness and advice, indicate that the consumer had more choice in banking institutions during the early twentieth century than ever before. New banks had to drum up customers in ways the more established institutions did not. Whereas the bankers at the Cloud County Bank and the First National Bank of Concordia had lived in the area since 1879, and had become prominent members of the community, banks like the Farmers and Merchants had to break into the market using the tools of the younger generation. Still, every bank had to make overtures to the community as a means of maintaining relationships with customers and attracting more. Transparency about the banking business, at least partially created through such advertising, was vital at all times, but especially when economic troubles hit the Great Plains and banks stood to take a great deal of criticism from the public.

### **Conclusion**

The maturing system of banking on the Great Plains was central to the development of western Kansas during the 1870s. As evidenced by the high number of mortgaged farms in Kansas in the 1880s, farmers and ranchers in the largely agricultural-based economy demanded credit almost immediately in order to enact visions of capitalist expansion within the short-grass

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90. *Concordia Daily Blade*, November 9, 1904, morning edition.

91. *Concordia Daily Blade*, October 6, 1908, p. 1.

prairies of the state. Certainly, with their own fortunes tied up in the community interests, bankers were keener than Sinclair Lewis's fictional antagonists to recognize and meet the needs of farmers and other rural businesspeople.

This study of the financial networks and relationships involved in establishing banks in rural communities such as Concordia, Great Bend, and Russell, Kansas, illustrates the complexity and dynamism of lending conditions. Western banks had tangled "roots" of capital interests in the East, in Midwestern cities, and increasingly, in their own communities and the sub-region around them. Gaining experience in banking from these financial connections and working within a new system of national banking that supported the "pyramiding" of deposits among banks of different statuses, country bankers were integrated into a system of finance recognizable across rural America.

During the process of establishing country banks in the West, young cashiers like Frederick Atwood and J.F. Rogers (not to mention J.W. Berryman) had to act on the interests of investors in eastern and Midwestern cities and build relationships with a new, frequently unstable community that sometimes harbored wrong-doers as well as honest citizens. To be successful, they had to strengthen the bank's infrastructure and local capital while competing with other banks for new customers. Good service and effective advertising certainly helped, as community banks began to set themselves apart from the institutions that had attempted to fill the financial needs of frontier communities. While in the early years merchants provided some credit to farm families, lawyers and land agents provided legal services, and eastern insurance and mortgage agents began to invest money in western enterprises, the roles of true community bankers were important. Conservative, reputable bankers intended to prove that they could do a better job of analyzing the needs and merits of local farmers, and thereby of lending to worthy borrowers.

Such practices as careful abstracting of land and assessment of farm families and their property, combined with the fact that local bankers often invested their own capital in their businesses and could carefully oversee its return, made country banking often (but not always) a safe medium for financial growth.

The features of rural banking suggest the interdependence of communities and their financial institutions. Banks were in the business of making a profit, based particularly on lending, and for that business they relied on customers entrusting them with their funds and their applications for financing. At the same time, communities needed the capital bankers could provide through their connections to regional and national financial networks. Bankers' ability to direct the flow of capital and determine which operations merited bank credit gave them a great deal of economic power within the small towns of the Great Plains. Furthermore, in demonstrating economic abilities, bankers often gained influence within the community-mediated political and social arenas. The next two chapters will illustrate why rural districts chose economically powerful country bankers to represent them in the state legislature and within a variety of civic projects. Even as Kansas bankers shaped the development of the financial system of the region, they also made substantial contributions to the political and social spheres of rural communities.

## Chapter Two. Fertile Ground: The Diplomatic Banker and the Kansas Legislature

At the end of the nineteenth century, populist pundits produced a great deal of vitriol against the “money power,” and recurring periods of financial distress in the early twentieth century revitalized this rhetoric. William Hope Harvey authored one popular tract, *Coin’s Financial School*, in which a young financial genius enlightens an audience of bankers, businessmen, and ordinary citizens about the evils of the gold standard.<sup>1</sup> He challenges the fictional Mr. Gage, a banker from Chicago reluctant to accept the gospel of silver, and forces him to admit that the gold supply was limited and the grasp of British financiers on American credit was tightening. Ultimately, Coin urges his audience to beware the dangerous proclivities of bankers, operating in partnership with corrupt government policymakers. In the anti-monopolist and conspiratorial rhetoric of the era, he warns them:

Citizens! The integrity of the government has been violated. A Financial Trust has control of your money, and with it, is robbing you of your property. Vampires feed upon your commercial blood. The money in the banks is subject to the check of the money lenders.<sup>2</sup>

These money lenders, according to Coin, were selfish, greedy, and simply out of touch with the needs of producers. They were not able statesman, who by definition “must have a comprehensive appreciation of the interests of all the people—especially the poorer classes.”<sup>3</sup> Lest the stained image of the banker stand for all the profession, however, one banker comments

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1. W.H. Harvey, *Coin’s Financial School* (Chicago: Coin Publishing Company, 1894).

2. Harvey, *Coin’s Financial School*, 136-43.

3. Harvey, *Coin’s Financial School*, 26. The pamphlet included a number of illustrations representative of the anti-monetarist attitude. One example by Henry Mayer, titled “Greed,” played on the long-standing miser theme and showed a menacing looking banker grinning as he hoarded his gold. See Harvey, *Coin’s Financial School*, 144.

at the end of Coin's lecture, "All national bankers do not regard selfish personal interest, as paramount to love of country and the interests of the whole people."<sup>4</sup>

Residents of western Kansas were likely to recognize each of these representations of bankers: the corrupt and self-interested financier represented in popular culture and the community-minded steward of the people's interests made visible through local advertising and booster publications. They often elected these very individuals to represent them in local offices and state legislatures, demonstrating that they considered local country bankers more responsive to their needs and in tune with the community than the financiers depicted in *Coin's Financial School* and other circulating publications. They realized the necessity of banks as a source of capital for economic expansion and respected the bankers who lived among them for years and knew their customers well.<sup>5</sup> Country bankers throughout the U.S. West consequently embraced a range of leadership roles within their communities and states. As one South Dakota banker put it, "A country banker is expected to be advisor, councilor, custodian, salesman and, above all, diplomat."<sup>6</sup> Navigating the diverse interests of their profession and their rural communities, bankers embodied the role of the diplomat while shaping the political atmosphere of their region.

The bankers of western Kansas exhibited a strong commitment to public service in their towns and across the state more broadly. In return, their communities recognized their ability to lead in electing them to numerous state and local positions, where they constituted an influential faction of interest. Between 1900 and 1930, 115 bankers and affiliated finance professionals served in the Kansas House of Representatives and Senate. Of these, forty-seven represented the

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4. Harvey, *Coin's Financial School*, 148-49.

5. Keith L. Bryant, Jr., "Entering the Global Economy," in *The Oxford History of the American West*, ed. Clyde A. Milner, II, Carol A. O'Connor, and Martha Sandweiss (New York: Oxford University Press, 1994); and Lynne Pierson Doti and Larry Schweikart, *Banking in the American West: From the Gold Rush to Deregulation* (Norman: University of Oklahoma Press, 1991), 19, 80.

6. Doti and Schweikart, *Banking in the American West*, 92.

demographically small counties west of Wichita.<sup>7</sup> Among this group, several had served as mayors of western Kansas towns.<sup>8</sup> Some of these western Kansas bankers and politicians had held elected office as city councilmen, or as county treasurers or commissioners, while a great number belonged to county and state school boards.<sup>9</sup> Their service to their larger communities spanned an era of intense growth in the region; most were country bankers who simultaneously held other jobs developing the region from a frontier into an agricultural heartland. Besides banking and loans, their business interests varied from farming and stock-raising to real estate, construction, insurance, and merchandising. Success in business and service at the local level helped to demonstrate a banker's diplomatic abilities as well as the mutuality of their interests with those of their communities. When elected to represent those interests at the state level, their

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7. This information was located on a Kansas State Library web directory of past and present legislators: <http://kslib.info/BusinessDirectoryii.aspx>. As a point of reference, the Kansas State House of Representatives contains 125 members and the Senate 40 members. Most, including these bankers, are reelected for multiple terms.

8. "Eli P. Williams," *Handbook of the Kansas Legislature* (Topeka: Crane & Company, 1897), 123; "Latham E. Harrison," *Handbook of the Kansas Legislature* (Topeka: Crane and Company, 1905), 150; House Resolution No. 25 (concerning James E. Uplinger), *Proceedings of the House of Representatives of the State of Kansas, Thirty-Seventh Biennial Session, Topeka, January 11-March 31, Inclusive, 1951* (Topeka), 145; "Hon. Orrin W. Dawson," *History of Kansas State and People, Volume V*, ed. William E. Connelley (Chicago: American Historical Society, 1928), 2239-40; "Henry S. Buzick," *1943 Kansas Legislative Directory* (Topeka: Kansas Business Magazine), 49; "Jesse Earl Missimer," *Illustriana Kansas*, ed. Sara Mullin Baldwin and Robert Morton Baldwin (Hebron, Neb.: Illustriana Incorporated, 1933), 809-10; "William P. Noone," *Illustriana Kansas*, ed. Sara Mullin Baldwin and Robert Morton Baldwin (Hebron, Neb.: Illustriana Incorporated, 1933), 875-77; and "Ray Smith," *Illustriana Kansas*, ed. Sara Mullin Baldwin and Robert Morton Baldwin (Hebron, Neb.: Illustriana Incorporated, 1933), 1084.

9. "J.S. Barnes," *A Standard History of Kansas and Kansans, Volume IV*, ed. William E. Connelley (Chicago: Lewis Publishing Company, 1919), 2078; House Resolution No. 26, *Proceedings of the House of Representatives of the State of Kansas, Thirty-Second Biennial Session, Topeka, January 14-April 9, Inclusive, 1941* (Topeka: W.C. Austin), 227-28; "Benjamin F. Brown," *Handbook of the Kansas Legislature* (Topeka: Crane and Company, 1905), 128; "G.L. Chapman," *Handbook of the Kansas Legislature* (Topeka: Crane and Company, 1905), 83; "Harry W. Grass," *A Standard History of Kansas and Kansans, Volume V*, ed. William E. Connelley (Chicago: Lewis Publishing Company, 1919), 2373; "Latham E. Harrison," *Illustriana Kansas*, ed. Sara Mullin Baldwin and Robert Morton Baldwin (Hebron, Neb.: Illustriana Incorporated, 1933), 487; "William W. Martin," *A Standard History of Kansas and Kansans, Volume V*, ed. William E. Connelley (Chicago: Lewis Publishing Company, 1919), 2177-79; House Resolution No. 14, *Proceedings of the House of Representatives of the State of Kansas, Thirty-Second Biennial Session, Topeka, January 14-April 9, Inclusive, 1941* (Topeka: W.C. Austin), 129; House Resolution No. 25 (concerning James E. Uplinger), *Proceedings of the House of Representatives, 1951* (Topeka), 145; "Cecil Calvert," *History of Kansas State and People, Volume V*, ed. William E. Connelley (Chicago: American Historical Society, 1928), 2425; "Francis Murray Carter," *1951 Kansas Legislative Directory* (Topeka: Kansas Business Magazine), 94R; "William P. Noone," *Illustriana Kansas*, ed. Sara Mullin Baldwin and Robert Morton Baldwin (Hebron, Neb.: Illustriana Incorporated, 1933), 875-77; and "Hugh Storer," *1943 Kansas Legislative Directory* (Topeka: Kansas Business Magazine), 92.

legislative goals proved diverse yet well-suited to the needs of their developing region. As their financial acumen served to stabilize the community's roots of credit and lending tree, so did their political power help to maintain a fertile ground of helpful banking regulations and laws meant to sustain rural communities through an era of change in their social, economic, and political landscapes.

This chapter outlines bankers' roles in forwarding certain progressive agendas in the legislature, while demonstrating why voters would choose bankers as their political representatives. Electoral politics illustrate the authority bankers held within the constellation of reform causes that characterized the first few decades of the twentieth century in Kansas and the United States more broadly. Robert H. Wiebe has provided convincing evidence of how bankers and other businessmen considered themselves the best representatives of the people's interests due to their education and business abilities.<sup>10</sup> Kansas bankers regularly expressed such sentiments in discussing their political roles at state conventions. Before the Kansas Bankers Association (KBA) in 1907, for instance, Ashland banker Jerome W. Berryman noted that bankers made good legislators since they had their own best interests and those of the people as a whole in mind, as well as sound business knowledge. Berryman argued that good legislation and not "unwise restrictions imposed by hostile or unthinking legislators" was essential, "For the bank is to a much greater extent than people can realize the *creator* of prosperity and business progress for the community."<sup>11</sup> For country bankers, especially, the duty to consider the people's interests while acting as elected representatives was important in ensuring continued trust

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10. Wiebe concludes, "Their scarcely veiled assumption throughout was that, in a society dedicated to economic progress, businessmen should lead." See *Businessmen and Reform: A Study of the Progressive Movement* (Cambridge: Harvard University Press, 1962), 188.

11. J.W. Berryman, "President's Annual Address," in *Proceedings of Twenty-first Annual Convention of the Kansas Bankers Association* (Topeka: H.M. Ives & Sons, 1908), 11-12.

between the bankers and their communities.<sup>12</sup> Several sections of this chapter examine Berryman's record as a political leader representing his town within the state legislature during the early twentieth century. His record as a Kansas state legislator exemplifies the negotiation of power and trust between communities and their elected representatives.

With the exception of histrionic populist attacks on the "money power," scholarship has often passed over the history of rural banking and has not considered the key distinction between the reputations of local and distant financial powers. The cases of many country bankers from western Kansas establish that bankers did not garner uniform derision from their neighbors, but rather earned a great deal of respect through their attention to issues of interest to their rural communities. They evidenced much complexity in their positions as local civic leaders, elected legislators, and civil servants in other capacities. Building on the reputations for political diplomacy in their home communities, bankers were frequently elected to the legislature, where they sought to expand upon their support base through participation in popularly inspired reforms. As such, many banker-legislators were at the vanguard in professionalizing governmental structure in Kansas and changing the relationship of the government to the people, even when reform favored the protection of the people from corporate interests they also represented as a class. Banker-legislators were interested not just in the laws governing banking, but as rural citizens themselves, they were attracted to popular issues. This chapter considers legislative issues such railroad and election reform, the bank deposit guaranty and other bank reforms, governmental economy, the reduction of farm tenancy, the good roads movement, and tax reform.

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12. Although Wiebe primarily underscored the businessmen's fear of "the mob" and desires to hold the people's interests at arm's length, he did recognize that small town bankers had to maintain a balance between high-mindedness and local interests. See Wiebe, *Businessmen and Reform*, 187.

Bankers' political leadership in Kansas was especially strong at the height of the Progressive Era in the early twentieth century. The election of many such professionals into positions within government was a significant feature of the national progressive movement, which relied on those with perceived bureaucratic skill, political connections with important interest groups, and wide knowledge of the social conditions in their communities. Most members of the banking profession in Kansas affiliated with the Republican Party, which gave them a strong footing within traditionally Republican Kansas politics. Of the twenty bankers serving western Kansas in the first decade of the twentieth century, all were Republicans, and one of them—John S. Simmons of Lane County—was the first representative from western Kansas to gain enough power within the party to serve as Speaker of the State House of Representatives in 1907 and 1908.<sup>13</sup> In these years, the legislature revisited and adopted several key issues of the populist platform, including reforms to reduce the influence of railroads on politics and increase the political power of the people. In this context, reform-minded Kansans represented the spirit of progressivism developing throughout the nation, particularly as it entailed redressing the dangers of industrial society upon the body politic.

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13. The elected state representatives and senators from this period who resided in counties west of the Wichita line, and who identified as bankers or affiliated professions, are listed alphabetically as follows: James Shepherd Barnes (R-Pratt), Real Estate and Loans, House 1905; Jerome Woods Berryman (R-Clark), Banker and Lumberman, House 1905-1908, 1923-1928; Benjamin F. Brown (R-Sherman), Banker, Rancher, and Publisher; House 1905; Thad. C. Carver (R-Pratt), Banker, Senate 1905-1908; General L. Chapman (R-Barton), Banker, Senate 1905-1911; Ike W. Crumly (R-Thomas), Banker and Insurance Sales, House 1905-1909; Robert Findlay (R-Rice), Banker and Investment Broker, Senate 1901-1903; Robert Taswell Fowler (R-Russell), Banker, Senate 1909-1911, House 1919-1921; Harry W. Grass (R-Rush), Banker, House 1905-1908; John M. Gray (R-Phillips), Merchant, Farmer, Banker, and Insurer, House 1909-1911, 1915, Senate 1921-1931; Charles Edwin Hall (R-Russell), Real Estate and Loans, Abstractor, House 1905; Latham Edward Harrison (R-Cheyenne), Merchant and Banker, House 1905; John Harry Hill (R-Russell), Farmer, Banker, and Merchant, House 1901-1903; John M. Kinkel (R-Reno), Insurance and Loans, House 1901-1903; William Willis Martin (R-Morton), Stockraiser and Banker, House 1903; John A. Morton (R-Osborne), Banker and Farmer, House 1909; Elhanan V. Peterson (R-Norton), Merchant and Banker, Senate 1901-1903; Peter Pyle (R-Smith), Real Estate and Loans, House 1909; John S. Simmons (R-Lane), Lawyer and Banker, House 1905-1908; and Everton T. Skinner (R-Lincoln), Banker and Farmer, House 1905-1908. See the Kansas State Library web directory of past and present legislators, <http://kslib.info/BusinessDirectoryii.aspx>.

The banking profession maintained strong representation in the state legislature in the 1910s, although the party composition of the elected businessmen became decidedly more mixed during this period, when some progressives split into a third party and allowed Democrats to make political inroads in Kansas and the nation.<sup>14</sup> During the second decade of the twentieth century, fifteen finance professionals served in the Kansas legislature, seven Democrats and eight Republicans.<sup>15</sup> One of these men, Democrat Jouett Shouse of Edwards County, was elected to the U.S. House of Representatives, where he served between 1915 and 1919, and later gained substantial power within the Democratic Party.<sup>16</sup> The legislature in the 1910s capitalized upon the professionals in its midst by better organizing the state's bureaucracy and expanding its regulatory powers.

The ascendance of Kansas Democrats within the legislative branch of state government (and, briefly, in the governor's office) coincided with the nationalization of progressive politics. In 1912, former president Theodore Roosevelt and Kansas newspaper editor William Allen White forged the new national Progressive (or Bull Moose) Party. As reform legislation became the order of the day among national politicians, including Republican Senator Robert La Follette

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14. La Forte, *Leaders of Reform*.

15. The elected state representatives and senators from this period who resided in counties west of the Wichita line, and who identified as bankers or affiliated professions, are listed alphabetically as follows: Albert A. Doerr (D-Pawnee), Merchant, Farmer, and Bank Director, House 1913-1915, Senate 1917-1920; W.S. Freas (R-Lane), Farmer, Banker, and Lumberman, House 1919-1921; James Caleb Hopper (D-Ness), Banker and Farmer, House 1915; William F. Hughes (R-Rooks), Teacher and Banker, House 1917; Lawrence A. Johnson (R-Wallace), Banker, House 1915-1917; H.F. Kline (R-Trego), Loans and Insurance, House 1917-1921; James Wilbur McReynolds (R-Gray), Elevator Owner and Banker, House 1919-1920; Lyman Miller (D-Edwards), Farmer and Banker, House 1917; Charles H. Sargent (R-Smith), Farmer and Banker, House 1919-1921; R. M. Sawhill (R-Cloud), Banker, House 1919-1921; P.D. Scott (R-Rooks), Banker, House 1919-1921; J.T. Short (D-Rawlins), Contractor and Banker, House 1917, 1925-1931; Jouett Shouse (D-Edwards), Banker and Stockman, Senate 1913-1915; John Sechler Stover (D-Lincoln), Banker, House 1919-1920; and James Edward Uplinger (D-Cheyenne), Merchant and Banker, House 1913-1920. See the Kansas State Library web directory of past and present legislators, <http://kslib.info/BusinessDirectoryii.aspx>.

16. Shouse served as Assistant Secretary of the Treasury until late 1920, and went on to an appointment as Chairman of the Executive Committee of the Democratic National Convention between 1929 and 1932, but opposed Franklin D. Roosevelt's candidacy for the Presidency and ultimately joined other conservative businessmen around the nation in the formation of the American Liberty League. His roots in western Kansas were strictly limited to a few years after his marriage in 1911 (he later divorced his wife), so although this political record is intriguing, he does not form a major part of this study.

and Democratic President Woodrow Wilson, Kansans retreated from social reform-oriented progressivism on the state level. Although the legislature in the 1910s showed interest in the scientific or managerial elements of the progressive agenda, it ultimately took the post-World War I context to set in motion conversations about ways to stabilize shifting social and economic conditions in rural western Kansas.<sup>17</sup>

The Kansas legislature did not always live up to the reputation of progressivism to which its politicians constantly alluded. One reason was that this body only met once every two years, and its actions were impeded somewhat by the usual political infighting. Yet the political rhetoric of the legislature and its representatives, bankers among them, strove to embody the reform mindset. Conscious of the connections between political issues such as rural credits, land tenancy reform, and good roads with the overarching principles of progressivism and the country life movement, I argue that the Kansas legislature in the 1920s maintained a certain sense of progressivism balanced with the business sense of the previous decade. During the 1920s, sixteen banker-legislators from western Kansas were elected to assist with this agenda.<sup>18</sup> The

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17. La Forte ably documents the shift of progressivism to the national scene, and notes that in Kansas Arthur Capper's call for governmental economy defined the era between 1912 and 1920. He concluded that progressivism's legacy ultimately took root—largely at the national level—within the New Deal program. A suite of legislation including the Federal Deposit Insurance Corporation and the Securities Exchange Commission, harkening back to Kansas's less successful Bank Deposit Guaranty Law and a Blue Sky investments law, was proof of “unintended” if welcome reforms to the economic structure of the nation in a much later context. See La Forte, *Leaders of Reform*, 207, 262. My research generally confirms La Forte's characterizations of the 1910s as a less overtly progressive period in Kansas politics, but while La Forte viewed the 1920s dimly as well, I was able to find evidence of a return to reform causes during this period, particularly with relationship to rural western Kansas.

18. A few veteran banker-legislators returned to serve in the 1920s: Jerome W. Berryman (R-Clark), House 1923-1928; Robert T. Fowler (R-Russell), House 1919-1921; John M. Gray (R-Phillips), Senate 1921-1931; and J.T. Short (D-Rawlins), House 1925-1931. Others who began service during this period, again representing strictly the western counties of Kansas, are listed alphabetically: Fred Beeler (R-Jewell), Farmer, Stockman, and Banker, House 1929-1930; Charles H. Benson (R-Trego), Farmer and Banker, House 1925-1928; Louis Boehler (R-Meade), Farmer and Banker, House 1923; Cecil Calvert (D-Gove), Building and Loan Officer, House 1927-1930; Robert Cram (R-Cheyenne), Lawyer and Banker, House 1921; Robert Morrison Crawford (R-Stevens), Banker, Farmer, and Insurer, House 1923-1934; Orrin Wylie Dawson (R-Barton), Realtor, Insurer, Building and Loan Officer, House 1925-1931; William Arthur Hayes (R-Rush), Banker, House 1927-1931; Bennett H. Johnson (R-Republic), Banker and Farmer, House 1925-1928; F.E. Murphy (R-Haskell), Banker, House 1921; C.W. Shaffer (R-Russell), Banker, House 1923; and E.C. Thrull (R-Phillips), Banker, House 1923.

legislature continued efforts to make the state run more efficiently and to bolster key elements of society perceived to be in crisis, especially the dwindling farm population.

Banker-legislators gained particular authority in rural western Kansas during the first three decades of the twentieth century based on their affiliation with the causes of popular political representation, bureaucratic efficiency, and modernization. Their leadership remained important even when the bottom fell out of the agricultural sector in the 1920s and 1930s and when many in the American popular and political press blamed bankers for the overextended farm economy. Voting returns provide evidence that rural citizens remained loyal to the types of men who did everything they could to boost the local economies in which they, too, had considerable investment. Bankers were able to participate in the transformation of the government's relationship not only with banks themselves, but also with rural society more broadly. Through the decades following the turn of the twentieth century, banker-legislators contributed to the development of their communities and of the character of relations between the people and their governments, maintaining fertile terrain where communities could continue to thrive. The limitations of state powers, however, ultimately meant that by the 1930s more of the responsibility for social reform and governmental oversight of the people's welfare had transferred to the federal level. While the number of bankers serving Kansas in the legislature did not diminish in the 1930s and after, the nature of their leadership changed substantially as this shift of power took place.

### **Taking up the People's Interests: Jerome W. Berryman in the Kansas Legislature**

A case study of Jerome W. Berryman, a banker and state representative from Ashland, Kansas who first gained local political power on the Oklahoma frontier, offers a remarkable viewpoint into Republican politics and the interests of banker-legislators. Berryman had been a

Democrat in the early 1890s, when he was fighting railroads and bucking the interests of his conservative financial backers. He converted to Republicanism sometime after marrying and moving to Ashland in 1898; now belonging to the traditional bastion of party power in Kansas, he embraced the Republicans' renewed affinity for reform in the early twentieth century. Berryman's early experiences in Oklahoma represented the sort of power a banker could gain within a local community by sticking up for their interests. As his career in Kansas developed, he won election to the Kansas legislature for several terms.

A leading banker in western Kansas with business interests throughout the state, Berryman also served the banking community for a term as president of the KBA. Speaking before this body in 1907, Berryman remarked on bankers' worthiness as legislators. Many commentators throughout the banking community echoed these sentiments, and indeed, at the conclusion of Berryman's tenure as president of the KBA in 1908, the annual meeting took the subject of bankers' elected service as a theme. Willis J. Bailey, a former Kansas governor and a banker-farmer from Nemaha County in northeastern Kansas, spoke before the group of his belief that bankers were called to the highest acts of citizenship, including politics. With reference to the then-current controversy over a proposed bank deposit guaranty law—popular among rural communities and state bankers, but not among national bankers who would not be eligible for membership—he noted:

You are a great potential power in the molding of public sentiment in your community, greater than any other class of business men in our State, and I trust that every banker in Kansas will take part and mix enough in politics to mold such a sentiment in Kansas that the man who dares to offer a bank guaranty law at the next Legislature will by laughed off the platform.<sup>19</sup>

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19. W.J. Bailey, "The Banker in Politics," in *Proceedings of the Twenty-First Annual Convention of the Kansas Bankers Association* (Topeka: H.M. Ives & Sons, 1908), 145.

As highly as the bankers considered their own strong influence over legislation, however, another presenter before the KBA that year alluded to the fact that elected legislators still stood accountable to the interests of the people. As W.A. Johnston put it:

In most cases the duty of a representative in a legislative body is to be an exponent of the opinion of the people. If he has superior information on the subject he should assist in guiding his constituents to a right opinion, but when the subject has been canvassed, and they have arrived at a conclusion, whether it be for primary elections, corporate control, revision of the tariff, or a measure for a more elastic currency, there is nothing left for him to do except to voice the judgment of his people, or give way to someone who will.<sup>20</sup>

Public sentiment seemed to favor each of these attitudes to a degree. As the era of populist political leadership in Kansas transitioned into the early twentieth century, the people began to elect bankers to represent them in the state legislature—and continued to do so. Voters believed in the notion that bankers’ expertise on economic and administrative matters would be useful in state oversight of the business community, but they also expected these professionals to enter the statehouse and support issues important to their constituencies. A legislator’s term in office clearly turned on this contract with the people, demonstrating that they could exercise a considerable amount of political power even over the most economically or socially powerful members of their communities.

Berryman’s district elected him to the Kansas House of Representatives in 1904 and 1906 on the merits of his anti-railroad and anti-monopoly viewpoints.<sup>21</sup> In the opinion of the local newspaper, his positions on popular issues helped him overcome the by-then-humorous stigma of being a banker. Editorial comments during his second legislative term confirmed that Berryman’s opposition to the railroads had continued since his days in Pond Creek and that it was a point of pride for his local community. He favored a reduction in fares and, like many

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20. W.A. Johnston, “Government by Public Opinion,” in *Proceedings of the Twenty-First Annual Convention of the Kansas Bankers Association* (Topeka: H.M. Ives & Sons, 1908), 56.

21. *Clark County Clipper*, October 27, 1904.

progressives in the state, he wanted to eliminate free passes for legislators riding on the railroads. The *Clark County Clipper* proudly reported that the elimination of passes “will not affect Jerome, for he has been in the habit of paying his way for a long time.”<sup>22</sup> As an elector of U.S. Senators, Berryman supported anti-railroad candidates, unlike “railroad tools” or others whom the editor called the “‘yaller dog’ kind.”<sup>23</sup>

Indeed, Berryman’s alignment with popular interests was important in an era when the Kansas legislature engaged in an agenda reminiscent of the key platforms of the People’s Party.<sup>24</sup> As the most populist of populist states, Kansas continued to view itself as a leader in the march for reform, even as efforts to regulate corporate interests and increase the people’s direct political power became widespread in the West and in the nation more broadly.<sup>25</sup> Efforts to regulate the railroads and institute a direct primary law—also a measure to curtail railroad influence in politics—cycled through each session of the Kansas legislature in the first decade of the twentieth century.

The railroad’s grip on the political system was one of the most troublesome issues to face legislators in the early twentieth century. Politicians’ use of railroad passes was particularly controversial, because as the state’s leading political newspaper, the *Topeka Daily Capital*, commented, the issuance of passes to legislators was “an instrumentality in politics used by the railroads to maintain their political power.”<sup>26</sup> The 1905 legislature, in which Berryman served,

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22. *Clark County Clipper*, January 3, 1907.

23. *Clark County Clipper*, January 17, 1907.

24. La Forte suggested that the progressives were less radical than their populist predecessors, but still part of the same reform tradition. La Forte, *Leaders of Reform*, 6-9.

25. “Big Issues Face State Legislatures,” *TDC*, January 1, 1907, p. 1. Hereafter, the notes will refer to the *TDC* as *TDC*.

26. “The Anti-Pass and the Republican Legislature,” Editorial, *TDC*, January 30, 1907, p. 4; “Free Pass Key That Unlocks Mysteries,” *TDC*, February 5, 1907, p. 4; and “How Things Are Done in the Senate,” *TDC*, March 7, 1907, p. 1. The *TDC* is the best authority on legislative happenings published during this era. The publisher, Arthur Capper, was deeply interested in politics himself and would eventually become a governor and U.S. Senator representing Kansas. His editorial insights and selection of important issues to cover within the widely

failed to enact an anti-pass bill, but it did create a board of railway commissioners to control freight and passenger rates, and the *Topeka Daily Capital* therefore complimented its record of reform.<sup>27</sup> The proposal to restrict most classes of Kansas citizens from accepting free passes for railroad transportation remained a key issue in the 1907 legislative session. This time the legislature managed to enact a compromise bill that excluded politicians from receiving railroad passes, even though the State Senate attempted to impede the law at every turn.<sup>28</sup> The issue of political passes created so much animosity—especially where the senators were concerned—that the public issued some strong rebukes to their elected servants. The senator for the district including Ashland, for instance, came in for some harsh criticism for his failure to vote for measures popular in the district. In a petition published by the *Topeka Daily Capital*, Ashland citizens warned him to fall in line with Berryman and threatened his ouster if he did not.<sup>29</sup> Berryman and others in the House even offered a resolution proposing to divide up the election of senators, half each at the general elections held every two years. This would limit the impact

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circulated paper are invaluable to understanding this period in Kansas politics. William Allen White, another famed Kansas newspaperman and one of the foremost figures of the Progressive Party in Kansas, also provided useful analysis of progressive politics in the state. Political corruption by railroad officials through the granting of passes was one of the touchstones of his criticism of conventional Republicans during this era. See Sally Foreman Griffith, ed., *The Autobiography of William Allen White*, rev. and abridged edition (Lawrence: University Press of Kansas, 1990).

27. This may not have been the most groundbreaking development in Kansas politics, since the state had created a railroad commission as early as the 1880s, but it does demonstrate a continuity of reform interests. For a discussion on earlier railroad regulatory efforts, see Craig Miner, *Kansas: The History of the Sunflower State, 1854-2000* (Lawrence: The University Press of Kansas, 2002). For contemporary commentary on the anti-pass bill, see “Wipe Out the Pass Evil,” Editorial, *TDC*, March 1, 1905, p. 4; “The Record of the House,” Editorial, *TDC*, March 2, 1905, p. 4; “House Shied at Pass Bill,” *TDC*, March 4, 1905, p. 4; “A Great Kansas Legislature,” Editorial, *TDC*, March 5, 1905, p. 4; and “Bills Passed and Defeated,” *TDC*, March 7, 1905, p. 4.

28. “House Stands for the Anti Pass Measure,” *TDC*, January 31, 1907, p. 1-2; “Stone Bill Will Pass the House,” *TDC*, February 1, 1907, p. 4; “Stone Bill Passed By the House,” *TDC*, February 7, 1907, p. 1; “Finally the Pass Question,” Editorial, *TDC*, February 25, 1907, p. 4; “The Senate Filibusters on Anti-Pass,” *TDC*, March 1, 1907, p. 9; “A Legislative Compromise,” *TDC*, March 2, 1907, p. 4; “Anti-Pass Bill Through the Senate,” *TDC*, March 2, 1907, p. 6; “Today’s Situation in the Legislature,” *TDC*, March 5, 1907, p. 4; “Anti-Pass Bill Blocked in the House,” *TDC*, March 5, 1907, p. 7; and “Anti-Pass Bill Passes the House; Now Ready for Gov. Hoch’s Signature,” *TDC*, March 6, 1907, p. 1.

29. “They Hint That Blood May Be Shed,” *TDC*, February 28, 1907, p. 2.

of railroad rule throughout the whole legislative body by giving the people control over their Senate on a more regular basis.<sup>30</sup>

Kansans believed that increasing the popular voice in primary elections would also help to combat the force of the railroads and “machine politics.” The *Topeka Daily Capital* commented that putting the power to elect U.S. Senators in the people’s hands was especially threatening to the railroads, because they could not then exercise control over the politicians who chose senators in the convention system.<sup>31</sup> The primary bills introduced in 1905, 1907, and 1908 became subject to a number of amendments and consequently faced difficulty in passing both houses of the legislature. Ultimately, the conscience of the legislature supposedly renowned for its forward-thinking finally caught up to itself, and the body passed a primary law during the special session of 1908.<sup>32</sup> Once again, a legislator’s willingness to follow the wishes of his constituents on such vital measures was crucial to his continued electoral support. A Great Bend banker’s public switch to supporting the primary law in the 1908 Senate helped gain him the approval of his district for reelection that year, when many senators had come under fire for their adverse positions on the primary bill.<sup>33</sup>

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30. “The Object Lesson of the Senate,” Editorial, *TDC*, March 8, 1907, p. 4.

31. “The Railroad Mysteriously Disappears,” *TDC*, February 4, 1907, p. 1.

32. “Primary Bill Goes In Today,” *TDC*, February 22, 1905, p. 5; “Square Deal Primary Bill Introduced,” *TDC*, January 18, 1907, p. 4; “Primary Election Bill is Passed by the Lower House,” February 13, 1907, p. 1; “Hybrid Primary Election Bill is Passed by State Senate By Vote of 24 to 16,” *TDC*, February 22, 1907, p. 1-2; “The Primary Bills Before Conference,” *TDC*, February 23, 1907, p. 4; “Can not Agree on Primary,” *TDC*, March 1, 1907, p. 7; “One More Effort on the Primary,” *TDC*, March 9, 1907, p. 1; “A Fighting Chance for Primary Bill,” *TDC*, March 9, 1907, p. 1; “Back to the Voters,” Editorial, *TDC*, March 10, 1907, p. 4; “Primary Bill Slaughtered in the House,” *TDC*, March 12, 1907, p. 1; “State Wide Primary Law Has No Apparent Opposition,” *TDC*, January 16, 1908, p. 1; “Stubbs Primary Bill Introduced,” *TDC*, January 17, 1908, p. 4; “Bitter Fight on ‘Split’ Primary Bill to Reach Climax Monday,” *TDC*, January 19, 1908, p. 1-2; “Senate Passes Direct Primary Bill 37 to 2,” *TDC*, January 29, 1908, p. 1; “The Stubbs Primary Law,” Editorial, *TDC*, January 29, 1908, p. 4; and “All It Lacks Is Signature of Governor,” *TDC*, January 30, 1908, p. 1.

33. “Peculiar Attitude of the Senate,” Editorial, *TDC*, February 22, 1907, p.4; “Sen. Chapman Goes Over to Stubbs’ Bill,” *TDC*, January 24, 1908, p. 1; “The Senate,” *Great Bend Tribune*, March 1, 1907, p. 1; *Great Bend Tribune*, March 15, 1907, p. 1; Claflin Clarion, “Senator G.L. Chapman,” *Great Bend Tribune*, October 16, 1908, p. 1; and “Return Chapman,” *Great Bend Tribune*, October 30, 1908, p. 1.

If controlling the power of the railroads was an important holdover from the populist era during the early twentieth century, an equally popular platform concerned controlling those other cornerstones of corporate power: the banks. One of the central ideas for banking reform legislation was the idea of a deposit guaranty. Kansas, along with a few other western states, forged new political ground in considering various forms of depositor protection beginning in the 1890s and in instituting a deposit guaranty law in 1909. This suited its self-image as an enlightened and progressive state, but the law did not come into force without years of debate and several attempts to enact it. The idea first arose in 1898 from the imagination of State Bank Commissioner John W. Breidenthal. Breidenthal was a Democrat-turned-Populist banker who served eight years as commissioner and who had been a People's Party candidate for governor in 1896.<sup>34</sup> He attempted to mediate between the interests of farmers and bankers, two classes who frequently maligned the other. He believed that each could contribute valuable ideas to the functioning of society and government, and noted that bankers especially should "concede that it is just barely possible that some farmers may entertain some good ideas as to banking laws and systems."<sup>35</sup> The bank guaranty was one such initiative inspired by the interests of the people.

Under the Breidenthal bill's provisions, state banks would be required to submit five percent of their average deposits to the State Treasurer, who would redistribute the funds to official receiver banks paying two and a half percent interest on the funds. This interest comprised the fund out of which "losses resulting from closed banks shall be paid."<sup>36</sup> At the time of the bill's introduction in December 1898, the state legislature was sitting in a controversial special session supposedly called by Governor John W. Leedy to keep the outgoing populist

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34. "John W. Breidenthal," *History of Kansas State and People, Volume V*, ed. William E. Connelley (Chicago: American Historical Society, 1928), 2275.

35. John W. Breidenthal, "The Farmer and the Banker," *Kansas State Board of Agriculture Quarterly Report*, March 1898, 44.

36. "The New Bank Bill," *TDC*, December 21, 1898, p.3.

majority in power longer and enact some pet legislation concerning railroad regulations.

Tensions between the governor and the bank commissioner quickly arose as each seemed interested in promoting his respective project at the expense of the other and as the legislative session's legacy seemed at stake.<sup>37</sup> Furthermore, national bankers in Kansas did not support the bill and aligned themselves with the Leedy faction. While another faction urged populist legislators "to vote for the bill as a partisan measure," the future of the law was in doubt.<sup>38</sup>

Although the Senate passed the bill, the House of Representatives defeated it after several hours' debate on January 6, 1899. While one representative attacked a legislator opposing the bill for failing to heed the interests of his community which had suffered losses from a local bank failure, the latter retorted that while he personally "had lost every cent. . . in that failure" he felt caution should be exercised before enacting such momentous legislation. He did not feel the extreme urgency of other populists in the face of their impending loss of power, and felt that the next regular legislature would be able to give the law more consideration. Ultimately, the House rejected the proposed guaranty law in a 58-45 vote, and the cloud of factionalism never left the proceedings.<sup>39</sup>

The concept of a deposit guaranty fund entered the legislature again in 1905, but did not receive serious consideration until Governor Edward W. Hoch underscored the issue in his January 1907 Message to the Legislature. The governor framed all banking regulation in terms of a benevolent relationship between the government and the banks. In regulating the banks and creating such forms of security as the deposit guaranty law would provide, the government sought to protect not just the public but also the banks themselves. Though Hoch praised the

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37. "War in Camp," *TDC*, December 23, 1898, p. 1.

38. "Breidenthal's Bill," *TDC*, January 1, 1899, p. 1.

39. "The Banking Bill Defeated," *TDC*, January 6, 1899, p. 1. Despite efforts to revive the bill in the next two days, it died with the adjournment of the special session on January 8. See "Is Defeated Again," *TDC*, January 7, 1899, p. 5; and "Bill Dies," *TDC*, January 8, 1899, p. 1.

banking institutions of his state, he compared further banking regulation to peacetime preparations for war. Commenting on broader momentum for such reforms, Hoch stated, “Let Kansas, leader in every reform, the advance agent of every progressive movement, lead also in the wise provision for the protection of its banking interests.”<sup>40</sup>

Bankers’ attitudes about the proposed guaranty system were divided even as the legislature seemed to have a popular mandate to pursue Hoch’s plan for a guaranty fund. One group of bankers sought to establish a private and selective form of insurance that excluded “wildcat” banks and protected the secure banks of eastern Kansas from western bank failures.<sup>41</sup> The state-sponsored option remained the most acceptable one at this point, however. Bank Commissioner John Quincy Royce reported receiving many letters of support for the proposed state guaranty fund from bankers around Kansas. Yet most bankers affiliated with nationally chartered institutions opposed the state’s plan because they feared it would give an undue competitive advantage to state banks, who could make strong claims to safety under this system.<sup>42</sup> Kansas citizens expressed support for the guaranty in the state’s most widely followed newspaper reporting on legislative action, the *Topeka Daily Capital*, but bankers in the opposition maintained the upper hand and prevented the passage of a deposit guaranty law in the 1907 legislature.<sup>43</sup>

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40. Edward W. Hoch, “Governor’s Message to the Legislature, *House Journal. Proceedings of the House of Representatives of the State of Kansas, Fifteenth Biennial Session, Topeka, January 8-March 10, 1907* (Topeka: State Printing Office, 1907), 45-47.

41. Calling insecure banks “wildcats” referenced the period of banking between 1836 and 1863, when banks proliferated under lax and uneven regulations throughout the frontier. The national banking system, established in 1863, had endeavored to bring the wildcat banking era to an end, and indeed triggered several decades of increasing regulation even for state-chartered banks. Thus, use of the term in the early twentieth century to refer to state banks in western Kansas was quite provocative.

42. La Forte, *Leaders of Reform*, 124; “Bankers Are In Favor of a Guarantee,” *TDC*, January 20, 1907, p. 20; “Protective System for the Banks,” *TDC*, January 23, 1907, p. 10; “Topeka Bankers Oppose It,” *TDC*, January 28, 1907, p. 5.

43. For examples of citizens’ letters concerning the deposit guaranty bill, see E.W. Brown and J.B. Sanders, Letters to the Editor, *TDC*, February 4, 1907, p. 4.

By early 1908 the national economic situation had deteriorated owing to a financial panic in October of 1907. Governor Hoch found it necessary to re-prioritize the idea of a deposit guaranty fund in a special session he called in 1908. The nation had undergone a financial crisis that caused bankers to call in their mortgages, limit new loans, and keep larger reserves of cash in their banks than usual. These measures largely assured the public of the banking system's stability, but the bankers' reticence to invest in new loans prevented the economy from resuming its vigorous pace of growth. Politicians all over the nation, including the Kansas governor, began to think that bolstering confidence through the guarantee of deposits, rather than through the tight-fistedness of the bankers, was an important step in kick-starting the economy. The legislature of the new state of Oklahoma had recently managed to enact a bank guaranty bill, and various western states were considering following Oklahoma's example. National politicians such as William Jennings Bryan and even the U.S. Congress were entertaining plans for similar guaranty laws.<sup>44</sup> Arthur Capper, publisher of the *Topeka Daily Capital*, may have expressed the heart of popular opinion in asking why the people's deposits should not receive the same securities as the money of the state.<sup>45</sup> A prominent Topeka politician added that something was wrong in a system where the only security a bank offered depositors was its good name, and where each bank acted as a single unit rather than as a system in times of distress.<sup>46</sup>

Despite such sentiments, which stimulated a renewed movement for central banking in the U.S. that eventually culminated in the establishment of the Federal Reserve in December 1913, the idea of a state bank guaranty system encountered continued opposition from the

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44. Edward W. Hoch, "Governor's Message to the Legislature, *House Journal. Proceedings of the House of Representatives of the State of Kansas, Special Session, January 16-February 4, 1908* (Topeka: State Printing Office, 1908), 27-29; and "Bryan is for a Bank Guaranty," *TDC*, January 28, 1908, p. 1.

45. "Why Should Not Deposits Be Insured," Editorial, *TDC*, January 18, 1908, p. 4; "Deposit Insurance Belongs with the Times," Editorial, *TDC*, January 20, 1908, p. 4; and "Banking Bourbonism," Editorial, *TDC*, January 21, 1908, p. 4.

46. Col. T.W. Harrison, "Deposit Guaranty: A Radical and New Suggestion," Editorial, *TDC*, January 21, 1908, p. 4. See also "Depositors Demand Protection," *TDC*, January 31, 1908, p. 4.

bankers in the Kansas legislature who had different ideas about how best to support the interests of both depositors and the entirety of the Kansas banking system. The deposit guaranty faced strong opposition from several camps. Atchison lawyer and banker Baile P. Waggener led the battle in the Senate and introduced a counter-measure that would legalize the incorporation of a private bank insurance company.<sup>47</sup> The Kansas legislature debated and nearly passed several other deposit guaranty plans, but the private insurance proposal met more approval among bankers in the 1908 special session.<sup>48</sup>

Representative Jerome W. Berryman and the Kansas Bankers Association also put up a formidable fight against the guaranty bill. Although Berryman's advocacy for the people's interests in reigning in the power of the railroads and in enacting election reform was notable, on banking regulation he staunchly upheld the interests of his business and maintained that bankers knew best how to control their own system. Speaking as the President of the KBA, Berryman expressed concerns about the proposed guaranty plan's applicability only to state-chartered banks. He feared this would give undue advantage to those banks, as opposed to the national banks controlling half of the state's deposits. Berryman denied that the people of Kansas had much interest in the matter and that the national economic situation mandated the measure. Instead, he proposed a "wait-and-see" approach, arguing that the next regular legislature would be better prepared to draw reference from the record of the recently established Oklahoma deposit guaranty fund.<sup>49</sup> As the legislative session moved forward, however, Berryman became

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47. "Waggener is Leading Fight on Bank Bill," *TDC*, January 17, 1908, p. 4; and "Plan to Form a \$1,000,000 Company to Guaranty Kansas Bank Deposits," *TDC*, January 20, 1908, p. 5;

48. "Committee is Opposed to the Guarantee Law," *TDC*, January 24, 1908, p. 4; "House May Pass 2 or 3 Bank Bills," *TDC*, January 28, 1908, p. 1; "Guaranty Bill Passes the House," *TDC*, January 29, 1908, p. 1-2; "Guaranty Bill Torn to Pieces by the Senate," *TDC*, January 29, 1908, p.2; "Quincy Guaranty Bank Bill Killed," *TDC*, January 30, 1908, p. 6; and "Senate Passes Bill to Insure Bank Deposits," *TDC*, January 31, 1908, p. 1.

49. "Bankers Want the Deposit Law to Wait," *TDC*, January 17, 1908, p. 4. In an interesting piece of intrigue, someone apparently reported to the *TDC* that the U.S. Comptroller of the Currency, William Barrett Ridgely, had sent Governor Hoch a letter to the effect that the Oklahoma guaranty law's applicability to national

more and more vocal in his opposition to any sort of guaranty bill. The *Topeka Daily Capital* reported on several occasions about squabbles centering on Berryman as the key voice of the minority opinion in the House of Representatives.<sup>50</sup> At one point he attacked Governor Hoch directly by noting that “the guaranty proposition had been sprung by every demagogue since 1828.”<sup>51</sup>

With the special session moving toward adjournment, both houses passed the Waggener measure for the establishment of a private deposit insurance company. Governor Hoch vetoed the bill, however. He noted that on its own, the private insurance plan did not meet the demands of Kansas citizens, and he recalled the legislature in order to reintroduce the suite of guaranty bills he favored.<sup>52</sup> Legislators once again tried to pass the insurance plan to the exclusion of the state guaranty fund, but Hoch refused to allow it. In spite of fears that the guaranty law would become a negative campaign issue for legislators later that year, the session failed to enact a single bill concerning the protection of bank deposits.<sup>53</sup>

The 1908 election served as a referendum on the bank guaranty issue, and both Waggener and Berryman were ousted from their seats. Nonetheless, when the idea once again arrived on the legislative docket in 1909, they continued to lead the oppositional forces as lobbyists, rather than legislators. Waggener introduced a new idea about how to raise the fund, while Berryman concentrated on criticizing certain elements of the bill against the bankers’ interests. The latter still exercised a great deal of power over the state’s banking community as a member of the

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banks was constitutionally questionable and would be challenged in the judiciary. Hoch repeatedly denied that he even received such a letter and cited other correspondence with Ridgely to the effect that the national banks probably would not challenge the Oklahoma law. See “Blow to Bank Guaranty Law,” *TDC*, January 21, 1908, p. 1; and “Gov. Hoch Makes Final Appeal for Passage of Guaranty Bill,” *TDC*, January 31, 1908, p. 4.

50. “Guaranty Law Chances Good in the House,” *TDC*, January 25, 1908, p. 4;

51. “Guaranty Bill Passes the House,” *TDC*, January 29, 1908, p. 1-2.

52. “Hoch May Veto the Bank Bill,” *TDC*, February 1, 1908, p. 1; “Legislators May Be Called Back to Topeka,” *TDC*, February 2, 1908, p. 1; and “Plan 3 More Days of the Special Session,” *TDC*, February 3, 1908, p. 1.

53. “Puts Foot Down Hard on Compromise,” *TDC*, February 4, 1908, p. 1; and “Session is Ended; Bank Law Fails,” *TDC*, February 5, 1908, p. 1-2.

KBA's legislative committee. The chief part of his critique now rested on an element of that year's bill allowing for the guarantee of interest-bearing deposits. He thought this provision would allow unsafe bankers to offer unreasonably high interest rates on depositors' money to the detriment of their more conservative but safer competitors. Such had already happened in Oklahoma. Although Kansas's new governor, Walter Stubbs, thought the attack on this particular feature was merely "an effort to mutilate the bill," this point of contention along with some others continued to influence the legislative debate throughout the session.<sup>54</sup> Although the legislators produced much debate on the guaranty bill's provisions for protecting interest-bearing, time-based deposits, whether membership would remain voluntary for state banks, if national banks and trust companies could participate, and other issues, opponents finally had to concede the point, keep their pledge to voters, and enact the law.<sup>55</sup>

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54. La Forte confirmed that the national banks grounded their opposition on the problem of interest-bearing deposits. In an effort to counterbalance the effect on state banking business, their faction succeeded sometime in 1909 in founding the Bankers' Deposit Guaranty and Surety Company, with a higher capital than any proposed state guaranty fund and without a limitation of interest paid on the savings accounts under its plan. This would allow the national banks to retain supremacy within the state since banker-legislators had managed to limit the savings funds under the state plan to less than three percent interest. The private insurance corporation's operation was prevented temporarily by the action of Kansas Attorney General Fred Jackson and Superintendent of Insurance Charles W. Barnes's 1909 decision to withhold a "certificate of authority to do business" if it insured deposits with over three percent interest. However, the Kansas Supreme Court overturned this decision in December 1909 and allowed the company to operate. See La Forte, *Leaders of Reform*, 125. See also "Waggenger Has Plan for Bank Guaranty Law," *TDC*, January 13, 1909, p. 1-2; "Republican Bank Guaranty Bill in Senate," *TDC*, January 15, 1909, p. 1-2; "A Bank Guaranty—But No Bank Trust," *TDC*, January 25, 1909, p. 4; "Senators Must Pass Upon the Guaranty Plan," *TDC*, January 25, 1909, p. 5; "Both Houses to Agree Upon Guaranty Bill," *TDC*, February 3, 1909, p. 9; "Give Opponents Bank Guaranty Bill a Hearing," *TDC*, February 7, 1909, p. 9-10; "Stubbs Takes Part in Bank Guaranty Contest," *TDC*, February 9, 1909, p. 1; J.W. Berryman, "Objects to Guaranty on Interest Deposits," Editorial, *TDC*, February 9, 1909, p. 4; "Sentiment for Bank Guaranty Still Strong," *TDC*, February 11, 1909, p. 1-2; "Bank Guaranty Bill is Slaughtered by Senate," *TDC*, February 19, 1909, p. 1; "House Deep in Consideration of Guaranty Bill," *TDC*, February 20, 1909, p. 1-2; "Guaranty Bill Reaches Stage of Conference," *TDC*, February 21, 1909, p. 13-14; "Guaranty Bill Changes Will Be Discussed Today," *TDC*, February 25, 1909, p. 1-2; "Committee Has Agreed on Bank Guaranty Bill," *TDC*, February 26, 1909, p. 2; and "Senate Votes to Reject Report on Guaranty Bill," *TDC*, February 27, 1909, p. 4.

55. Despite the successful implementation of a private insurance company for national banks, the national bankers continued to attack the state law in the courts. Their case went all the way to the U.S. Supreme Court, where Oliver Wendell Holmes, Jr. in the majority opinion upheld the Kansas law. The battle for a guaranty law ultimately caused a major rift between state and national bankers, and in 1909 the state bankers formed the Kansas State Banker's Association to oppose the Kansas Banker's Association. See La Forte, *Leaders of Reform*, 126; "The Guaranty of Deposits," Editorial, *TDC*, February 4, 1909, p. 4; "Conferees Agree on Bank Guaranty," *TDC*, March

J.W. Berryman's stance on the bank guaranty issue led him to lose his legislative seat, but he maintained that bankers had a right and a duty to serve in the lawmaking body, and believed they could best represent their particular interests in that institution. Berryman was a respected public servant on matters where his interests did not conflict with his constituents', as with the railroad and election legislation considered in these years; when he followed his own interests on the issue of the bank guaranty law, however, it naturally followed that the public might revoke its electoral support.

### **The Turn to Bureaucratic Reform: The Kansas Legislature in the 1910s**

The Kansas legislature's continuing battle over the bank guaranty law shows that regulating the banking industry was not just a temporary concern of the populists, but also an issue of long-term significance. Moving into the next few decades, Kansas bankers regularly dealt with new regulations even as they sought to influence the forms this authority took. In fact, regulation and governmental administration represented the chief concerns of politicians during the 1910s. As the state and nation entered a largely prosperous era, Kansans became more interested in tightening the ship than in expanding the state's commitments to popular needs. State officials were chiefly interested in refining the administration of public utilities and state institutions, such as colleges, prisons, hospitals, and charity boards. In 1911, the state legislature made a step in this direction by establishing the Public Utilities Commission, which oversaw the practices of "natural monopolies" like the railroad and electric companies.<sup>56</sup> By the 1915 and 1917 legislatures, consolidation had become an important part of the Republican platform. Principally, this change in legislative focus toward efficiency, along with efforts to control

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3, 1909, p. 7; "A Guaranty Law Enacted; Pledge Kept," *TDC*, March 4, 1909, p. 1-2; and *State of Kansas, Session Laws, 1909* (Topeka: State Printing Office, 1909), 96-103.

56. Craig Miner did a nice job of contextualizing the public utilities commission within decades of reforms against corporate powers in Kansas. See Miner, *Kansas: The History of the Sunflower State, 1854-2000*, 159, 220.

spending, represented a spirit of “economy” within the business of the state. As newly elected Governor Arthur Capper put it, the state needed to avoid unwise expenditures on brash new political schemes as a means of preparing for any eventuality, such as wartime stringency. As the stage for progressivism shifted to the national sphere, where the expansive mission continued in the first years of the decade and where the needs of the wartime government eventually offered the ultimate experiment in progressive administration, Kansas witnessed the decline of the overtly people-oriented platforms of progressives in both parties. Although issues of political and economic reform became less central to, if not entirely absent from, the state’s mission, bankers and other professionals within the state legislature nevertheless maintained certain elements of the progressive spirit in undertaking the bureaucratic tightening generally associated with this era of reform.<sup>57</sup> Indeed, these men were well suited for this sort of work.

Arthur Capper, the publishing giant with an undeniable pulse on popular opinion, defined the state’s core principles in the mid-1910s. He stated to the people of Kansas in his 1915 inaugural address as governor:

I have no pet schemes nor fads to introduce; no political panacea to propose; no revolutionary methods to try. I shall simply endeavor to do my duty thoroughly and to administer the affairs of the state in a business-like manner.<sup>58</sup>

Capper commended the “progressive, forward-looking spirit of the Kansas people” who had supported the “constructive laws” of the previous era, including the anti-pass law and the bank guaranty law. But although it was time to embrace the “scientific methods which are working out so satisfactorily in private business,” it was not the time to propose a large number of new laws.

It *was* time to economize.<sup>59</sup>

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57. Robert H. Wiebe, *The Search for Order, 1877-1920* (New York: Hill and Wang, 1967), 164-195.

58. “Governor Capper Outlines Policies In His Inaugural,” *TDC*, January 12, 1915, p. 8.

59. *Ibid.*

Legislators in 1915 made efforts toward consolidating and making government functions more efficient. Banker-legislators, unsurprisingly, were among those making suggestions for a more streamlined and efficient government. Occasionally, such efforts could verge into dramatic and untested ground. Taking the spirit of the age to the extreme, Democrat J.C. Hopper, a banker from Ness County, suggested that the government could be entirely restructured. He proposed eliminating the state Senate and making the legislature unicameral, with sessions once every four years.<sup>60</sup> Neither of these proposals was met favorably within the legislature, but business leaders were also behind less ambitious if more promising proposals to consolidate the management of various state agencies. For instance, merchant and lender A.A. Doerr, a Democratic representative from Larned and the House minority leader for 1915, introduced a bill to consolidate the management of the state's soldier homes in Fort Dodge and Ellsworth under the state Board of Control.<sup>61</sup> This plan would have furthered the previous administration's initial efforts to move the management out of the hands of veterans and under the wing of the more professional central board. Kansas's strong contingent of elderly Grand Army of the Republic members, however, expressed vocal opposition to this plan, and ultimately those in the House of Representatives upheld their commitments to the soldiers in rejecting Doerr's plan and leaving the Old Soldiers' Home in Fort Dodge and the Mother Bickerdyke Home in Ellsworth to the management of a few soldiers. The so-called "soldier state" could not see fit to abandon the spoils it had been granting to its revered veteran class despite the governor's calls for economy and efficiency of management.<sup>62</sup>

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60. "Wants to Abolish the State Senate," *TDC*, January 16, 1915, p. 5. The neighboring state of Nebraska is the only state that ever was able to enact this unicameral vision. Although the idea had apparently circulated for some time, the state voted to become a unicameral owing to the fiscal pressures of the Great Depression in the 1930s.

61. "Old Soldiers Protest Against the Doerr Bill," *TDC*, February 11, 1915, p. 10.

62. "Veterans Manage Soldiers' Home," *TDC*, February 18, 1915, p. 5. Bruce R. Kahler offers some interesting insights into Kansas's "soldier state" reputation and the development of this infrastructure of support for

In spite of the failures of these proposals, legislators did not abandon the economizing mission. In one instance, the House of Representatives opted to abolish an irrigation board it had established two years earlier because it had not accomplished anything, transferring its investigative and educational functions to the irrigation engineer at the agricultural college. Doerr and Hopper both supported this minimization of unnecessary and ineffectual bureaucracies. The *Topeka Daily Capital* quoted Doerr on the subject, “The people of western Kansas were said to be demanding it. But there is no excuse now that it is shown to be a failure, for keeping the useless board in existence.”<sup>63</sup>

The fight put up in the Senate about the issue of dissolving the irrigation board and its experiments, however, showed that the business of streamlining was a controversial one, and that competing notions of government could interfere with the state’s current direction. Among those rejecting the House’s plan to leave the business to the agricultural college were bankers John M. Gray (Republican) and Jouett Shouse (Democrat), among other senators from western Kansas.<sup>64</sup> These opponents also put the issue in terms of economic advantage in reasoning, in the words of the *Topeka Daily Capital*, “That if the board succeeds in working out an irrigation system that is cheap and practical, it would benefit the western half of the state millions of dollars.”<sup>65</sup> Even among the rural lenders of western Kansas, sectional interests and even party lines did not necessarily unite them in their attitudes about government. Ultimately, a conference committee had to resolve the differences between the two bodies of government, and the board was

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veterans and their families. See Kahler, “Mary Ann ‘Mother’ Bickerdyke: A Gilded Age Icon,” in *John Brown to Bob Dole: Movers and Shakers in Kansas History*, ed. Virgil W. Dean (Lawrence: University Press of Kansas, 2006), 115-126.

63. “Irrigation Board To Be Abolished,” *TDC*, February 20, 1915, p. 10.

64. Gray is notable for his support of government-sponsored water projects in his home county of Phillips, where he was a major supporter for the Kirwin Irrigation Project, and in his state, where he served as Chairman of the Kansas Reclamation Commission between 1940 and 1945. See “John Gray Funeral Sunday At Kirwin,” *TDC*, November 7, 1953.

65. “Senate In Favor Irrigation Board,” *TDC*, February 27, 1915, p. 5.

abolished in favor of a single commissioner to do the work. More than a third of the board's original \$125,000 appropriation from the previous legislature would be re-appropriated to the revolving fund.<sup>66</sup>

As the legislature battled back and forth on the issue of consolidating management and reducing bureaucracy, it also endeavored to meet the governor's challenge for budget cuts. Though not always popular among the special interests of the state, particularly the state's institutions of higher education, and among the members of the Democrat-controlled Senate, restricted appropriations were an important component of the Republican administration's economizing mission. Legislators battled for nearly a month over budget appropriations, with the House accusing the Senate of "pork barrel" spending and condemning the efforts of Minority Leader Doerr and his Democratic compatriots to compromise with the Senate's considerably higher appropriations balance or to simply leave the matter to the governor for resolution.<sup>67</sup> Although the legislators did not take the latter tactic, and shouldered their responsibility of creating the budget for the next two years, Governor Capper did in the end also exercise his veto power over certain lines of the budget in order to maintain his vision of economy.<sup>68</sup>

The battle over appropriations in 1915 led lawmakers in 1917 to consider a more efficient method of allowing the governor himself to propose a budget and present it to the legislature.<sup>69</sup>

Proponents of this plan suggested that it would allow the governor to "cut the pattern to fit the

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66. "Five Republican Pledges Redeemed By Legislature," *TDC*, March 22, 1915, p. 1, 6.

67. "Alumni State Schools Ask For More Buildings," and "House Will Slash on Appropriations," *TDC*, March 2, 1915, p. 5; "House Stands Pat on the Budget," *TDC*, March 3, 1915, p. 5; "House Is Behind Administration In Economy Measure," *TDC*, March 4, 1915, p. 1; "Appropriation Deadlock Still Is Very Tight," *TDC*, March 10, 1915, p. 1-2; "Rejected Senate Plan To Put It Up To Governor," *TDC*, March 13, 1915, p. 1, 10; "Appropriations Take Up All Afternoon In House," *TDC*, March 18, 1915, p. 5; "Stone Denounces The Pork Barrel," *TDC*, March 18, 1915, p. 5; "State Will Spend Nearly \$10,000,000 In Next Two Years," *TDC*, March 22, 1915, p. 1, 5.

68. "Governor Saves State \$229,000 By Use of Veto," *TDC*, March 25, 1915, p. 1, 2.

69. "Allow Governor To Draw Budget," *TDC*, January 16, 1917, p. 2.

cloth,” or to only fund those items that the state had the revenue to support.<sup>70</sup> The legislature could cut from the governor’s budget, but could not add appropriations without making provisions for raising the necessary revenue in a separate bill. The goal was that no deficit would accrue. Members of the House of Representatives even proposed to ask Governor Capper to prepare a trial budget for that year’s legislative session. Although the governor agreed to make the effort if called upon to do so, the plan did not take shape due to the sense that it was “unfair to ask [a] budget on such short notice” and because it seemed that some of the legislators proposing the idea merely wanted the governor to fail.<sup>71</sup>

The legislature continued its mission to make the state government more efficient in 1917, endeavoring to unite the boards of the state educational system, charitable institutions, and penal facilities under the management of one board of administrators and a state business manager. Legislators hoped that this would cut overhead costs as well as eliminate the politics of special interests that had dominated the boards in the past.<sup>72</sup> As the governor explained it, the plan would imitate the successful business practices of city commissions popular around the nation as well as “the form of organization and management of the successful corporations.”<sup>73</sup> In commending the bill, the *Topeka Daily Capital* pointed out that it would “place Kansas to the front in a movement towards ‘efficiency and economy’ in its extensive and rapidly growing institutions.”<sup>74</sup> Kansas continued to assert for itself a progressive role: the management of state institutions had taken on a particularly Kansan spin with respect to groundbreaking “efficiency and economy.”

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70. “Cut The Pattern To Fit the Cloth,” *TDC*, January 25, 1917, p. 5.

71. “Governor Will Prepare Budget If Authorized,” *TDC*, January 25, 1917, p. 1; and “Stone Loses His Budget Fight Against Governor,” *TDC*, January 27, 1917, p. 2.

72. “First Test Vote In House Favors State Manager,” *TDC*, February 15, 1917, p. 1-2; and “The Three-In-One Board Bill Passes The Senate 25-11,” *TDC*, February 22, 1917, p. 1.

73. “Consolidate Boards and Save State Thousands,” *TDC*, February 22, 1917, p. 5.

74. “Consolidation Bill and the Legislative Program,” *TDC*, February 23, 1917, p. 4.

Businessmen played a significant role in enacting Governor Capper's platforms of efficiency and economy. Albert A. Doerr represented the leadership of the business community on these matters, although he certainly did not agree uniformly with his fellow legislators from his profession or geographical section. He was well enough respected for his views that a writer for the *Daily Capital* suggested he might one day enter a race for the governorship.<sup>75</sup> Although this was not meant to be, Doerr was later appointed to manage the unified board he had helped enact in 1917.<sup>76</sup> The political leadership of bankers and business professionals in Kansas, even in an era when the legislature had more balanced party representation than usual, suggests that voters continued to view them as highly capable lawmakers. Indeed, their business sense made them all the more adept at a brand of progressivism which sought to make government responsible to the people's needs, yet fiscally sound and able to provide for the future.

### **In the Name of Patriotism: The Resurgence of Agrarianism in the Post-War Context**

The years immediately following the First World War presented a unique environment for lawmakers, particularly those representing western Kansas's farming population. Farmers faced a combination of challenges as a result of the wartime growth in production, increased spending on land and equipment, and subsequent troubles with low crop prices and the repayment of mortgage financing. Although the state legislature had taken a step back from active intervention in the problems of individuals during the past few years, it seemed that the state (and ultimately the nation) would have to respond to the demands of an increasingly organized farmer class. Now that the farmers had proven themselves capable producers and defenders of democracy, their interests gained more attention than they had received since the

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75. Alfred G. Hill, "Present Senate Independent and, In Main, Harmonious," *TDC*, March 4, 1917, p. 11B.

76. Doerr became state business manager for a term under Democratic Governor Jonathan M. Davis on March 1, 1923. See "Doerr Named Manager," *TDC*, February 13, 1923, p. 1.

last major depression in the 1890s. The state even proposed to expand the bureaucracy again and appoint an agricultural commissioner to see to their needs.<sup>77</sup>

One of the most substantial efforts of the era was the movement to reduce tenancy through the expansion of rural credits in a state-sponsored loan system. This approach foregrounded an issue key to the Country Life Movement, which had first materialized in 1908 and which culminated with the passage of the Federal Farm Loan Act in 1916. The problem of rural credits as a means of reducing high tenancy rates (between 40 and 50 percent for Kansas) featured prominently in the pages of bankers' trade journals in the 1910s.<sup>78</sup> Publications such as the *Banker-Farmer* served as a platform for a conversation over which agencies, public or private, national, regional, or state, would best serve the farmers' credit needs. Farmers themselves supported overwhelmingly the federal government's plans for long-term, amortized loans that allowed them to pay gradually both the interest and principal on their mortgages. Paying constantly on the value of the land would deepen the farmer's investment and reduce his incentive to "rob the soil" while making minimum interest payments and failing to pay the principal in a lump sum at the end of the mortgage term.<sup>79</sup> Others recognized the potential material gains from offering farmers better credit. Short- and long-term mortgages could allow farmers to improve their operations through diversification: they could enter into livestock management, cultivate alfalfa and other soil-enriching crops, increase marketing power through

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77. "Farmers' Organizations of State Unite to Form Agricultural Council," *TDC*, January 25, 1919, p. 1, 8; "New Agricultural Council Outlines Legislative Plan," *TDC*, January 26, 1919, p. 1B; "Farmers Meeting the Big Problems," *TDC*, February 14, 1919, p. 12; and "Commissioner for All Agricultural Bureaus Proposed," *TDC*, February 25, 1921, p. 1.

78. One journal reported that 40 to 48 percent of farmers were tenants by the early 1920s, whereas in 1880 only 16 percent had lived as tenants. See Charles Moreau Harger, "Kansas Tackles a Big Problem: Here's Its Plan to Reduce Farm Tenancy," *The Banker-Farmer* 7, no. 3 (February 1920), 2-3; and "Farm Tenancy in the United States," *The Banker-Farmer* 9, no. 2 (January 1922), 11.

79. W.C. M'Guire, "Rural Credit, A Letter from a Farmer," *Banker-Farmer* 2, no. 4 (March 1915), 5; and Robert Bulkley, "The Status of Rural Credit Legislation in Congress," *Banker-Farmer* 1, no. 8 (July 1914), 6.

the use of silo storage during off-seasons, and even invest in educational programs.<sup>80</sup> Among the bankers, though, some hesitation existed about the federal government's plans to sponsor rural credit associations. The *Banker-Farmer's* editor, B.F. Harris, undoubtedly expressed some common sentiments when he opined that state and national banks, with the new allowances for farm loans granted them under the Federal Reserve Act, could "solve their own rural credits problems as well or better than can the Federal government."<sup>81</sup>

Bankers at the state and local levels had to figure out how to best approach the changing conditions of the rural credits situation. Tenancy reform and other rural life improvement issues were important features of the KBA's annual meetings during the 1910s, and the participants had a great deal to say about ongoing attempts to legislate change. Like the *Banker-Farmer* editor, Kansas bankers tended to favor local solutions to the credit problem, even if they disagreed about the best course to pursue. Some thought that simply correcting the tax structure to aid property owners might help, while others advocated loaning money from the state school fund for farm purchases by tenants.<sup>82</sup> One speaker argued that the Building and Loan Association, as a "money-saving, money-making, money-lending, cooperative people's institution" seemed to serve just as well as would an entirely new federal land bank system.<sup>83</sup>

While the debate among bankers continued, Congress enacted legislation that officially brought the U.S. government into the farm loan business in 1916. The Federal Farm Loan Act

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80. J.F. Curtis, "Some of the Ways the Banker Can Help the Cause of Agriculture," *Banker-Farmer* 2, no. 4 (March 1915), 6.

81. B.F. Harris, "What the Present Banking System is Doing—and Can Do—For Farm Loans," *Banker-Farmer* 3, no. 2 (January 1916), 14.

82. J.H. Miller, "The Problem of Farm Ownership by the Occupant," *Proceedings of the Twenty-Seventh Annual Convention of the Kansas Bankers Association*, May 21-22, 1914 (Topeka: H.M. Ives and Sons, 1914), 146-49. Interestingly, the Kansas legislature would pursue each of these methods in the interwar period, first credit reform and then tax reform.

83. W.L. Bowersox, "The Province of the Building and Loan Association in the Rural-Credits Problem," *Proceedings of the Twenty-Seventh Annual Convention of the Kansas Bankers Association*, May 21-22, 1914 (Topeka: H.M. Ives and Sons, 1914), 155.

(FFLA) organized twelve regional land banks with bonded capital, which members of numerous local loan associations would pay back over time through the purchase of stock. Groups of farmers could put together these associations and issue loans to their peers on a long-term, amortized basis. The goals for the FFLA were numerous, and providing better opportunities for tenant farmers to purchase land was primary among them.<sup>84</sup> Yet, it still proved difficult for the average tenant to purchase land under this act; FFLA funds could only provide loans on fifty percent of a farm's value, while local bankers or the sellers (usually landlords) were expected to issue second mortgages for the balance of the purchase.<sup>85</sup> Such impediments led some observers to seek alternatives to federal interventions on the local and state levels, even as national legislators continued to tinker with rural credit options.

Despite the activity on the rural credits issue in the national legislature and its continued discussion in the bankers' press and associational meetings, it took several years for the Kansas state legislature to make significant strides toward reform.<sup>86</sup> The struggle to improve the state's rural credit structure years after the height of the country life reform movement underscores several trends about lawmaking conditions unique to the state context, including the limits of a biennial legislature, the political power of country bankers within the state, and how they chose to exercise this power most effectively. Bankers had many purposes in entering the debate over rural credits, not the least of which was a patriotic attempt to fulfill the agrarian dreams of their

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84. The *TDC* ran a fine series of articles issued by the Federal Farm Loan Bureau following the passage of the FFLA. The series offers a useful elaboration of the mission for this legislation. See Frank W. Wilson, "Cooperative Banking System Under the New Farm Loan Act," January 15, 1917, p. 5; "How the Farmers May Take Advantage of Farm Loan Act," January 18, 1917, p. 4; "The Farm Loan Act From the Point of View of the Investor," January 21, 1917, p. 6A; "The Effect of the Farm Loan Act on Farm Tenantry of Country," January 22, 1917, p. 8; and "The Social and Economic Effect of the United States Farm Loan Act," January 23, 1917, p. 4.

85. "A Rural Credit Fairy Tale," *TDC*, January 23, 1917, p. 4.

86. The legislature had passed a rural credits bill in 1915, which authorized building and loan associations to make loans on farm land in addition to city property. This bill proved insufficient in alleviating the rural credit burden, however, and it differed substantially from later efforts to use the state as a mechanism for assistance. See "To Make It Easy For Tenants To Purchase Farms," *TDC*, February 9, 1915, p. 1; "Senate Passes Bowman Rural Credit Measure," *TDC*, February 25, 1915, p. 5; and *State of Kansas Session Laws, 1915* (Topeka: W.R. Smith, 1915), 119.

constituents and especially of world war veterans. More materially, increasing the number of individuals owning their farms, as opposed to operating them as tenants, was thought to boost the stability of rural communities, ensure better soil, and stimulate diverse agricultural production for a successful rural economy. These factors certainly would have appealed to bankers' interests, because their economic success depended on the farmers' ability to seek credit and invest further in agricultural development. Providing for increased farm ownership through rural credits reform undoubtedly improved the terrain for community success and financial opportunity. Nevertheless, it took more than a decade for the Kansas legislature to lay the groundwork for a state-sponsored rural credit system, and even then it came to naught. State legislatures are slow-moving bodies, but this is only a partial explanation for this failure to enact reform. The slowness of legal reform mechanisms, relative to the rhetoric about tenancy and credit reform swirling through professional and political circles in the previous decade, also undoubtedly speaks to economic trends toward farm consolidation and modernization. Other alternatives clearly existed, but as I argue throughout this dissertation, the activities of many bankers and other leading members of rural society both consciously and unconsciously supported the movement toward an industrialized agricultural system that would prove largely untenable in a traditional agrarian context.

The economic realities of an industrializing farm sector made the political rhetoric on tenancy reform and rural credits in the Kansas legislature as late as 1923 somewhat surprising. When Kansas Governor Henry J. Allen addressed the Kansas legislature about the tenancy issue in 1919, however, the post-Great War context infused his message with a strain of patriotism that gave special urgency to aiding landless returning soldiers. In a blitz of publicity for his political platform, he advocated an amendment to the Kansas constitution allowing the state to purchase

land and resell it to the landless, as well as for taxation penalties for speculators and landlords.<sup>87</sup> The plan created a great deal of buzz, and even garnered the support of Gifford Pinchot, a friend of both Allen and Theodore Roosevelt.<sup>88</sup> In a monumental move, the Kansas legislature overwhelmingly passed a concurrent resolution submitting the “tenantry relief amendment” to the state’s voters.<sup>89</sup>

Voters passed the amendment in 1920, thus giving inducement to the state legislature to enact actual instruments for assisting farmers to purchase homes. Once again, Governor Allen highlighted the need to give preference to those who had served in the war, and the state press shared this attitude. Allen had recommended a commission to analyze the tenantry (or tenancy) problem and make recommendations for a “constructive land policy in Kansas.” As the *Topeka Daily Capital* opined, “The steady increase in tenant farming can not [*sic*] be satisfactory to this state, which is interested in production and in a well diffused land ownership.” The editor added, “There is a special reason why such an inquiry should be made at this time in Kansas, and that relates to the duty of the state to assist its ex-service men to become home builders and homeowners.”<sup>90</sup> Wrapping reform in patriotic language added even more force to a proposal that already supported a cherished ideal in the American agrarian mythology, but this did not ensure that the plan would move beyond rhetoric to implementation.

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87. “Gov. Allen’s Address,” *TDC*, January 14, 1919, p. 7; “Reforms Can Come Only Thru Change in Constitution,” *TDC*, January 16, 1919, p. 1; “Gov. Allen’s Message,” *TDC*, January 16, 1919, p. 10; and “Gov. Allen Talks to Farmers’ Union,” *TDC*, January 17, 1919, p. 2.

88. “Pinchot Voices Approval of Land Tenantry Plan,” *TDC*, January 29, 1919, p. 7.

89. “Kansas to Help Soldier Boys to Buy Farm Homes,” *TDC*, March 11, 1919, p. 1; “Land Tenantry Amendment Gets House Approval,” *TDC*, March 12, 1919, p. 1, 8; and “Amendments for Election in 1920 Are Decided Upon,” *TDC*, March 15, 1919, p. 8.

90. “Governor Allen’s Inaugural Address,” *TDC*, January 11, 1921, p. 3; and “Gov. Allen and Land Ownership,” *TDC*, February 18, 1921, p. 4.

Allen agreed to postpone any action during the 1921 legislative session, awaiting the report of the special commission.<sup>91</sup> The issue had not died by the meeting of the next legislature in 1923. Instead, a prominent country banker elected to represent his southwestern Kansas district was still agitating for a bill that would authorize the state to buy lands cheaply, and then appoint a supervisor to administer a system where tenants could buy the lands on credit. Interestingly enough, this banker—the recently re-elected Jerome W. Berryman of Ashland—throughout his career expressed strong feelings against government intervention in matters of credit and banking. His plan would operate based on the long-term, amortized mortgage model of the federal land banks, but in this case he made a fine distinction between the functions of the federal land banks and the proposed Kansas-based entity. Berryman’s ideal agency would offer the full value of the land in credit instead of the fifty percent the FFLA authorized. The banker also placed parameters on the funding source for his plan: although the state would technically purchase the lands, the funds would derive from privately purchased, bonded capital rather than from the state itself.

Berryman’s proposed bill retained the rhetoric of agrarianism and patriotic fervor central to the previous campaign for providing credit for the purchase of rural homes. Berryman wrote:

Instead of a prosperous home loving citizenry, residing on their own land, which self interest induces them to improve and keep in its highest state of efficiency by the conservation of the fertility of the soil and the building up of the property, making it more valuable, we have here the reverse condition of a shiftless, dissatisfied, impoverished tenantry without ambition for the present, or hope for the future; only interested in getting as much out of the soil as they may.<sup>92</sup>

He added:

This serious condition would probably have not received our consideration for some time to come, had not the return of our soldiers from the world war forced upon us the problem of adequately showing our appreciation of their great

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91. “Mopping Up Bills Sport For Kansas Solons This Week,” *TDC*, February 21, 1921, p. 1.

92. Jerome W. Berryman, “Farm Home Bill,” *Ashland Clipper*, February 1, 1923.

sacrifice, by trying to devise methods and means whereby they can be taken care of and placed in a position to establish homes for themselves and rear families, under the most favorable circumstances that a grateful country can devise for them.<sup>93</sup>

The banker pointed to criticisms of tenants' destruction of the land and rural communities while appealing to the patriotic considerations of supplying veterans with homes. These were both popular appeals for banker-reformers and for Berryman's constituents. His local newspaper, the *Ashland Clipper*, printed the bill in full for its readers to consider, and the same paper had earlier re-printed reports from Topeka and Kansas City newspapers that his tenantry plan might earn Berryman a position as Speaker of the Kansas House of Representatives.<sup>94</sup>

Neither this position nor the bill amounted to anything, despite the idealistic appeal of credit assistance for buying "farm homes." This led the *Topeka Daily Capital* to editorialize that the emergency had passed and that "the state has forgotten the issue."<sup>95</sup> Berryman's belated appeal for land-credit reform may have simply been a rhetorical strategy to gain favor with his constituents. Still, his approach to the problem fit well within the milieu of the reform-oriented country banking community to which he belonged. Beyond his political authority on questions of banking and economic development, Berryman's affiliation with reform causes helped give him credibility as a political leader.

Berryman and other bankers in the legislature might have exercised the power of their lobby as they did for matters related to the affairs of banking, but they were content to leave this more broadly-based reform in the talking stages. As with other issues central to the progressive platform, the Kansas legislature seemed to have higher expectations for advancing reform causes than it could realistically fulfill. Bankers and their fellow legislators did not wish to change the

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93. Berryman, "Farm Home Bill."

94. "Ashland Banker Urges State Aid for Kansas Farmer," *Ashland Clipper*, January 4, 1923.

95. "The Legislature's Job," *TDC*, February 16, 1923, p. 4.

nature of the nation's economic culture, even as they sought to influence the direction of the conversation about rural credits and tenancy reform. Ultimately, their stake in a capitalistic agricultural system, as well as the nation's liberation from post-war emergency conditions, led to the abandonment of such high-minded ideals.

### **Good Roads: Legislators Bring Kansas into the Modern Era, 1925-1928**

The Kansas legislature continued to struggle in balancing progressive idealism and the status quo of state governmental operations in the late 1920s. Indeed, following the less-than-popular gubernatorial administration of Democrat Jonathan M. Davis, Kansans in 1925 returned to a Republican business-as-usual character with Governor Benjamin S. Paulen, a banker from eastern Kansas. The *Topeka Daily Capital* editorialized at the start of Paulen's term that he "has no radical ideas, and none are needed."<sup>96</sup> In language reminiscent of the late 1910s, the writer added, "What the state hopes from this administration is that the state will go forward as a better functioning, better co-ordinated mechanism, all the organs and parts of the state government performing in a more efficient way."<sup>97</sup> Tightening up government administration had once been considered a trademark for progressivism. Now, organizing bureaucratic functions was simply standard, and Kansas had begun to fall behind the national curve of other reform causes. In proposing to bring the state into the national roads system, the Paulen administration aimed to rectify that backwardness. Kansas had surrendered the groundbreaking spirit of old, but was still trying to take positive steps in the direction of a liberal relationship between the people and a functioning state government.

In a state that would boast the first construction of homegrown President Dwight Eisenhower's federal interstate highway system during the 1950s, it may seem strange that

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96. "Gov. Paulen," *TDC*, January 13, 1925, p. 4.

97. *Ibid.*

federal aid for the construction of adequate roads linking Kansas to a national highway network took so long to orchestrate. Owing to a constitutional provision that restricted the state from spending money on internal improvements, however, the state in the 1920s was hard pressed to meet the matching funds requirements to receive federal highway aid. Between 1925 and a special session of the legislature in 1928, debate over a proposed constitutional amendment to allow the state to construct and maintain highways was fierce. Representative Berryman led the forces for the amendment as the Good Roads Committee Chairman in the House of Representatives. Another leading banker from western Kansas, Senator John M. Gray, led the Senate Committee on Good Roads. The leadership of veteran politicians and businessmen from western Kansas signified the relationship of the roads issue with a desire to bring Kansas into the modern era through the improvement of its infrastructure and consequently, through increasing the economic capacities of the state's producers. Although instituting a state system of roads was a controversial move for many Kansans, legislators like Berryman and Gray worked for this cause in the truest sense as solons: as respected statesmen and advisors to the people seeking to enact what best suited the needs of the state in the long term. In this case, by integrating Kansas into a nationwide structure of transportation networks, the good roads movement was both forward-thinking and economically rational. Ultimately, its supporters helped to shift the terms of Kansas's relationship with the federal government. Such a partnership was vital to transitioning the state into a modern institution responsible for the needs of an increasingly mobile citizenry that demanded more from its government.

The Kansas legislature debated proposals for a "good roads amendment" and a series of administrative measures meant to structurally and financially support the new highway system. The legislature first attempted to pass a resolution to submit the amendment issue to the voters in

1925. Berryman was quoted in the *Topeka Daily Capital*: “Such an amendment is necessary if Kansas is to retain the benefits of federal aid.”<sup>98</sup> Kansas could not afford to build modern roads without that aid, but movement toward cooperating with the national system of roads had been and would continue to be slow. Legislators had begun to motion for a more comprehensive state system of roads in 1917, and Kansas voters had finally passed an amendment to the constitution in 1920 which allowed the state to assist in the process of constructing roads.<sup>99</sup> Under this system, however, control remained with the counties and local benefit districts, and the state had no authority to construct its own roads. Berryman suggested repealing the former law and giving the state the following powers:

To plan, adopt, create, establish, improve, construct, reconstruct and maintain roads and highways. The state may raise funds for such purposes from the proceeds of a tax or registration fee imposed on motor vehicles and a tax on gasoline or other motor fuel. The state may reimburse benefit districts for the cost of permanent improvements of roads and highways adopted by the state which have been constructed after March 1, 1919.<sup>100</sup>

This amendment received the approval of a substantial number of representatives, with the addition of a clause prohibiting the levying of property taxes or bond issues for state highway construction. In the end, however, the House fell seven votes short of the necessary majority to send the amendment to voters in 1925.<sup>101</sup>

Opposition to the good roads amendment centered on the sharing of power between the state and federal governments, but also reflected familiar, deep-seated rivalries over control between the state and local governments. These battles for control dated back to the earliest efforts to improve Kansas roads, endorsed by bicycle enthusiasts and urban-dwelling nature

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98. “Taxing, Banking, Highways, Will Busy Lawmakers,” *TDC*, February 9, 1925, p. 1.

99. “Legislature Gets Good Roads Bills,” *TDC*, January 12, 1917, p. 5.

100. “Berryman Would Offer Good Roads Amendment,” *TDC*, February 19, 1925, p. 1.

101. “New Amendment on Roads Given House Approval,” *TDC*, February 26, 1925, p. 1; “Senate Acts on Roads as House Hits Amendment,” *TDC*, February 28, 1925, p. 1.

enthusiasts in the 1890s.<sup>102</sup> As the legislature made its final approach toward revising the constitution, making it the last state to join the federal road network in the late 1920s, opponents argued over the need to connect Kansas with the national road system, commitments to repaying the investments of local funding campaigns, competing sectional interests that pitted farmers against eastern cities, and the power of the proposed state highway committee vis a vis the county commissioners.

During the first serious debate about allowing the state to enter the highway building business, in 1925, a key point of attack was its allowance for federal aid. Many legislators and ordinary Kansans opposed federal aid on principle. A caucus of a small number of House members in February 1925 suggested that many legislators would rather “give up federal aid” than replace the county roads system with a statewide program.<sup>103</sup> A few days later, the House of Representatives as a whole voted to adopt a resolution to the effect that the body was against federal aid.<sup>104</sup> Arguing against the good roads amendment in a standing vote on the issue, Representative Frank L. Martin of Hutchinson represented the lengths to which opponents of federal aid would go. The *Topeka Daily Capital* quoted him: “I believe so strongly in home rule that I would stand here and destroy the chances of the state ever to get another dollar of federal aid.”<sup>105</sup> He thought that if the amendment passed, “The state highway commission would lay such a burden on the state that ‘you won’t have any homes or have any farms.’” His major complaint against federal and state aid was that ““they delude people into believing they are getting something for nothing.”<sup>106</sup>

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102. Paul Sutter, “Paved with Good Intentions: Good Roads, the Automobile, and the Rhetoric of Rural Improvement in the Kansas Farmer, 1890-1914,” *Kansas History* 18, no. 4 (Winter 1995/1996), 284-299.

103. “Caucus Performs Last Rites; Now Come Road Bills,” *TDC*, February 10, 1925, p. 1.

104. “Forward Step in Tax System Taken by House,” *TDC*, February 15, 1925, p. 1B.

105. “New Amendment on Roads Given House Approval.”

106. *Ibid.* In response to aspersions against federal aid, the *TDC* argued that Kansas had little to complain about in terms of the rate of return on their federal income taxes. The paper supplied data noting that out of tax

The opposing sides also disagreed about funding and the location of control for the highway system. The authors of the constitutional amendment resolutions in 1925 tried to pacify the counties and districts that had raised funds for paved roads under the 1920 amendment, and considered the distribution of licensing and fuel taxes more than fair compensation for rural counties.<sup>107</sup> Further, the amendment would not allow the state to resort to property taxes or bonds as a basis for road funds, so the threat to “homes and farms” was small. Yet doubts persisted not just about the sources of funding for the roads, but also about how the distribution of those funds would suit local interests. The *Topeka Daily Capital* observed that “the county commissioners have a lobby at this session, working against an effective state highway system.”<sup>108</sup> These lobbyists eventually submitted a bill “providing for a connected system of highways, almost entirely controlled by the counties,” with “very limited supervision of highway work and expenditures by the state highway commission.”<sup>109</sup>

Although the legislature three times rejected resolutions supporting a good roads amendment to the constitution during the 1925 session, it did take smaller steps toward improving the highway program. In fact, the two houses proposed nearly 40 bills to support the creation of a new state highway department, headed by a state engineer of roads, and the division of funding for the state highways.<sup>110</sup> The legislature also enacted a gasoline tax of two cents per

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contributions of \$20.7 million, Kansas currently received back nearly ten percent in federal aid for programs such as roads. Many more populous states in the eastern U.S. received a much lower percentage of their taxes back. As the article observed wryly, “New York might have more objects to federal aid than Kansas,” what with its tax contributions of \$690.4 million and return rate of one-half of one percent. See “Forward Step in Tax System Taken by House,” *TDC*, February 15, 1925, p. 12B.

107. The *Topeka Daily Capital* supported these compromises and considered them vital for getting the amendment passed in Kansas. See “A Practical State Highway Bill,” *TDC*, February 26, 1925, p. 4.

108. “Forward Step in Tax System Taken by House,” *TDC*, February 15, 1925, p. 1B.

109. “Lawmakers Get Action on a Few Important Bills,” *TDC*, February 22, 1925, p. 10.

110. “Taxing, Banking, Highways, Will Busy Lawmakers,” *TDC*, February 9, 1925, p. 1; “3 Big Tax Bills Passed; Tax Put on Intangibles,” *TDC*, February 6, 1925, p. 1, 9; “Senate is Mired Deep in Highway Program Debate,” *TDC*, February 27, 1925, p. 1; “Senate Acts on Roads as House Hits Amendment,” *TDC*, February 28, 1925, p. 1; “Big Stuff Lies Just Ahead of ‘25 Legislature,” *TDC*, March 2, 1925, p. 1; “Big Features of Roads

gallon, with funds apportioned among the counties for road building.<sup>111</sup> Despite these actions, the *Topeka Daily Capital* reported that Berryman and the other committee members “feel that such enactments would be only a temporary makeshift.”<sup>112</sup> Ultimately, good roads proponents would have to refight these battles in the 1927 meeting of the Kansas legislature.

At the 1927 session, highways constituted a focal point of debate. It became clear that the Paulen administration and many lawmakers in Kansas wanted to get a good roads amendment to the voters, and that county control was becoming increasingly unpopular. The *Topeka Daily Capital* two years before had been supportive of some of the legislature’s concessions to the counties, but now declared that “county control has wrecked the state highway program.”<sup>113</sup> Yet the amendment still faced stiff challenges, as the roads committee reported the resolution to the floor without recommendation and legislators seemed more content to continue passing minor road laws on a piecemeal basis.<sup>114</sup>

Upon presenting his resolution to the House, J.W. Berryman spoke powerfully for the amendment he had been fighting to enact for two years. The *Topeka Daily Capital* quoted the House Chairman of the Good Roads Committee extensively. The amendment under discussion was “the most important which has come before this legislature,” Berryman argued. Speaking to the importance of the roads in bringing Kansas to the modern era, equal to all the rest of the states, he observed, “Kansas is standing at the point where the proposition is clearly up to her. . . . She is at the place where she may prepare for the future and prosperity or she may march at the

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Program Are Thru Senate,” *TDC*, March 4, 1925, p. 1; and “State Highway System Bill is Thru the House,” *TDC*, March 8, 1925, p. 1B.

111. “Roads and State Finances Still Face Lawmakers,” *TDC*, March 9, 1925, p. 1; and “1925 Lawmakers Return Home with Record of the Most Constructive Legislation in More Than Decade,” *TDC*, March 14, 1925, p. 1.

112. “Taxing, Banking, Highways, Will Busy Lawmakers,” *TDC*, February 9, 1925, p. 1.

113. “The Governor’s Message,” *TDC*, January 13, 1927, p. 4.

114. “Close Call for Amendment on Building Roads,” *TDC*, January 29, 1927, p. 14; “New Road Move Bears Earmarks of Compromise,” *TDC*, February 1, 1927, p. 1; “House Now Can Fight Out Road Issue on Floor,” *TDC*, February 5, 1927, p. 1; “House Goes To Bat Today on Road Question,” *TDC*, February 9, 1927, p. 7;

rear of the procession.”<sup>115</sup> Using his business-minded philosophy, Berryman also appealed to the legislature’s sense of economy in pointing out that good roads would save Kansans millions of dollars in vehicle repair. Several of his fellow representatives supported these efforts. John C. Mack and Henry McGrew, for instance, spoke to the fairness of the funding basis for the road system, which consisted of usage taxes such as gasoline and licensing fees. McGrew added, “I believe if we build an adequate roads system Kansas will be the hub of national highways.”<sup>116</sup>

The same arguments that had surfaced in the previous legislative session came back to the mix in 1927. In a debate following Berryman’s introduction of the resolution, it became clear that this issue centered on the question of power and strong sectional divides in the state. Rural communities in western Kansas were particularly afraid of losing control of roads which would draw people away of small town markets and toward the larger regional centers. Opponents criticized federal aid, the proposed centralization of power within a small commission and the state government, and the building of a system that surpassed farmers’ market needs. Noah L. Bowman raised several key points for the opposition. He commented that Topeka officials are “not thieves and robbers, but they don’t know local conditions like the county officers do.”<sup>117</sup> He disapproved of federal aid because “for every seven dollars we send to Washington we get back only three.” F.B. Niles added with wit, “The people have learned if they keep their money in the county treasury, they get to spend some of it sometimes.”<sup>118</sup> Andrew J. White offered a point on behalf of the farmers: “It’s the farmers that make Kansas, not the birds of passage, and the first road should be the one from the farmer’s gate to market.”<sup>119</sup> Finally, in one of the most pointed statements of local and sectional disfavor for a state-controlled system, Vincent R.

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115. “Road Amendment Is Defeated by House, 77 to 46,” *TDC*, February 10, 1927, p. 1.

116. *Ibid.*, p. 10.

117. *Ibid.*

118. *Ibid.*

119. *Ibid.*

Caster noted, “I’m willing to trust my people in western Kansas, but I’m not willing to trust the people in eastern Kansas and they’re overwhelmingly in the majority.”<sup>120</sup> This landslide of opposition buried good roads supporters and the resolution to submit an amendment to the voters failed by a large margin.

Ultimately, the legislature made little headway toward moving the state into the national highway system. The Kansas House of Representatives that year even went so far as to petition Kansas’s representatives in Washington to discontinue federal aid projects, even if this meant the loss of tax money to federal debt repayment.<sup>121</sup> Once again, the legislature’s efforts toward road development remained constrained by a broad unwillingness for counties to share too much control with the state and to receive funding from the federal government.<sup>122</sup> At the close of the session, the *Topeka Daily Capital* rebuked the legislators: “One of the major questions before the legislature was road construction, and it made a weak effort to improve conditions . . . the legislature has only nibbled at state highway construction and until a constitutional amendment is passed Kansas will lag behind its neighbor states in state roads.”<sup>123</sup>

The legislature’s rejection of federal assistance turned even more bitter for its supporters when it became clear that the state’s eligibility to receive any federal aid for road construction would expire in 1929 if it did not put forth an amendment allowing the state to enter the development business. Given these circumstances, the governor called a special session of the

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120. *Ibid.*, p. 13.

121. “Kansas House Against More Federal Road Aid,” *TDC*, February 15, 1927, p. 12.

122. Legislation was restricted to debate over funding and control, with these matters skewed to suit local interests, such as the desire for counties to retain the ability to build county roads with their portion of tax funds, the desire to increase representation on the state roads commission, and the desire to reimburse former road districts for their investments. See “Put Principles of Business in State Road Law,” *TDC*, March 3, 1927, p. 1, 7; “Victory Seems Near for Road Committee Bill,” *TDC*, March 4, 1927, p. 1, 8; “Road Bill Thru With Order for Reimbursement,” *TDC*, March 4, 1927, p. 7; “House Road Bill to Face Senate With New Dress,” *TDC*, March 8, 1927; “Road Bill Thru Senate After a Bitter Struggle,” *TDC*, March 10, 1927, p. 1; “House Wins Its Battle for New State Road Law,” *TDC*, March 13, 1927, p. 1B.

123. “The Legislature,” *TDC*, March 21, 1927, p. 4.

legislature in July 1928 for the express purpose of writing and submitting such an amendment for the general election that fall. Governor Paulen noted in his opening address to the legislators, “Kansas is the only state which does not now comply with the federal highway act.”<sup>124</sup> He intended “quick action” in a short session, and this time legislators complied. All debates on the proposed amendment were thrown onto the House floor for general discussion, and the Senate followed the tone set by the House in those debates.<sup>125</sup> Lawmakers finally submitted two amendments to the people to bring the state into compliance with federal law. The first conferred power to the state to build and maintain highways, but rejected the use of property taxes or bond issues to fund them. The second amendment made clear the state’s power to levy taxes on motor vehicles and motor fuels specifically for the purpose of state highway construction, as this power had come under question.<sup>126</sup> Despite quarrels over the language of the bill and more substantial questions about local control and reimbursements, Kansas voters finally had the option to move into the modern era on roads.

A few years earlier, proponents of federal road aid had lamented Kansas’s road-building status in the prominent forum of the *Topeka Daily Capital*. Accompanied by a striking map of the transcontinental system of paved highways, which tellingly skipped over Kansas, one article argued that if Kansas did not make this change, it would be one of only three states denied federal funds for road building, and more symbolically, it would represent a failure in the completion of a national “Victory Highway.”<sup>127</sup> Concerns about accepting federal aid and

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124. “Text of Governor’s Message,” *TDC*, July 20, 1928, p. 3.

125. “Quick Action on Amendments if House Wants It,” *TDC*, July 19, 1928, p. 1, 8; “Comprehensive Amendment is Quickly Worded,” *TDC*, July 20, 1928, p. 1; “Amendment Is Threatened By Disagreement,” *TDC*, July 21, 1928, p. 1.

126. “State To Vote On Two Road Amendments,” *TDC*, July 22, 1928, p. 1B, 10B.

127. “Kansas May Be Missing Link in Highway System,” *TDC*, February 20, 1925, p. 1.

supporting a state-directed highway program impeded Kansas's participation in the first broad movement to unite the nation through automobile routes.

As with many important pieces of legislation, Kansas's lawmakers took several sessions to reason through their desired outcomes and make long-term change. This is in part a reflection of the limitations of biennial legislatures consisting of only fifty-day sessions. It also suggests, however, that representatives at the state level faced some limitations due to a lack of consensus over the state's need to modernize and over the power of different sections of the state, as well as due to questions about the impetus for more centralized government that had begun in the Progressive Era. On the surface, fear of missing out on funding and losing face among the states shifted the balance to favor an amendment supporting a modern system of state roads. Yet the statesmanship of business-minded Kansans, elected for their economic stewardship, broad-mindedness, and advising capacities, also played a role in transforming mindsets about state roads and related changes in the relationships between different units of government. Berryman's support for a state-directed highway system, in particular, influenced this process of modernizing Kansas's infrastructure and position within the nation-state. His interest in the economic betterment of rural communities superseded sectional differences and fears of centralized control. In the midst of a complex career that at times evidenced opposition to federal and state power when that authority challenged his own business, Berryman's record on good roads reflected measured analysis and a strong sense of the broader needs of his community and state.

### **Hard Times: The Changing Face of American Government, 1925-1930s**

Good roads proponents had grappled with an old progressive issue—a last vestige of the country life movement—and finally succeeded in gaining the people's approval for modernization of this important infrastructural link between Kansas and the rest of the nation.

While doing so, they also faced the growing challenges of a new era, when agricultural depression had returned to a once-prosperous region. One of the most important considerations for the good roads supporters, ultimately, was to remove the basis for funding roads from the general property tax that already overburdened land-poor farmers. Legislators had finally come to the conclusion that the state's tax structure needed general reform. The State Tax Commission had predicted in 1924 that if current taxation trends continued, "Within the life of this generation . . . the value of agricultural lands will vanish and the farm owners will be reduced to the condition of tenants of the state."<sup>128</sup> Furthermore, the Department of Commerce reported in 1927 that Kansas was "so far as modern taxation is concerned . . . the most backward state." Whereas the revenue of other states averaged twenty-four percent from land taxes, Kansas raised fifty percent from this source.<sup>129</sup> Continued reliance on property tax was an unacceptable solution, as were state-wide bond measures for the purposes of infrastructure development; thus, the solution for road funding fell to motor fuel taxes and vehicle licensing fees.<sup>130</sup> The implementation of these new sources of revenue was consistent with the legislature's larger efforts toward reforming the state tax structure and making non-land-based or intangible wealth more accountable to the state's funding needs. The state's enactment in 1925 of new taxes such as a millage rate on money and other intangible property, as well as a mortgage registration fee, are vital in characterizing legislative trends in this period.

Proposals to tax intangible wealth, such as mortgages and other investments, improved the state's ability to alleviate the burdens of an over-taxed farm sector by sharing revenue collection with the state's growing business class. J.W. Berryman expressed concerns over this

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128. "The Conkling 3 Mill Tax Bill," *TDC*, February 5, 1925, p. 4.

129. "Kansas Bringing Up the Rear," *TDC*, March 1, 1927, p. 4.

130. Legislation for such taxes began in 1925. See "First Rush Over, Legislature Due to Find Itself," *TDC*, February 1, 1925, p. 1B, 12B.

plan, which may seem predictable given that this sort of tax would impact bankers' wealth from investments, but it is surprising in light of the Ashland representative's sentiments in favor of increasing state power over developing infrastructure.<sup>131</sup> The complexity of the banker-legislator's opinions on these matters once again reflected the necessary balance between representing the constituents who gave him his political platform and the interests of his profession. In this case, Berryman's willingness to follow the public mandate expressed in a 1924 voter referendum to support tax reform and to participate in the ensuing conversations about classifying property and taxation rates, despite his qualms, allowed him to maintain his office. Indeed, as a representative of both the farm constituents of western Kansas and of the business community, Berryman offered important insight to the conversations about broadening revenue sources and best serving the state's needs for modernization.

Following the voters' approval of an amendment permitting the legislature to classify new forms of property for taxation, legislators suggested mechanisms for imposing this new levy on intangible property, which the *Topeka Daily Capital* defined for readers as "money, mortgages, notes, and other evidences of debt such as stocks, bonds, annuities, royalties or copyrights."<sup>132</sup> The proposals split up money and mortgages, with the first owing millage taxes and the second being charged a fee upon registration.<sup>133</sup> Legislators hoped that these new taxes, at rates below one percent in each case, would increase the amount of property listed on tax rolls from what had been represented under the general property tax rate of three percent or higher.

The Kansas Senate and House of Representatives went back and forth on the terms of the new taxes and fees, including the rates and frequency with which they were to be paid. The

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131. "Party Pledges Have Good Day in Legislature," *TDC*, February 28, 1923, p. 1, 9.

132. "3-Mill Tax is Proposed on Intangible Property," *TDC*, January 27, 1925, p. 1.

133. Mortgage registration fees, like the other new forms of taxation, were first proposed in 1925. See "First Rush Over, Legislature Due to Find Itself," 12B; "3 Big Tax Bills Passed; Tax Put on Intangibles," *TDC*, February 6, 1925, p. 1, 9.

Senate was first off the mark in passing a mortgage registration fee, a fixed annual rate of 15 cents on every \$100 of mortgage principal, payable by the borrower at the beginning of the term. Meanwhile, the House considered several different bills that proposed different rates and such conditions as annual payments that raised the overall rates for holders of longer-term mortgages. One proposal, supported by Berryman and 42 other representatives, provided for differential rates on mortgages of different lengths, with shorter-term borrowers paying higher rates than long-term borrowers. The House ultimately adopted a bill raising the rate of the fee to 25 cents on the \$100, “regardless of the duration of the mortgage.”<sup>134</sup> Proponents of the bill argued that this would help the “long-time borrower who needs the most help” and who was contributing the most to Kansas’s prosperity and future by building homes.<sup>135</sup> The Senate ultimately accepted the House’s version of the bill and sent it to Governor Paulen midway through the 1925 legislative session.<sup>136</sup>

The *Topeka Daily Capital* heralded this new tax as a way to substantially raise revenue and allow Kansas “enough money to carry out a great highway improvement program, without burdening property that has up to this time borne the load of taxation for all purposes in the state.”<sup>137</sup> Yet the newspaper’s editorial staff repeatedly questioned why the mortgage registration fee should be imposed on borrowers rather than on lenders. They thought the legislature should extend the coverage of the intangible millage tax to include mortgage papers owned by

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134. “House Adopts Flat 25-Cent Mortgage Fee,” *TDC*, February 14, 1925, p. 1, 9. Berryman ultimately voted against the bill under these terms. Considering his previous suggestions for amendments to the bill, it is likely he was among those who, according to the *TDC*, objected that “it was unequal, unfair, and discriminatory to make no discrimination between long and short term borrowers.” See “House Votes Approval of Mortgage Tax Bill,” *TDC*, February 17, 1925, p. 1.

135. “House Adopts Flat 25-Cent Mortgage Fee.”

136. “Senate Concurs, Mortgage Fee Bill is Passed,” *TDC*, February 19, 1925, p. 1.

137. “The Fifth Week of the Legislature,” *TDC*, February 9, 1925, p. 4.

lenders.<sup>138</sup> Accusations of special interests simmered as editorials accused some legislative members of “having their way about” the composition of the new revenue bills.<sup>139</sup> The paper commented on the issue, “It would be a misfortune if in attempting to get revenue out of intangible property, of which mortgages are an important feature, owners of such property should be exempt and the state would land on the borrower for its revenue.” It added, “Why the owner of wealth in the form of mortgages should be tax-exempt in order to permit the state to collect its revenues from the borrower has not been explained, and no decent explanation can be made of it.”<sup>140</sup>

Criticisms of the misapplication of mortgage fees aside, much of the taxation on other forms of intangible wealth would apply to lenders through the intangible tax law. The proposed law moving through both bodies of the legislature included provisions to tax the following items:

Notes, mortgages, stocks, bonds, annuities, royalties, contracts, copyrights, claims secured by deeds, and every liquidated claim and demand for money or other valuable thing except notes or obligations secured by mortgages on real estate which mortgages have been recorded in this state and a registration fee or tax paid thereon under the laws of this state.<sup>141</sup>

Lawmakers expected this tax, at a rate of two and a half mills (or .25 percent), to flush out property that owners had been unwilling to submit for taxation under the much higher general property tax rate (from three to five percent), and thus raise the overall revenue despite the lower rate of taxation. As the *Topeka Daily Capital* noted, “The excessive rate of taxation on intangible property has not been paid, except by exceptionally conscientious citizens, but the existence of such taxes has driven capital and wealth out of the state, kept wealth from entering the state and

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138. “A Good Tax Bill,” *TDC*, February 6, 1925, p. 4; “The Millage Tax and Stocks and Bonds,” *TDC*, February 7, 1925, p. 4; “The Fifth Week of the Legislature.”

139. “Exempting the Lender and Taxing the Borrower,” *TDC*, February 13, 1925, p. 4.

140. *Ibid.*

141. “Intangible Tax Bill Past First House Skirmish,” *TDC*, February 20, 1925, p. 1.

hampered the development of the state.”<sup>142</sup> Considering these inducements for change, the Kansas legislature successfully enacted this bill at the end of February in 1925.<sup>143</sup>

The *Topeka Daily Capital*, complimented the 1925 legislature for completing “the most constructive legislation in more than [a] decade.” Although the newspaper routinely framed the legislature as conservative, it still deemed it progressive where it needed to be. On taxation, for instance, it had taken “courage to enact three revolutionary tax laws in one session, and the first session after adoption of the constitutional amendment” allowing the legislature to make such laws. The editorial staff added, “The legislature deserves credit for a conservative good sense. It was progressive enough and its progressivism was balanced by common sense.”<sup>144</sup>

The tax laws passed in 1925 did not go without criticism and revision in future legislative sessions, but in principle they largely stuck.<sup>145</sup> This is a testament to the changing needs of a state with modernized ideas about how to responsibly support a large class of farm constituents and simultaneously relieve some of their former burdens. As the *Topeka Daily Capital* editorialized, the state tax plan “was adopted to stay not to be wiped out because as an experiment, as many property owners judge it, the revenue was disappointing.”<sup>146</sup> The newspaper reaffirmed the essential point of the tax reforms: “Lower taxes on the land are necessary before the farmer can keep up the fertility of the soil, which is steadily wasted, and

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142. “Tax Laws by the Present Legislature,” *TDC*, February 24, 1925, p. 4.

143. “Millage Bill Is Signed, Bonds are Not Exempt,” *TDC*, February 28, 1925, p. 1.

144. “A Successful Legislature,” *TDC*, March 14, 1925, p. 4.

145. In 1927, for example, laws were actually passed to increase the rate of taxation on intangible property, and to impose fines on tax dodgers. See “Busy Time for House is Seen in First Bills,” *TDC*, January 14, 1927, p. 1; “Intangible Tax Bill Gets Floor This Afternoon,” *TDC*, February 16, 1927, p. 1; “Intangible Tax Law Gets a Big House Majority,” *TDC*, February 17, 1927, p. 1; and “Prospects of the Intangible Tax Plan,” *TDC*, March 5, 1927, p. 4. In one floor debate, J.W. Berryman kept trying to alter the bill by leaving it at a 25-cent rate. This undoubtedly spoke to his interests as a banker. He also objected to the bill’s denial of the right to deduct debt from assets, arguing that bankers as well as farmers were struggling with debts and that this was unfair. See “Intangible Tax Bill Thru with a 50-Cent Rate,” *TDC*, February 18, 1927, p. 1, 8. The mortgage registration rate also resisted forces of change in 1927. J.W. Berryman provided one argument for holding ground on this law’s current rate: it lowered interest rates without burdening the borrower heavily. See “Move to Raise Mortgage Rate is Fought Off,” *TDC*, February 27, 1927, p. 9B; “Senators Kill Mortgage Bill At Last Minute,” *TDC*, March 1, 1927, p. 12.

146. “Taxation and the Intangible Debate,” *TDC*, February 18, 1927, p. 4.

make such improvements as are necessary for farm prosperity and better living conditions.”<sup>147</sup>

Kansas could not afford to backtrack on its commitments to tax reform, and the balancing of land taxes with intangible taxes.

Thus, when the federal courts in 1929 found Kansas’s intangible tax law invalid as it applied to national banks, the legislature was not deterred from amending the law and trying to make it work.<sup>148</sup> In the matter of revising the law to cover these institutions, the state appealed to national bankers to suggest feasible revisions so as not to deny the state a significant source of revenue.<sup>149</sup> Bankers struggled to come to an agreement over how they should be taxed, with some agreeing to comply with any taxation placed upon the state bankers and others holding firmly to the national law that protected them from such taxation.<sup>150</sup> The state realized that the U.S. Congress needed to act to allow taxation of national banks, but in the meantime the resolution of the issue came down to the legislature.<sup>151</sup>

Not wanting to do away with the forms of revenue that allowed the state to rely less on the general property tax, the legislature delayed while soliciting opinions on the legality of a revised form of their current tax structure, even seeking feedback from individuals through the county commissioners. After receiving some reports that the counties would favor the repeal of the intangible and mortgage taxes in favor of sales and income taxes, legislators began to make proposals for such revisions of the tax code.<sup>152</sup> Simple tax solutions, such as a suggested one mill tax (equal to one tenth of one percent) on all income, were not universally popular among those

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147. *Ibid.*

148. “The Taxation of Banks,” *TDC*, January 9, 1929, p. 4.

149. “Governor Warns National Banks To Act At Once,” *TDC*, January 27, 1929, p. 1; “Martin Asks Bankers To Help Fix Tax Law,” *TDC*, January 31, 1929, p. 11.

150. “National Bankers to Pay General Taxation,” *TDC*, January 31, 1929, p. 1.

151. “Kansas Will Request Right to Tax Banks,” *TDC*, March 1, 1929, p. 10.

152. “Tax Legislation Is Deferred For Present Session,” *TDC*, February 16, 1929, p. 1; “Counties Asked For Views About Intangible Tax,” *TDC*, February 17, 1929, p. 3B; “County Commissioners To Report On Bank Taxation,” *TDC*, February 18, 1929, p. 4; “New Tax Bill To Get Unanimous Committee O.K.,” *TDC*, February 22, 1929, p.1; “Tax Legislation Holds Center of House Attention,” *TDC*, February 28, 1929, p. 3.

who pointed out that the state had been making good faith efforts to diversify the tax base so that those with the ability to pay would pay more.<sup>153</sup> The legislature continued this conversation in future sessions, pending the approval of the voters for a state income tax, some federal resolution to the legal dilemma of state taxation of national banks, and further debates over the fairness of tax revisions.<sup>154</sup>

Efforts to correct imbalances in the financing of government symbolized a state increasingly intent upon helping its agricultural class to survive. Doing so in some cases involved checking the fiscal advantages of the business class. Disgruntlement with the Kansas banking system was quite evident in the scrum over the intangibles tax, described above, as well as in the corruption scandal affecting an outgoing governor and the state bank commissioner in early 1925. This dissatisfaction lasted through the last years of the decade as the state's regulatory authority faced continual revisions and as its earlier law to guarantee bank deposits failed.

Kansas Bank Commissioner Carl J. Peterson's collaboration with Governor Jonathan M. Davis in seeking a \$2,500 bribe in return for the paroling of a convicted "bank wrecker" outraged the political press and solons of the legislature meeting in 1925. As revealed on the pages of the *Topeka Daily Capital*, Hutchinson attorney A.L. Oswald had sought the release of his client, Walter Grundy, from the Kansas State Penitentiary. Oswald had supported Governor Davis in an earlier political tour through the state, and applied to him as a friend for the favor of executive clemency. He was therefore surprised to be instructed that he must work through the state bank commissioner, and that he must provide a large sum of money in exchange for the

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153. "Evading the Tax Problem," *TDC*, February 23, 1929, p. 4.

154. "Tax Legislation Passes Out of Session Picture," *TDC*, March 11, 1929, p. 1-2; "The Tax Fiasco in the Legislature," *TDC*, March 11, 1929, p. 4. Tax revisions came to a culmination in the 1930s, when state voters approved a graduated income tax as well as a sales tax.

parole. Oswald and the state's attorney general, C.B. Griffith, undertook a scheme to entrap the governor's office and reveal this misdeed, and successfully unraveled a scandal that dredged up the wrongdoing of the "bank wrecker" and highlighted the extent of corruption within the regulatory arm of the state government.<sup>155</sup> Threats against the bank commissioner's job, his ultimate resignation, and the indictment of the former governor set the stage for a series of legislative reforms aimed not just at the state's corruptible pardon and parole system, but also at state banking regulations that had allowed "bank wreckers" to thrive in the first place.<sup>156</sup>

Meanwhile, by 1925, the shortcomings of the agricultural market in the post-war environment had produced a depression in the farming sections of the country which extended to the banks serving them. As Governor Benjamin S. Paulen remarked in his opening address to the 1925 legislature, bank failures had increased due to bad internal management and excess loans, too many state bank charters, and problems within the state's regulatory system. The state had been unable to cope with the demands on its bank guaranty fund, and the situation demanded revision. Paulen proposed that the guaranty fund should cease to pay interest on its certificates, that the power of the state bank charter board should be strengthened, that the banking department should become non-partisan and more dependent upon qualifications, and that a new banking board of five experienced bankers should serve in an advisory capacity to the state bank

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155. "Ouster Threat For Peterson Follows Charge That He Made Pardon Prices Which Davis OK'd," *TDC*, January 13, 1925, p. 1, 7; "Peterson, Bank Commissioner, Is Ready To Resign," *TDC*, January 15, 1925, p. 1; "Peterson Resigns, Declaring Davis and Self Martyrs—Griffith Turns Evidence Over to County Attorney," *TDC*, January 16, 1925, p. 1; "Davis and Son Bound Over to District Court," *TDC*, January 23, 1925, p.1; and "Both Davis and Peterson Must Face the Jury," *TDC*, February 22, 1925, p. 1.

156. "Pardons and Paroles," *TDC*, January 14, 1925, p. 4. Incoming Governor Benjamin S. Paulen suggested in his opening message to the legislature that although the humane use of the parole in certain cases was welcome, it must also be used with caution so as not to "encourage crime." Protecting citizens from the egregious and wanton criminality of such wrongdoers as the bank wrecker at the center of the recent scandal, seemed important enough to limit the "promiscuous issuance of pardons and paroles." See "Paulen Message Suggestive and Not Dictatorial," *TDC*, January 15, 1925, p. 7.

commissioner.<sup>157</sup> Each of these recommendations reflected the economic circumstances facing the state, as well as a general desire to bring bankers and their administrative system under greater control, especially in light of the recent corruption scandal. Bankers from the governor himself on down to the legislature and the state organizations for bankers would contribute substantially to these efforts.

Some members of the legislature supported the outright repeal of the bank guaranty law, which had been enacted in 1909. They pointed to an insurmountable \$8.5 million debt to depositors of failed banks and the fact that the guaranty fund as then set up could never raise that amount.<sup>158</sup> Charles E. Snyder of Leavenworth explained on the Senate floor that the guaranty fund had been set up at limited level in the first place, with only \$340,000 per year collected from member banks, and that the fund's administrators had failed to collect these funds in the prosperous years following its establishment. Now that hard times had resumed, obligations had ballooned so high that the annual assessments could barely cover interest on the deposit certificates of failed banks. He stated unequivocally, "The bank guaranty fund is busted."<sup>159</sup> Berryman, echoing his earlier battles against the enactment of the guaranty law, "led the attack on the state guaranty fund" in the House. He supported a Senate effort to remove public deposits from the liability of the guaranty fund and instead give municipalities and counties state bonds to cover their losses. This would have left only ordinary depositors under the fund's protection, and many in the house objected to the idea of special treatment. Although Berryman argued "that the state bankers wanted to crawl out from under the load" of debt to the bank guaranty fund, the

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157. "Paulen Message Suggestive and Not Dictatorial," *TDC*, January 15, 1925, p. 7.

158. "First Rush Over, Legislature Due To Find Itself," *TDC*, February 1, 1925, p. 1B.

159. "Snyder Declares Bank Guaranty Fund is 'Busted,'" *TDC*, February 17, 1925, p. 1.

legislature at this time only consented to remove the six percent interest then paid on deposit certificates.<sup>160</sup>

Most legislators considered dismantling the fund an act of bad faith that the governor would never allow, and thus hewed to the administration's suggestions for minimal change.<sup>161</sup> The *Topeka Daily Capital* thought repealing the guaranty fund "out of sympathy with the political work of the last 15 years" and opined that "there is nothing constructive about such legislation."<sup>162</sup> Furthermore, the current bank commissioner, Roy Bone, concluded that the debt estimates being thrown about the legislature were too high. By his calculations, the deposit guaranty fund in fact owed depositors around \$2.2 million, plus interest, once failed banks' other assets were figured into the equation.<sup>163</sup> Honoring sentiments against repeal, the House banking committee killed efforts to repeal the bank guaranty law or to effectively cripple it in 1925.<sup>164</sup>

The legislature committed to some of the governor's other proposed solutions to the bank regulatory dilemma in 1925, as well. The *Topeka Daily Capital* noted that the American Bankers Association supported the changes in regulatory authority that Governor Paulen (a banker) had recommended, including lengthening the term of the bank commissioner so it was not such a politically-driven office, centralizing charter authority within the bank commissioner office, and requiring ample banking experience of office holders.<sup>165</sup> The newspaper provided anecdotal support for better regulation and transparency about how the commissioner and the banks operated together. The editors commented that bank commissioners trying to "nurse weak banks along" in the effort to straighten them out did not necessarily have a proven track record, and

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160. "Kill Submarine Bill Again; Bank Guaranty Upheld," *TDC*, March 10, 1925, p. 1.

161. "First Rush Over, Legislature Due To Find Itself," *TDC*, February 1, 1925, p. 1B.

162. "What About the Legislature," *TDC*, February 2, 1925, p. 4.

163. "Net Liability of Guaranty Fund Now \$2,209,763," *TDC*, February 20, 1925, p. 1.

164. "Taxing, Banking, Highways, Will Busy Lawmakers," *TDC*, February 9, 1925, p. 1.

165. "State Supervision of Banking," *TDC*, February 14, 1925, p. 4.

often were actually subverting well-placed laws in allowing banks to continue to make excess loans to clients and even to their own officers.<sup>166</sup> The creation of a five-member banking board in 1925 constituted one major improvement of regulatory strength.<sup>167</sup>

Conversations about increasing the strength of the state's oversight of the banking system and protections for depositors continued over the next few legislative sessions. At the beginning of the 1927 legislature, for instance, the *Topeka Daily Capital* argued that continuing "agricultural depression and a long series of bank failures" made the bank deposit guaranty fund all the more untouchable, despite its collapse over the last few years. The paper stated, "Kansas will rebuke any action by the legislature doing away finally with the bank guaranty policy."<sup>168</sup> Governor Paulen's message to the legislature signaled the importance of the banking situation by placing this issue before every other matter. He commended the previous legislature's passage of the banking board bill, and reasserted the need to give this body stronger authority over bank charters. The message devoted several lines to the internal integrity of banks. Paulen argued that officers of state banks and trust companies "should be barred from borrowing money from those banks or trust companies of which they are active or on the salary list."<sup>169</sup> He added, "Safe and conservative banking should be encouraged and the reckless and speculative banker should be forced out of business." The governor maintained the state's ideological commitment to protecting depositors, despite the fact that the current guaranty fund "has proven inadequate and is hopelessly bankrupt, and of little value in its present condition."<sup>170</sup> Unfortunately, Paulen had to admit that he knew of "no way this [protection] could be done" except through the trial and

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166. "Nursing Weak Banks Along," *TDC*, February 19, 1925, p. 4.

167. "Taxing, Banking, Highways, Will Busy Lawmakers"; "Expect Week of Hard Labor for Kansas Solons," *TDC*, February 16, 1925, p. 1; "State Banking Board Bill Passes in House," *TDC*, February 26, 1925, p. 2.

168. "The Legislative Session," *TDC*, January 11, 1927, p. 4.

169. "Governor Paulen's Message As Read to Joint Session of Legislature," *TDC*, January 13, 1927, p. 8.

170. *Ibid.* By the end of the session, although it was clear the state legislature would not "have the nerve to repeal the act," the guaranty fund would "pass on" as the remaining banks in the system withdrew rather than pay another assessment to the fund. See "Bank Guaranty Fund Will Pass On This Spring," *TDC*, March 13, 1927, p. 5B.

error process of granting the state regulators more power. In the end, it did not seem clear that even this action on the part of the state would prove sufficient; as Paulen concluded, “No bank is stronger than its officers and directors, and the best guarantee for a depositor is the honesty, integrity and ability of the managing officials of the institution.”<sup>171</sup> Kansans maintained a commitment to the bank deposit guaranty principle; however, despite having elected a successful banker as governor and multiple bankers as representatives, the state lacked ideas on how to rectify the system to make it tenable over the long term. This problem reflected a gradual process of change through which the state came to terms with its limited capacities and the federal government ultimately claimed the responsibility for protecting bank depositors on a nationwide scale.<sup>172</sup>

The House and Senate each proposed a number of revisions to the state banking laws in the 1927 legislative session. One lawmaker suggested that Kansas taxpayers might approve a bond issue to repay the deposit guaranty fund.<sup>173</sup> Another proposed the creation of a new fund quite similar to the current one, but which forced all state banks to comply with the assessments and which essentially started over from scratch by excluding the obligations of previously failed banks. Still another idea was the prohibition of loans to bank officers and directors, and many additional regulatory bills were thrown into the hopper.<sup>174</sup> Commentators in the legislature and on the editorial page of the *Topeka Daily Capital* evidenced sincere doubts about the merits of

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171. Ibid.

172. Mary Scott Rowland made similar conclusions in arguing that the Kansas banking dilemma of the 1920s “demonstrated the limits of managerial progressivism within the state.” Voluntary mechanisms like the bank deposit guaranty fund were not sufficient to meet the problem, and the federal government would have to pick up the responsibility. See Rowland, “Kansas Farming and Banking in the 1920s,” *Kansas History* 8, no. 3 (September 1985), 186-99.

173. “State Bonds to Pay Loss Under Guaranty Fund,” *TDC*, February 4, 1927, p. 1. This proposal, unsurprisingly, was killed in the waning days of the legislature. See “House Puts In Frantic Day To Clear Calendar,” *TDC*, March 15, 1927, p. 1.

174. “Force Bankers To Pay Into A Guaranty Fund,” *TDC*, January 26, 1927, p. 3; “Air-Tight Banks Aim of Senate Committee Bill,” *TDC*, January 28, 1927, p. 2A; “Bank Bill Lives Thru Storm of Senate Oratory,” *TDC*, February 2, 1927, p. 7; “Charter Clause Is Placed Back in Banking Bill,” *TDC*, February 27, 1927, p. 8B.

these proposed changes, however. These observers did not deny the mess of affairs in banking, but argued that a lack of administrative laws was not to blame. Rather, regulatory laws poorly administered by a bank commissioner and board thinking mainly of the bankers themselves rather than of the depositors, were at the root of the state's inability to secure the banking system adequately.<sup>175</sup> Arguments over "taking the banking board out of politics" in a proposed law to amend the current board selection process, for instance, centered on whether allowing the bankers to nominate a list of candidates for commissioner was taking too much responsibility out of the hands of the governor.<sup>176</sup> A general distrust for bankers was becoming more and more evident, even to the point that the Kansas House of Representatives approved a bill to support private banks going over the heads of the banking committee in seeking charters, because the board had a bias in believing the state already had too many banks.<sup>177</sup> Observers approved of the legislature's decision to enact harsher punishments for "inside bank wreckers" and prohibit officers of state banks from taking loans, but still seemed dissatisfied overall with a banking system that continued to witness failures across the state.<sup>178</sup>

The state bank guaranty law itself finally came to rest in 1929. Economic conditions in Kansas created new anxieties that a slow-moving government limited to balanced appropriations and a muddled revenue system could not easily relieve. Taxation at the state level, a perennial policy issue in any modern legislature, would prove difficult to organize during an era of general

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175. "Bank Bill Lives Thru Storm of Senate Oratory"; and "Banking Administration For the Bankers," *TDC*, February 3, 1927, p. 4.

176. "Banking Board Bill Killed in Senate Battle," *TDC*, February 11, 1927, p. 1, 10.

177. Banking historians have concluded that Kansas did, in fact, have too many banks, particularly state banks capitalized too low and with low reserves unable to protect them from heavy demands. See Wayne D. Angell, "A Century of Commercial Banking in Kansas, 1856 to 1956," Vol. II (Ph.D. diss., University of Kansas, 1957). On the legislative debates, see "House Decides Private Banks Not Dangerous," *TDC*, February 15, 1927, p. 9. The House also considered approving a co-operative banking bill, but upon J.W. Berryman's "dare" to the "coalition which the other day overrode the decision of the banking committee and permitted private banks to organize" to "do it if they can," the motion failed. See "Raise For Bank Department Is Given Approval," *TDC*, February 16, 1927, p. 9; and "Co-Op Bank Bill Killed," *TDC*, February 17, 1927, p. 7.

178. "What It Didn't Do Important As What It Did," *TDC*, March 19, 1927, p. 1.

depression. Even the job of regulation, which the state had embraced in the first decade of the twentieth century, was becoming a burden the state could not bear, at least at this juncture. The larger job of regulating banks and protecting depositors ultimately came to rest with the national government; in the first year of Franklin D. Roosevelt's presidency he endeavored to reign in reckless institutions during a "bank holiday" and to shore up sound banks and their customers through the Federal Deposit Insurance Corporation (FDIC).

### **Conclusion**

The state of Kansas in the 1930s, especially under the cash-basis laws of Governor Alfred M. Landon, could not accomplish much in the way of protecting its citizens from the perils of drought and depression.<sup>179</sup> In the broader effort to shield residents from the effects of the Great Depression, the state government was largely restricted to cooperation with the federal government's relief measures for struggling citizens, including farmers. That bankers and other political representatives of a state accustomed to taking care of itself would support this trend evidenced their pragmatism. Political leaders representing rural communities in western Kansas needed to ensure that their businesses and communities would be able to thrive into the modern era. Cooperating with the nationalization of support for farmers and their communities represented a continuation of the ways bankers maintained a fertile ground for their communities' survival.

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179. Landon's efforts to keep Kansas governments on a cash basis in the 1930s were largely successful, and Landon even ran on the Republican ticket for president in 1936 under the impression that his success could be replicated at the national scale. Historians have pointed out, however, that Kansas governments from the municipal level up to the state would not have been able to function in the 1930s without the assistance of federal aid which helped to relieve some of the crushing need for public works payments. See Peter Fearon, "Alfred M. Landon: Budget Balancer," in *John Brown to Bob Dole: Movers and Shakers in Kansas History*, ed. Virgil W. Dean (Lawrence, University Press of Kansas, 2006), 204-216; and Peter Fearon, "Kansas History in the New Deal Era," *Kansas History: A Journal of the Central Plains* 30 (Autumn 2007), 192-223.

In spite of the limitations of the Kansas legislature in meeting the extreme emergency of the new era, it had successfully navigated through thirty years of a substantial and indeed progressive transformation in the way the people, their representatives, and their governments related to one another. Throughout the early twentieth century, legislators had maintained a high level of interest in protecting the state's farmers. Bank and railroad reforms, rural credits and tenancy relief proposals, the movement for good roads, and tax reforms had all received justifications under a broad banner of agrarian support. Among the politicians working for these changes were bankers from western Kansas responsible to the rural constituents they represented as well as to the needs of their own profession. Although bankers as a class remained the targets of popular mudslinging, the individual banker-legislators of western Kansas demonstrated the distinction local lenders could receive among their communities not just for their local leadership but also for their service in higher offices.

The banker-legislators of western Kansas were politically savvy in heeding the demands of rural communities. At the same time that they nurtured reform movements meant to sustain the basis of the rural social-economy, however, they also cultivated their own political influence. Constituents were careful to elect those who would best represent their interests. Bankers wishing to serve as legislators and to fulfill their visions of maximizing the advisory capacities and knowledge gained in their professional experience had to heed constituent demands or risk failure in the next election. Country bankers serving in the legislature continually proved capable of promoting popular reform causes, as well as the sorts of bureaucratic reforms and modernization programs for which their professions prepared them. In years of greater prosperity and even in years of renewed economic distress, Kansas communities elected the banker-legislators who had local survival at heart. While in the legislature, they helped to ensure that the

government would guard their communities' and their banks' economic interests, and over time came to support a more protective function within the national government. This prepared the state for a modern era when the federal government, more than ever before, would take a heavy role in supporting not only the nation's economy, but also the social and cultural values important to rural Americans.

### **Chapter Three. A Canopy of Social and Moral Values: The Banker as Community Builder**

“The modern, up-to-date banker regards his position as a trust; he holds his position as a banker as a stewardship,” stated the Reverend W.W. Diehl before the Kansas Bankers Association’s (KBA) 1916 Convention. The minister spoke to an audience that purportedly shared his values as well as moral leadership within local communities. This leadership built upon not just economic status, but especially upon membership in elite social and religious circles. Diehl added that the banker “wishes so to invest his life as to realize the finest possible fruitage return. This return to appear, not so much in the form of dividends as in the form of community betterment. In other words, the modern banker regards himself as a community builder.”<sup>1</sup> The language of stewardship and “fruitage return” spoke clearly to the issues of the agricultural economy intricately tied up with the future of farmers, banks, and whole rural communities. But even if farming was the lynchpin, it was not the only matter at stake in the life of the community.

The 1916 KBA convention engaged broadly with the agenda of the Country Life movement, which concerned not only with the modernization of agriculture but also with the social challenges of life in rural America. The reforming tone of the meeting was not unusual during these years. In 1914, a representative of the Young Men’s Christian Association in New York outlined the need for better social conditions in the countryside. The speaker, Albert E. Roberts, had witnessed many young people journey to the city due to dissatisfaction with their rural homes. Roberts infused his call to bankers with millennial zeal when he told his audience,

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1. Rev. W.W. Diehl, “The Banker and His Community,” *Proceedings of the Twenty-ninth Annual Convention of the Kansas Bankers Association, Held at Salina, Kansas, May 11-12, 1916* (Topeka: H.M. Ives & Sons, 1916), 92-96.

“When you give yourself and your time and thought to the moral and spiritual needs of the country as well as the economic improvements, the day shall come when the kingdom of this world shall literally become the kingdom of our Lord.”<sup>2</sup> Lofty addresses such as James M. McKay’s “A Rural Civilization” and W.F. Benson’s “The Banker’s Helping Hand,” thus, followed an established pattern. Benson, the Kansas State Bank Commissioner, was conscious of the historical record when he made a wish for the future:

We cherish a hope that the Kansas banker has so performed his allotted task that it may be written of him that he helped his State to meet its responsibilities; that he helped his people to study and solve the problems of education and morality, of law, and liberty, all vital to the existence and progress of a great moral and progressive American state.<sup>3</sup>

The repeated references to “moral and spiritual needs” and “morality” suggested that country life reform went beyond agriculture and issues of economic and physical infrastructure, though bankers and lawmakers may have found these concerns easier to address.<sup>4</sup> Bankers viewed themselves as the proper leaders in the moral development of their communities, and their convention speakers consistently affirmed that belief.

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2. Albert E. Roberts, “The Challenge of the Country,” *Proceedings of the Twenty-seventh Annual Convention of the Kansas Bankers Association, Held at Wichita, Kansas, May 21-22, 1914* (Topeka: H.M. Ives & Sons, 1914), 86-88.

3. Hon W. F. Benson, State Bank Commissioner, “The Banker’s Helping Hand,” 56-62; and James M. McKay, “A Rural Civilization,” 82-91; both in *Proceedings of the Twenty-ninth Annual Convention of the Kansas Bankers Association, Held at Salina, Kansas, May 11-12, 1916* (Topeka: H.M. Ives & Sons, 1916).

4. The issues of good roads, farm credit, and tenancy reform are just a few such issues perpetually brought to the bankers’ attention in their conventions and in publications such as the *Banker Farmer*. For a few examples, see Jasper T. Kincaid, “The Banker and Good Roads,” *Proceedings of the Twenty-ninth Annual Convention of the Kansas Bankers Association, Held at Salina, Kansas, May 11-12, 1916* (Topeka: H.M. Ives & Sons, 1916), 115-119; Governor Henry J. Allen, Address, *Proceedings of the Thirty-Second Annual Convention of the Kansas Bankers Association, Held at Kansas City, Kansas, May 15-16, 1919* (Topeka: H.M. Ives & Sons, 1919), 18-23; Governor Henry J. Allen, Address, *Proceedings of the Thirty-Fourth Annual Convention of the Kansas Bankers Association, Held at Topeka, Kansas, May 19-20, 1921* (Topeka: H.M. Ives & Sons, 1921), 9-15; and M.L. Corey, Member Federal Farm Loan Board, “Agricultural Credits Act of 1923,” *Proceedings of the Thirty-Sixth Annual Convention of the Kansas Bankers Association, Held at Hutchinson, Kansas, May 24-25, 1923* (Topeka: H.M. Ives & Sons, 1923), 51-62. Chapter three of this dissertation considers some of the ways these issues came to bear on political conversations among banker-legislators.

This chapter explores the canopy of social and moral values with which bankers engaged in their efforts to define the contours of rural society in western Kansas. Marriage to respectable women, church membership, and family participation in clubs that actively took on social causes, were signs of social and moral capital derived from class and economic power. In addition to illustrating the ways family relationships helped bankers attain social influence, the chapter considers a number of events and issues that demonstrate the ways members of the capitalist class within rural America sought to exert that power. First, it highlights the issue of temperance, showing how bankers in Concordia, Kansas united their religious and moral interests with the political power of their class to support “Law and Order” in rural Kansas. Such activities affirm the integral role bankers and their families played in the social upkeep of their communities during the early twentieth century. Next, the chapter shows that the status of banking families within their communities drove their contributions of time and funds in the patriotic causes of World War I, including the solicitation of government bond purchases and donations to the American Red Cross. The participation of elite rural women in war work reflected their interests in embracing the responsibilities of citizenship. Such volunteer work directly translated to the struggle for suffrage on the grounds that women could exercise a moral influence in politics. As before the war, however, concerns of morality and social control were not restricted to women. Rural society more broadly, including some leading businessmen, participated in postwar efforts to maintain the moral purity and social order of their communities. Building on the tactics used against so-called “slackers” during the war, these activities verged on coercion, especially when organized by the illicit Ku Klux Klan. I argue, however, that in uniting their economic power with social interests and moral values, elite rural Americans such as the bankers in this study intended to shape the community’s social canopy in what they viewed as positive ways. The

outward image of the town and its people, after all, spoke to the strength of its financial roots and those making good on the bank's credit to establish sound farms, businesses, and other institutions for communal enjoyment.

### **Good Wives: The Role of Family and Class in Preserving the Reputation and Values of Country Bankers**

A banker's personal reputation stood at the heart of his ability to manage his business affairs successfully and gain the trust of the public in political and social matters important to the community. That reputation derived in no small part from his family connections and association with the supposed best people of rural society. A banker just starting up in a community would take care in the relationships he formed, as Vermont-native Frederick Atwood recalled upon alighting in Concordia, Kansas in the late 1870s. His memoirs took note that among the first people he met in the frontier town were two clerks who invited him to the Presbyterian and Methodist Sunday schools. Atwood commented, "I had made acquaintances [*sic*] that I felt sure were the right sort."<sup>5</sup> These two congregations generally represented the pinnacle of Western society, and the men's church memberships assured Atwood of their worth. The social and economic status of these men was reinforced when they later served as cashier and assistant cashier in a local bank. Although the young banker was doubtful about the merits of the "dirty little burgh" and compared it unfavorably to the Eastern communities where he had resided previously, he was conscious of the fact that he needed to "assume the role of a tenderfoot earnestly desirous of winning the good-will of the community." He ultimately befriended

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5. Atwood, "Reminiscences of an Octogenarian," em 8, 1937, MSS Collection 261, Library and Archives Division, Kansas State Historical Society, Topeka. As noted in chapter one, Atwood's memoirs followed a unique pagination scheme of his own design. "EM" represents his years of "early manhood," "LM" was "late manhood," and "PMA" was called "post-meridian activities."

“people from the North, South and East who for one cause or another had come to this new country to make a new home.”<sup>6</sup>

Atwood’s young wife aided him in the connections he sought to make in Concordia and in establishing his social influence in the town. He described his bride-to-be before their marriage: “She was quiet, modest, natural, sincere. It seemed that good-will radiated from her. . . . Withal, she had a mysterious moral strength that compelled respect.”<sup>7</sup> Atwood went on to note that his wife, Jessie (Hawkins), went on to socialize with a large number of ladies of the “so called ‘best families’ of town,” especially those from the Presbyterian Church.<sup>8</sup>

Nettie (McNickle) Berryman’s story presents another example of the respectable women bankers sought to marry. She demonstrated the ways women could seek financial independence in the rural West, and how these qualities could be especially attractive to young country bankers. McNickle, the daughter of Nebraska farmers, set out to establish herself by making a homestead claim and buying space for a millinery shop in the frontier community of Pond Creek, Oklahoma Territory. In the period between 1894 and 1896 when she attempted to launch her fortunes, the territory confronted drought and tight financial conditions while roiling with conflict over railroad connections and other matters of community development. By 1896, McNickle was in debt and considering selling her business and farm. Since offers for farms on the Oklahoma Plains were not forthcoming, she decided to return to Nebraska and take up school teaching so that she could save the money to cover her debts. She described her condition in the

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6. *Ibid.*, em 8-9.

7. *Ibid.*, em 3.

8. *Ibid.*, em 18.

millinery shop as “near annihilation” and continued to worry about relieving herself of the business and homestead claim while completing a six-month teaching contract.<sup>9</sup>

Although she met her future husband, Jerome W. Berryman, during these years, she opted to wait before marriage, even if that might have been an easier course. She felt the burden of debt keenly, as a symptom of her personal shame. When her fiancée sent her a bicycle as a birthday present in October 1896, she thanked him effusively for the gift, but also became introspective:

I cried last night for the first time for a long time. I think it was because I felt unworth[y] of such lovely birthday presents, for my folks remembered me too. Do you know I believe the Lord did not let me prosper financially while in P[ond] C[reek] because I was so wicked. He knows I do things I should not do when I am where I can be having a good time so he made it necessary for me to stay out in the country where I will not be tempted to do wrong. I try to be patient but I will be the happiest girl in Nebr. when my school is out and I am out of debt.<sup>10</sup>

McNickle’s self-consciousness about her debts perhaps reflected some of the qualms her parents had expressed when Jerome proposed marriage. Although her father gave his blessing for the marriage, he did raise the point that the bride’s family had lesser “wealth and fame” than Berryman’s, which included illustrious reverends, doctors, and prominent bankers in Kansas City and Wichita. Berryman assured Mr. McNickle that class differences were meaningless to him and did nothing to discourage his feelings for the young lady. He wrote, “I belong to a family of plain honest broad [minded] people who with what ever measure of . . . distinction any of them may have gained have not gone on to assume false airs of superiority.” The young banker added that “one of the principles of our Democratic Commonwealth to which I most firmly adhere is

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9. Nettie McNickle to J.W. Berryman, July 24, 1896, August 15, 1896 and September 25, 1896, Box 7, Berryman Family Papers, MSS Collection 189, Library and Archives Division, Kansas State Historical Society, Topeka.

10. Nettie McNickle to J.W. Berryman, October 10, 1896, Box 7, Berryman Papers.

that every honest upright man is the peer of every other.”<sup>11</sup> In the matter of the debt and its causes, Berryman clearly admired McNickle’s tenacity enough to overlook any minor financial indiscretions.<sup>12</sup> He helped her as much as he could in managing the land she had been unable to sell in Pond Creek, renting it and hiring out the task of breaking the sod and raising a crop in the fall of 1896.<sup>13</sup> Despite her temporary financial distress, the banker saw in this woman an independent helpmate for a successful future and a good example of persistence and responsibility. The two married in 1898 and moved to Ashland, Kansas. Nettie Berryman demonstrated her long-term financial stability as a stockholder and director in her husband’s Ashland bank.

The Berrymans resolved their personal debt issue before marriage, but finances still could become a source of tension within the families of western Kansas’s leading businessmen. A lender’s inability to control the spending of his wife and children could create status anxiety and disturb efforts to present a reputable, stable image of the family before the community. Arguments over budgeting between the Doerrs of Larned, Kansas reflected how desires for the trappings of the upper class—vacations, nice clothes, and higher education among them—sometimes interfered with the patriarch’s efforts to teach his family the value of money. It was clear that Albert and Laura Doerr each had an idea of what their status in the community

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11. Mrs. And A.B. McNickle to Mr. J.W. Berryman, June 10, 1896; and J.W. Berryman to Mr. and Mrs. A.B. McNickle, June 16, 1896, both in Box 7, Berryman Papers. Berryman in fact belonged to an extremely well-connected family, including Uncle William S. Woods of the National Bank of Commerce in Kansas City, whose granddaughter married into the prominent Kemper family. Another uncle, Charles Q. Chandler, controlled a large bank in Wichita, and these two family leaders ultimately established a series of banks throughout Kansas, Oklahoma, Colorado, and New Mexico. See Gary R. Kremer, “Dr. William S. Woods,” in *Dr. William Stone Woods, National Bank of Commerce*, ed. Jonathan Kemper (August 2008), Missouri Valley Special Collections, Kansas City Public Library; and Billy M. Jones, *The Chandlers of Kansas: A Banking Family* (Wichita: Center for Entrepreneurship and Small Business Management, Wichita State University, 1983).

12. The idea that Nettie’s perception of her own impropriety was probably exaggerated is aided by the fact that she certainly did not perceive any hypocrisy in soon after offering some mild criticism of her sister’s betrothed, a Dutchman (colloquial for German-American) who “drinks smokes and dances on Sunday.” She added, “Of course he is handsome & she seems to think that ‘covers a multitude of sins.’” She considered herself morally superior to these actions, at least! See Nettie McNickle to J.W. Berryman, October 20, 1896, Box 7, Berryman Papers.

13. Nettie McNickle to J.W. Berryman, October 25, 1896, Box 7, Berryman Papers.

demanded of them. For instance, Albert Doerr was pleased that his musical daughter would give concerts for the community, and expected the town to remark upon these events. On one such occasion he noted in a letter to his wife that one town newspaper had mentioned the event, while the other had not.<sup>14</sup> He also seemed glad to be able to send the family on vacations to Colorado and off to school, provided his wife and daughters were not too extravagant while away from home. During the summer of 1922, while Laura and her two daughters vacationed in Boulder, Colorado, Doerr became exasperated about his daughter Pauline's spending too much money. He told his wife to relay the message, "I will not send her to school this year[;] she might just as well apply for a job teaching as she must know the value of money before she can go to school again." The irate father added, "Don't let her write a check on me for I will have the same go to protest at the bank and turned back to the people that accepted it."<sup>15</sup> Doerr, a merchant, lender, and director of several banks and loan institutions, knew how to reprimand those living beyond their means.

A truly stinging letter the following year suggested that the same problems with his daughter's spending were not letting up, and provided the opportunity for Doerr to suggest an alternative set of values for his family. In his anger, Doerr blamed his wife for the family finances. He accused her:

The trouble is that you simply act . . . to please yourself and principally the girls. They certainly will be miserable when they get homes of there [*sic*] own as the art of spending money has been thoroughly taught to them and instead of helping them on in life their practice will only make them miserable. There is more to life than a big show of clothes. And I see no reason why it should cost us so much more than other people. But you have always spent money lavishly not caring from where it came just so you had it to spend and then not care how I had to skimp to dig it up. I am certainly disgusted with this kind of a show [;] we spend and have plenty to be comfortable if we will just be sensible. Brains count more

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14. Albert to Laura and Isabel Doerr, April 13, 1923, Box 16, Folder 2, Doerr Papers, MSS Collection 763, Library and Archives Division, Kansas State Historical Society, Topeka.

15. Albert to Laura Doerr, August 3, 1922, Box 16, Folder 2, Doerr Papers.

than [a] lot of foolish notions and Brains only will help the girls make their future.<sup>16</sup>

This diatribe hit at the supposedly feminine vices of desiring “a big show of clothes” and consuming conspicuously. Albert also compared Laura Doerr’s spending with others of their class when he wrote, “It is queer that you feel that you occupy such an exhalted [*sic*] station and to maintain it requires so much money. Other people have social obligations and seem to fulfill them with much less.”<sup>17</sup> Albert Doerr clearly felt that “lavish” spending was unnecessary for the maintenance of their social station, and he wanted to promote different values—thrift and intelligence—to his daughters.

This bitter reprimand of husband to wife moved beyond the internal tensions of family spending; economic conditions put external pressure on Doerr’s ability to deliver a stable income for the family and provoked defensiveness about his status as a provider. Doerr complained to his wife:

That conditions are as they are is certainly no pleasure . . . for me and not a particle do you contribute to lighten the load and help out while waiting for the turn for the better. I am sorry I am such a poor provider but I am just as I am. I have not loafed on the job. I have worked and worked and it has not and is not appreciated.<sup>18</sup>

During the early 1920s, in the aftermath of the lending frenzy that accompanied World War I, economic conditions were poor in agriculture and the associated farm implements business. Doerr attempted to maintain his financial interests by purchasing land off of defaulting borrowers in the surrounding region, but considered selling his mercantile to increase his cash flow. The possibility of forfeiting a major part of his business interests, what was later described as “the genesis of his industrial empire,” undoubtedly disturbed the man’s sense of self, perhaps

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16. Albert to Laura Doerr, June 4, 1923, Box 16, Folder 3, Doerr Papers.

17. *Ibid.*

18. *Ibid.*

as much as his lack of control over family spending.<sup>19</sup> The Doerrs would continue to face challenging economic conditions in the 1920s and 1930s, but wisely chose to keep the mercantile business as farmers in southwestern Kansas continued to mechanize. Despite the financial difficulties of the maturing family in the early 1920s, husband and wife remained family-oriented in their accumulation of a sizeable estate.<sup>20</sup>

Disagreements over spending habits notwithstanding, Laura Doerr made a good wife for a leading businessman and politician. Born to an elite local family in the earliest days of Larned's settlement, she helped her husband, who was raised as a farmer, cement his status in town as a successful merchant, an investor in real estate and banks, and a state politician. She herself owned farmland and town lots, and assisted in overseeing the mercantile business when Doerr was attending the Kansas legislature or serving as state business manager. She took pleasure in accompanying him on his many trips to review his farms in southwestern Kansas, which he leased out to tenants.<sup>21</sup> Her obituary remembered her as an active participant in the social affairs of her town and state, including membership in the Kansas State Historical Society, a local women's political club called the Portia, the American Legion Auxiliary, and the Presbyterian Church. The memorial concluded, "Mrs. Doerr enjoyed to the fullest extent the social and civic affairs of Larned."<sup>22</sup> Undoubtedly these commitments reinforced her and her

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19. "Albert A. Doerr," *Kansas: The First Century*, Volume III (New York: Lewis Historical Publishing Company, Inc., 1956), 241.

20. Laura Doerr's probate records following her death on March 30, 1944, demonstrated a diverse range of investments, from real estate to shares of stock, mortgage securities, and government bonds worth \$26,925. In addition, the inventory lists jewelry and antiques valued at nearly \$5,000. See "Estate of Laura Pate Doerr," and "Inventory, Appraisal and Allowance of Estate of Decedent," Box 21, Folder 4-5, Doerr Papers. The estate of Albert A. Doerr, filed in Pawnee County (Probate Record #4876, Clerk of the District Court) following his death on November 23, 1950, listed personal property of \$733,418.80 and real estate valued at \$588,300.

21. A.A. Doerr to Mr. and Mrs. C.R. Peters (Des Moines, Iowa), April 15, 1944, Box 21, Folder 4, Doerr Papers.

22. Obituary, Box 21, Folder 4, Doerr Papers.

husband's sense of status and duty, as well as magnified their personal values within the social sphere.

Wives like Laura Doerr, Jessie Atwood, and Nettie Berryman, especially through their social connections, church affiliations, and club work, helped their husbands to establish a broad social influence in their communities. As small towns on the Great Plains developed, bankers and their families were often key proponents for retaining the wholesome social and moral values associated with rural America even as they embraced some of the advantages of modernization and the increasing connections of their towns with the nation as a whole.

### **Upholding Morality in Local Communities: The Law and Order League of Concordia, Kansas**

Morality was central to Frederick Atwood's estimation of others and to his perception of the purposes of citizenship. The Concordia banker reflected on the role of someone in his position in the community self-consciously and at length:

In view of my then present position I felt it a duty—and a pleasant one—to take a definite interest in all that was for the good of the community; so I became active in participating in whatever seemed to be for the general welfare. If work was assigned me and I consented to undertake it, I did my best to do it to the limit of my ability. . . . In some degree I possessed moral courage. I never hesitated to line up, with no apologies, with those who stood for high moral standards—everyone knew where to place me when a moral issue was under consideration.<sup>23</sup>

Atwood's conclusion that his hard work and strong moral principles led his community to endow him with "considerable work" and influence was a common theme among country bankers serving rural communities in western Kansas. In Atwood's case, his continued social influence is important because he maintained it despite participating in a contentious local campaign to uphold temperance laws. Bankers were not always of accord with the entire community, but could retain their social capital and economic power due to character and moral principles.

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23. Atwood, *Reminiscences*, em 36.

From 1902 to 1904, the town of Concordia experienced the resurgence of a Law and Order League. An organization first established in the 1880s when Kansas first passed a prohibition law, it re-convened to support “due respect” for morality laws, including prohibition of alcohol, gambling, and prostitution. The group formed during a local tent revival meeting in June 1902, and received the first donations to its coffers from the revival organizers. Its religious origins and the location of its meetings at the Methodist Episcopal and Presbyterian churches indicated that the group had firm connections with the established religious authorities in town.<sup>24</sup> Atwood became a member, and his bank cashier W.W. Bowman became the League’s Executive Secretary. Other local businessmen with strong moral compunctions filled out the Executive Committee, joining forces with churches and women’s temperance clubs.

In the month after its organization, the Law and Order League orchestrated a sting on a local saloon as its first salvo against the liquor forces in town. Two young men, apparently allies of the League (one was employed by its president), went into a “joint” belonging to Ed. A. Frazer at Fifth and Broadway in Concordia, where they were served beer and whiskey. These witnesses helped file a warrant for a raid of the fixtures and contents of the place. The court forced Frazer to pay a \$700 bond, while the owner of the seized equipment, the Ferd Heim Brewing Company, had to file an action to redeem its property. The Law and Order League rebuked the Company’s efforts by filing a redelivery bond to get the property back in the sheriff’s possession. This bond was signed by League President R.S. McCrary (a merchant), bank cashier and League Secretary W.W. Bowman, and League mayoral candidate S.C. Wheeler (a farmer and former populist state senator), among others. Banker F.J. Atwood served as

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24. “Meetings at the Tent,” *Concordia Empire*, June 5, 1902, p. 7; “Law and Order League,” *Concordia Empire*, June 12, 1902, p. 5; “Tent Meeting Expenses,” *Concordia Empire*, June 19, 1902, p. 6; and “League Returns to Life,” July 23, 1903, *Concordia Blade-Empire*, p. 1.

surety.<sup>25</sup> The suit, which moved into the courts in August and September, ultimately failed, and this failure seems to have weakened the resolve of some members of the League. As the

*Concordia Blade-Empire* reported:

Some of the gentlemen who were conspicuous in the prosecution of E.A. Frazer as an initiatory step toward the rigid enforcement of the prohibitory la[w] in Concordia, are thoroughly disheartened and disgusted and inform the Blade that since the ending of the Frazer trial they have about reached the conclusion that it is impossible to convict a man for selling liquor in this community, where a preponderance of public sentiment is against the enforcement of the prohibitory law and in favor of licensed joints.<sup>26</sup>

The report added that these men were willing to support the licensing of a limited number of joints at a rate of \$200 to \$250 per month. This conclusion to their first major effort to support the temperance law was a blow to the Law and Order League, and confirmed that the local newspapers were unsympathetic to their cause. Still, the lawsuit had drawn attention to the League's aims. It established the lines of the temperance battle: newspaper reports implicated several town businessmen in the defense of the saloon proprietor, and the pious representatives of the League formed the opposition.

Over the first few months of its existence, the League made efforts to form local chapters across the county and began to organize a campaign for local elections the following year.<sup>27</sup> Rather than try for bold action again, the group sought to establish its goals and values among the public. With a sense of injustice rooted firmly in the failed legal action against the alcohol joints, the League began publishing a *Bulletin* to represent its views. One issue charged:

For a number of years prior to the last city election, state laws and city ordinances relative to the sale of intoxicating liquors, to the operation of gambling devices and to the maintenance of houses of prostitution were flagrantly and brazenly violated. Insofar as notice of these infractions of law was officially taken, it was

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25. "A Joint Comes to Grief," *Concordia Empire*, July 17, 1902, p. 3; "Fight for Joint Fixtures," *Concordia Blade-Empire*, August 2, 1902, p. 1;

26. "Some Ready To Quit," *Concordia Empire*, September 18, 1902, p. 4.

27. "Law and Order League," *Concordia Empire*, July 10, 1902, p. 3.

done by the imposition of nominal fines which operated as a license rather than a restraint. . . . The situation gradually grew worse until chronic criminals were 'leading citizens' and assumed the role of social leaders and party bosses.<sup>28</sup>

In his memoirs, Atwood recalled that these lax citizens and local political leaders were known as the "liberal element," and that the League vowed to do "all possible to rid the town from the domination" of this group. Its main strategy was to organize a party ticket of law-abiding candidates for mayor, city treasurer, city attorney, and officers of the city wards.<sup>29</sup>

The election was heated, to say the least. The League's *Bulletin* accused the town's main newspapers of favoring the "liberal" candidates and noted that "the belief was wide-spread that large sums were furnished by the wholesale liquor houses to prevent by any means the election of the Law and Order candidate." It added, "Every artifice known to the resourceful politician, every technicality known to the shrewdest lawyer was employed to render the efforts of the League abortive."<sup>30</sup> There was some merit to this accusation; the newspaper took shots at the League's nomination of a "Citizens' Ticket" for the election ballot. Reporting on the League's nominating convention, the *Concordia Empire* noted derisively that "the women were out in large numbers and formed fully half of the convention." The newspaper took serious issue with League President R.S. McCrary deeming the opposing ticket (comprised of Republicans) the "whisky ticket."<sup>31</sup> In the next month, the town's Republican newspaper accused the League of improper procedure in calling a nominating convention for a party that did not exist. They reported that the election managers would have to seek petitions for the nomination of their candidates under an independent category rather than have a whole party ballot. The *Empire*

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28. Cited in Atwood, *Reminiscences*, 1m 40-41.

29. *Ibid.*; and "They Will Put Up a Ticket," *Concordia Blade-Empire*, February 9, 1903, p. 1.

30. *Ibid.* The town newspaper clarified its attitude by saying that it felt that a licensed liquor trade was better than opening the town up to bootlegging and drug store liquor trade, and that it did not feel the Law and Order League could properly prevent these illicit sources of booze. See "Newspapers and Their Position," *Concordia Blade-Empire*, February 19, 1903, p. 1.

31. "A 'Citizens' Ticket," *Concordia Empire*, February 19, 1903, p. 1.

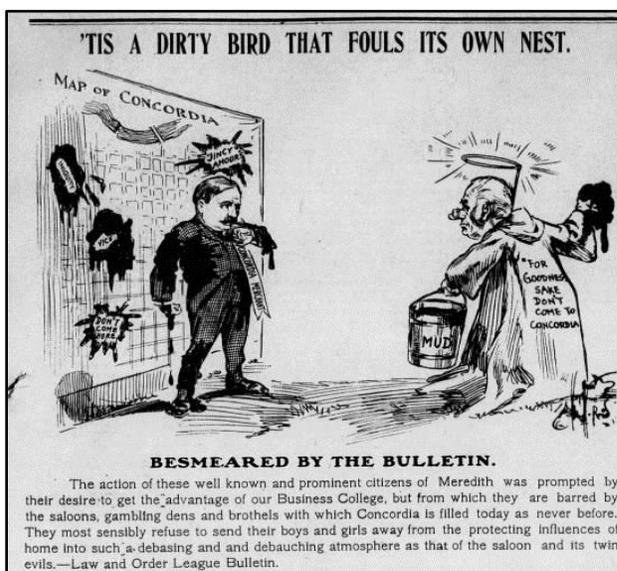
accused the League leadership of knowing the proper procedure, but resorting to the convention as “a farce to arouse enthusiasm and fool some of the people.”<sup>32</sup> The weekly *Blade-Empire* later admitted that the issue was not of much importance, and the Citizens’ Ticket was eventually allowed to go on the ballot.<sup>33</sup>

The newspapers’ complaints on behalf of the League’s opponents were also warranted in some cases. The *Blade-Empire* was particularly forceful in its censure of the Law and Order League’s *Bulletin*, which they accused of near-constant libel and misinformation. The *Blade-Empire*’s “Whittlings” column took its task of cutting its opponents down to size very seriously. On March 25, 1903, the writer commented dryly, “We were told that the Law and Order league was to have an organ [newspaper] and it turns out to be only a hand organ run by a crank.” On March 27, “Whittlings” issued another volley of attacks on the “Hand Organ” of the Law and Order League. This time it condemned the *Bulletin* for libeling a group of women residing in a particular area of town as prostitutes. Apparently apologizing for this mistake did not prevent the *Bulletin* from condemning “indecent foreigners,” such as the German- and Irish-Americans commonly associated with a drinking culture. On March 30 “Whittlings” called the League out for such name-calling. The column vowed to leave dealing in “dirty personalities” to the “mud slingers” of the Law and Order League, but did publish cartoonist Albert T. Reid’s drawings lampooning the League in the days leading up to the April 7 election (Figure 3.1). These cartoons cited the *Bulletin*’s wild accusations and pointed out that its efforts did nothing but malign innocent, hard-working people and prevent business from coming to Concordia. Combined with the “Whittlings” columns, these cartoons effectively slayed the high-minded ideals and low tactics of the League.

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32. “Citizens Ticket Knocked Out,” *Concordia Empire*, March 19, 1903, p. 3.

33. “Ticket Is In Trouble,” *Concordia Blade-Empire*, March 24, 1903, p. 1; “Whittlings,” *Concordia Blade-Empire*, March 27, 1903, p. 4; and “A Scotch Verdict,” *Concordia Empire*, April 2, 1903, p. 5.



Figures 3.1a, b, and c. Albert T. Reid cartoons attacking the claims of the "mud-slinger" Law and Order League *Bulletin*, *Concordia Blade-Empire*, April 2, 1903, p. 1; and April 4, 1903, p. 1 & 4. Reid was a Cloud County native who became well known for his political cartoons skewering populists and "saloon smashers" like Carrie Nation. His drawings were published frequently in Topeka and Kansas City newspapers, and appeared in the *Chicago Record*, the *New York Herald*, and the *Saturday Evening Post*.

The drama surrounding the city elections in April reflected the extreme closeness of the race for control of the town of Concordia. The election of April 7, 1903 was still undecided two

days later, and both sides vowed to contest the results if the opposition were declared the winner.<sup>34</sup> Though the League's ticket came out barely ahead in a nearly 50-50 town vote, the opposition followed up on its threat and took a lawsuit over the election to the Kansas Supreme Court. The League *Bulletin*, remarking on this action, felt that the "liberals" were trying to "make it so damned expens[ive] for these meddlers that they'll never try it again." The group was forced to appeal to its members for funds to pay legal fees. The *Bulletin* put it this way: "Concordia will be what its people want it to be. Why not make it a town of which we may all be proud- a model town morally, socially and commercially? Is it not worth an effort? Is it not worth a little time and a little money?"<sup>35</sup> The case persisted in the courts for months, with the League's lawyers trying to get a jury trial that, according to the *Concordia Blade-Empire*, would only result in a divided decision and allow the sitting mayor to hang onto office.<sup>36</sup>

While the legal case dragged on, the newspapers continued to criticize the League's ineffectual actions against the vice industries in town. Though it had control of the mayor's office and the offices of the city attorney and sheriff for the time being, the League evidenced an unwillingness to pursue its aims to completion. Just after the city election, the *Blade-Empire* reported that the Law and Order League had dropped its case in *State vs. Frazer*, the saloon case it had filed the previous fall. This action caused the newspaper to inquire, "Is this the manner in which the law is to be enforced since Concordia has gone 'dry'?"<sup>37</sup> Months later, the newspaper published yet another Reid cartoon, this one ridiculing the League's ineffectiveness against the joints in an image that feminized the Law and Order man as a businessman in a derby hat and house dress uttering only an un-motivating "Shoo!" to a group of men sidled up to a bar (Figure

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34. "Still Under Discussion," *Concordia Blade-Empire*, April 9, 1903, p. 1.

35. Cited in Atwood, *Reminiscences*, lm 40-41.

36. "The Contest Case On Trial," *Concordia Blade-Empire*, September 18, 1903, p. 1.

37. "Is This a Starter?" *Concordia Blade-Empire*, April 8, 1903, p. 1.



Figure 3.2. Albert T. Reid cartoon, August 26, 1903, *Concordia Blade-Empire*, p. 1.

3.2). Though a committee from the Law and Order League, including banker Frederick Atwood, petitioned the County Attorney to finally start taking action against the saloons in November 1903, it was not enough for the group to regain its standing with the general community.<sup>38</sup>

The campaign for upholding laws he felt morally justified took a toll on Atwood, despite the fact that he was not among the major political faces of the group and instead was one of those who took substantive action on multiple occasions. In a small

town evenly divided on the matter, "honest and fair-minded neighbors" and even good friends would follow the town newspapers' lead in calling the Law and Order League members "temperance cranks." Atwood commented on the bitterness that developed as a result of political disagreements: "Many of my former friends were markedly cold and a number would not speak to me." Perhaps most importantly, political disagreements had the potential to harm business. Atwood noted that "several of the directors of the bank were displeased by my activity and said I was injuring the bank."

Still, he took the advice of another director who told him, "Mr. Atwood, you do what you think is right—don't be troubled by what people say. It won't hurt in the long run." That wisdom was confirmed. The banker became an influential member of the "Bull Moose" progressives and was a correspondent of William Allen White, the famed news editor from Emporia. Atwood's social capital remained strong, allowing him to remain an active member of

38. "Will Be Something Doing," *Concordia Blade-Empire*, November 19, 1903, p. 1.

the popular Knights of Pythias Lodge, “the most active and prosperous fraternity in town” featuring “many of the wide-awake young business and professional men,” and to become a founding member of the Concordia Rotary Club.<sup>39</sup> Atwood’s banking institutions in Concordia and several nearby communities continued to thrive, and he was recognized for his statewide prominence as a banker with a term as the Kansas Bankers Association President in 1921-1922. Atwood was able to follow his belief and sense of personal duty “to discourage in every lawful way this fruitful source of crime, shame, heart-break and ruin” without detriment to his character and reputation. His zealous but politically honest and upright behavior allowed him to steer a straight course through a major political fracas and to maintain moral and social authority within his community.<sup>40</sup> Though Atwood’s feelings on temperance and other issues of morality would not have been universal among all Great Plains bankers, his example certainly confirmed the general rule that the country banker would attempt to influence his community on a broad range of issues he believed to be in the community’s interest. Many were able to do so in the diplomatic fashion Atwood modeled, suitable to roles as financiers and elite members of rural society.

### **“The Firing Line Is No Farther than the Nearest Bank”: Bankers and the Liberty Loan Drives of WWI**

The status of bankers within their communities and their involvement in local club work for political and social causes—even locally unpopular ones—prepared them especially well to fulfill the demands of the nation during wartime. Secretary of the Treasury William Gibbs McAdoo, in speaking before the American Bankers’ Association in September 1917, noted how important were “men of your stamp and character, who must be leaders in the business life of

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39. Atwood, *Reminiscences*, lm 42, pma 34-35.

40. Atwood, *Reminiscences*, lm 41-42.

your respective communities” in responding to the nation’s needs and animating the American people to the cause of making the country “more than she has ever been in her history—regnant for right, for justice, for democracy throughout the world.”<sup>41</sup> Their work in securing the national finances was “fundamental to war”: bankers had to urge their communities to save and invest funds with the country and ensure that ample credit could flow toward the government by limiting loans intended for “new capital expenditures” in the business and industrial sectors. Indeed, McAdoo felt that “the American banker must, because of his knowledge, experience, ability, and influence, become the first line of defense and offense.”<sup>42</sup>

Country bankers played a major role in financing the war and increasing the scope of the nation’s international obligations by way of their bond salesmanship during and after the war.<sup>43</sup> Their wartime service as civilian financiers objectively made them complicit in the broader agenda of financing the war, and helped shape the U.S.’s leading role in international finance.<sup>44</sup> Bankers’ participation in the wartime cause made sense when contextualized within their broader efforts toward social influence within their communities. The historian Christopher Capozzola places this phenomenon firmly within the context where Americans’ primary political

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41. Address of Hon. W.G. McAdoo, Secretary of the Treasury, “The Second Liberty Loan and the Causes Of Our War With Germany,” delivered at the Annual Convention of the American Bankers’ Association at Atlantic City, N.J. September 28, 1917, Serial Set Vol. No. 7265, Session Vol. No. 11, 65th Congress, 1st Session, Senate Document No. 112, page 3.

42. *Ibid.*, 3, 12, 14. McAdoo delivered a similar message in a talk for the Kansas Bankers Association in 1917. See “Address, By the Honorable Secretary of the Treasury, William G. McAdoo, “Proceedings of the Thirtieth Annual Convention of the Kansas Bankers Association, Held at Topeka, Kansas, May 24-25, 1917 (Topeka: H.M. Ives & Sons, 1917), 72-81.

43. Hugh Rockoff notes that bond sales—now called “Victory Loans”—continued to support allied nations in debt to the U.S. for several years after the war, and that this formed a basis for increasing commitments to international partners. See Rockoff, “Until It’s Over, Over There: The U.S. Economy in World War I,” Working Paper 10580, *National Bureau of Economic Research* (Cambridge, Mass.: 2004), Tables 8-9, <http://www.nber.org/papers/w10580>.

44. The role of the national banking community in the wartime financing campaigns would later come under scrutiny. Herbert Hoover and other prominent politicians went so far as to blame bankers and armament makers for enmeshing the nation in the financial obligations of the war and the postwar periods. After world economies collapsed in 1929, Hoover blamed the Great Depression on these conditions. Though such accusations largely fell on Wall Street, country bankers were also implicated. See David M. Kennedy, *Freedom From Fear: The American People in Depression and War, 1929-1945* (New York: Oxford University Press, 1999), 36, 70-73.

obligations channeled through local social groups. Community-based organizations such as Red Cross chapters and Councils of Defense served as the foundation for learning the obligations of citizenship. During the heated climate of an at-times unpopular war, however, obligations could lead to coercion. Failure to participate fully in a group's functions could earn a man or woman the reputation as a "slacker," what contemporaries called non-participants and dissenters. Americans had to work hard to maintain their reputations as helpful citizens and leaders.<sup>45</sup> In small towns, the closeness of the community and the watchfulness of the local newspaper made wartime voluntarism especially important. The *Pratt Daily Tribune*, for example, expressed the responsibility to volunteer multiple times. Even before the official declaration of war, on March 26, 1917, the newspaper commented that "every able-bodied man owes his services to the country."<sup>46</sup> On May 25, 1917, the editor declared in a headline, "Everybody to Give at Least Three Hours a Week to U.S." This proclamation enlisted men and women and even children into the work of the "national service army," which would solicit loans, organize Red Cross work, provide home industrial work, and produce and preserve food.

Locals framed the leadership of financing campaigns in a fundamentally patriotic vein. In the moment of war, local communities as well as a grateful nation generally viewed bankers' activities for the cause in a positive light. For bankers, the obligations for compliance with the aims of the wartime state were particularly high. In their official capacities as lenders in the agricultural economy, their first role was to promote farm production. Kansas's main role in the war was to plant more wheat, and Governor Arthur Capper had warned lenders to cooperate. The *Pratt Daily Tribune* noted in its April 26, 1917 report, "The banker who refuses to finance the seeding and cultivating of Kansas fields 'as liberal as prudence will allow' will be branded by the

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45. Christopher Capozzola, *Uncle Sam Wants You: World War I and the Making of the Modern American Citizen* (New York: Oxford University Press, 2008), 7-8.

46. "Time for Old Glory to Wave," *Pratt Daily Tribune (PDT)*, March 26, 1917, 1, 4.

governor as a ‘slacker.’”<sup>47</sup> Speakers at the annual Kansas Bankers Association meeting likewise admonished bankers that “speculative ventures must be discouraged and productive enterprise must be nourished.” This meant that lenders should encourage the farmer “to do all he can to produce all he can and assure him of our financial support.”<sup>48</sup> In a statement of profound significance for the coming years, the bankers supported assurances to farmers “that there is no danger of any overproduction for the next ten years. Such a thing is inconceivable.”<sup>49</sup>

Bankers’ involvement in the war typically did not end with financial support for industrializing agricultural production; this was not, after all, far out of the ordinary realm of business activities in rural western Kansas. As leaders of the business community and many social clubs, bankers faced considerable expectations for volunteer commitments, and participation in liberty loan campaigns was practically universal. Financing a war with a small federal budget required that the nation fall back upon a strategy implemented during the Civil War: bond sales. Whereas the latter campaign had laid the foundation for the figurative and literal bond between the federal government and banks which bought into the national debt, the World War I bond drive sought to engage the American people, not just the banks.<sup>50</sup> As the *Pratt Daily Tribune* reported in May 1917, bond denominations from \$50 to \$100,000 with semiannual interest payments from the government would suit a wide range of Americans. The

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47. “Kansas’ Great Part In World Conflict,” *PDT*, April 26, 1917, 4. Capper was not bluffing. The Kansas governor throughout the war kept a file of correspondence on suspected German sympathizers and persons thought to be disloyal to the U.S. government: “slackers.” The file included letters from Kansas residents informing the governor of suspected sympathizers or dissidents, letters from Governor Capper to accused residents, letters from accused residents to the governor denying such charges, and letters between the governor’s office and various local and federal agencies. See Craig Miner, *Kansas: The History of the Sunflower State, 1854-2000* (Lawrence: University Press of Kansas, 2002), 238-39.

48. P.W. Goebel, “Paramount Issue,” *Proceedings of the Thirtieth Annual Convention of the Kansas Bankers Association, Held at Topeka, Kansas, May 24-25, 1917* (Topeka: H.M. Ives & Sons, 1917), 16, 24.

49. *Ibid.*, 17.

50. Financier Jay Cooke had pioneered the nation’s first large bond drives during the Civil War. See Rothbard, *A History of Money and Banking in the United States*, 133, 141. For more general discussions of the liberty bond drives across the nation, see Sung Won Kang and Hugh Rockoff, “Capitalizing Patriotism: The Liberty Loans of World War I,” Working Paper 11919, *National Bureau of Economic Research* (Cambridge, Mass.: 2006), <http://www.nber.org/papers/w11919>; and Rockoff, “Until It’s Over, Over There.”

Treasury Department's decision to offer interest rates high enough to warrant ordinary citizens' holding the bonds rather than re-selling them to the banks, and to tax the bonds, supposedly discouraged high levels of investment among financial institutions.<sup>51</sup> The national bond office explained its strategy in a statement that argued, "It is earnestly desired that this loan shall be a popular loan, a loan by and from the people at large of the United States, and not alone from banks, trust companies, and financiers."<sup>52</sup> The bond drive espoused the high ideals of the wartime cause. Named "The Liberty Loan of 1917," it was "a loan from a free people to be used in freeing the world" and "the loan of the great democracy of the New World to reduce the wrongs and support the cause of the democracy of the Old."<sup>53</sup> McAdoo's office assured Americans that their purchases vouched fundamental support for the justice, honor, and freedom of their country:

Every American who subscribes to the justice of the course of the United States in entering and conducting the war we are now engaged in should subscribe to the Liberty Loan bond issue to the extent of his or her financial ability.

Every American who subscribes to the belief that an American should stand by his or her country should subscribe to the Liberty Loan bond issue.

Every American who loves America and is jealous of America's honor should subscribe to the Liberty Loan bond issue. The real success of the loan is to be more determined by the number of Americans participating in it than by the amount subscribed.<sup>54</sup>

The nation's ability to embrace many of its citizens in the bond campaign—and thus represent their loyalty to the cause—was vital to its reputation abroad and for the success of its democratic values. The Treasury Department thus enlisted those closest to the economic heart of local communities to help the government sell bonds in campaigns for \$2 billion, \$3 billion, and

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51. McAdoo, "The Second Liberty Loan and the Causes Of Our War With Germany," 12.

52. "Liberty Loan: The Meaning," *PDT*, May 24, 1917, 1,4.

53. *Ibid.*

54. *Ibid.*

eventually \$6 billion. Of an estimated \$32 billion spent by the U.S. Government on the war, bonds provided fifty-eight percent of the total (\$24 billion), during four wartime “Liberty Bond” campaigns and two post-war “Victory Bond” drives. Community bankers’ cooperation with the federal government was essential to the success of the fundraising.<sup>55</sup>

As Concordia banker Frederick Atwood later suggested, the work was not easy. Serving as the appointed chairman of the Liberty Loan Committee of Cloud County, Kansas until a year after the war, he had to organize the raising of increasingly more funds. The time commitment alone was daunting, and a banker had to balance the demands of his business(es) with those of his government. In one case, Atwood had to explain to a supervisor an absence from his home base to attend to a bank in Miltonvale. Then, securing the donations was difficult in a community that had experienced crop failures in 1917-1918. Atwood commented, “Each of the numerous loans was harder than the one before it principally because our people had done so much before that they did not have the means to buy more.” He added, “As our task became more difficult we had to devise more effective ways to stir the various communities to greater interest and greater sacrifice.”<sup>56</sup> Atwood recognized how difficult it was for citizens of Concordia County to give as much as the government asked, but he cajoled his fellow bankers and “Brother Patriots” to consider “how vastly better off we are than hundreds of millions of people in other parts of the world.”<sup>57</sup>

The fourth bond drive, which demanded an investment of \$6 billion from the American people, proved the most challenging hurdle for the Cloud County Chairman. Disagreeing with some of the strategies proposed by higher-ups in Washington, Kansas City, and Wichita, Atwood

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55. “Pratt National Bank Will Sell Loan Bonds,” *PDT*, May 4, 1917, 2; and “Pratt Banks Subscribe to Federal War Loan Bonds,” *PDT*, May 5, 1917, 1. See Rockoff, “Until It’s Over, Over There,” especially Tables 3 and 8, for a breakdown of the costs of the war.

56. Atwood, *Reminiscences*, pma 2.

57. Chairman to “Brother Patriots,” September 23, 1918, cited in Atwood, *Reminiscences*, pma 3.

and his committee pursued some of their own localized strategies. Such was to be a trend among the bond sales committees of small-town Kansas. In this location, the strategy that ultimately worked was to have banks accommodate short-term loans to bond-buyers, providing them ninety percent of the face value of a bond, up to \$200. While the loan would charge interest for a year's term, the buyer would also receive interest from the government to cover the majority of the bank interest. A letter to the local committees illustrated this plan:

A man wishes to buy a \$100 bond; he pays the worker \$10 and gives his banker his note for \$90. If the note runs a full year without any payments having been made, he will pay the bank as interest \$6.30-he will receive from the government \$4.25. It will therefore cost him \$2.05 to do his bit as a citizen and a patriot.<sup>58</sup>

Provided the purchaser could pay off the loan in the first year, he would owe no more interest to the bank and then would reap the benefits of the government's bi-annual interest payments on the investment. To the volunteers Atwood added, "We recommend and urge that you make this very plain to everyone who hesitates to subscribe. We have made it possible to buy-how many will wish, or dare, to refuse? We think, not many, if the case is clearly and earnestly presented."<sup>59</sup> In this statement lay a hint of a challenge to the "slacker" citizen. It was unthinkable to Atwood that anyone could refuse such a logical, low-cost investment in the nation's war effort. For the Chairman, much was riding on the success of his campaign leadership. He told the district chairperson in Wichita, "It will be a personal humiliation if the quota of Cloud county is not reached." It was thus with great relief that he reported his county's going "over the top" of their quota on October 23, 1918.<sup>60</sup>

Atwood and many other country bankers complied with the government's demands for their service quite willingly. Besides offering their time and financing loans for farmers, bankers

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58. Atwood, *Reminiscences*, pma 4.

59. *Ibid.*

60. *Ibid.*, pma 5.

frequently donated heavily of their own funds, both to the Red Cross and to the Liberty Loan. When a prominent banker failed to comply with these expectations, however, the consequences could be dire. In one case, the high profile *Topeka Daily Capital* (owned by then-governor Arthur Capper) ran the president of a Wamego, Kansas bank through the mud for his “unloyal conduct.”<sup>61</sup> Louis B. Leach’s charges included “failure to invest in liberty bonds” and “failure to subscribe to the Red Cross.” The paper reported that the banker’s failure to meet the \$500 commitment allotted to him by the local Red Cross committee had led to the “painting of his Apperson motor car a brilliant yellow, and a threat to tar and feather the owner.” The Kansas state bank commissioner went so far as to remove Leach from his position as bank president and director “as a protection to the stockholders and depositors of the bank, which narrowly escaped a run on account of President Leach’s persistent and continued unpatriotic conduct.” It was simply unacceptable that “Pottawatomie county’s richest citizen” and a prominent figure in the business community would fail to aid in the cause.<sup>62</sup> This case made the coercive nature of the homefront eminently clear. A banker’s cooperation with community efforts to support the national cause could have substantial implications not just for his personal reputation, but also for the financial stability of his bank.

In the case of the vast majority of bankers, wartime voluntarism enhanced their local reputations and served as capstones for their lifetimes of community service. Membership in the Council of Defense, Liberty Loan committee leadership, Red Cross work, and other activities earned mention in biographical profiles and in the memorialization of these businessmen after

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61. Walter A. Johnson, “Bank President Is Removed For Unloyal Conduct,” *Topeka Daily Capital*, June 5, 1918.

62. *Ibid.*

their deaths.<sup>63</sup> In some cases, war work was controversial owing to the lack of universal popularity for WWI. Latham Henry Harrison's obituary in the *Saint Francis Herald* noted:

For a period of two years during the World War, he devoted his full time to patriotic activities. He was president of the Cheyenne County Council of Defense; Chairman of the Liberty Loan; county supervisor of the food conservation program, and active in Red Cross work. In spite of the fact that some of his duties at this time were disapproved by customers and were inimical to his own business interests, he pursued his war work aggressively to a successful conclusion.<sup>64</sup>

Despite local objection, Harrison took seriously the mandate of the broader nation, and specific calls by state and national leaders such as Governor Arthur Capper, President Woodrow Wilson, and Secretary of the Treasury William McAdoo to take leadership in the organization of the home front. Even if in some towns this work was unpopular, obligations to the nation began to take precedence over local concerns. In many, if not most, towns in Kansas, bankers' service was lauded. Pratt banker Thad Carver's memorial in the town newspaper proudly commented,

During the World War, Mr. Carver served as chairman of the Pratt county council of defense, member of the national council and county chairman of the War Savings Stamp committee. Under his direction, War Savings Stamps were sold to an average of more than \$40 for every man, woman and child in the county, a record unsurpassed in the state. He was also chairman of the Tenth district for the sale of Liberty bonds.<sup>65</sup>

Carver's role in the organization of his town and district was representative of many country bankers during this period. Covered extensively in the *Pratt Daily Tribune*, the efforts of his town will serve to illustrate the common strategies for fundraising and voluntarism during the war.

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63. For some examples, see "Cecil Calvert," in *History of Kansas State and People: Kansas at the First Quarter Post of the Twentieth Century, Volume 5*, edited by William E. Connelley (Chicago: The American Historical Society, Inc., 1928), 2425-26; "Orrin Wylie Dawson," in *Illustriana Kansas*, edited by Sara Mullin Baldwin and Robert Morton Baldwin (Hebron, Neb.: Illustriana, Incorporated, 1933), 308; and "H.W. Hickert," in *1947 Kansas Legislative Directory* (Lawrence, KS: The World Co.), 70.

64. "Death Takes A Sterling Man," *The Saint Francis Herald*, February 6, 1936, 1, 5.

65. *PDT*, December 1, 1932.

Carver's case demonstrates the considerable attention a local community would give to the patriotic campaigns of its prominent citizens. One of the publishers of the *Pratt Daily Tribune*, Cecil P. Rich, was a member of the Kansas State Guard and otherwise highly involved personally and professionally in the promotion of civilian efforts for the war.<sup>66</sup> These interests led the newspaper to join with national organizations in putting strong pressure on both leaders and citizens to meet the demands of federal subscription quotas as the period for the first bond drive drew to a close. The paper described creative salesmanship methods, as when the "celebrated woman aviator" and "darling female flyer" Ruth Law would drop liberty bonds over Wichita, Hutchinson, and other towns in an effort to "awaken the patriotic duty of the people."<sup>67</sup> It reprinted national reports, such as the Women's Liberty Loan Committee of Washington, D.C.'s statement calling for women to purchase liberty bonds, also known as "loyalty loans."<sup>68</sup> The *Pratt Daily Tribune* cited specific data from the community and surrounding region and used shaming tactics to try to compel readers to contribute. In a fearmongering article published just before the conclusion of the first bond campaign on June 12, 1917, the paper lamented the "lethargy in the West" and raised the threat of the war reaching American shores due to the failure of the people to complete the bond drive. The Kansas City Federal Reserve District was then \$50 million short of its apportioned goal.<sup>69</sup> The shaming of the local press did not stop even when the district met its \$100 million goal. The *Tribune* commented, "The banks and people of Pratt and Pratt county did not do as well as might have been expected from this wealthy and prosperous community." It reported that the three banks in town had combined for a subscription of \$123,850, and provided a detailed accounting of each bank that offered the townspeople

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66. "Cecil P. Rich," in *History of Kansas, State and People, Volume V*, edited by William E. Connelley (Chicago: American Historical Society, 1928), 2317.

67. "Liberty Bonds from the Sky," *PDT*, June 4, 1917, 1.

68. Antoinette Funk for the United Press, "Women's Aid Is Required," *PDT*, June 9, 1917, 1.

69. "Loan Failure Is In Sight," *PDT*, June 12, 1917, 1.

evidence of how their bankers were doing. The Pratt National Bank had raised \$61,500 and the Peoples Bank \$52,000, but the Citizens Bank lagged behind with only \$10,000.<sup>70</sup> Although there were no direct consequences for not exceeding the quotas assigned due to the sizes of the different banks, the newspaper indicated that it would be watching the banks and that the community would expect more in future bond campaigns.

The second Liberty Loan campaign took place in October 1917, and this time requested \$3 billion in investment from the American people. In order to raise this huge sum, politicians, the press, and local businesses engaged in hyper-patriotic rhetorical appeals for purchases among the public. Governor Capper, though by faith a Quaker and a pacifist, made it clear that buying bonds was essential to winning the war for American ideals. He reiterated that buying bonds united ordinary citizens to the war effort in telling Kansans, “Democracy is most secure when financed by the common people. No nation can [fail] of progress when her chief financial obligation consists of loans from her people and the smaller the denomination and the more widely scattered, the more certain is the nation’s welfare.”<sup>71</sup> Even more overtly than the Quaker Arthur Capper, the *Pratt Daily Tribune* equated bond buying with actual warfare:

All may not go to the trenches. And yet to an American citizen nothing could be more distressing than the thought of not serving his country at this time. The Liberty Loan offers to every individual an opportunity of being of some assistance—the privilege of playing a part. *The firing line is no farther than the nearest bank.* To buy a liberty bond is to contribute directly, specifically, effectively toward America’s victory. To buy a liberty bond is to deliver a more effective blow in defense of American rights and of the larger freedom. Every dollar you so invest is a shot at militarism [emphasis added].<sup>72</sup>

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70. “Liberty Loan Ending Today,” *PDT*, June 15, 1917, 1.

71. “New Liberty Bonds Are Now On Market,” *PDT*, October 3, 1917, 2.

72. “Unusual Duty Now For Each American To Do For Nation,” *PDT*, October 16, 1917, 1, 3.

Although the newspaper conceded that the bank was the “firing line,” it took seriously its auxiliary role in the propaganda war. The paper noted, “Soldiers win battles; wealth wins war.”<sup>73</sup> It ran advertisements like the one for the W.E. Jett Mercantile Company on October 20, 1917, which implored readers to “Buy a Liberty Bond!” and assured them that the store would “take them as money.” The number of articles supporting the second Liberty Loan drive in the days leading up to its October 27 conclusion was prolific, and once it was completed the *Tribune* once again published the amounts raised by local banks. Pratt banks increased their total contributions by more than forty percent for this campaign, with \$175,600 in bonds purchased through the National Bank of Pratt (\$85,000), the Peoples Bank (\$70,000), and the Citizens Bank (\$20,600).<sup>74</sup>

War funding needs led local leaders to get more and more creative in reaching even the poorest of American citizens and convincing many families to take on even more of a financial burden if they were “able.” In 1918, the *Pratt Daily Tribune* advertised everything from additional liberty loan campaigns to the sale of “smileage” coupons at local banks and retailers. Civilians sent these coupon books on to soldiers in their camps, where they could be used for admission to shows and entertainment. In another program, Kansas City banker and the 1916-1917 Chairman of the American Bankers Association P.W. Goebel organized War Savings Associations throughout the state. These groups comprised of ten to 300 citizens who pledged to save and “release labor and materials for the use of the government to prosecute the war.”<sup>75</sup> Pratt’s three banks joined together in a booth to sell “Baby Bonds and Thrift Stamps” (both

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73. “Purpose of Second Liberty Loan Bonds,” *PDT*, October 16, 1917, 3. A telling headline from March 19, 1918 similarly evoked the issue of wartime duty in asking readers, “Have You Done Your Duty? It is Fight Or Buy Bonds.”

74. “Pratt Liberty Loan Subscription \$175,600,” *PDT*, November 1, 1917, 1.

75. “You Are Part of This Army,” *PDT*, February 11, 1918, 3; “War Savings Associations are the Latest for Non-Combatants,” *PDT*, February 15, 1918, 1.

available in small denominations) at the Pratt Auto Show.<sup>76</sup> The increasing diversity of investment opportunities for those of divergent financial means fulfilled the government's aim to make this a "people's campaign," and also reinforced the desire of financial leaders that the war might serve "in teaching the people of the United States on a nation-wide scale and through an intelligent presentation of facts, the value of thrift and saving."<sup>77</sup>

During the war, banks published many advertisements for the sale of liberty bonds, thrift stamps, and baby bonds at their counters. The ads reinforced these values for patriotism and thrift while managing to cross-advertise regular bank amenities, such as safety deposit boxes. As was common in bank advertisements of this period, the use of bank officers' names added weight to the institutional name and gravitas to the patriotic rhetoric (Figures 3.3 and 3.4).



Figure 3.3. National Bank of Pratt advertisement asking customers to do "their bit" for the cause in the midst of the First Liberty Loan Campaign. *Pratt Daily Tribune*, May 25, 1917.

76. "Banks Will Co-Operate," *PDT*, February 27, 1918, 2.

77. McAdoo, "The Second Liberty Loan and the Causes Of Our War With Germany," 14.

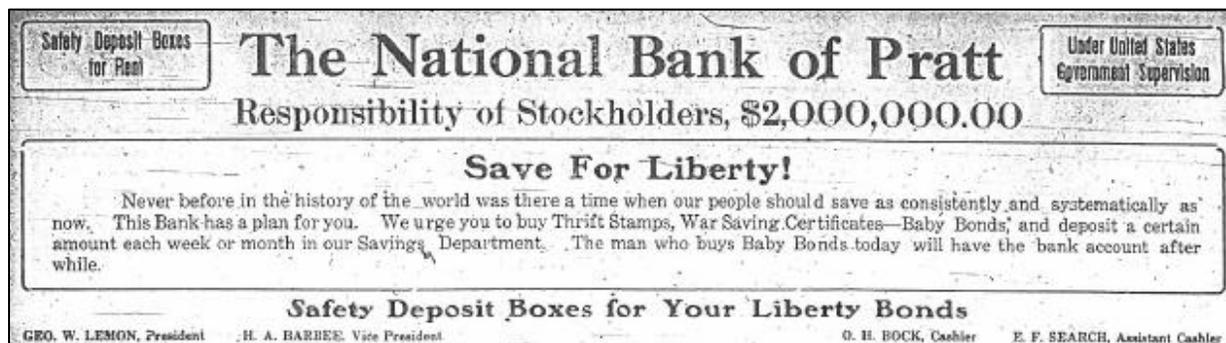


Figure 3.4. National Bank of Pratt advertisement represents the increasing diversity of war savings options for citizens, and the bank’s role in offering these services to the public on behalf of the government. *Pratt Daily Tribune*, January 18, 1918.

Banks also joined together with their fellow businesses in the community to support common messages. A full-page cartoon by Kansas artist Albert T. Reid, “patriotically donated to the War Savings Stamp campaign” by the National Bank of Pratt, the Citizens State Bank, the People’s Bank, and three mercantile companies, features a drawing of a well-dressed man in his comfortable parlor, concerned as he reads war headlines in the newspaper. He stares directly at the reader and says, “Save? You bet I’ll save!” The text continues, “The increasing casualty lists are making America think” (Figure 3.5a). Citizens had given generously, but the ad further comments that they had done so “in almost reckless abandon—with our hurrah and a whoop. We have ‘gone over the top’ with our quotas—eager that our town or county should make a good showing—with the real purpose secondary.”<sup>78</sup> Readers were called upon to join in the national commencement of a savings campaign. Meanwhile, the *Pratt Daily Tribune’s* publication of another Reid cartoon made it clear that *all* Americans, young and old, were supposed to contribute to the effort. Creating a pun on Kansas’s dry status as a prohibition state, Reid advises readers to “Get the Licker Habit” at an early age (Figure 3.5b). Patriotic propaganda pervaded rural towns across America, and local banks were among the key sponsors for these pieces.

78. War Savings Stamp campaign advertisement, *PDT*, June 26, 1918.



Figures 3.5a and b. Albert T. Reid cartoon advertising the War Savings Stamp campaign, *Pratt Daily Tribune*, June 20, 1918; and Albert T. Reid cartoon urging Americans of all ages to “Swat at the Kaiser” by licking stamps, *Pratt Daily Tribune*, June 27, 1918, p. 1.



As the government continued to issue calls for bonds from the public, totaling \$3 billion in April 1918 and \$6 billion in October 1918, as well as for a variety of smaller campaigns for war savings stamps and baby bonds, the expertise and influence of local bankers began to make a difference in the community’s continued ability to raise funds. As reported in the local paper, banker Thad C. Carver canvassed his fellow businessmen at a Chamber of Commerce meeting “to see whether they were taking their share of thrift stamps and baby bonds.” Carver reported that the community was well short of its goal of \$20 for every man, woman, and child during 1918. He noted, “As many men of large families are unable to meet more than a small part of this obligation, and no doubt some of them unable to make even a fair start on it . . . those who are financially able will have to assume more than an average share of the burden.”<sup>79</sup> The banker later published a report of all those in the county who had made pledges of more than \$100 to the

79. “Thrift Stamp Sales Short,” *PDT*, March 28, 1918, 2.

war savings campaign. These tactics helped the county go over quota and double the \$20 per capita goal for savings stamps.<sup>80</sup> Carver's position within the business community allowed him not only to exert polite social pressure in the Chamber of Commerce—an organization that often functioned as a social and political club for the town's elite—but more than that, to make a real difference in the overall collections of his county.

The pressure on Pratt's well-to-do was even more evident in the liberty bond drives. Pratt County's quota in the April drive was \$230,300, and the October push required \$807,000 of the county.<sup>81</sup> As the *Pratt Daily Tribune* commented about the town on April 6, 1918, "The amount in this prosperous section should be at least double the minimum amount. Get busy." The town's businessmen did just that, and the new campaigns became more organized than ever before. The county created an index of taxpayers in each locality that allowed bond salesmen to know "exactly what that man ought to buy." The newspaper commended this new strategy, saying, "This time there is going to be no camouflaging."<sup>82</sup> Certainly bankers played key roles not only in selling the bonds, but also in compiling this index of citizens; experience made them good judges of their neighbors' financial abilities, and their knowledge was crucial to the success of this program. Ultimately, the card index and the leadership of community bankers, including T.C. Carver, who chaired the Tenth Liberty Loan district of Kansas, allowed Pratt County to go "over the top" and subscribe more than its quota by \$100,000.<sup>83</sup>

While all country bankers supervised their own bank's sales and traded off leadership in the local bond drives, Carver's leadership of the larger district effort helped his bank outpace the

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80. As noted above, this was a point of pride for Carver's family and community when they reported his death in the local newspaper. See *PDT*, December 1, 1932. See also "Hundred Dollar List War Savings Pledge," *PDT*, June 24, 1918, 3; and "Pratt County On Honor List," *PDT*, July 2, 1918, 1.

81. "Bond Campaign Started To-Day," *PDT*, April 6, 1918, 1; and "Pratt County and the Tenth District Over," *PDT*, October 19, 1918, 3.

82. "Card Index Is Getting There," *PDT*, April 8, 1918, 1.

83. "Pratt County and the Third Liberty Loan," *PDT*, May 15, 1918, 1.

others in town by a mile.<sup>84</sup> Each of the town's banks achieved a demonstrable growth in their quotas for bond sales, which indicated that Americans were saving more and banks were growing. The Peoples Bank, of which Carver was President, increased its deposits between 1916 and 1917 from \$490,485.05 to \$767,010.89 (an increase of over 56 percent).<sup>85</sup> Carver's increased visibility in the community through his leadership in various war financing campaigns appears to have had a measurable impact on the deposit base of his bank and helped him achieve and indeed oversell the institution's progressively higher quotas—raised from \$52,000 to \$70,000 and finally to \$207,250 in the last, \$6 billion national campaign.<sup>86</sup>

After the completion of the Fourth Liberty Loan drive, as the war neared its end and as citizens' attitudes began to turn toward peace, an article quoting local chairman George W. Lemon (President of the National Bank of Pratt) emphasized the importance of bankers in bringing the fundraising campaigns in their communities to completion. The \$807,000 apportioned to Pratt County for that drive had been difficult to reach, and Lemon commented upon passing the target:

It means much in right down hard work on the part of those who have borne the brunt of the struggle . . . and these are chiefly the bankers of the county. Some of the subscriptions came voluntarily, but these were really a small proportion of the whole sum. For the greater part it has taken earnest personal work[;] the men who handle the finances of the county, being in position to perform this service more efficiently than anyone else, have shouldered the big load of responsibility and deserve the major portion of credit for putting the county over.<sup>87</sup>

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84. *Ibid.* The Peoples Bank subscribed a whopping \$117,700 despite a quota of \$66,200. The other banks in town only oversubscribed by a few thousand dollars, but this makes sense because Carver's organizers would have sold throughout the county under his bank's heading.

85. Official Statement of Financial Conditions of The Peoples Bank at Pratt, State of Kansas at the Close of Business on the 6th Day of June, 1917, *PDT*, June 13, 1917.

86. "Liberty Loan Ending Today," *PDT*, June 15, 1917, 1; "Pratt Liberty Loan Subscription \$175,600," *PDT*, November 1, 1917, 1; "Pratt County and the Third Liberty Loan," *PDT*, May 15, 1918, 1; and "More Pep Is Needed in Liberty Campaign," *PDT*, October 14, 1918, 4.

87. "Pratt County and the Tenth District Over," *PDT*, October 19, 1918, 3.

Bankers' use of financial and social pressure for the national cause is evident in these lines. But, the *Tribune* still considered the county's accomplishment meaningful, because bankers' circles in Topeka had been commenting that the western counties, affected by crop failures, would probably fall short of their quotas. Local bankers in Pratt clearly exercised enough influence in their communities to overcome such difficulties. Their tactics, particularly the ability to estimate how much each individual should be able to contribute, led to clear success, as when one citizen increased a bond purchase from \$200 to \$2,000 and another, incredibly, from \$100 to \$5,000, "based on the committee's pointing out their fair shares of the drive."<sup>88</sup> The newspaper concluded, poignantly, about the community's wartime efforts:

If old John Brown of Osawatomie were to wake up from his long, long sleep he would find that the seeds of Liberty sown away back in the 1860s has [*sic*] been increased a million fold. For Kansas, the heart of the Nation, tops the rest of the Nation in loyalty. The men, the women and the children of Kansas see their duty clearly. They are going to back their government in this war to the last trench, no matter what may happen, knowing the cause for which they are fighting is a righteous cause.<sup>89</sup>

Masking the strong-arm tactics John Brown himself likely would have approved, Kansans were eager to associate their patriotic giving during the Great War with the "free state" tradition. No small part of the community's financial commitments, and therefore of its status within the region and nation, owed to the dedication of its bankers.

### **"Leading Business Men" and "Pious but Militant" Women: The Division of Red Cross Work in Kansas Communities**

At the same time that local communities like Pratt were endeavoring to raise hundreds of thousands of dollars for the Liberty Loan, they also contributed to national Red Cross campaigns. Red Cross work was diverse, ranging from fundraising drives typically headed by local

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88. "No Time To Slack on Liberty Loan Efforts," *PDT*, October 7, 1918, 1.

89. "Kansas 'Over the Top' By Several Millions," *PDT*, May 2, 1918, 1.

businessmen, to knitting and other hand-crafts organized by women's groups. Fundraising campaigns were particularly fraught with patriotic meaning, as events in Pratt demonstrated. Women's work for the Red Cross, however, also conveyed patriotism, social status, and often-political intent. Women, especially middle- and upper-class women with the luxury of free time, were pressured to volunteer for Red Cross service. Club women's filling out "census cards" of potential volunteers in fact fulfilled a similar purpose as the state's requirement that men register for the draft.<sup>90</sup> Although women might occasionally hold a charity event to raise money for the Red Cross, as when "Miss Margaret Carver" organized a benefit ball game to support her father's finance committee work in Pratt, women did not appear to participate in fundraising campaigns to the same degree as men.<sup>91</sup> Laura Doerr, the chairman of the Pawnee County Red Cross Chapter, wrote in her notes to "put men on committees. Finance—15 leading men including bankers mayor business men."<sup>92</sup> An official Red Cross bulletin directed to the chairmen of local chapters and auxiliaries likewise advised that finance committees should be "composed of your leading business men." The work of finding supplies and creating goods, however, should be headed by "an influential wom[a]n [with] an established leadership, and exceptionally good judgment."<sup>93</sup> Gender and class structurally defined the roles of Red Cross volunteers.

As was the case with the national bond drives, the community monitored participation in Red Cross work. Through their newspapers, townspeople paid close attention to who paid for a Red Cross membership and contributed monetarily to campaigns. Women's groups recorded the volunteer work of their members carefully, sometimes noting the number of hours served by

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90. Capozzola, *Uncle Sam Wants You*, 91.

91. "Benefit Game Netted The Red Cross \$165," *PDT*, June 23, 1917, 6.

92. Handwritten note dated July 30 [1917?], Series III, Box 22, Folder 1, Doerr Papers.

93. Soulaterer Morris, Director Mountain Division, "To The Chairmen of Auxiliaries and Chapters," n.d., Box 22. Folder 7, Doerr Papers.

each individual and always recording the amount of materials created by area women in chapter reports to the newspaper. Red Cross work was ubiquitous in the endeavors of elite social clubs for men and women, and participation conveyed both status and patriotism even more than did contributions to the Liberty Loan. As the *Pratt Daily Tribune* noted about the Red Cross, the “best and most influential citizens of the town and county [were] actively at work” on its behalf.

The paper added:

In our judgment there is a tremendous difference between a Liberty bond investment and a contribution to the Red Cross fund. Liberty bonds are a gilt-edge investment. The purchaser is in no [way] making a contribution to his government. He is simply investing a certain proportion of his savings in a bond of the most attractive character and which will yield a handsome rate of interest. . . . The man or woman, however, who makes a Red Cross contribution, is giving something to the cause. He does it without the hope of financial gain or the prospect of its return. It is a free will offering and measured by the spirit of patriotism entitles the giver to a thousand times more credit than the buyer of a Liberty bond.<sup>94</sup>

The community response to individual Red Cross contributors, and even more to those who *failed* to give of their time and treasure, demonstrated the coercive elements of wartime patriotism.<sup>95</sup> Examples of fundraising efforts at Pratt, Kansas and the chapter organization of volunteer work in Larned, Kansas demonstrate that bankers and their wives were well positioned to lead Red Cross campaigns. Building on their memberships in social clubs—linked in turn to their economic status in town—these elite members of local communities gave strong service to the project of citizen-making in the wartime nation.

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94. “Do Your Duty By the Red Cross,” *PDT*, June 18, 1917, 2.

95. Capozzola, *Uncle Sam Wants You*.

Red Cross funding drives operated on a smaller scale than the Liberty Loan, but the leaders of the Pratt campaigns implemented similar techniques to elicit free-will donations from the community. In one drive, the town and surrounding county were tasked with raising \$15,000 as a part of a \$100 million national goal. Pledge seekers divided into several sub-districts, and T.C. Carver headed up the effort as the finance committee chairman for the Pratt

chapter of the Red Cross.<sup>96</sup> Advertising in the local newspaper again was a central strategy in the effort to convince community members to donate to the Red Cross. Images and stories pulled on readers' heartstrings, as when the tale of a French soldier "fighting our fight" and injured on the front lines filled the shape of a large cross and asked, "Will you help him?" (Figure 3.6) As the first national campaign drive neared completion, the *Pratt Daily Tribune* emblazoned its front page with the logo of the Red Cross, and an advertisement for the Pratt National Bank followed suit, urging readers and customers to "Give! Give! Give!—Until It Hurts!"<sup>97</sup> The Peel Drug Co. urged readers of its advertisement on June 21, 1917, "Pratt Must Have No Slackers. Do Your 'Bit' for the Red Cross."

Beyond the advertising it published for the campaign, coverage in the *Pratt Daily Tribune* proved as crucial to success in the Red Cross drive as it had been in raising the Liberty Loan. The paper reported on the advancement of the local and national campaigns throughout the

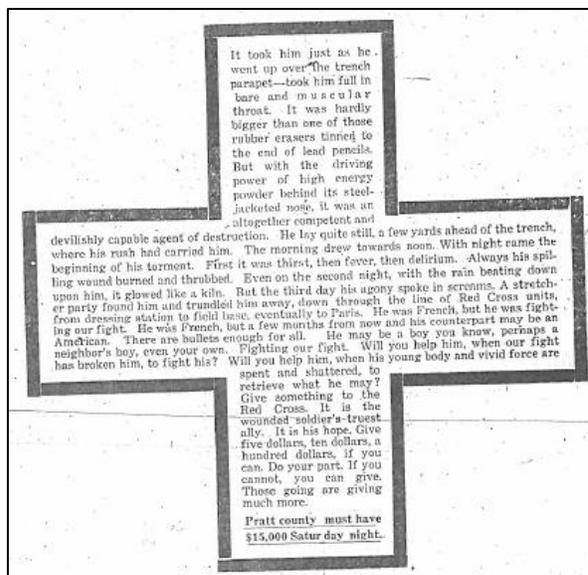


Figure 3.6. Advertisement for the Red Cross fundraising drive, *Pratt Daily Tribune*, June 20, 1917, p. 1.

96. "Red Cross Campaign Starts Next Week," *PDT*, June 15, 1917, 4.

97. *PDT*, June 22, 1917.

drive, and alternately commended the fundraising leadership and shamed readers into giving more so that the community would reach its apportioned goal.<sup>98</sup> An editorial noted that “prominent business men” had “neglected their business duties and placed their entire time at the disposal of the local organization,” and complimented the women who have “especially done splendidly” for the campaign.<sup>99</sup> The *Tribune* also quoted Carver’s updates in an effort to spur dawdling sectors of the community to shape up. Near the end of the national fundraising campaign in June 1917, the banker reported that the outlying districts had exceeded their quotas but that the town of Pratt was still short—particularly the Third Ward which was “sadly delinquent in subscription to the fund” and reporting only twenty percent participation. He commented, “It is barely possible that Pratt county may fall short in the amount asked by the national Red Cross leaders. If this condition should prevail, it would amount to a serious reflection on the loyalty, or rather lack of loyalty of the people, who possess far more wealth per capita than do the average peoples of Kansas.”<sup>100</sup>

The chief fundraiser’s direct appeal to the community and the newspaper’s advertising efforts culminated in the success of the campaign and in the newspaper’s vow to publish a “Roll of Honor” listing who in the county had donated and the amounts given. The writer commented that the list would be “interesting and instructive,” and remarked:

Some names will be missed from this list. Some amounts will be absurdly small in comparison to the ability of the givers, while other amounts will be surprisingly large if measured by the financial ability of the donors. . . . Comparatively few slackers were discovered by the Red Cross canvassers. The instance of a man in this city who recently sold \$20,000 of wheat at the inflated war price and who begrudgingly gave \$5.00 to the fund after repeated solicitations, is an exception. His measly little five dollars will feel out of place. They will not be used to such

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98. “Red Cross Campaign Meeting Big Success,” *PDT*, June 20, 1917, 1; and “Half of Fund Been Raised,” *PDT*, June 20, 1917, 1.

99. Editorial, “Pratt is Responding in Fine Shape,” *PDT*, June 22, 1917, 2.

100. “Carver Makes Last Appeal To Public,” *PDT*, June 22, 1917, 2.

good company. It is not fair, either, to the other honorable and respectable dollars which make up the fund.<sup>101</sup>

In contrasting the “honorable” members of the community with “slackers” and grudging givers, the newspaper’s comments highlighted the fact that the Red Cross campaign was not only patriotic, but also coercive.

The humiliation of the unnamed but presumably well-known farmer in the above article was nothing compared to the almost gleeful reportage of how the community responded to “slackers” who refused to give any money at all to the Red Cross. While it was clear that Pratt County would continue its successful record in its May 1918 fundraising drive, owing to the committee’s repeated use of a card index allotting “suggested” individual contributions, it was still deemed unacceptable that anyone would refuse to give. The local Council of Defense, in meeting to help prepare for the upcoming campaign, compared notes about how to combat those who refused to give funds, whether for religious reasons or perceived pro-German sentiments.<sup>102</sup> The paper, for its part, disparaged the housewife who “viciously tore the little subscription card to shreds,” and commented that “this sort of thing has about exhausted the patience of the loyal citizens and some of them feel that they have stood for it long enough.”<sup>103</sup> The May 21, 1918 article went on to observe:

In the middle of the street at the intersection of Main and Third there stands a barrel from which extends a slender rod with a crook in the end of it. A red cross about a foot each way rests upon the barrel, also a gallon can of yellow—very yellow—paint. What is to be done with them is shrouded in mystery, but they rest there, ominously suggestive of latent possibilities.<sup>104</sup>

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101. “The Roll of Honor,” *PDT*, June 26, 1917, 2. See also “Red Cross Sum Will Run Above \$16,000,” *PDT*, July 9, 1917, 4.

102. “Red Cross Committees Named for New Drive,” *PDT*, May 7, 1918, 1; and “Council of Defense Is In Session Today,” *PDT*, May 16, 1918, 4.

103. “Sure Pratt Co Will Go ‘Over,’” *PDT*, May 21, 1918, 1.

104. *Ibid.*

Those who did not give of their funds risked receiving a dose of yellow paint, with the consequent shame of cowardly non-action fully apparent to all in the community. The same newspaper that had only a few weeks before lauded the “seeds of Liberty sown away back” by John Brown of Osawatomie, which inspired Kansas citizens to patriotically buy Liberty Bonds and promote global democracy, now supported the suppression of certain constitutional freedoms. The matter came to a head when that very evening, a “committee of representative citizens” arrived at the home of some “reluctant” donors. The regular donation committee, which may have included campaign manager Thad Carver, had already stopped by to try to convince the couple to contribute. The newspaper reported that the woman of the house finally turned over a check for the allotted sum upon viewing the spectacle on her doorstep, but apparently uttered “go to hell with it” to the recipient and thus failed to show the proper “patriotic spirit.” The committee refused to take the money and tore up the check, then proceeded to make good on the threats reported in the newspaper. Covering the couple’s car and home with yellow paint, red crosses, and the moniker “slackers,” the group sent a message to the rest of the community through its acts of intimidation.<sup>105</sup> The fundraising committee continued its canvass of the town and county despite the state’s already having collected fifty percent above its quota, “to see that every citizen does his part.”<sup>106</sup>

The hyper-patriotic nature of the Liberty Loan and especially the Red Cross drives led influential Pratt citizens—from the finance committee to the newspaper itself—to condone highly coercive actions in the name of the fight for freedom and democracy around the world. Other towns employed similar bullying tactics and offered a range of proposals to see that every citizen contributed what they should to the cause. The Larned, Kansas committee also compiled

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105. “Failure to Donate to Red Cross Brings a Paint Brigade: Yellow Paint for Slackers,” *PDT*, May 22, 1918, 1, 4.

106. “Kansas Is Over With Red Cross,” *PDT*, May 22, 1918, 1.

lists of suggested donations; men such as John E. Wagner, a banker, and Albert A. Doerr, a mercantile owner and lender, canvassed those allotted \$5 or more.<sup>107</sup> Women were allowed to ask for free-will donations among the rest of the population. Executive committee member Dr. J.A. Dillon also submitted a statement to the National Red Cross favoring a tax that would require all wealthy individuals, including non-resident landholders, to contribute fairly to local fundraising.<sup>108</sup> Although local Red Cross chairperson Laura Doerr disagreed with the proposed taxation plan, arguing that it did not express “the sentiment of our community, as many men and women worked loyally” to raise funds, this idea suggested the lengths to which dedicated committee members were willing to go to compel wide participation in the wartime cause.<sup>109</sup> It is in this context that substantial support for “100% Americanism” and the renewed organization of the Ku Klux Klan could take hold. Local businessmen took center stage in fundraising drives for the Red Cross and took leading roles in pressuring fellow townspeople to “give until it hurts”; thus, they were able to display their own patriotic spirit. Women, although they engaged in different types of work than men, also had important parts to play in the Red Cross mission to both support the troops and rouse intensely patriotic feelings among the public.

Women’s voluntary service largely centered on the *time* they donated to the Red Cross rather than on funds donated. In Pratt, the value of women’s time was especially clear in that the chapter regularly published reports in the *Daily Tribune* which compiled lists of individual women in the community and the amount of time devoted to the knitting room and other piecework. The wives of finance committee members, including Mrs. T.C. Carver, and of prominent town doctors and business professionals showed their commitment by routinely

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107. “Red Cross Campaign: Pawnee County Must Raise \$15,000 As Its Share,” n.d., Box 22, Folder 8, Doerr Papers.

108. J.A. Dillon, M.D. “Favors Red Cross Tax,” Box 22, Folder 8, Doerr Papers.

109. Letter, Mrs. A.A. Doerr to George W. Simmons, Manager (Southwestern Division?), Oct. 14, 1917, Box 22, Folder 12, Doerr Papers.

recording between two and five and sometimes as many as fifteen or twenty-five hours in the Red Cross workroom.<sup>110</sup> Volunteer commitments built upon middle-class women's socioeconomic status and memberships in the best women's clubs in town. On a national scale, women's contributions during the war also aided them in claiming the vote in the post-war period.

Laura Doerr's leadership in the Pawnee County Chapter of the American Red Cross offers an illustrative example of women's dedicated voluntarism during the war. Doerr, the wife of Larned mercantile owner, lender, and Kansas State Senator Albert A. Doerr, took on unusual responsibilities as the "Chairman" of the county chapter. The records she left behind tell something of the incredible organizational effort required to oversee the activities of the chapter and its auxiliaries across the county. As her obituary remembered, she devoted "her entire time and energy to the work."<sup>111</sup> Doerr likely gained the position due to her social status in the community and relationship to the local state senator, but she performed well in the job and it offered strong motivation for her continued political work in a variety of women's political groups such as the National American Woman Suffrage Association (NAWSA), the more radical National Women's Party (NWP), and the League of Women Voters.

As Chairman of the Pawnee Chapter of the American Red Cross, Laura Doerr oversaw an Executive Committee composed of a Vice-Chairman, Secretary, and Treasurer. These elected officers appointed committees on Military Relief and Civilian Relief (each with sub-committees), Membership, General Propaganda, and Finance. Keeping this group of volunteers in line was not always an easy task. Doerr commented in a letter to L.R. Morgan, Director of the Bureau of Development in St. Louis, "You possibly realize that in forming a Chapter you often

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110. "Red Cross Notes," *PDT*, May 21, 1918, 3.

111. Obituary, Laura Pate Doerr, March 30, 1944, Series III, Box 21, Folder 4.

select people for chairman who do not take charge of that department in the least. This condition exists here in several departments. It is embarrassing to change an officer and so a chapter chairman must select someone else to do the work.”<sup>112</sup> Laura Doerr herself stepped in on many committee tasks, and relied on the assistance of close friends and business associates such as Harvey Eckert—the manager of her husband’s mercantile—to fill important roles. For example, Doerr and Mrs. E.E. Frizell, wife of another prominent Larned politician and rancher, aided the women’s clubs of Larned in compiling a list of charter members for the Pawnee County Chapter of the Red Cross. Doerr took the task seriously and compiled clippings from all over the state which tracked the charters and membership numbers of chapters for similarly sized towns.<sup>113</sup> Chapters and branches sought to enroll members “among all elements of the population,” but the leadership comprised largely those of the middle and upper classes.<sup>114</sup>

The position as Chairman required Doerr to maintain regular correspondence with the regional division and national headquarters of the American Red Cross, which regularly distributed newsletters and asked for reports on chapter activities, and with other branch and chapter leaders. Mailings from the regional division offices in Denver and St. Louis included knitting circulars with technical instructions and patterns in use by the Army, to be passed on to those crafting supplies for soldiers or incorporated into instructional classes. Red Cross leadership also advised local chapters of the difficulties of securing materials owing to fluctuating wartime prices and merchants’ long-term contracts with the military and garment factories. A Supply Service flyer offered goods from St. Louis, but urged chapters to continue dealing with local merchants when terms of delivery and price were satisfactory, “thereby

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112. Mrs. A.A. Doerr to L.R. Morgan, Director of the Bureau of Development in St. Louis, Box 22, Folder 6, Doerr Papers.

113. “Checking Up Red Cross Cards,” n.d., and other clippings, Box 22, Folder 8, Doerr Papers.

114. American Red Cross, Branches of Chapters and Chart Showing Chapter Organization of Simple Form, Box 22, Folder 2, Doerr Papers.

retaining incidental good-will towards the Red Cross.”<sup>115</sup> Such notices confirmed the fact that obtaining supplies and coordinating volunteer knitters would prove a difficult part of the Chairman’s job. Much of Doerr’s correspondence involved sharing literature with the branches under her leadership and coordinating supplies for them. For example, she fielded letters from the Jetmore, Kansas branch requesting information on what their members could best direct their efforts toward making, and asking for material and patterns. A letter from an Elfrieda Kenyon suggested the intricacies involved in procuring supplies. Kenyon noted that she knew Doerr had been buying muslin at 15 cents per yard, but her branch had been unable to get anything less than 22 cents per yard. She asked whether the chairperson would set aside two or three bolts for her branch at the lower price.<sup>116</sup> Presiding at the head of a supply chain not only for her chapter but also for its branches, Doerr had to conduct market research, correspond with her subsidiaries, and coordinate distribution to area work rooms. Her connection with the A.A. Doerr Mercantile aided in securing materials; she reported that the company “guaranteed the payment of our yarn purchases of some \$5,000,” and thus ensured the chapter could “purchase at the lowest wholesale price prevalent in the country. \$1,000 or more was saved the Chapter by these direct purchases.”<sup>117</sup>

Doerr was justifiably proud of the organizational achievements of her chapter of the Red Cross. Shortly after relinquishing her post as Chairman of the local chapter, she compiled a yearbook of the chapter’s accomplishments and sent complimentary copies to the families of each service person from the county. In a forward addressed “To the Members of Pawnee

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115. S.P. Morris, “To The Chairmen of All Chapters and Auxiliaries At Large,” n.d.; and Red Cross Supply Service flyer, n.d., both in Box 22, Folder 7, Doerr Papers.

116. Belpre, Kansas Branch of the American Red Cross to Mrs. A.A. Doerr, September 12, 1917; Elfrieda Kenyon to Mrs. A.A. Doerr, November 24, 1917, Box 22, Folder 6, Doerr Papers.

117. “Red Cross Year Book, Pawnee County Chapter American Red Cross, June 30, 1917-November 26, 1918,” Compiled by Mrs. A.A. Doerr, War Chairman, p. 20, Box 22, Folder 10, Doerr Papers.

County Red Cross Chapter,” Doerr commented, “The productions of war necessities of the Chapter was such as to make every patriotic man and woman feel proud of Pawnee County’s accomplishments.” She boasted in typical booster language, “Our record can not be surpassed by any County in our State. In fact we lay claim to the distinction that Pawnee County has accomplished more Red Cross work in proportion to population than any other County in Kansas.”<sup>118</sup> The 64-page pamphlet offers good insight into the organizational structure of the Chapter, including the names of officers and Executive Committee members, committee officers (e.g. Finance Committee and Committee of Women’s Work), and officers of twenty-three branches, auxiliaries, and affiliates. It also provides pages of tallies of hand-made goods created by the women in the county, from knitted items and soldiers’ “comfort kits” to hospital supplies and items for special relief projects. Pawnee County tallied a total of 257,632 individual items, along with over 5,000 pounds of supplies sent to Belgium for relief.<sup>119</sup> The yearbook further included a detailed financial report and an “honor roll” listing the men and women who had served in the war. The work of a local chapter for the war effort was indeed monumental.

Doerr’s attempt to memorialize the Red Cross service in Larned with this yearbook proved controversial, however. Some members of the local community were appreciative of the effort. Mrs. Ete Mueller, a colleague in the county Red Cross network, sent Mrs. Doerr a letter stating:

I appreciate it very highly, and will reserve it as a great remembrance [*sic*], not only of the great World War; but to look back and see that we had a War Chairman that carried out plans & organized all our branches & auxiliaries in Pawnee County. Gave all her time, so as to be of service to our soldiers & sailors to keep them comfortable so they might return to their homes in a healthy

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118. “Red Cross Year Book,” p. 2. The source of this claim is unclear.

119. *Ibid.*, p. 10.

condition. Mrs. Doerr I must say you sure have won a crown in heaven for your patriotism and the good work you have done in Pawnee Co. during this war.<sup>120</sup>

By contrast, Alfred Fairbank, the Acting Manager of the Southwestern Division of the American Red Cross in St. Louis, rebuked Doerr for printing this yearbook and some of the contents. Fairbank suggested that Doerr had been using the publication for her own personal gratification as the self-styled “War Chairman” and for the political gain of her husband, the Senator. Albert A. Doerr had financed a substantial portion of the printing, and his name was published along with other local sponsors such as the Moffet Bros. Nat’l Bank and the First State Bank on the first page of the album. Fairbank accused Doerr of sending the publication to only a select number of recipients, without the knowledge of the current Executive Committee of the Larned Red Cross, and with cards reading “Compliments of Senator and Mrs. A.A. Doerr.” He took issue with Doerr’s use of the Red Cross name and emblem, and with a thank you column of several pages “in which full acknowledgment is given to yourself, your husband and others, but some who have worked faithfully for the Chapter are omitted.” Finally, he was angry that Mrs. Doerr had “attacked” Fairbank’s office in the publication. In the column purportedly set aside for gratitude, the “War Chairman” had described petulantly how “the divisional headquarters at St. Louis caused all county chapters much annoyance and financial embarrassment by their promiscuous shipping of supplies,” which “caused large duplications of stocks” and extra work and expense for chapter headquarters.<sup>121</sup> Doerr’s ability to obtain locally supplied materials for

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120. Mrs. Ete Mueller, Capt. Of the Ray Auxiliary Knitting Group, to Senator & Mrs. A.A. Doerr, Jan. 11, 1919, Box 22, Folder 6, Doerr Papers.

121. Alfred Fairbank, Acting Manager of the Southwestern Division of the American Red Cross, to Mrs. A.A. Doerr, February 6, 1919 and undated letter, Box 22, Folder 6, Doerr Papers; and “Red Cross Year Book,” p. 21. The regional office requested that undistributed books be returned along with a list of recipients. Mrs. Doerr, for her part, noted particularly that she had been confused about her ability to publish under the Red Cross name due to advertisements on behalf of the organization paid for by local sponsors during the war. She also emphasized that the booklet had primarily served a reporting function and was meant to honor the families of county service personnel. She and her husband were so upset by the accusations levied by the Red Cross organization that they sought the legal counsel of Laura’s father, W.H. Vernon. The resolution of the issue is unclear, but a copy of the yearbook

women's sewing work, while demonstrative of her organizational capacities and good business connections, appears to have placed her into conflict with a national office accustomed to exercising greater control over local women.

Fairbank's suggestions of impropriety did little to diminish the significance of the work of this prominent community woman in the wartime service of the Red Cross. In fact, it simply underscored the social, political, and economic connections of leading women and the broader purposes their activities served. The nation viewed women's work as an important component of the war effort. Laura Doerr, in a handwritten address given before an unknown body, noted that "the service of American women in preparation of supplies for this year alone is above or at fifty million dollars."<sup>122</sup> That constituted fully half of the year's fundraising campaign. She added in an appeal to potential volunteers:

The Red Cross is the most powerful allie [*sic*] our soldier boys will ever have. If you would be a help in this great work you must get the spirit of it. If you have not the spirit now and are doubting and questioning the reasons for all this relief work, you will perhaps get the R.C. spirit later when you scan the papers for the casualty lists and see familiar names or when the wounded soldiers begin to return to our community. Women's part in this war is a very large and important one.<sup>123</sup>

Knitting and sewing represented far more than busy work or an idle social activity, and women with spare time—particularly those of the middle and upper classes—needed to come through for the soldiers lacking items like sweaters (not provided by government issue), hospital linens and garments, and surgical dressings. A visiting Chautauqua speaker engaged to speak at the Red Cross conference in Kansas orated that this work defined women as "pious but militant." The work women carried out on the home front united them with men "without lines of distinction." The speaker, Mrs. E.F. Brown of St. Louis, linked voluntary wartime service to the promise of

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remains in Mrs. Doerr's Red Cross files. See Letter to Alfred Fairbank, February 11, 1919; and A.A. Doerr to W.H. Vernon, March 6, 1919, both in Box 22, Folder 6, Doerr Papers.

122. Laura Doerr, "Woman's Work," n.d., Box 22, Folder 9, Doerr Papers.

123. *Ibid.*

post-war suffrage, adding that “if the women would do effective work in this crisis ‘perhaps the men will give us the vote.’”<sup>124</sup> Although the women of Kansas already had the vote, this was an important concern for the national woman suffrage movement that gave additional purpose to their patriotic efforts. In fulfilling demands for their service during the war, women like Laura Doerr helped to shape the contours of post-war society.

### **Banking Families Continue to Lead as Rural Society Confronts the Postwar Era**

The wartime experience produced a range of consequences for the U.S., and particularly for rural America. On the one hand, the war came as the culmination of years of hard work by middle- and upper-class women who had demonstrated their worth in social and political causes and finally received national suffrage with the 21<sup>st</sup> Amendment. On the other hand, the war and the postwar period reinforced the prejudices of many ordinary Americans against those different from them. As illustrated in the attacks on slackers during the war, and later by the resurgence of the Ku Klux Klan, some individuals continued to rebel against the effects of a nation growing more modern, urban, and diverse. Country bankers and their communities faced important challenges to their established social order. Some would embrace change, while others lashed out in ways nominally supportive—and actually repressive—of American ideals.

Laura Doerr’s experience with the Red Cross and active political life during and after the war revealed the political advantages that attended women’s volunteer service for the national cause. A leading state newspaper, the *Topeka Daily Capital*, touted her eighteen months of “tireless” war service when commenting that she was in town to observe the legislature with her husband. The paper commented, “She was the first chairman to succeed in compiling a record of the county’s Red Cross activities, together with a complete list of the Pawnee county boys who

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124. “Knit and Listen; No Time is Lost,” n.d., Box 22, Folder 8, Doerr Papers.

entered service.” Doerr’s record of service added to her popularity among the legislative crowd, and the article noted that “she has assisted at several receptions and was toastmistress at the luncheon given by the wives of the legislators.”<sup>125</sup>

Doerr’s political connections helped her secure a part in a national women’s convention held at the Hotel Statler in St. Louis, March 24-29, 1919. She was one of fifty Kansas women invited to the convention, split evenly between Republican women and Doerr’s own Democratic Party.<sup>126</sup> Doerr collected a variety of souvenirs during the experience, including a medal with a ribbon inscribed with the words, “National Suffrage Convention Delegate, St. Louis, 1919,” and a convention program. Inserted in the program was a request for Red Cross aid to suffering war survivors in Europe. Several sessions also focused on women’s service in the war, and it is likely that Doerr took a special interest in these topics.<sup>127</sup> The convention featured an “indoor victory parade” and speeches by the newly elected governor of Kansas, Henry Allen, and National American Woman Suffrage Association (NAWSA) President Carrie Chapman Catt. Allen urged the women not to form a separate political party, but to join with the men. In a response printed in a *St. Louis Republic* report of the event, Catt stated that “the League of Women Voters would not form any women’s party, but that they intended to get in all parties—‘to put a stick in every part.’” She continued, “We women have no desire to become radicals, but we do intend to look forward and stand by the next generations. We would go hand in hand with our brothers and let

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125. “Tireless War Worker: Wife of Larned Senator Has Accomplished Much,” *Topeka Daily Capital*, n.d. [Jan-Mar 1919], Box 22, Folder 8, Doerr Papers. This article also contained a photograph taken of Mrs. Doerr with her two daughters, Pauline and Isabel, two years earlier.

126. “Kansas Women Invited,” *Topeka Daily Capital*, n.d.; and letter, Jane M. Brooks, President of the Kansas Equal Suffrage Association, to Laura Doerr, February 8, 1919; both in Box 22, Folder 14, Doerr Papers. Participation of elite women such as Mrs. Doerr was of course not unusual. Wealthy and middle-class women dominated the platforms and controlled the leadership of national women’s organizations such as NAWSA. Joan Marie Johnson’s recent article, “Following the Money: Wealthy Women, Feminism, and the American Suffrage Movement,” *Journal of Women’s History* 27, no. 4 (Winter 2015), 62-87, elaborates on these themes.

127. Medal located in Box 21, Folder 13; National American Woman Suffrage Association, Program, 1919, in Box 22, Folder 14, Doerr Papers.

all political parties know that they have a powerful force behind them pushing them toward the right.” Catt simultaneously affirmed the strength of the women’s political power and their interests in “right” or moral causes.

Laura Doerr embraced the vision laid out for political women during the St. Louis Convention. When she received the Minutes of the NAWSA Jubilee Convention, she pored over the material and annotated the document, pointing to themes she viewed as important. While at one point she wrote a comment criticizing “the inefficient organization of women for securing efficient laws,” she persisted in her commitment to the causes of suffrage and women’s influence in the political sphere.<sup>128</sup> The collection of materials regarding Doerr’s participation in state and national political organizations is diverse. She maintained a correspondence with Lilla Day Monroe, Kansas’s foremost leader of women’s groups. In 1927, Monroe suggested to an organizer that Doerr might be able to meet a group of delegates and accompany them by car from Topeka to a Good Government League convention in Colorado Springs, and on to the Black Hills “to petition the President for his support of the Equal Rights Amendment.”<sup>129</sup> Doerr’s affiliation with women’s political groups during this period was matched by her participation in social and service clubs. She was a founding member of the Women’s Auxiliary of the American Legion for the seventh Kansas congressional district, for example. The Auxiliary’s programs of support for ex-service men proved a natural continuation of her wartime service in the Red Cross.<sup>130</sup>

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128. Minutes of the Jubilee Convention of the National American Woman Suffrage Association, St. Louis, Missouri, March 24-29, 1919 (New York: National Woman Suffrage Publishing Co., Inc.), Box 22, Folder 14, Doerr Papers.

129. Margaret Whittemore to Laura Doerr, June 13, 1927, Box 21, Folder 13, Doerr Papers.

130. Bulletin, Kansas Headquarters of the Women’s Auxiliary of the American Legion, Box 22, Folder 15, April 22, 1921, and other materials related to this organization, Box 22, Folder 15, Doerr Papers.

Service was not always the only purpose of such activities, however. The Auxiliary, like many organizations of the era, supported a political agenda that included “building for 100% Americanism.”<sup>131</sup> The very first bulletin of the League of Women Voters ever issued, included in Doerr’s files as a consequence of the League’s formation during the St. Louis Women’s Convention of 1919, indicated similar aims. Receiving and exercising the vote remained the League’s primary focus, but the organization also supported protections for women in industry and child labor prohibition, improvement of election laws, and other progressive causes. Taking up considerable space on the organization’s platform was education. The League supported common school education for children as well as extension programs for adults, and through such programs planned to promote Americanization efforts. The League of Women Voters promoted making English the national language, enacting “higher qualifications for citizenship and more sympathetic and impressive ceremonials for naturalization,” publishing advertisements for citizenship lessons in foreign language publications, and requiring a recital of an Oath of Allegiance to the United States before voting. The League furthermore wanted women to obtain direct citizenship, not simply citizenship through marriage, “as a qualification for the vote.”<sup>132</sup> Laura Doerr’s involvement in political and social clubs during the 1920s, then, supported a series of common causes, not only votes for women, but also service and the promotion of Americanism.

Kansans epitomized the fearfulness that gripped many Americans during the post-war period.<sup>133</sup> Racialized and radicalized “others” in their midst set off discussions about who deserved status as an American and what sort of justice should be served to the rest. The rights of

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131. Ibid.

132. The League of Women Voters Bulletin, Vol. 1, No. 1 (April 1919), Box 22, Folder 14, Doerr Papers.

133. One of the most insightful accounts of the post-war period, including the dialectics of freedom and repression, prosperity and crisis, is William E. Leuchtenburg, *The Perils of Prosperity, 1914-1932* (Chicago: University of Chicago Press, 1958).

labor proved a key testing point for Kansans; indeed, the state served as a microcosm for the nationwide strikes of 1919. The coal fields and later the railroads became focal points for the state's efforts to repress strikes through legal means.<sup>134</sup> Even as fears of bolshevism, anarchism, and the Industrial Workers of the World (IWW) pervaded the sentiments of many Kansans, however, strikers and their families also appealed to American values in defense of their actions.<sup>135</sup> One woman protestor, quoted in the *Pittsburg (Kansas) Daily Headlight*, used the rhetoric of rights and patriotism to make her stand:

We don't want any bloodshed here in Kansas like there was in the Ludlow Strike, and in Alabama and Mingo County, West Virginia. What we want is our industrial freedom and liberty and we want our men to be good, true, loyal union men and 100 percent American citizens, not like you and your dirty bunch of strike breakers. In the World War we bought liberty bonds.<sup>136</sup>

That Wimler linked the actions of the mine workers directly to the patriotic acts of the wartime home front, particularly the purchase of liberty bonds, would have been significant for readers of the *Headlight*. The reference to erstwhile markers of patriotism, however, did not stop many Kansans from resorting to repressive measures against those whom they perceived as radicals or outsiders.

Reactions to the expansion of unrest to railroad shop workers were demonstrative.

Emporia newspaperman William Allen White decided to support the peaceful strikers and posted

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134. Believing that the rights of the public, what he called the "party of the third part," superceded the rights of laborers, Kansas Governor Henry J. Allen created in 1920 what he considered a progressive solution to disputes between labor and capitalists: the Kansas Court of Industrial Relations. The Court operated for five years, hearing 166 cases in all, before the Supreme Court deemed it unconstitutional for its interference with an individual's right to contract with a business. It was the only experiment of its kind, and was watched around the country. See Craig Miner, *Kansas: The History of the Sunflower State, 1854-2000* (Lawrence: The University Press of Kansas, 2002), 244-52.

135. Many laborers considered the treatment of labor a form of slavery, and appealed to Kansans' sense of justice to promote their freedom of speech. See Alf Dainty, J.M. Gold, and J.T. Ogilvie, Local Union 533, United Mine Workers of America to Governor Henry Allen, January 7, 1920, <http://www.kansasmemory.org/item/213494>.

136. Cited in Benjamin W. Goossen, "'Like a Brilliant Thread': Gender and Vigilante Democracy in the Kansas Coal Field, 1921-1922," *Kansas History: A Journal of the Central Plains* 34, no. 3 (Autumn 2011), 206-23. For more on women's activism in the coal strikes, see Ann Schofield, "An 'Army of Amazons': The Language of Protest in a Kansas Mining Community, 1921-1922," in *Kansas and the West: New Perspectives*, 299-317, ed. Rita Napier (Lawrence: The University Press of Kansas, 2003).

a sign of solidarity with the strikers in his news office window. Governor Allen had him arrested, and as White reflected in his *Autobiography*, “Middle-class opinion in Kansas said thumbs down to my poster.” One of the objectors was White’s old friend and “former Bull Mooser” Frederick J. Atwood, the banker from Concordia, Kansas. White’s Pulitzer Prize-winning editorial, “To an Anxious Friend,” consisted of his response to the banker who had implored him to give up the cause of free speech in favor of peace. The “Sage of Emporia” laid out his argument in poetic and forceful language:

You tell me that law is above freedom of utterance. And I reply that you can have no wise laws nor free enforcement of wise laws unless there is free expression of the wisdom of the people—and, alas, their folly with it. But if there is freedom, folly will die of its own poison, and the wisdom will survive. . . . You say that freedom of utterance is not for time of stress, and I reply with the sad truth that only in time of stress is freedom of utterance in danger. No one questions it in calm days, because it is not needed. And the reverse is true also; only when free utterance is suppressed is it needed, and when it is needed, it is most vital to justice.<sup>137</sup>

White spoke as a voice of reason in the midst of dark fears, and as he concluded in the editorial, “Reason has never failed men. Only force and repression have made the wrecks in the world.”<sup>138</sup>

The susceptibility of prominent community leaders such as Frederick Atwood to ideas repressive of rights, in the name of social and moral order, revealed a high risk for coercive measures of enforcement in arenas beyond the coal fields. One powerful editorial could not dissuade fearful sentiments among the greater Kansas population, including some bankers anxious to preserve the social boundaries of their communities.

Within the context of the heightened enmity between Kansans and immigrant labor, the second Ku Klux Klan came to power in the state. The appeal of the KKK was broad. It was

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137. William Allen White, Editorial for the *Emporia Gazette*, July 27, 1922, cited in White’s *Autobiography*, 2nd ed., Revised and Abridged, edited by Sally Foreman Griffith (Lawrence: The University Press of Kansas, 1990), 318-322. For more on the conflict between White and the governor, see John H. McCool, “Among Friends,” <http://kuhistory.com/articles/among-friends/>; and Miner, *Kansas: History of the Sunflower State*, 250-51.

138. White, Editorial.

strong in both rural areas and cities, all over the nation and especially in the South, West, and Midwest. Touched off by the World War, the KKK movement reacted to a perceived crisis of the moral order in a nation where women, immigrants, and internal minority groups were beginning to assert more personal and civil rights.<sup>139</sup> Male participants in the Klan movement typically emerged from club activities and fraternal orders such as the Masons, Elks, and Odd Fellows. A few of these men were community elites, but most of the general membership drew from the lower-middle classes: those who stood to lose the most during periods of change and who could gain a measure of prestige in the Klan hierarchy.<sup>140</sup> Women were influential in the Klan's auxiliary movement, moving into its ranks from temperance organizations, the League of Women Voters, and other clubs. Laura Doerr's literature supporting "100% Americanism" attests to some of the shared ideals of these organizations. As Kathleen M. Blee argued, women could prove valuable partners in the Klan's work to intimidate outsiders—such as Catholics, Jews, and morally questionable citizens engaged in bootlegging or prostitution. Women had developed strong capacities for organization through their clubs and war work, and their methods of boycotting and spreading gossip were possibly more influential than the men's vigilantism. The functions of exclusion and intimidation were only part of the issue for many women and men, however. Regardless of how Klan opponents viewed them, members often viewed their

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139. Richard Hofstadter, *The Age of Reform: From Bryan to F. D. R.*, 1st ed. (New York: Knopf, 1955); and Shawn Lay, ed., *The Invisible Empire in the West: Toward a New Historical Appraisal of the Ku Klux Klan of the 1920s* (Urbana: University of Illinois Press, 1991), 10, 21; Robert Alan Goldberg, *Hooded Empire: The Ku Klux Klan in Colorado* (Urbana: University of Illinois Press, 1981); Leonard J. Moore, *Citizen Klansmen: The Ku Klux Klan in Indiana, 1921-1928* (Chapel Hill: University of North Carolina Press, 1991).

140. Nancy MacLean, *Behind the Mask of Chivalry: The Making of the Second Ku Klux Klan* (New York: Oxford University Press, 1994), 7, 54. See also Lay, *The Invisible Empire in the West*, which comprises studies of a number of western Klan organizations and statistical measures of membership categories; and Duane Smith, "Removing the Mask: The Ku Klux Klan in Bayfield, Colorado," *Colorado Heritage* (Autumn 2005), 14-27.

work within the KKK organization as a positive continuation of their service and community building efforts.<sup>141</sup>

In Kansas, the KKK spread widely in the early- to mid-1920s. In 1921 and 1922 the Klan began organizing klaverns (local branches) in southern and southeastern Kansas, near the coal and oil fields that sparked many labor disputes and condemnations of immigrant “others.” Towns across Kansas would continue to establish klaverns in the next few years, and up to 40,000 people joined the organization throughout the state. During the state legislative session of 1925, friends of the Klan introduced a bill that would permit it an official organizational charter from the state.<sup>142</sup> Governor Benjamin S. Paulen, a Republican banker from Fredonia, Kansas, supported the bill, but it raised serious debate among the legislators. Klan members had enough political strength to hold up important legislation for a time while seeking to get the charter bill passed. The *Topeka Daily Capital* expressed fears that Klan members might take revenge upon important legislation if the representatives did not pass their bill.<sup>143</sup> Some opponents of the Klan supported the bill because it would bring the Klan into the daylight and make the organization accountable to the law. As one senator argued, “If we give the Klan the same recognition before the law as we give other foreign benevolent, eleemosynary or charitable organizations, we take away from the Klan the very element that makes it potent. That is its secrecy.”<sup>144</sup> Others took

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141. Kathleen M. Blee, *Women of the Klan: Racism and Gender in the 1920s* (Berkeley: University of California Press, 1991), 2-3; and MacLean, *Behind the Mask of Chivalry*, 5, 30.

142. Charles William Sloan, Jr. describes this effort to charter the Klan as the culmination of a legal battle with the state of Kansas, which had won a state Supreme Court case requiring it to obtain a charter in order to operate. The charter board was controlled by unsympathetic appointees, so the Klan endeavored to have the legislature pass a law circumventing the board. “Kansas Battles the Invisible Empire: The Legal Ouster of the KKK from Kansas, 1922-1927,” *Kansas Historical Quarterly* 40, no. 3 (Autumn 1974), 393-409. A digital history project has mapped the spread of the Second Ku Klux Klan throughout the United States, recording on the map when local klaverns were mentioned by newspaper articles and other sources. See *Mapping the Second Ku Klux Klan, 1915-1940*, Virginia Commonwealth University Libraries, <http://labs.library.vcu.edu/klan/>.

143. “For Weal or Woe Klan Bill Has Center of Stage,” *Topeka Daily Capital (TDC)*, March 1, 1925, p. 1B; “Big Stuff Lies Just Ahead of ‘25 Legislature,” *TDC*, March 2, 1925, p. 1.

144. James W. Finley, a Republican Senator and lawyer from Neosho, cited in “Klan Bill With Varied Changes Passes Senate,” *TDC*, February 26, 1925, p. 1.

firm stances against it, reciting incidents of personal intimidation by the Klan. Arthur J. Ericcson, a Republican banker from Lyon County, reported receiving letters “threatening to ruin his business if he spoke disrespectfully of the Klan,” but went on to say for the record that he “didn’t give three whoops in a hot place for [the Klan].” He added to his fellow members of the Kansas House of Representatives, “If you vote for this bill, you will be classed as a Klansman.”<sup>145</sup> The motion to pass the bill failed with an even vote, and thus it was tabled. Though the Senate had passed the Klan bill, the House of Representatives was convinced to squash the organization by refusing to pass a bill allowing it a charter.

The battle over the KKK chartering act reflected the diversity of opinions on the organization among a cross-section of Kansas farmers, businessmen, and professionals. The divided legislature suggested that ordinary Kansans were also split on the issue. Among those serving from the banking profession alone, differences of opinion ranged from the adamantly opposed Ericcson, to the at least moderately supportive governor and J.W. Berryman, who registered no opinion but voted to recommend passage of the bill.<sup>146</sup> It is unclear whether Berryman was a member of the Klan, friendly to its aims, keeping mum to preserve his business, or voting in its favor because it would make the Klan accountable. Yet that vote suggests that bankers were as liable as other Americans—rural and urban—to heed paranoid warnings that foreigners, non-Protestants, and the generally immoral were threatening the nation’s ideals.

Country bankers and businessmen, influential as they were on economic, political, and social grounds, would make powerful allies, and the Klan definitely targeted them in membership drives. Albert Doerr kept in his records an invitation to a “naturalization meeting of the Invisible Empire of the Knights of the Ku Klux Klan.” The meeting would take place in the

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145. Cited in “Klan Bill Still In Muddle After All-Day Battle,” *TDC*, March 6, 1925, p. 1.

146. *Ibid.*

dark hours of June 14, 1924 in a pasture northeast of the small town of Garfield in Pawnee County. The card urged the reader to “look for the ‘Fiery Cross’” as a sign of the meeting, and to “present this card with your name signed on back for admission at the gate.” The fact that Doerr retained the card unsigned implies that he did not attend the meeting, but his inclusion in the membership drive is illuminating. The invitation offers clues that the klavern was reaching out to a broad number of potential members: the card issued to Doerr was number 1,063. Yet the offer of membership was still exclusive, listed specifically as “Not Transferable.”<sup>147</sup> Though it is unclear just how many local klaverns were organized in the western region, and whether this particular chapter at Garfield took hold, at least 243 locals were formed throughout the state.<sup>148</sup> In promoting its agenda of Americanism, Protestant Christianity, and moral purity, selective membership and alliances with the rural middle classes and elite business community were important. Beyond becoming members of the organization themselves, bankers with knowledge of community members could prove useful as character references for potential applicants.<sup>149</sup> The Ku Klux Klan, thus, represents one form—albeit an extreme one—of some bankers’ service as moral gatekeepers within their communities during a particularly challenging era of transition in rural America.

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147. Knights of the Ku Klux Klan to Albert A. Doerr, Invitation No. 1063, Box 25, Folder 20, Doerr Papers.

148. Extant records surveyed by the *Mapping the Second Ku Klux Klan* project do not indicate whether a klavern was successfully formed in Garfield. An email to the author from the project’s lead historian, John T. Kneebone, December 16, 2015, confirmed that of the Klans numbered below 100, only forty-two had been identified. Meanwhile, the highest recorded chapter number was 243. It is likely that the Garfield chapter simply went unmentioned in the sources consulted for that project. Although the Klan in Kansas lost momentum by the late 1920s, in part owing to the political controversy over its chartering, it continued to receive occasional mention in news sources at least until 1940.

149. The records of the Bayfield, Colorado Klan include correspondence with an Oklahoma banker about a candidate whom the banker reported as “not a man of standing in this community.” He reported that the man had set two suspicious fires at his business and had “‘very unsatisfactory’ business relations with the bank.” The man’s membership was denied. The incident shows both the selectivity of the chapter and the ability of local Klans to reach out across a broad network of members to learn needed information about applicants. See Smith, “Removing the Mask,” 23-24.

## Conclusion

Bankers tended to reflect positively on the economic and social development of the state and their own roles in it. Frederick Atwood, ever-poetically inclined, observed sentimentally in his memoirs:

May not one be pardoned for feeling slightly inflated when he remembers that he was born in the great state of New York, that he lived long enough among the Green Mountains to claim citizenship, and so be known as a Vermonter, and then as a crowning honor to have had a part in the upbuilding of that great state whose emblem is the sunflower? - A commonwealth whose comparatively brief existence has been crowded with moral victories, material betterments and intellectual progress? New York symbolizes power; Vermont stands for equality, shrewdness, thrift; Kansas means to all the world moral heroism, sublime optimism, strenuous faith. Our brilliant [Senator John] Ingalls most happily epitomized the spirit of our people when he suggested as the motto of our state ad astra per aspera-to the stars through difficulties! The night of adversity is never so dark, the clouds never so dense, that the true Kansan does not see light ahead.<sup>150</sup>

Once again, *moral* victories and *moral* heroism commanded attention among Atwood's self-reflections. To him, support for moral causes defined the worth of Kansas, the Sunflower State, and he was proud that it had defined his public service record, as well. Bankers did not always agree on the proper use of their social and moral influence. In the case of the Law and Order League in Concordia, morals-based positions without the substance to support them politically proved unpopular, and challenged Atwood's position in the community to some degree. Meanwhile, joining an organization such as the Ku Klux Klan that professed to uphold morality, along with Americanism and Protestant values, also proved divisive and ultimately misguided. Still, the participation of country bankers and their families in elite religious or social clubs—most of them much less controversial than those named—revealed their prominence in rural society, and demonstrated their interests in community uplift and social development.

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150. Atwood, *Reminiscences*, Im 44.

Such activities also paved the way for involvement in programs during the war that mobilized the rural public on behalf of a larger cause and set in motion broad changes among the American people. National programs such as the Liberty Bond drives and the American Red Cross built on existing economic, social, and political networks in towns throughout the U.S., but the growing influence of the federal government signaled a shift in the source of Americans' citizenship. Increasing affiliation with the nation, not simply one's local community, as well as the growth of cities, immigration, and challenges to the moral order, disturbed a way of life to which rural Americans had become accustomed. Atwood's memoirs from around the First World War issued a grievance common among small towns, which "were beginning to complain that automobiles and better roads were taking their business to larger towns—thus hurting them badly."<sup>151</sup> As was the case in the Good Roads Movement in 1920s Kansas, many farmers and rural citizens resisted such change desperately. Others, including bankers J.W. Berryman and John M. Gray, embraced modernization and sought ways to transition their communities to a new era. This, too, represented their status as community builders.

Bankers' leadership would be sorely needed as economic and environmental crises began to join social and moral challenges in pummeling the rural communities of western Kansas. These local businessmen had to exercise all of their powers of financial strength to keep their institutions afloat as more and more farmers became unable to pay their mortgages due to low crop prices and later, low yields, during the 1920s and 1930s. For if a financial center was ripped apart, so, too, would all the constituent components of a community's livelihood. A cartoon by Wyncie King in the *Saturday Evening Post* (Figure 3.7) reflected this reality rather starkly in an image that features the explosive storm of the economic crisis tearing at the pillars of the community bank. Centered around the now destroyed bank, also blown about and damaged, are

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151. Atwood, *Reminiscences*, 1m 94.



Figure 3.7. Wyncie King illustration, *Saturday Evening Post* (1931).

arranged buildings representing the major facets of the economic community, including a mercantile and manufacturing building. To the side, a barn representing agriculture is borne away, and a farmer holds onto his plow for dear life. His horse has been cut off at the reins and is blasting off in his own direction, blinders still on. At the top of the image, buffeted the furthest away from the ruins of the bank, was “the social life of the community.” A woman falls out of the bottom of this

once fine-looking, traditional home.<sup>152</sup>

It became evident by the middle of the Great Depression that while still worthwhile as symbols of status for some rural Americans, local clubs could do little to sustain the community at large by the power of charity alone. Even organizations that had functioned through a localized organizational structure as recently as World War I, such as the American Red Cross, would have to redirect their centers upward, toward leadership and fundraising activities more national than local in scope.<sup>153</sup> When private local donations ran as dry as the weather in the Great Plains, rural Americans would have to accept aid from federal sources such as the Federal

152. Wyncie King, “That Was a Very Bad Year: All the Economic Weather Was Evil,” illustration, in Gareth Garrett, “A Story of Banking,” *Saturday Evening Post* 204, no. 6 (August 8, 1931), 3.

153. Nan Woodruff, *As Rare as Rain: Federal Relief in the Great Southern Drought of 1930-31* (Urbana: University of Illinois Press, 1985).

Emergency Relief Administration and its successor, the Works Progress Administration. Their considerable influence notwithstanding, bankers could not command a successful system of donations—as they had during the war—when their communities were faced with immense economic and environmental challenges. Social and moral concerns, too, lost a considerable amount of attention as propping up the livelihoods of rural Kansas citizens and communities became the utmost concern for regional financial leaders. This dissertation now turns to this battle, and to lenders' efforts to grapple with the shifting patterns of the agricultural economy around them.

## Chapter Four. The Lending Tree: Conservative Banking and the Community in Crisis

Bankers in rural western Kansas may have exhibited the strength of their economic power in the integration of their banks into the financial networks of the region and nation, but these very connections with the broader economy meant that local communities were subject periodically to forces beyond the immediate market. Integrated fully into the national system of capital, rural communities felt the pressures of national depressions, such as during the 1890s and 1920s and 1930s. These and other economic downturns owed to diverse causes, from failed maneuvers on the stock market to mismatches in supply and demand in the agricultural commodity markets. These events led to contractions of credit in rural communities as bankers sought to protect their capital, and often spurred the public to challenge the authority of the country banker. Populist tracts during the 1890s, for example, skewered bankers and the railroads for turning farmers out of their homes. Novels published during the 1920s and 1930s, meanwhile, pitted the farmer against the creditor. Interest payments threatened doom for the settler family of John Ise's 1936 memoir of his family's pioneer days, *Sod and Stubble*. John Steinbeck's *Grapes of Wrath*, published in 1939, equated the banker with the machines displacing farmers from their land.<sup>1</sup>

The insights from the 1920s and 1930s on the country's rural economic system are especially important because these years culminated in a major shift in American banking. The

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1. John Ise, *Sod and Stubble*, unabridged and annotated edition (Lawrence: University Press of Kansas, 1996); and John Steinbeck, *The Grapes of Wrath* (New York: Viking, 1939). The historian Robert R. Dykstra argued that the resentments between farmers and townspeople were not merely literary. Though local newspapermen often obscured such social discord in the interest of town promotion, he found ample evidence of "town-country conflict" in the towns of the Kansas frontier. See Dykstra, "Town-Country Conflict: A Hidden Dimension in American Social History," *Agricultural History* 33 (1964), 195-204.

federal government increasingly stepped in as a competitor in offering rural credits, and as a regulator of the national banking system. In Kansas, 415 banks failed between 1920 and 1934. Bankers faced a loss of public confidence, but had to find ways of steering their businesses through these difficult years. It was difficult keeping bank assets liquid enough to meet depositor demand—especially when the banks held loans on farm real estate that had lost considerable value. Conservative bankers anticipated possible losses, understood the risk of illiquid assets, and lent money to clients who would most often reward the risk. These types of bankers, therefore, were most able to survive the constriction of profits and overall bank numbers as well as the increasing demands for oversight from the Federal Reserve System.<sup>2</sup> Those that did persevere through the Great Depression emerged stronger and with the potential for tremendous growth in the prosperous years that followed.

The positions of conservative, tenacious bankers within rural economies and their social and political communities belied many popular stereotypes: rarely were they as unconcerned with the farmers' fate as depicted in popular literature. Indeed, their livelihoods depended upon agricultural success, and they had a major stake in assuring the continued stability of the rural economy. Anticipating and reconciling with national imperatives for banking reform, within

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2. Angell, "A Century of Commercial Banking," 424-28, 453-60. Economic historians have engaged in a robust debate over the causes of the banking crises of the 1920s and 1930s, and for the failures of so many banks. My intent is to focus rather on the causes for the success of many banking institutions, however. For a few examples of this scholarship, see Lee J. Alston, Wayne A. Grove, and David C. Wheelock. "Why Do Banks Fail? Evidence from the 1920s." *Explorations in Economic History* 31 (1994), 409-31; H. Thomas Johnson, "Postwar Optimism and the Rural Financial Crisis of the 1920s." *Explorations in Economic History* 11, no. 2 (April 1974), 173-92; Mary Scott Rowland, "Kansas Farming and Banking in the 1920s," *Kansas History* 8, no. 3 (September 1985), 186-99; David C. Wheelock and Subal C. Kumbhakar, "'The Slack Banker Dances': Deposit Insurance and Risk-Taking in the Banking Collapse of the 1920s," *Explorations in Economic History* 31, no. 3 (Jul 1994), 357-; David C. Wheelock and Subal C. Kumbhakar, "Which Banks Choose Deposit Insurance? Evidence of Adverse Selection and Moral Hazard in a Voluntary Insurance System," *Journal of Money, Credit, and Banking* 27, no. 1 (Feb 1995), 186-; E.N. White, "A Reinterpretation of the Banking Crisis of 1930," *Journal of Economic History* 44 (1984), 119-38; and E. Wicker, "A Reconsideration of the Causes of the Banking Panic of 1930," *Journal of Economic History* 40 (1980), 571-83.

their own visions of economic viability, became essential to country bankers' preservation of a place within their communities.

As depression set in across the countryside during the 1920s and 1930s, a long-standing problem with keeping the public confidence resurfaced for bankers, who were accused of dragging already over-extended borrowers deeper into debt and then bailing on them when they could no longer pay. Lack of confidence was not the only issue at hand, however. Bankers' economic control over small towns tended to be so centralized—and thus open for critique—only because capitalism seemed to have triumphed over other social and cultural values. Sinclair Lewis's *Main Street* cited this problem when his character Miles Bjornstam, Gopher Prairie's resident rabble-rouser, noted, "The dollar-sign has chased the crucifix clean off the map."<sup>3</sup> The widely read journalist and political commentator Garet Garrett essentially agreed, when he explained the problem of the American finance system to the readers of the *Saturday Evening Post* in a 1933 article. He argued that the real issue was a "characteristically American" understanding of the function of banks, which considered credit a "dynamic, creative, all-saving power." He added, "We think with credit, we create with credit, build with credit, play on credit, consume on credit—which is to say, on debt—and the equal is not true of any other people in the world."<sup>4</sup> Credit and the accumulation of debt for speculative purposes had created a crisis, yet

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3. Sinclair Lewis, (New York: Harcourt, Brace, 1920), 115.

4. Garet Garrett, "Why Some Banks Fail and Others Don't," *Saturday Evening Post* 205, no. 47 (May 20, 1933), 69-70. Garrett's perspective on credit and preference for conservative banking is echoed in some of banking history's earliest scholars, including the influential Bray Hammond. See Hammond, *Banks and Politics in America, from the Revolution to the Civil War* (Princeton: Princeton University Press, 1957); and Hammond, "Banking in the Early West: Monopoly, Prohibition, and Laissez Faire," *The Journal of Economic History* 8, no. 1 (May 1948), 1-25. Hammond viewed speculative credit as a damaging impediment to development. Some economic historians are beginning to revise that conclusion, including Henry C. Klassen, "Creating Opportunities for Farmers and Ranchers: Small State Banks in Montana to the 1930s," *Journal of the West* 38, no. 1 (January 1999), 6-14; but particularly Howard Bodenhorn, *A History of Banking in Antebellum America: Financial Markets and Economic Development in an Era of Nation-Building* (New York: Cambridge University Press, 2000). While the principle of conservative banking as Garrett outlined is an important component of perceptions of professionalism and security in the banking field, my conclusions support Bodenhorn's contention that bankers' support of selective speculation among elite members of the agricultural economy did promote continued development.

the American people were unable to understand the trouble in themselves and in the culture of many banks. Garrett pointed out that ignoring their speculative culture led Americans to tolerate “perilous banking” and to promote fixing the “trouble in the machine”: they wrote new banking regulations rather than addressing the root cause of the problem. Garrett surmised that Americans’ long-standing fear of “tyranny” also led them to prefer a lax system of “toothless laws” allowing state and national banks to participate in an endless cycle of unhealthy competition, wherein the number of banks increased dramatically and the rules for capitalization and security weakened. Believing that the issue was a lack of money, federal authorities supported the expansion of banking, and meanwhile feared interfering in poorly functioning banks because of the risk of inciting a panic.<sup>5</sup> Lawmakers ignored the fact that banks’ issues of “credit currency”—essentially checkbooks linked to lines of credit—destabilized the deposit basis of the whole system.

Fixing the American banking system, according to Garrett, required a combination of increased standards for chartering banks, greater professionalization and oversight of those running them, and ultimately a promise to fulfill a “moral contract” with bank depositors to return their money when asked. This would necessitate conservative lending practices that would prove unpopular within the rural communities that demanded more and more credit. The number of banks in the United States had nearly tripled from 1900 to 1920, from 10,382 to 30,139 banks. The 1900 National Bank Act lowered the capitalization requirement for a federal charter from \$50,000 to \$25,000, and many states subsequently lowered the requirements for chartering banks as well. Garrett lamented that “a very great many of these new banks were organized by people whose knowledge of banking consisted in the idea that anybody with horse sense could run a

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5. Garrett, “Why Some Banks Fail,” 4-5.

bank.”<sup>6</sup> Improving the status of banking, the journalist believed, involved promoting among bankers a more professional sense of the purposes of the trade and the desire to support depositors and borrowers with legitimate needs for expansion, rather than a group of select cronies who wished to borrow money and speculate with it. Bankers, again, had to exercise a certain degree of conservatism in lending in order to maintain a good ratio of deposits available for customers and keep their banks open during the runs that were so common in the late 1920s and early 1930s. They had to develop good judgment and the character to say no to wild demands for credit that would threaten the security of depositors’ money. A banker’s character was intimately linked to his bank’s fate. Garrett confirmed the adage, “It is not the bank that fails; it is the banker, in judgment and character. It is not banking that breaks down; it is the management, in morals and ethics.”<sup>7</sup>

Garrett’s observations about bankers’ character certainly fit within the lexicon of American banking. Banks often professed to their “conservatism” in lending and esteemed bankers were hailed for their “judgment and character.” But that judgment, Garrett himself admitted, could seem a bit ill-defined:

There is no common axiomatic rule among [conservative bankers] as to how their depositor’s money may be loaned or invested. An unsecured note may be a better risk than a piece of two-name paper with collateral attached that the examiner would sooner pass; that is something only the bank can know. . . . It is not the kind of loan or the kind of investment that matters; what does matter is that loan or that investment, intrinsically.<sup>8</sup>

Ultimately, the fate of a bank came down to the local banker’s perceptions about individual clients’ needs and their own role in fulfilling demands for the economic development of the community as a whole. This was a difficult job, for the American system of banking was

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6. Garrett, “Why Some Banks Fail,” 69.

7. Garrett, “Why Some Banks Fail,” 68.

8. Garrett, “Why Some Banks Fail,” 68.

dynamic, no less in rural communities than in the halls of Wall Street. Regulations changed frequently on the state and national levels, economic conditions shifted, and banks had to interact smoothly with an increasingly localized group of investors as well as with financial partners in eastern cities. While dealing with conditions incomprehensible to most of their clients, country bankers sought to present to their communities a fairly constant image of stability, pragmatism, professionalism, and knowledge of local economics, especially agriculture. They accomplished this primarily through preserving successful financial relationships with a large number of parties.

While chapter one explored how country bankers established financial connections with a vast regional and national system of capital, as well as the ways they structured the security and stability of community banking institutions, this chapter considers the actual functioning of bankers' lending and investing roles. Moving beyond the methods of advertising that attracted customers to their banks, I investigate the specific ways bankers developed credit relationships with their communities, cultivating the "lending tree" so that it grew new branches and bore fruit. Evaluating the activities of a group of bank directors from Oberlin, Kansas, and a banker from Colby, Kansas demonstrates how bankers sought to shape their communities' economic fortunes, and how difficult that became when financial conditions deteriorated in the 1920s and 1930s. When their ability to offer credit contracted, bankers made decisions to nurture the branches of credit that seemed most likely to survive. They remained invested in an economic system primarily dependent upon agriculture, but many believed that it could now only support the most efficient, scientific, and mechanized producers.

The substantial economic power vested in bankers had important implications for a community in good times and bad. Bank credit allowed many farmers, ranchers, and commercial

interests in western Kansas to thrive, but also exposed the region to severe contractions when speculative growth outpaced actual economic need. Bankers bore a great deal of the blame for having promoted farmers' speculative and expansionistic tendencies in the 1880s and later in the years surrounding World War I. They also had to shoulder part of the responsibility for carrying rural America through depression in the 1890s and the 1920s-1930s. Considering financial relationships in western Kansas—those between local directors and a broad clientele of farmers, ranchers, and rural merchants; and between bankers and individual borrowers—clarifies the role of the country bank as an institution within the larger national economy. Demand for credit remained a constant in the capitalistic and speculative economy of the United States, but bankers' motivations for filling this demand sometimes changed as they began to cope with the increasing financial complexities of the twentieth century. In order to realize the continued economic viability of their communities, country bankers in western Kansas often made choices that supported a narrower and more elite group of borrowers. Although their financial decisions sometimes worked against agrarian dreams for a nation of family farmers, I maintain that bankers viewed their actions as the fulfillment of the regional community's broader economic interests. Country bankers successful in maintaining the viability of their banks and developing ways to continue attracting capital investment for the prosperity of their region were conservative in the sense that Garrett meant: careful, principled, and professional. They were also conservative in the sense that they preserved the Great Plains agricultural economy in a form sustainable at least for the next several decades.<sup>9</sup> The conservatism that characterized the class of country bankers remaining active in the Great Plains region following the contractions of

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9. The dramatic water shortage on the Great Plains is now, of course, a matter pressing upon the ability of farmers to maintain the system into the future. Water scarcity is likely this century's version of last century's credit shortage.

the 1920s and 1930s allowed them to regain the confidence and respect of their communities and to hold their strong positions within the economic power structure of the rural West.

### **Bank Directors and the Bottom Line: Profits, Policies, and the Public Confidence**

A lack of understanding about what sorts of decisions bankers faced in the course of their business contributed to the often-incomplete portrayal of banks and bankers in popular and political culture. Examining the private records of banks—usually only possible with the permission of current owners—reveals a great deal about the motivations behind the banking policies enacted to keep these financial institutions solvent even during the most difficult economic conditions. The records of the board of directors of the Farmers National Bank in Oberlin, Kansas, lent to the author by a descendent of a former bank president, provide necessary context about the bank's lending practices and other institutional policies in the era between World War I and World War II.<sup>10</sup> These documents show how bankers mediated between the conservative principles of their profession, those mandated by state and federal bank regulators, and demands for investment in their community.

Bank directors invested heavily in banking operations, not just financially as stockholders, but also in an advisory capacity. As elected members of a board composed of at least five members responsible for managing the bank, they were substantively involved in decision-making processes.<sup>11</sup> They often did much more than simply collect dividends on their stock; directors oversaw bank operations and set policy, attended to personnel changes and salaries, and sought to increase the bank's profits through expanding deposits and purchasing bonds. Most importantly, directors were implicated personally in the successful management of

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10. Board of Directors Record Books, 1918-1939, Farmers National Bank of Oberlin, Kansas, private collection, loaned to the author by Charles L. Frickey.

11. James T. Bradley, "Bank Administration by Directors," 121-26, in *Proceedings of the Twenty-second Annual Convention of the Kansas Bankers Association, Wichita, Kansas, May 26-27, 1909*.

the bank's loan portfolio. They set interest rates, routinely considered the status of individual loans, and worked as a body to fulfill the recommendations of bank examiners regarding poor lines of credit.<sup>12</sup> In short, directors fulfilled many of the leadership needs for country banks.

Bank directors represented a diverse collection of occupations and family connections to banking operations in Kansas. Eastern capitalists, such as the stockholders of the Cloud County Bank of Concordia, sometimes served as directors in frontier communities. Beginning in 1891, Kansas law required that state residents comprise the majority of bank boards of directors, however, so locals attained greater positions of leadership in all banks as the banking system matured. Directors were selected from a potentially large group of local stockholders. The first group of investors who ventured capital in a local bank or even in multiple banks consisted of those successful in farming or ranching pursuits, mercantile stores, law or medicine, or other enterprises. A second group included relatives of bank officers. Just as the relatives of H.C. Harrison, T.B. Smith, and J.W. Berryman had invested in family-run enterprises in Great Bend, Kansas; Concordia, Kansas; and Pond Creek, Oklahoma, extended family continued to play an important role in capitalization and service on bank boards of directors. Even wives and children of bank officers frequently embraced positions as stockholders and directors within country

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12. Bradley noted that banks were responsible for completing questionnaires for bank examiners which verified directors' knowledge of 29 routine matters of bank operation. See Bradley, "Bank Administration by Directors," 125-26. Recent research has begun to interrogate the issue of bank directorship as part of a broader conversation about corporate boards, and economic historian Howard Bodenhorn has focused particularly on banks in several recent studies. The most recent reviews data from New York banks between 1840 and 1950, which demonstrate strong correlations between "corporate ownership and control in the early stages of development" and that "the size of bank boards changed over time as regulatory regimes changed." Two other articles examined similar issues of power among shareholders. See Howard Bodenhorn and Eugene N. White, "The Evolution of Bank Boards of Directors in New York, 1840-1950," in *Enterprising America: Businesses, Banks, and Credit Markets in Historical Perspective*, ed. William J. Collins and Robert A. Margo (Chicago: University of Chicago Press, 2015), 109; Howard Bodenhorn, "Voting Rights, Share Concentration, and Leverage in Nineteenth-Century U.S. Banks," *Journal of Law and Economics* 57, no. 2 (2014), 431-58; and Howard Bodenhorn, "Large Block Shareholders, Institutional Investors, Boards of Directors and Bank Value in the Nineteenth Century," NBER Working Paper no. 18955 (Cambridge, Mass: 2013).

banks. Undoubtedly, the officers strengthened their own standing and influence by drawing family into the business.

Yet, these situations did not produce idle players in the decision-making processes of bank directors. Local directors had an important place to maintain within their communities, and thus were held accountable for their decisions not only by state and national banking authorities, but also by their neighbors. The directors of a bank represented the financial institution to the public to almost as great a degree as the officers working in the front of the bank, and they affixed their names to the financial reports published in local newspapers as well. This was appropriate recognition of their status, because directors had a substantial influence over lending decisions and the ultimate policies of the bank. Given the influence of directors within bank operations, and the large number of bank directors in country towns, I define the banking “class” as much broader than simply the officers in the front of the bank.

The bank in Oberlin is representative of the characteristics of national banks in the early twentieth century in several ways. It was originally chartered as the First National Bank on May 7, 1886 and still operates today. Yet in name, status, and operational profile, it changed periodically. The bank re-chartered as a state institution catering to a specific clientele in 1897, when it became the Farmers State Bank. Operating under a state charter allowed the bank to reduce its capital following a period of economic contraction in the early 1890s (moving from a \$50,000 minimum to a \$5,000 minimum capitalization was significant). It also allowed the bank to provide full service to the farmers now represented in the bank name as the key constituents of the bank, because state banks could offer loans based on farm real estate. The bank went back to a national charter as the Farmers National Bank in 1904, however. National banking laws had recently reduced the capital minimum for small-town banks to only \$25,000, and this combined

with business recovery allowed the bank to move back into the first tier of country banks within the region. The bank continued to grow through the years of World War I, and despite years of difficult collecting during the 1920s and 1930s, it managed to emerge after World War II as a \$3-million operation.

The board of directors during this period was similar to other national banks in that it represented a mix of occupations and diverse levels of involvement in banking operations. The board chose officers, including a president, vice president, and secretary, as well as the cashier and assistant cashier of the bank. The president and cashiers worked daily in the front offices of the bank, and drew pay for their services.<sup>13</sup> Other directors served on committees to oversee loan portfolios or examine balances. Several of the directors of this bank in the 1920s and 1930s were farmers and stockmen by trade, and others were merchants or lawyers. Most of the directors resided in Oberlin.<sup>14</sup> Involvement in banks as a secondary occupation, as a means of investment and community leadership, was a common trend throughout western Kansas.<sup>15</sup>

The minutes from meetings of the Farmers National Bank board of directors between 1918 and 1940 illustrate the typical activities of this body. The board met monthly, while also convening for an additional two stockholders' meetings in June and December. In January, the directors chose the officers of the bank and the board, often re-appointing the same group as chairman of the board, secretary, president, and vice president. They also considered bank

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13. The president of the bank drew a small salary of about \$40 per month. The cashier typically earned \$200 per month in salary.

14. I conducted a search of selected directors in the 1885, 1895, 1905, 1915, and 1925 Kansas State Censuses for Oberlin, Decatur County, Kansas. These censuses provide genealogical background as well as occupational information. For example, M.E. Mix was a farmer and stockman, S.A. Fish was a stockman, J.F. Martin was a farmer and banker, and J.F. Peters was a lawyer.

15. Despite these commonalities with many bank boards in western Kansas, it should be noted that the Farmers National Bank board of directors consisted only of men. None of the women employed by the bank as clerks or cashiers were appointed to the board of directors. Women—particularly the wives of bankers—served on the boards of other Kansas banks, including the Stockgrowers National Bank in Ashland and the First National Bank of Colby. Mrs. W.S. Ferguson, wife of the chief stockholder in the Colby bank, even served as bank president for more than ten years.

employee salaries, from the president to the cashiers and clerks, and stipulated that certain of these employees bond themselves to the bank as security.<sup>16</sup>

Throughout the year, regular meetings followed a standard pattern, which included reviewing the notes issued to borrowers during the previous month alongside those on the books as loans receivable. Some of these included loans to directors, which received special attention. The number of notes approved in a given month varied, but the average was around 150, ranging from a few dollars to thousands of dollars. Each month these notes “were carefully examined and looked into and upon motion were approved.”<sup>17</sup> By this time, national law allowed the Farmers National Bank to accept real estate as collateral on long-term mortgages, but the bank continued to maintain a portfolio of relatively short-term loans, based on equipment or livestock security; these loans produced more regular returns for local investors. The rates for the bank’s short-term loans remained somewhat high, at eight percent “on all amounts above One Hundred Dollars,” for “all the customers who do all their business at this bank.” Rates were probably higher for smaller notes or non-customers, but the bank still experienced consistent demand for credit.<sup>18</sup> In the 1920s, drops in crop prices and land values made banks more reluctant to extend credit at the lower interest rates that had prevailed in the region during the optimistic years of World War I and the Great Plow Up. They could and frequently did decide to use their institutional capital for

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16. For representative examples of these meetings, see Minutes from the Meeting of the Board of Directors of the Farmers National Bank of Oberlin, Kansas, January 13, 1921; and January 12, 1922, loaned to the author by Charles L. Frickey. All the meeting records cited below came from this loaned collection.

17. This notation, along with the record of the series of notes (for example, “No. 25046 to and including No. 25152”), was repeated every monthly meeting, without fail. Minutes, Meetings of the Board of Directors of the Farmers National Bank. The practice of lending to stockholders and directors is examined in Naomi R. Lamoreaux, *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England* (New York: Cambridge University Press, 1996).

18. Minutes, Meeting of the Board of Directors of the Farmers National Bank, August 11, 1921.

purposes other than lending, so customers needing short-term credit may not have had the option to protest high interest rates.<sup>19</sup>

As part of the standard pattern of business, the directors frequently considered specific overdue notes. The matter most often involved a simple discussion of the note, and a resolution to talk to the borrower about reducing their debt. In one meeting, “It was agreed that the Cashier should go to Norcatur and interview Mr. W.A. Williams\* in regard to his son’s note, which needed special attention.”<sup>20</sup> In a similar vein, the minutes recorded that “Robert T. Johnson’s assets were carefully discussed in view of his obligations at this Bank. It was recommended that he be encouraged to reduce his indebtedness within the very near future.”<sup>21</sup> Such pressure on borrowers remained a key tactic for the bank officers, even when they reversed their decisions and lent more credit to those they wanted to see reduce their debts.<sup>22</sup>

In less simple cases, for example if it seemed clear that the bank would not receive the balance of a note, the directors “charged off” the loan to Bills Receivable in the Profit and Loss

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19. Farmers and ranchers had recourse to loans from life insurance companies and the new Federal Land Bank in Wichita for larger, amortized, and long-term loans. Sara Gregg discusses the impacts of the land bank loans in her recent article, and comments that they helped ease conditions where “the sources of credit and the needs of the farmer were perpetually mismatched.” Now, farmers could seek longer-term loans to finance purchases of land and better technology to support efficient production. Local banks, while fearful of this competition with the initially government-funded institution, were able to maintain a place within the financing system. They continued to provide the short-term loans that carried farmers through the production cycle. On a state and regional basis, the land bank loans influenced a drop in interest rates even from local banks in the years immediately surrounding World War I. The interest charged by the bank in Oberlin, however, was consistent with pre-war lending policies in the western part of Kansas, which averaged 8.8 percent interest. The high rate of interest may suggest, as I note, harder economic conditions, or perhaps it reflected on conservative directors returning to prior policy. See Sara Gregg, “From Breadbasket to Dust Bowl: Rural Credit, the World War I Plow-Up, and the Transformation of American Agriculture,” *Great Plains Quarterly* 35, no. 2 (Spring 2015), 132, 147, 154-55.

20. \*Names of bank borrowers have been changed throughout this section at the request of Charles Frickey, who lent these sources to the author. See Minutes, Meeting of the Board of Directors of the Farmers National Bank, January 12, 1922.

21. Minutes, Meeting of the Board of Directors of the Farmers National Bank, June 8, 1922.

22. It was interesting to see that in 1936, the bank wished to ask a certain borrower “to reduce his paper as fast as possible.” Yet the next month the loan officers decided to extend him three more short-term notes of \$200, \$1,000, and \$1,000. Minutes, Meeting of Discount Committee, February 29, 1936; March 12, 1936; March 30, 1936.

account.<sup>23</sup> This became necessary especially when a borrower “left the country,” making the note uncollectible, but the bank would still try to do what it could to recover any of the money loaned.<sup>24</sup> They would sell the borrower’s remaining property, such as a \$6,106.90 threshing machine on which one client had a note.<sup>25</sup> The bank might pursue an option where the borrower would deed his land (used as collateral on a mortgage) over to the bank with the chance to buy it back if he could find the means.<sup>26</sup> In some cases the directors would decide to take action on cosigners, as when a borrower started bankruptcy proceedings to get out from under his debt obligations and the bank sought action on two individuals who had also signed the note.<sup>27</sup> One of these co-signers was the borrower’s mother, which indicates the bank was open to accepting women borrowers. Although the vast majority of borrowers discussed by the board and the special loan committee were men, a few women also showed up in the record.<sup>28</sup>

Difficult collecting conditions in the 1920s and 1930s led the directors to develop policies about lending less credit, but in some instances they ignored them. In an October 21, 1926 meeting the minutes recorded, “In view of resent [*sic*] conditions, it was agreed that we not take on any new customers where it involved loans of any consequence. It was also decided that we curtail on loaning to the fullest extent possible.” In the same meeting, however, “It was voted to make an additional loan to Henry Albertsen of not to exceed \$600.00.”<sup>29</sup> An existing relationship with the bank or a perception of stability often elicited the continued support of the

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23. Minutes, Meeting of the Board of Directors of the Farmers National Bank, December 15, 1919.

24. Minutes, Meeting of the Board of Directors of the Farmers National Bank, November 9, 1922.

25. Minutes, Meeting of the Board of Directors of the Farmers National Bank, July 13, 1922.

26. Minutes, Meeting of the Board of Directors of the Farmers National Bank, March 13, 1924.

27. Minutes, Meeting of the Board of Directors of the Farmers National Bank, August 19, 1921.

28. The Jennie Smith note of \$300.00 was recorded as charged off, and the Louisa Larson loan of \$500.00 “especially discussed.” See the Minutes, Meeting of the Board of Directors of the Farmers National Bank, January 14, 1926 and February 12, 1927. The Discount Committee records, available from the late 1930s, indicated that women continued to receive several types of short-term loans, ranging from including three- to six-months’ maturity, and from \$50 to \$350. See Minutes, Discount Committee, March 12, 1936 and May 14, 1936. Occasionally, women cosigned notes with their husbands, though this occurred much less frequently than I would have expected. See Minutes, Discount Committee, March 30, 1936.

29. Minutes, Meeting of the Board of Directors of the Farmers National Bank, October 21, 1926.

directors. During a board meeting in September 1927, the directors acted leniently with borrower Tom Jones, whom they loaned “enough money to buy seed wheat to sow two hundred acres of wheat.”<sup>30</sup> The promise of government allotment payments to farmers, beginning with the New Deal’s farm program, proved another factor in easing lending conditions for many borrowers in the Oberlin area. In January 1936, the bank decided to give additional funds to a customer who already owed a six-month, \$1,200 note to the bank: “Frank Gliss being out of feed it was decided to advance him money on his government checks with which to buy feed.”<sup>31</sup> In 1939, the bank adopted a more wide-ranging policy of extending notes rather than issuing new ones with shorter maturity and more interest, because “a considerable number of the past due notes in the bank’s files are the result of delayed wheat allotment checks due borrowers.”<sup>32</sup> The bank thus became more willing to extend the time on loans when checks for withholding planting acreage or buying feed were forthcoming. Backing by government institutions in the form of allotment payments and even the extension of loans from the federal land bank in Wichita assured the bank that a borrower had the ability to maintain and improve his land, earn more money, and repay the bank. Various factors persuaded the bank to extend loans, but each individual case proves the bank was willing to take risks to support worthy community members in the pursuit of shared economic interests.

Beyond these factors, considerations of a borrower’s age, marital status, and the condition of the farm in question influenced the lending decisions of the Oberlin bank directors.<sup>33</sup> In Oberlin, the directors treated young or unmarried borrowers with some caution.

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30. Minutes, Meeting of the Board of Directors of the Farmers National Bank, September 8, 1927.

31. Minutes, Meeting of Discount Committee, January 12, 1936.

32. Minutes, Meeting of Discount Committee, March 14, 1939.

33. Sara Gregg has elaborated on bankers’ propensity to prefer borrowers with well-kept farm buildings, sound and up-to-date machinery, healthy livestock, diversified farms, and even with a propensity to boost community causes like good roads. Those farmers who robbed the soil with a monoculture, left machines to rust and buildings to rot, and appeared generally “shiftless,” like Farmer Jones in a *Banker-Farmer* cartoon from July 1916,

The directors asked a 38-year-old man who still lived in his parents' home while farming his own land, "To give a second mortgage on his land to secure his paper."<sup>34</sup> The directors also determined during this September 1927 meeting to take over and sell the property that had secured a mortgage for a T.B. Anderson. Anderson, too, was still a young man. The Farmers National later changed its mind about him and continued trying to work out his debt with him over the next year, but sought additional security on Anderson's loan from his father and mother, who had lived in the area for more than twenty years.<sup>35</sup> The bank had to renew pressure on the "considerably past due" Anderson note in November 1928, but its willingness to reframe a loan's status owing to a family connection in the area is an important illustration of the bank's policies for loan security.

The bank expressed a clear preference for certain borrowers based on their personal characteristics, support systems, longevity of residence in the area and of their relationship with the bank, and ultimately their ability to repay their debts. This fact is immediately apparent in a set of instructions issued in 1923 regarding a set of borrowers who took out credit for the same purposes:

It was decided that farmers who borrowed money to harvest this year's wheat crop be encouraged to sell enough of their wheat as soon as they thresh to pay all harvest expenses. It was further decided that certain customers be instructed to sell all their wheat as soon as they thresh and apply the proceeds on their indebtedness.<sup>36</sup>

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were less likely to receive bank loans. Access to credit permitted development, but lack of development perpetuated a cycle of poor credit and inability to improve farms. As Gregg noted, access to longer-term, amortized loans through the land banks was meant to give more farmers the ability to expand and improve their farms. Credit from the land bank could therefore also serve as a symbol of a farmers' worthiness for additional loans from local banks. See Gregg, "From Breadbasket to Dust Bowl," 133.

34. Minutes, Meeting of the Board of Directors of the Farmers National Bank, September 8, 1927; 1925 Kansas State Census for Oberlin, Decatur County, Kansas.

35. Minutes, Meeting of the Board of Directors of the Farmers National Bank, April 12, 1928.

36. Minutes, Meeting of the Board of Directors of the Farmers National Bank, July 23, 1923.

While some of these borrowers would be treated with leniency and “encouragement,” others deemed less trustworthy or stable would be “instructed” to do exactly what the bank demanded and pay all the proceeds of their harvest sales to the bank. Later that same year, the directors determined that “only customers who are land owners and have plenty of property back of them be permitted to feed [cattle and hogs] and customers who have very little property be refused credit with which to feed.”<sup>37</sup> A man who received a total of twenty-seven lines of credit amounting to \$5,018.50, and who had paid off eighteen notes in full as well as reduced the total due on five others, would continue in the bank’s good graces.<sup>38</sup> Meanwhile, the bank would view someone who did not even honor the Farmers National with his entire business with skepticism and ask him to “pay up because he owes the other bank.”<sup>39</sup> For those individual clients continually deemed worthy of credit, their relationship with the community bank would help to maintain an agricultural economy upon which they were mutually dependent. The rescinding of credit from an individual, however, could mean the difference in his ability to remain a viable member of the local economic community. In selecting worthy borrowers and continuing to support them through an era of agricultural depression, then, bankers (including the directors of banks) furthered the development of an agricultural economy where only the more successful and credit-worthy could thrive.

Bank directors, who were already some of the wealthiest citizens of a community when they made their investments in bank stock, were naturally among those who would most benefit from the shift toward more consolidated, industrialized, and capitalized farm operations. The meeting minutes from the Farmers National Bank Board of Directors demonstrate that stockholders drew funds from the bank to support other investments, including land. In the

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37. Minutes, Meeting of the Board of Directors of the Farmers National Bank, September 13, 1923.

38. Minutes, Meeting of Discount Committee, February 29, 1936.

39. Minutes, Meeting of Discount Committee, March 12, 1936.

interest of transparency and in compliance with state banking law, the board took care to consider loans made to directors of the bank and specifically listed the amount loaned. Some of the bank directors began to take out thousands of dollars in loans in 1925, and although the purpose for the loans remained unstated, it is probable that the loans were used to purchase land from insolvent farmers and ranchers.<sup>40</sup> It was during this period that many farmers were beginning to lose their land due to the high debts they had incurred in the farm expansion frenzy of the World War and due to large machinery purchases made to manage larger farms more efficiently. To top off problems with unbearable debt levels, crop prices in the post-war market bottomed out in the 1920s, not to recover naturally (without government price supports) until the next world war. Farmers' standard of living declined steadily, and often they were unable to repay loans to the bank or mortgage company. Members of the local bank's board of directors gained insider knowledge into the financial condition of bank customers and other community members who applied to the bank for extensions of credit. It was a common if not a generally popular practice to take advantage of this knowledge and direct access to capital to buy land out of foreclosure sales or even before owners reached this state. The period when the Oberlin directors began applying for so many loans coincided with the low tide of agricultural prices and a time of high land turnover.<sup>41</sup> These directors' land buying habits, including whether they speculated in land or held farms as long-term assets, deserve more investigation. These records

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40. Examples of this practice on the part of individual directors and directors in partnership with other investors are numerous in these records. The first instance I found was recorded in the November 12, 1925 minutes, when "A loan of \$2500.00 to Director [C.L.] Frickey and a loan of \$2687.75 to Director [J.F.] Martin by motion were approved." Certain directors began taking out large amounts, often in partnership with other investors, and this is especially suggestive of real estate accumulation. See, for example, the May 14, 1926 minutes, when the board approved loans individually to Frickey and Martin, as well as to two separate partnerships with Martin: "Martin and Tapp \$1000.00, Martin and Helvey \$500.00." Loans to directors, ranging as with standard notes from a few dollars to thousands of dollars, continued in a heavy volume into the early 1930s, but they did taper off in the late 1930s.

41. Wayne D. Angell has noted that the over-extension of loans to bank officers for their use in speculative enterprises could create substantial problems of cash flow, as in 1890 when three national banks—the First National Bank of Abilene, the Harper National Bank, and the State National Bank of Wellington—failed for these reasons. The Kansas legislature's failure to outlaw such lending practices in its 1891 and 1897 Banking Acts garnered criticism. See Angell, "A Century of Commercial Banking in Kansas," 261, 314.

provide remarkable insight into an often-obscure side of the land-buying equation. Prominent members of the community with the financial wherewithal to invest in bank stock were also able to leverage their economic power into an expansion of their capital investment in the form of land, and especially land formerly held by economically unstable owners. Many ordinary farmers and ranchers lost their land during these years, while the rural elite expanded their estates proportionally.

Carefully considering the bank's overall lending portfolio and individual loans during every meeting of the board of directors was essential to the operation of the bank. The directors were held responsible for the bank's loan policies, not only by the watchful eyes of the community dependent on the institution's continued ability to finance them, but also by national bank examiners. The system of oversight for national banks included the Comptroller of the Currency, the Federal Reserve in Kansas City, and the Kansas national bank examiner. The latter office subjected the bank to semiannual audits, making reports to the directors about weaknesses in the Farmers National Bank operation. The comptroller would also send periodic requests for updates on the bank's lending portfolio, demanding that the directors sign the report individually. In one such letter, the comptroller's office asked the board to work on the bank's loan portfolio:

While it is realized that liquidations depend more or less upon this year's crops, all possible efforts should be put forth in the meantime to strengthen the loans with additional security. Immediately following the June meeting of the board, please advise over your individual signatures what reduction or improvement, if any, has been made in the large lines of credit and in the other loans classed as slow and doubtful.<sup>42</sup>

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42. Minutes, Meeting of the Board of Directors of the Farmers National Bank, June 9, 1927. The board received similar letters yearly and sometimes on a bi-annual basis. For more on the national regulations imposed on Federal Reserve member banks, see Eugene White, "To Establish More Effective Supervision of Banking: How the Birth of the Fed Altered Bank Supervision," in *A Return to Jekyll Island: The Origins, History, and Future of the Federal Reserve*, ed. Michael D. Bordo and William Roberds (New York: Cambridge University Press, 2013), 7-55.

This request is significant because it assigned full responsibility for the bank's actions to the board of directors. The professional implications of the request for directors to take on the task of recovering loans, in addition to the financial weight of stockholders' double liability, highlight a bank board's strong interest in keeping the institution sound.<sup>43</sup>

Loan collections were one of the bank's most important sources of survival, and thus constituted a major portion of each meeting of the board of directors. The directors also considered other ways of shoring up the bank's assets and earning interest revenue on its funds during these meetings.<sup>44</sup> One of the chief ways the bank invested, beyond loans, was through buying bonds. This practice had a long history, and in fact buying bonds to back up loan portfolios was a key policy that linked the national banking system to the U.S. government. Under the National Banking Act of 1863, three-fifths of a small bank's \$50,000 in capital had to be held in U.S. Treasury Bonds.<sup>45</sup> Buying additional bonds periodically was a safe way of increasing the bank's revenue on its profits, and bonds constituted one of the most liquid forms of assets for banks, so the board of directors routinely authorized the cashier to purchase bonds from the government or from a municipal or state project. A 1918 purchase of \$10,000 in U.S. Treasury Certificates, due in three months and earning four and a half percent interest on the bank's capital, was a purchase typical of the World War I era, when the government repeatedly

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43. Unlike in other corporations in the United States, bank stockholders not only stood to lose the value of their investment, but were also responsible to pay for the bank's loss, up to the amount of their stock. The Banking Act of 1935 finally did away with this rule, so that stockholders would only lose their original investment in the event of a failure. See Angell, "A Century of Commercial Banking," 431. Some scholars have argued that the reversal of double liability has taken away necessary responsibility from shareholders, while doing little to protect the banking system and public confidence. See Jonathan R. Macey and Geoffrey P. Miller, "Double Liability of Bank Shareholders: History and Implications," *Wake Forest Law Review* 27, no. 1 (1992), 31-62.

44. A discussion by the Kansas Bankers Association members during their 1908 meeting illuminates the typical range of investments for banks, from real estate and cattle loans to investments in corporate stocks or commercial loans, and bonds. The more conservative bankers in this group thought that banks should hold forty to fifty percent of their capital and surplus on reserve, while limiting the least-liquid assets, real estate loans, to around twenty-five percent of the bank's investments. See Angell, "A Century of Commercial Banking," 349-55.

45. Gordon, *An Empire of Wealth*, 197.

called on financial institutions and ordinary citizens to support the war effort.<sup>46</sup> The Farmers National Bank also turned to bonds and other investments when lending in the local community was most risky. The directors considered government bonds much safer than loans in the mid-1920s. Even as some of these businessmen opted to buy out struggling farmers themselves, using the dividends from their bank stock as well as their own borrowing, they decided in a May 1924 meeting that on the bank's account, "new loans [should] be avoided as much as possible due to present conditions. It was also decided that government bonds be purchased to the extent from time to time as the reserve would justify."<sup>47</sup> This would maximize bank profits and continue to provide the directors an income, whereas relying on repayment of local farm loans was riskier.

The bank continued to place large amounts of capital in U.S. Treasury bonds, including a \$30,000 purchase in 1925, but it also pursued interests in the seemingly less risky loan portfolios of certain mortgage companies or city banks.<sup>48</sup> In July of 1924, for example, the bank invested \$25,000 with the Inter-State Cattle Loan Company.<sup>49</sup> The bank also authorized large deposits of "call money," to be used by banks such as the Continental Illinois Bank & Trust Company of Chicago, the Guaranty Trust Company of New York City, and the Inter-State National Bank of Kansas City. The Farmers National received interest payments for the favor of essentially lending the city banks these deposits so that these institutions might use the money to finance short-term notes of their own. The country bank also benefited from the fact that these funds

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46. Minutes, Meeting of the Board of Directors of the Farmers National Bank, April 1, 1918.

47. Minutes, Meeting of the Board of Directors of the Farmers National Bank, May 15, 1924

48. Minutes, Meeting of the Board of Directors of the Farmers National Bank, June 11, 1925. The bond-buying strategy continued through the late-1920s and 1930s, and remains a common investment practice for banks today.

49. Minutes, Meeting of the Board of Directors of the Farmers National Bank, July 10, 1924. The directors affirmed this policy of buying such commercial paper in the November 12, 1924 meeting of the board.

were easily redeemable.<sup>50</sup> Not only did these actions shore up regional and national financial connections, but they also provided liquid investments for the country bank.

Increasing bank profits, through high yields of interest from lending and investments in bonds and commercial banks, was important for the institution's stability, and also allowed the stockholders to continue to draw dividends, or a portion of the bank profits, from the bank. On a semiannual basis, the directors would determine the stockholders' dividend based on the bank's earnings that period. When paid, the amount of the dividend ranged from a low of four percent to a high of ten percent, but issuing dividends of any amount was generally a sign of healthy profits.<sup>51</sup> Dividends were one of the perquisites of investments in country banks that drew what many observers considered to be an unhealthy number of non-bankers into the field during expansionary years. While the Oberlin bank went through only two periods where directors opted not to distribute dividends in the interwar years, these were signs of the bank responding to more conservative sentiments. Regulators and the public began to view such decisions as important elements of the character of a bank and its personnel. The first time the Farmers National stopped distributing dividends was in response to poor loan-collecting conditions. On June 27, 1923, the directors decided not to give out dividends "due to the fact that notes totaling over \$3,000 (having been determined by the Board of Directors as doubtful or worthless) hav[e] been charged to Undivided Profits account since the first of the year."<sup>52</sup> The board stuck with this no-dividend policy through 1924, but rebounded by distributing the highest recorded

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50. Minutes, Meeting of the Board of Directors of the Farmers National Bank, August 18, 1929.

51. In the first of numerous examples, the directors awarded themselves an eight percent dividend on December 22, 1919. Angell offers a table recording the yearly average of dividend rates of national banks from 1895 to 1914. National banks ranged from a low five percent dividend in 1896 to a high 14.8 percent dividend in 1910. The average over the twenty-year period was 9.8 percent. This provides a useful comparison between prosperous years and the leaner times of the 1920s and 1930s. The Oberlin bank's continued issuance of reasonably high dividends during much of the 1920s is surprising considering evidence that as a whole, banks in Kansas were operating with low profits. See Angell, "A Century of Commercial Banking," 359, 450.

52. Minutes, Meeting of the Board of Directors of the Farmers National Bank, June 27, 1923.

dividend of ten percent on December 28, 1925. The bank suspended dividends one other time during this period, in response to national policy recommendations passed down in the first “Hundred Days” of the New Deal. In their meeting on May 10, 1933 the directors discussed a letter from the Comptroller of the Currency requesting the bank comply with a congressional policy that “there was no intention of declaring dividends at present and that salaries and expenses had been reduced.” The Farmers National directors complied with this measure, which helped fulfill the New Deal’s mission to restore confidence in local banks and the solidarity of their directors. No further dividends appeared to be issued until December 23, 1935, when the directors distributed a five percent dividend to stockholders.<sup>53</sup> By the late 1930s, this bi-annual five percent dividend, which equated to about \$2,500, became standard. Meanwhile, the bank put more profits into raising the bank’s surplus on a bi-annual basis.<sup>54</sup> These policies represented a healthy return on investment for stockholders, who would continue to maintain their place among the wealthy elite of these rural communities, and also raised the stature and security of the bank itself.

Maintaining the bank’s stature within the community was another important consideration for the directors and stockholders. Devoting attention to customer service was one important method of improving the bank’s relationship with the community. The directors did not all work in the bank every day, but they did sometimes weigh in on how employees should interact with customers. In one case, the directors responded to a concern that the employees had not had enough time to work with customers and fulfill the routine tasks of recordkeeping. They declined to hire more employees, and instead resolved to hold meetings and help the employees

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53. The Oberlin bank’s failure to distribute dividends from 1933 to 1935 corresponds to a three-year period when state and national banks in Kansas, as a whole, operated at a loss. Clearly all banks and their investors were experiencing the same difficulties and restrictions. See Angell, “A Century of Commercial Banking,” 450.

54. Minutes, Meeting of the Board of Directors of the Farmers National Bank, December 31, 1938.

develop better organizational frameworks for completing long-term tasks on a daily basis.

“Keeping all pass books balanced to date, remittances and all bank books worked each day and all filing records being completed at the close of each day’s work,” would prove a more efficient system, supported by better team work and time management.<sup>55</sup> With these efficiencies in place, the employees could then focus their efforts on customer service:

It was contended by the Directors that there was not anything that counted more for the welfare of the Institution, than efficient and courteous service at the windows and that the officers and help be encouraged and urged to work toward that end. It was recommended that a customer or patron at the window be given first consideration, irrespective of what the teller might be doing when said customer or patron appears at the window.<sup>56</sup>

Prompt and courteous service certainly made the bank appear more community-oriented, rather than simply profit-oriented.

Another important method of improving the bank’s stature within the local community was to strengthen its stake within the state and national banking system, a practice that reassured the community of the institution’s stability. The bank periodically bid for a position as a depository for funds from the state of Kansas, as in August 1921 when the directors resolved “that the Farmers National Bank of Oberlin, Kansas offer to act as one of the State Depositories to the amount of \$20,000.00 for the term of two years. That said Bank offer to pay interest on daily balances at the rate of 3.86 per cent.”<sup>57</sup> Receiving such deposits was not a direct money-making venture for the bank, since it actually paid the state interest for the privilege of holding its funds. This practice did, however, give the bank more capital to invest in loans with the community, and furthermore, the state’s investment was perceived to increase general confidence in the bank and serve as a stimulus for receiving further deposits. The bank’s stature

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55. Minutes, Meeting of the Board of Directors of the Farmers National Bank, February 9, 1922.

56. Ibid.

57. Minutes, Meeting of the Board of Directors of the Farmers National Bank, August 19, 1921.

within the state was affirmed when it was “made a depository for an Emergency account by the Treasury Examiners of the State of Kansas,” in September of 1933.<sup>58</sup> Similarly, participation in national programs such as Title II of the National Housing Act, which permitted the bank to issue mortgages for a new class of housing loans, and the Federal Deposit Insurance Corporation, granted the bank further status, security, and profit potential.<sup>59</sup> Despite the difficulties of banking in the 1920s and 1930s, and the bad reputation many banks experienced within this period, the Farmers National Bank managed to remain profitable and ultimately successful in attracting business from local and state depositors. The appointment of Elwood M. Brooks, for many years the bank’s cashier and secretary of the Board of Directors, as the Kansas Bank Commissioner in 1937 represented a significant symbol of the institution’s success.<sup>60</sup>

This evaluation of the board of directors’ minutes for the Farmers National Bank of Oberlin between 1918 and 1940 illustrates the contributions directors made to the bank’s operations. Directors concentrated on the successful management of the bank as a business. They were interested in sustaining profits for themselves, but adding to the bottom line meant more than that: it meant security for depositors. Careful considerations of investments, from loans to bonds, kept the bank’s finances sound. Such oversight was especially important during the extended agricultural depression, when many banks failed due to low crop prices and poor management. Directors’ jobs were important because they set the tone of relationships with borrowers and depositors and helped establish a successful profile with state and national regulatory agencies. Furthermore, their actions maintained the status of the institution within a

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58. Minutes, Meeting of the Board of Directors of the Farmers National Bank, September 13, 1933.

59. The directors made an application for approval as a mortgagee for the Federal Housing Administration on May 8, 1935. The bank began participating in the FDIC by remitting one half of one percent of the bank’s deposits (\$1606.63) on June 24, 1935. See Minutes, Meeting of the Board of Directors of the Farmers National Bank.

60. Brooks was given a leave of absence from the bank, while the bank president, Charles L. Frickey, stepped into more active duty in the bank’s daily operations. See Minutes, Meeting of the Board of Directors of the Farmers National Bank, March 10, 1937.

local community that might otherwise distrust and pull business from the bank in an era when public confidence was essential to a bank's livelihood.

**“The First Thing is Character”: Lending Practices and the Country Banker**

A congressional committee once asked J.P. Morgan, the most prominent New York banker of the early twentieth century, “Is not commercial credit based primarily upon money or property?” Morgan replied, “No, sir . . . The first thing is character . . . Money cannot buy it . . . Because a man I do not trust could not get money from me on all the bonds in Christendom.”<sup>61</sup> Morgan's statement made for a pithy summation of a common attitude about the functions of banking. Those banking on the local level made similar statements if pressed about their credit policies. A banker from Colby, Kansas reflected that he “learned a lot about judging character” when he accompanied his father on visits to the farms of potential borrowers. “Character” entailed a clean chicken house, “fresh grease on the wagon wheels,” and neatness.<sup>62</sup> But the records of the Oberlin bank make clear that additional layers of scrutiny were involved in the lending process—not just a vague perception of “character.” The bank considered age, family connections, valuations of land and other farm goods, and other factors before determining the safety of a particular loan. As the Concordia banker Frederick J. Atwood noted, one of the first things he learned about banking in Kansas was to carefully evaluate land and make abstracts.<sup>63</sup> Such processes only became more complex and professionalized as bankers and the business community more generally urged farmers to keep accurate accounts of their production and land

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61. Quoted in Gordon, *Empire of Wealth*, 233.

62. “W.S. Ferguson Finds Thomas County Bank in 1886,” 1960, *Thomas County Clippings*, vol. 12, Kansas State Historical Society.

63. Atwood Reminiscences, em13.

values during the early twentieth century.<sup>64</sup> Determining whether a borrower's "character" was reliable was one way bankers evidenced the value of conservatism within their *own* practices.

Although a precise formula employed by individual banks for lending considerations is elusive, records from the New Deal Farm Credit Administration demonstrate how evaluating property, along with a farmer's character and family, had been mainstreamed by the 1930s. This federal agency used twelve-page summary forms to verify the accuracy of local loan appraisals. These forms considered land and soil type, use, and value; the condition and value of farm buildings, including the home; number and value of livestock and equipment; details of the farmer's cropping program (diversity); cash flow and current liabilities; and assessments of "moral risk" and family, such as whether a line of succession was present. The files also contained a hand-drawn abstract of the farm property—land use, buildings, and other major features included.<sup>65</sup> The trend toward more information, and the holistic consideration of both a farmer's diligence and the value of his operations, suggests that lending practices were complex on the individual level. The files of the Oberlin bank and the following example of Colby, Kansas banker W. D. Ferguson indicate that country bankers in the Great Plains region expressed a decided preference for more established borrowers with extensive land to farm and the equipment to operate on a large scale. Thus, lending practices certainly encouraged consolidation and mechanization trends within the farming industry of the early- to mid-twentieth century.

The correspondence between W.D. Ferguson and a wealthy borrower and sometimes business partner named Ray H. Garvey reveals much about the financial motives and networks

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64. Deborah Fitzgerald provides extensive commentary on the motivations of businessmen in the farm industrialization process, the context of the Country Life Movement and the development of agricultural economics, and the processes they implemented to help realize this vision. See Deborah Fitzgerald, *Every Farm a Factory: The Industrial Ideal in American Agriculture* (New Haven: Yale University Press, 2003), especially chapters 1 and 2.

65. Joseph Krotz, Farm Appraisal Study, Record Group 103, Records of the Farm Credit Administration, Ninth District, Federal Land Bank of Wichita, Box 5, Folder 14, National Archives and Records Administration, College Park, Maryland.

of bankers, the daily business of the bank, fears about public reputation, and most importantly, about how a banker's relationship with a substantial client affected the local agricultural economy for the long-term. William David (Dave or W.D.) Ferguson was born May 25, 1889, to William S. and Anna (Harris) Ferguson. W.S. Ferguson had entered banking through his mercantile business in Stella, Nebraska, but when he moved to Colby he established the state-chartered Thomas County Bank. Both he and his wife would wait on customers during busy hours, and his wife served as bank president for several years before her death in December 1906.<sup>66</sup> Like many in the second generation of bankers on the Plains, W.D. Ferguson earned a college degree—from Washburn University in Topeka—before beginning work as an assistant cashier in the family bank in 1910. He became president of the Thomas County Bank after his father died in 1916 and served in that capacity until his own death in 1964.<sup>67</sup>

Ferguson's activities are recorded primarily in his voluminous correspondence with Ray H. Garvey, a wealthy farmer, gas station developer, and builder of grain elevators. It is only possible to understand the banker's relationship with the wealthy and influential Ray Garvey because Garvey left a record, unlike the many smaller clients a banker like Ferguson would deal with every day. We can glean a great deal about the banker's occupation through these letters. He had to be knowledgeable of the conditions of a large number of clients, whom he conversed with—and about—regularly. For large clients such as Garvey, the devotion of time was tremendous. Ferguson and Garvey conversed frequently about business deals of their own and of others in the region, the conditions of mortgages they held together, prices for bonds in various companies, and the day-to-day dealings of other bank depositors and mortgagors. The

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66. "W.S. Ferguson Founds Thomas County Bank"; and "Mrs. W.S. Ferguson," *Colby Free Press-Tribune*, December 13, 1906.

67. "William David Ferguson," *Kansas: The First Century* (Lewis Historical Publishing Company, 1956), 128. The bank obtained a national charter to become the Thomas County National Bank in 1928.

correspondence between these two men was heaviest in the 1930s. Although they maintained close contact until Garvey's death in 1957, the Depression years illustrate most accurately how intimately tied a banker could be with the success of the community around him, and the lengths he would go to support his vision of success despite the local backlash he dreaded receiving. These letters reveal much about Ferguson's financial motivations, and the economic and political power he wielded locally and regionally—even in a period when he dissented vigorously from the farm and bank programs of the New Deal, which he and his friends perceived as a radical betrayal of the free market.

The Garvey family lived in the Colby area until the late 1920s, and would have known the banker W.D. Ferguson long before they engaged in a farming partnership together in 1930. After moving to Wichita, R.H. Garvey began corresponding with Ferguson and others in Colby regarding his extensive real estate holdings and other business investments there. He drew Ferguson as well as the brothers from another local banking family, Glenn and Kenneth Crumly, into a series of partnerships for real estate investment, farm operations, and a gas station business called Service Oil.<sup>68</sup> The farming company engaged Claude Schnellbacher as manager, and the partners routinely corresponded about Garvey's efforts to make a profit planting thousands of acres of wheat. Soon, the company added more investors and incorporated, an action that raised the ire of the Colby community. Rhetoric against "corporate farming," which involved highly mechanized farming on a large scale at the expense of family farmers and inefficient tenants, was strong in Kansas during this era, to the extent that the incorporation of farms was made illegal in

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68. Craig Miner wrote several articles and monographs concerning Garvey and his farming operations in western Kansas and eastern Colorado, particularly during the years when John Kriss managed the business. See Craig Miner, *Harvesting the High Plains: John Kriss and the Business of Wheat Farming, 1920-1950*. Lawrence: University Press of Kansas, 1998; Miner, "R.H. Garvey: 'Operations Are Interesting,'" in *John Brown to Bob Dole: Movers and Shakers in Kansas History*, ed. Virgil W. Dean (Lawrence: University Press of Kansas, 2006), 253-64.

the state in 1931 and the Garvey operation had to reclassify back to a partnership.<sup>69</sup> The letters between Garvey and Ferguson during this period illuminate the intricacies of the relationship between bankers and wealthy landowners, not just as lenders but also as personal investment partners. The banker, as a resident of Colby, was able to keep an eye on Schnellbacher's financial management of the farming concern. His proximity to the situation also led him to experience more of the backlash against the farm operation, and to fear the consequences to the reputation of himself and his bank to a much greater degree than Garvey. Though the two men agreed on the principle that consolidated, mechanized farming allowed for greater efficiencies and ultimately for better stewardship of the land, and continued to forward that vision through their company, Ferguson frequently expressed doubts about his direct connections to the unpopular farming company. His experience is highly relevant to this study of bankers throughout the Great Plains, because lenders indirectly supported the modernization trends in agriculture through financing efficient farmers with large acreages and advanced equipment, and many of them engaged directly in similar farm operations as well.

Ferguson's doubts about the farming company stemmed from the intensity of anti-consolidation sentiment in the Colby area. It was apparent to both Ferguson and Garvey that in early 1930, just as the farming company was considering taking on additional investors who wished to incorporate, locals had come to equate corporate farming with chain stores as ruinous agents in the rural economy. Ferguson especially resisted the idea of incorporating the farm because although it would mean little change in the farm's actual operation, it would put too fine a point on its motives to capitalize on land consolidation and mechanization. This, in turn, would

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69. Craig Miner writes, "In January 1931 Kansas legislated against corporate farming of certain crops, including wheat, on the grounds that 'it is contrary to public policy to permit a corporation to acquire large blocks of land' ... Efficiency was not the only consideration politically, and there was widespread discontent about the big operators." See Miner, *Kansas: The History of the Sunflower State, 1854-2000* (Lawrence: University Press of Kansas, 2002), 286.

open up Ferguson's bank and the Service Oil Company, which shared investors with the farming company, to harsh local criticism.<sup>70</sup> Ferguson wrote to Garvey about his concerns for business:

There is no doubt at all about sentiment against farming companies. I ran into quite a tirade on that yesterday. . . . I am inclined to think it would be smart for both the Service Oil Company and for me, personally, to dodge as much farmer criticism on this farming company business as is possible. It really had me a little worried yesterday. I can see that it could easily have quite an effect on the Bank as well as the Oil Company and am inclined to feel that sentiment is just getting started.<sup>71</sup>

Ferguson had not finished airing all of his concerns. He later reflected on the substance of a conversation with Claude Schnellbacher, the farm manager, which made the attitude of local farmers about corporate farming all the clearer. Ferguson's fears about his bank's business had not subsided after "a couple of good customers had panned [him]" over the matter:

I have been very anxious all the time to be distinctly in the backgrou[n]d in this movement unless it was launched in a big enough scale to make it really worth while [*sic*]. I cannot afford to flaunt an antagonizing move in this community. I believe Frank Mahanna and our competing bank will make very good use of the existing sentiment against the so-called chain farming. The right or wrong of it, or the fact that this enterprise is no different at all from the small scale farming conducted by practically every business man in town, makes no difference at all.<sup>72</sup>

Not only were regular customers berating the banker, but local auctioneers were also vilifying him at farm sales and the banker commented that newspapers were "describing the dreadful results of corporate farming in established communities."<sup>73</sup> The banker was so skittish that he actually proposed turning over his interests in the farm (nominally, not financially) to Claude Schnellbacher. The threat of political haranguing by a class of farmers at risk of losing their

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70. Garvey to Ferguson, March 6, 1930; and Ferguson to Garvey, March 8, 1930, Box 1, Folder 12, in the Ray H. and Olive W. Garvey Papers, Manuscript Collection 809, Kansas State Historical Society, Topeka. (Hereafter, "Garvey Papers.")

71. Ferguson to Garvey, March 22, 1930, Box 1, Folder 12, Garvey Papers.

72. Ferguson to Garvey, March 25, 1930, Box 1, Folder 12, Garvey Papers.

73. Ferguson to Garvey, March 25, 1930, Box 1, Folder 12, Garvey Papers. The local *Colby Free Press-Tribune* did not offer comment on the matter until later in the year, but Ferguson was probably seeing such anti-corporation articles in other regional newspapers.

livelihoods to a new system of large farms, as well as the threat of losing a substantial amount of business at the bank, was clearly troublesome for Ferguson.

To Garvey, these threats seemed minimal and easily dismissed, but he did not have to experience the direct impact of vituperation from his home in Wichita. Garvey did not feel that the incorporation of the farm could be kept secret, or that it would materially impact Ferguson's bank. He commented, pointedly, that those who might be swayed by the populist rhetoric against corporations "have no money to deposit" and that giving their business to the other bank "would make your bank stronger and the other weaker, as a rule."<sup>74</sup> He viewed corporate farms as a last-ditch effort to make farming profitable in the region, and therefore as a vital experiment for determining the future of the region. Corporate farms, in Garvey's attitude, "took a lot of distress[ed] land off the market" to keep it in production, and if they could not make money through efficient operation, farming as an industry would be decimated in the region. If this were to come to pass, furthermore, "Bank stock in Thomas County banks, so far as grain farming makes it valuable, will hardly be worth having."<sup>75</sup> In another letter, Garvey noted that "ninety per cent of the little farmers are incapable from a standpoint of knowledge, finances, and will to do the right kind of work to handle power machinery profitably."<sup>76</sup> Interestingly, he also cited a quotation from Henry Ford, an idol among many farmers for his production of cheap automobiles and farm equipment. Ford had argued, "The farmer's problem can be solved only by mass production of farm products." Garvey thought that Ford meant, although he had not said it in so many words, "That the proud farmer, lord of more land than he can cultivate economically,

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74. Garvey to Ferguson, March 27, 1930, Box 1, Folder 12, Garvey Papers.

75. Garvey to Ferguson, March 27, 1930, Box 1, Folder 12, Garvey Papers.

76. Garvey to Ferguson, June 18, 1930, Box 1, Folder 12, Garvey Papers.

must make room for farming on modern industrial lines.”<sup>77</sup> Garvey’s private statements to his friend the banker expressed the condescension rural communities perceived and most hated about local elites. He and Ferguson agreed that the future of farming, and of the banks and communities which were dependent on it, was at stake. Yet the banker had to mitigate such harsh sentiments within a local economic and political context.

Garvey argued that a local man’s purchase of interests in the farming company actually promised to help the case of their farming company. Garvey seemed to think that this new investor’s presence would serve as an “alibi” for Ferguson’s bank customers:

That if we had not gone in with Dr. Geiger that he was going to turn all of his land over to the Wheat Farming Company, which not only is a real chain farming proposition but would be absolutely out of the control of anyone in Thomas County, and that if these things are going over at all, that they should remain in control, as nearly as possible, of the people who are located at Colby and in the County.<sup>78</sup>

Emphasizing the local basis for many of the financial interests in the company was an important strategy for dealing with the fears of the Colby community. Indeed, Garvey could report to Ferguson about a conversation he had with the farm manager, Claude Schnellbacher, “He says that he is hearing some favorable comments now on the Colby Farming Company on the proposition that if farming companies are to be had that they should be Colby companies rather than foreign companies.”<sup>79</sup> Garvey added that Schnellbacher was making a much better profit than had “indifferent tenants the past ten years,” and that ultimately “it is better for the home people if a profit is made and better for the community.”<sup>80</sup>

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77. Garvey to Ferguson, June 18, 1930, Box 1, Folder 12, Garvey Papers. For more on Henry Ford’s popularity among American farmers, see Reynold M. Wik, *Henry Ford and Grass-roots America* (Ann Arbor: University of Michigan Press, 1972).

78. Garvey to Ferguson, April 7, 1930, Box 1, Folder 12, Garvey Papers.

79. Garvey to Ferguson, July 8, 1930, Box 1, Folder 13, Garvey Papers.

80. Garvey to Ferguson, July 8, 1930, Box 1, Folder 13, Garvey Papers.

For his part, Ferguson agreed with Garvey that those “influenced by this flood of ‘Anti-Chain Propaganda’” were an unseemly sort. He even privately compared them to “another Ku Klux Klan movement.” In so disparaging the angry partisans, he expressed both economic and moral justification for pursuing large-scale farming. He had to suppress his feelings in public for the sake of business, but it was not easy: “The thing will blow over just as the Klan movement did but it is indeed something to be reckoned with at the present time.”<sup>81</sup>

Despite this optimism, the anti-corporation rhetoric continued throughout the political season of 1930. The *Colby Free Press-Tribune* lauded the mechanized wheat production efforts of area farmers, considering Colby part of a “great agricultural empire where wheat is King, with an annual production of 10,000,000 bushels.”<sup>82</sup> Yet some of the key developers of that empire came under intense scrutiny. The nominal difference between “corporate farmers” and others farming thousands of acres on the Great Plains stirred local citizens into a fury. The newspaper became a forum for grouching against the two biggest names associated with corporate farming in Colby: Ray H. Garvey and W.D. Ferguson. A column titled “Observations (By a Democrat)” made allusions that the banker controlled the county’s Republican Party and ignored the interests of its farmer constituents. The writer accused Colby Republicans of trying to delude voters into supporting a pro-corporation farming candidate.<sup>83</sup> A campaign advertisement for the Democratic candidate for state representative, J.C. Woofter, actually named names. It pointed fingers directly at the banker and his farming partner and drew connections between them and the Republican candidate. The advertisement declared:

Ray Garvey of Wichita, for years Republican chairman of Thomas county, and his close friend and associate, W.D. Ferguson, of Colby, likewise a Republican politician, are said to be operating a considerable body of land under a plan

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81. Ferguson to Garvey, March 31, 1930, Box 1, Folder 12, Garvey Papers.

82. “Northwest Uses New Methods of Farming,” *Colby Free Press-Tribune*, March 27, 1930.

83. “Observations (By a Democrat),” October 23, 1930

similar to chain farming. Roy Leak, the Republican candidate for Representative [has] had the whole support of Garvey and Ferguson.<sup>84</sup>

Garvey and Ferguson made excellent targets for both economic and partisan arguments. The Democrats placed the blame for the rise of farming corporations upon the Republican state chartering board, stating bluntly, “Chain farming is a child of Republican office holders and in Thomas county has been promoted by prominent Republicans, and these same men want you to vote for Roy Leak.”<sup>85</sup> On the other hand, the ad quoted the Democratic candidate averring, “I am positively and absolutely against chain and corporation farming. I believe that the best interests of the whole community are at stake in this issue and if elected, I will do everything in my power to put corporation farming and chain farming out of business.”<sup>86</sup>

Republicans made their best efforts to disavow connections with the chain or corporate farming movement, pointing out that the party also had a campaign plank against the chartering of wheat farm corporations.<sup>87</sup> The candidate for state representative, Roy Leak, published a letter to the Colby community expressing his opposition to chain farming. He wrote:

The one thing more than anything else which prompted me to enter the race was my firm belief that the growth of chain farming in western Kansas is a menace to our individual and independent farmers as well as to the towns that have grown up in this part of the state. I think that both independent farmers and community centers are necessary for the growth of this part of Kansas of which we are all proud.<sup>88</sup>

Despite these efforts to reject partisan ties with the Republican corporate farmers, the Democrat J.C. Woofter won his election bid. Ferguson’s comment to Garvey that “a number of Woofter’s

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84. “Chain or Corporation Farming,” Advertisement by the friends of J.C. Woofter,” *Colby Free Press-Tribune*, October 30, 1930.

85. *Ibid.*

86. *Ibid.*

87. “Save the Farms,” Advertisement published by the Republican Central Committee of Thomas Co., October 30, 1930.

88. “What I Believe,” Advertisement placed by Roy Leak, Republican Candidate for Representative, October 30, 1930.

votes were against R.H. Garvey and myself rather than for him,” proved a powerful statement about the effects of associating with the corporation farm idea.<sup>89</sup>

As the election season came upon the community in November 1930, Ferguson was exhausted by the fracas. He complained to Garvey:

I presume the closing of the campaign will mark the climax of interest in chain farming discussion in this community, although this is quite apt to continue for a while yet, and I believe it would be advisable to make as little noise as possible about the corporation now, in and around Colby. My connection with the affair has proven very costly so far as the bank is concerned, and my competition has lost no opportunity to take a dig at me on every occasion possible.<sup>90</sup>

Although the total volume of Ferguson’s bank business did not actually decline during this period of political assault, the personal ramifications for the banker clearly were uncomfortable.<sup>91</sup> The ways in which the banker tried to distance himself from visible connections with the farming company and his other business associations with his friend, Ray Garvey, are therefore understandable.

Ferguson’s connections with Garvey and other local investors in multiple businesses, including the farming company and the Service Oil Company, created substantial economic and political pressure during this period. Given the backlash against the farming company, the Service Oil Company that shared the same main investors also came in for criticism. This made its manager, Kenneth Crumly, alert to any perceived slight against the company. He once suggested that Ferguson had not patronized the local service station as much as he should have,

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89. Ferguson to Garvey, November 10, 1930, Box 1, Folder 13, Garvey Papers.

90. Ferguson to Garvey, November 5, 1930, Box 1, Folder 13, Garvey Papers.

91. Bank statements published in the newspaper indicate that the bank’s total business volume increased between March 1930 and December 1930. Initially the balance stood at \$967,805.10, with deposits at \$851,173.21 and loans of \$456,858.90. See “Statement of Condition of the Thomas County National Bank at the Close of Business on March 27th, 1930,” *Colby Free Press-Tribune*. Loan volume did decline to only \$327,757.11 by the end of the year, which would have decreased interest payments to the bank, but deposits had increased to \$911,709.18. The total bank balance at the end of the year stood at \$1,034,699.50, about seven percent higher than in March. “The Thomas County National Bank, Colby, Kansas, Statement of Condition at the close of business December 31, 1930,” *Colby Free Press-Tribune*.

and that he should tell his bank employees to buy gas there, too. Ferguson complained about this directive to Garvey:

I'm right sorry Kenneth has the impression he has about my support of the Service station here. The facts are I have not purchased 10 gallons of gas at another station since the first of the year, longer than that I think. I have put in as many plugs for use of Service gas as I found opportunity to and will be glad to do more as directed by Kenneth. I have not undertaken to tell anybody here in the bank where they should spend their salaries but I have liked to think they were loyal enough to undertake to patronize those firms who in turn patronize us and I think they do this pretty well.<sup>92</sup>

The burden of the political situation was clear, and the partners had to stick together and support each other's businesses as much as possible. Garvey and Crumly continued to ask Ferguson to pressure people to use the Service Oil station, and his position as a banker gave him the position to do so. In one case, Garvey relayed to Ferguson that a tenant of one of their farms was "no longer giving the Service Oil Company his business." He added, "I would be interested in having you suggest to him that it probably would not hurt his chances any on landing an extra quarter section . . . if his purchases were made from the Service Oil."<sup>93</sup> The issue of patronage for Service Oil was clearly connected to the relationship of its financial backers to the controversial farming company. Despite Kenneth Crumly's efforts to pass off the Service Oil Company as a separate business dealing with different stockholders, the public was drawing correct conclusions about the shared interests of these two businesses.<sup>94</sup> Bankers were accustomed to holding a substantial amount of political influence due to their economic standing, but clearly the community could do its part to challenge this power. For a banker already highly conscious of his local reputation, the political stress and economic threats against the farming company, Service Oil, and ultimately against his bank were a lot to bear. Ferguson had to consider the

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92. Ferguson to Garvey, July 9, 1930, Box 1, Folder 13, Garvey Papers.

93. Garvey to Ferguson, September 13, 1930, Box 1, Folder 13, Garvey Papers.

94. Ferguson to Garvey, September 11, 1930, Box 1, Folder 13, Garvey Papers.

effects of his personal business interests on his ability to keep customers at the bank, and whether supporting unpopular but extremely successful customers such as Garvey was worth the public disapproval.

This context helps to explain the banker's reluctance to engage publicly with another of Garvey's businesses, the Amortibanc Investment Company. Amortibanc purchased first mortgages on farms and homes and sold bonds on these securities, and Ferguson was an investor as well as a Director and Vice President of the company. He did not want to reveal too active an interest in the company to his home community, however, because he was already in hot water over the farming company and Service Oil business. When Garvey sent agents out to Colby to sell bonds, he expected Ferguson to advise the salesmen on whom they might solicit for purchases within Thomas County. He understood that a banker would have a wide knowledge of customers' and non-customers' finances. Ferguson disapproved of this scheme and refused to help sell them. He thought his direct participation in bond sales would put undue pressure on his customers and make himself look too eager to make money. Ultimately, he decided he did not want to be involved publicly in the Amortibanc Company. He claimed that he would not vouch for some of the claims to security that Garvey was making about the bonds, and wished to be taken off of the company letterhead. The matter ended with Ferguson tendering his resignation as Vice President and Director, but retaining his investments in stock.<sup>95</sup>

All the distress over appearances and involvement in various businesses did eventually subside, especially after the election season ended in 1930, and thus served primarily as a dramatic episode punctuating an otherwise generally smooth relationship between Ferguson and Garvey. Indeed, their partnership in the farming company and in other investment ventures

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95. Ferguson to Garvey, April 24, 1930; Garvey to Ferguson, April 25, 1930; Ferguson to Garvey, April 26, 1930; Garvey to Ferguson, April 28, 1930; and Garvey to Ferguson, June 6, 1930, all in Box 1, Folder 12, Garvey Papers.

generally worked to the benefit of each man. For instance, Ferguson's location near the farm allowed him to provide some oversight of its operations and report back to Garvey. His expertise in evaluating clients was useful in identifying when the farm manager, Claude Schnellbacher, needed to economize on his equipment and supply purchases as well as labor expenditures. Though Ferguson was never the bookkeeper for the farm operation, he was knowledgeable about its expenses.<sup>96</sup> He trusted Schnellbacher as a farmer and believed in investing in sound and modern machinery and operating efficiently on the large scale, but sometimes grew frustrated with the manager's difficulties in money handling. As he wrote to Garvey on July 10, 1930, "I am convinced that the company should make good money and I believe it is a smart way to handle the land."<sup>97</sup> But, he reiterated, Schnellbacher needed to cut costs. Garvey made similar observations over the next couple of years, and ultimately agreed to seek a manager who could operate the expansive farm more cheaply.<sup>98</sup> Ferguson continued to provide on-the-ground intelligence to Garvey about farm management during this time. For instance, he gave his approval for Garvey to test out a new farm manager, John Kriss, in 1933. He observed to Garvey, "He is a good boy and had his schooling under a very efficient farmer. I will be . . . interested in his answer to your questions as to whether he thinks he can make a profit to you with wheat at 25¢ a bushel."<sup>99</sup> Kriss proved very successful at cutting costs and running the farm efficiently, and Ferguson remained his advocate in the company even when Garvey sometimes doubted Kriss's instincts.<sup>100</sup>

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96. Ferguson to Garvey, March 5, 1930, Box 1, Folder 12, Garvey Papers.

97. Ferguson to Garvey, July 10, 1930, Box 1, Folder 13, Garvey Papers.

98. Garvey to Ferguson, November 16, 1931, Box 2, Folder 31, Garvey Papers.

99. Ferguson to Garvey, January 30, 1933, Box 4, Folder 3, Garvey Papers.

100. Ferguson supported Kriss's desire to experiment with ranging sheep on part of the farm's fallowed land, for example, and offered Garvey his own observations about sheep culture in the Colby area. He also intervened with Garvey on behalf of Kriss's decision about listing some of his fields in April 1935. In this case, Ferguson's experience of the political climate and dust storms in the Colby area led him to side with the farm manager over the non-resident Garvey. Ferguson so well respected Kriss as a farm manager that he entered into a

In addition to their interests in the farm operation, Ferguson and Garvey shared interests as regional creditors and frequently exchanged investment information with one another. Ferguson's bank in Colby would sometimes offer mortgages or intelligence on mortgagors willing to negotiate new terms to Garvey's Amortibanc Investment Company, for example.<sup>101</sup> From these transactions, Garvey gained trustworthy local knowledge on these clients, while Ferguson's bank gained breathing room on its loan portfolio. In one instance, Garvey asked the banker for information on a potential borrower. Ferguson collected information from regional financiers and reported back, "He has very poor rating with his finance connections and we have had several interviews with the Nash folks who seem to think he keeps everything covered up in his wife's name for a reason."<sup>102</sup> Beyond just wanting to help his friend and business partner make sound decisions as a creditor in the region, Ferguson still owned stock in Amortibanc and had a financial interest in its success. He could offer advice to Garvey even without having his name on the mortgage company's letterhead, and therefore with less risk to his reputation. The banker clearly exerted a great deal of influence over the financial future of his community, beyond his own lending practices.

Ferguson and Garvey shared common financial interests in certain borrowers to whom they had both lent credit, and this further cemented their shared financial interests. One

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separate farming partnership with the farm manager in 1936. This operation started at 800 acres and kept expanding, with Kriss paying Ferguson a quarter of the profit as rent and forty percent of the equipment and operating costs. The rest of the profits were divided equally between Kriss and Ferguson. This was a much better return on operations than Kriss was then receiving in his partnership with Garvey. Craig Miner noted that this partnership between Kriss and Ferguson was called Kriss Farms, because "under the Depression circumstances, with all the dislike of large farmers, Ferguson thought it best that his name not be too prominently identified with a big farming operation." See Ferguson to Garvey, February 2, 1934, Box 6, Folder 1; and conversations about listing in Box 7, Folder 3, both in the Garvey Papers; and Miner, *Harvesting the High Plains*, 103-105.

101. Such transactions are noted in Garvey to Ferguson, March 6, 1930, Box 1, Folder 12; Garvey to Ferguson, November 18, 1930, Box 1, Folder 13; and Ferguson to Garvey, November 28, 1930, Box 1, Folder 13, all in the Garvey Papers.

102. Ferguson to Garvey, November 28, 1930, Box 1, Folder 13, Garvey Papers. Ferguson conveyed similar advice on the relative credit-worthiness of a group of potential borrowers in a letter to Garvey, May 7, 1932, Box 4, Folder 1, Garvey Papers. This was clearly a common pattern of business for Ferguson and Garvey.

additional example serves to characterize the relationships between the creditors and those indebted to them, relationships that routinely lasted for years and involved extensive discussions over payments, foreclosure, and leniency. The borrower, Mr. Datson\*, was born in Russia, but had immigrated to Kansas with his family in 1874 when he was about eight years old; this was around the same time many of the persecuted Volga Germans left that region of Russia. Kansas state census records indicate that he and his family lived in McPherson, Marion, and Wilson counties prior to moving to Thomas County by 1925.<sup>103</sup> This mobility indicates that the financial condition of the nearly 70-year-old farmer was somewhat tenuous. He had a farm of his own in Thomas County as of 1925, but it was encumbered with a mortgage, and by 1930, when Garvey and Ferguson began discussing him, he was behind on his bank notes and rental payments on land belonging to R.H. Garvey.

During conversations about this particular man over the next several years, Garvey was particularly critical of his farming operation and the consequences for his ability to make payments. Despite the man's control over a large acreage and access to the labor of several grown sons, he did not produce what Garvey thought he should. He noted on April 15, 1930, "Mr. Datson has not been producing the crops that I think he should produce on the 960 acres which he owns and has been turning none of it to me on the payments due."<sup>104</sup> Garvey felt obliged to continue working with Datson and securing additional promises to pay because he had rented him 800 acres to farm besides his own land. This justified the banker's persistence with the man, too; Garvey advised Ferguson not to extend the terms on his notes, but rather to make new notes as second mortgages on his land and wheat crop, which would warrant additional

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103. \*Name has been changed. Kansas State Census Records for Spring Valley, McPherson County (1875); Menno, Marion County (1895); Wilson, Marion County (1915); and Simmers, Thomas County (1925).

104. See Garvey to Ferguson, April 15, 1930, Box 1, Folder 12, Garvey Papers.

interest payments.<sup>105</sup> Garvey commented, “If he would apply his share of the crop on this each year, it should pay the portion on the principal each year, leaving him all of his own land to pay his expenses, interest, and taxes.” Unfortunately, as Garvey noted, that did not guarantee Datson would make the necessary payments. He wrote to Ferguson that Datson “has been paying the machine companies and everybody else but has nothing on the second mortgages, not even in 1928 and 1929, when he had good crops. He thinks I am easy to take advantage of and has, apparently, taken care of everyone else and is letting me wait.”<sup>106</sup>

Ferguson felt more sympathy for the elderly farmer than Garvey, and often acted in an advisory capacity in Datson’s dealings with Garvey. The banker’s kindness may have influenced the borrower’s tendency to delay his payments, however. When Datson came into the bank in February 1931 with “tears in his eyes and a frog in his throat” and a story that his returns on 4,000 bushels of wheat were “about all he would have to give to the Lord this year,” he talked the banker out of demanding the payment for the bank. Ferguson reflected, “I felt so sorry for him that I considered slipping him an extra five spot in change.”<sup>107</sup> Garvey responded curtly, “When this occurs I think that you should take a walk around the block, else you are liable to be converting the lobby of the bank into a soup kitchen.”<sup>108</sup> Still, as the banker and his business partner continued to keep tabs on their mutual client, they continued to exercise a bit of leniency with him. They also offered Datson needed advice on how to deal with his many loans in order to best serve his family’s interests. The bank held mortgages from Datson on his farm in Kansas and on an investment in land in Oklahoma. Ferguson helped him figure out how to balance his payments between the two so that he would not lose both places. Garvey chimed in by

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105. Garvey to Ferguson, April 15, 1930, Box 1, Folder 12, Garvey Papers.

106. Garvey to Ferguson, April 15, 1930, Box 1, Folder 12, Garvey Papers.

107. Ferguson to Garvey, February 19, 1931, Box 2, Folder 30, Garvey Papers.

108. Garvey to Ferguson, February 20, 1931, Box 2, Folder 30, Garvey Papers.

suggesting that Ferguson advise Datson to get a small note under \$1,000 paid off so that he could sell the land and have more liquidity.<sup>109</sup>

Datson's continued difficulties making payments to the two creditors led Garvey to broach the subject of foreclosure in 1932. He asked Ferguson:

What do you want to do relative to the Datson matter? If you think best we will start foreclosure which will give him about a two year option on the land. I presume that this is the thing to do possibly. I hate to do it to the old man, but he is neglecting the farming considerably and possibly it would be as kind a thing to do to him as not to do it.<sup>110</sup>

Garvey thus posited a still somewhat flexible solution that would hopefully serve as a wake-up call for Datson. Ferguson's reply took into account the farmer's age and the fact that his sons were growing up and moving on, not helping him quite as much on the home farm. He wrote, "It would be a bit cruel to force him into a realization of his predicament at this time. He will find it out without our help, in the next year, and it is my idea that we might just as well penalize ourselves a year's time on repossession of his farm."<sup>111</sup> Garvey, however, became more and more frustrated with Datson. In September of that year, Datson had approached Garvey to request a \$500 loan to pay off part of a debt to an Oakley bank. Garvey commented somewhat drily, "Mr. Datson seems to have found a sense of humor at last and takes a great deal of pleasure in trying to have us solve his financial problems. I think possibly he is coached in this a little by the banker whom he frequently consults at Colby."<sup>112</sup> While taking this dig at Ferguson, Garvey pushed for the foreclosure route. He noted that he was sick of having his wheat "used to pay other peoples' bills."<sup>113</sup> Though his patience was wearing thin, he deferred to the banker's

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109. Ferguson to Garvey, July 23, 1931; Garvey to Ferguson, August 17, 1931; Box 2, Folder 31; both in the Garvey Papers.

110. Garvey to Ferguson, August 20, 1932, Box 4, Folder 2, Garvey Papers.

111. Ferguson to Garvey, August 22, 1932, Box 4, Folder 2, Garvey Papers.

112. Garvey to Ferguson, September 20, 1932, Box 4, Folder 2, Garvey Papers.

113. Garvey to Ferguson, September 20, 1932, Box 4, Folder 2, Garvey Papers.

decision to hold out on foreclosure. By June of 1933, Garvey wrote, “I hope that Datson is eligible for a new deal loan, which would enable us to realize on our seconds if possible. The limit of \$5,000 to an individual might not be so helpful, however.”<sup>114</sup> By that fall, however, Garvey and Ferguson opted to finally begin foreclosure proceedings in the interest of beating the Federal Land Bank to the punch in recovering their mortgage investments.<sup>115</sup> Beginning the foreclosure proceedings did not mean that their interests with Datson’s plight were finished: Ferguson, for instance, tried to urge him to deed back all but a half section of his land to the bank to end the lawsuit and avoid losing all of it in foreclosure.<sup>116</sup> State and federal legislation to delay foreclosure actions in 1934 finally nullified their foreclosure efforts.<sup>117</sup> Although the historical record does not give us insight into how the borrower felt about this process, Ferguson and Garvey’s perspective does suggest that the decision to foreclose was complex. It involved dissatisfaction with the lack of repayment on investment, but also a fair degree of concern for the person on the other end of the credit relationship. At least for bankers with enough capital to carry on the banking operations with some bad loans on the books, these actions took time to develop. These lenders were able to offer some amount of advice and assistance to the borrower on how to reform debt obligations.

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114. Garvey to Ferguson, June 12, 1933, Box 4, Folder 3, Garvey Papers.

115. Garvey to Ferguson, September 19, 1933; Ferguson to Garvey, September 20, 1933; and Garvey to Ferguson, October 13, 1933, all in Box 4, Folder 4, Garvey Papers. The letters deal with, respectively, Garvey’s rationale for finally foreclosing, an accounting of Datson’s indebtedness, and the notice that the foreclosure had officially been filed in court.

116. Ferguson to Garvey, July 9, 1934, Box 6, Folder 2, Garvey Papers.

117. The Frazier-Lemke Act forestalled foreclosure for five years, during which the bankrupt farmer would make rental payments. After that, they could repurchase the farm with low interest payments. The Supreme Court ruled the act unconstitutional since it denied creditors their property rights, but Congress modified the law and renamed it the “Farm Mortgage Moratorium Act” in 1935. It was renewed four times until 1949. See Garvey to Ferguson, September 21, 1934, Box 6, Folder 3, Garvey Papers. See also Lee J. Alston, “Farm Foreclosure Moratorium Legislation: A Lesson from the Past,” *The American Economic Review* 74, no. 3 (June 1984), 445-57; and John A. Fliter and Derek S. Hoff, *Fighting Foreclosure: The Blaisdell Case, the Contract Clause, and the Great Depression* (Lawrence: University Press of Kansas, 2012).

In the end, though, it is clear that Ferguson's credit policies most supported those clients who practiced efficient and modern methods of farming, including Ray Garvey himself. The banker had no qualms about extending short-term lines of credit or moving money around to cover Garvey's many financial transactions, because he knew Garvey had the means to pay.<sup>118</sup> He shared Garvey's interests directly—in that he was a business partner—but also indirectly, in that the success of large operators like Garvey kept the region in production and the bank in business. Ferguson gained much from his relationship with Garvey, from a recommendation to serve on the Kansas Board of Regents to the exchanging of tips on purchasing bonds.<sup>119</sup> Perhaps most importantly, he gained the ear of someone approximating a social, financial, and political equal. Garvey and Ferguson could relate to one another when the press made jokes about their mercenary qualities, as when Ferguson wrote to Garvey with tongue-in-cheek congratulations on the report that he “had purchased \$105,000.00 worth of notes for \$455.00.”<sup>120</sup> Ferguson was himself engaging in some of these types of transactions, bidding to buy failed banks' assets at low prices and sending agents to work on collections in those areas. Although this business was difficult and required the expense of employing collections agents, the banker hoped to make a profit from the failed banks' accounts receivable. He and Garvey carried on extensive correspondence about these purchases from banks in receivership in the late 1930s, sharing information about their purchases and experiences with collecting. While Garvey's bank

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118. Many examples of this are to be found in the Garvey Papers, but some examples include an instance when Garvey requested, “Please fix me up a note for ninety days for about \$2,000.00. I will need to borrow this amount to help finance the farming deal.” See Garvey to Ferguson, April 27, 1931; Ferguson to Garvey, April 29, 1931, both in Box 2, Folder 30, Garvey Papers. For other examples, see Ferguson to Garvey, October 4, 1934; Garvey to Ferguson, October 7, 1934; and Ferguson to Garvey, October 8, 1934, all in Box 6, Folder 3, Garvey Papers.

119. Ferguson's appointment to the Board of Regents, demonstrating the benefits of his connections with businessmen like Garvey, is discussed in the letter, Garvey to Ferguson, March 25, 1933, Box 4, Folder 3, Garvey Papers. For examples of bond discussions, which were frequent, see Ferguson to Garvey, June 15, 1931, Box 2, Folder 30; Garvey to Ferguson, June 18, 1932, Box 4, Folder 1, Garvey Papers.

120. Ferguson to Garvey, January 25, 1934, Box 6, Folder 1, Garvey Papers.

purchases ranged as far away as Ohio, Kentucky, and Texas, Ferguson concentrated on purchases in neighboring states of Nebraska and Colorado. He was most familiar with banking laws in those states, and had family and business connections to help him learn what he needed to about moving into collections there.<sup>121</sup> In his correspondence with Garvey, Ferguson could be unguarded about his own financial interests in a way he could not be within his own community, where he sought to remain somewhat aloof and where he had to obscure his distinct political and financial interests.

Ferguson often grew frustrated with the climate of public opinion and the way New Deal programs sought to control banking. Indeed, he summed up his acute frustration in a terse line to Garvey on June 10, 1933: “Governments seem to be undertaking to popularize persecution of financial institutions.”<sup>122</sup> In another letter, he lambasted the new president for making promises to the “forgotten man” that were “far afield from the American tradition.” As Ferguson viewed it, “The redistribution of wealth is the foundation of all his program.”<sup>123</sup> He loathed the way Roosevelt’s policies had devalued the dollar and artificially set prices for commodities during what he termed “this second November of 1929.”<sup>124</sup> Ferguson’s freedom to express such opinions to a sympathetic friend were useful in an era when he would have to suppress such expressions and mitigate his personal reputation in the Colby community, among those who had supported local Democrats and the national New Deal program.

The relationship between Ferguson and Garvey is illustrative of the ease a banker could sometimes establish with his long-term customers, stable individuals who would come back to

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121. Files from 1937 provide useful insight into this activity, in Box 9, Folders 7-8, Garvey Papers.

122. Ferguson to Garvey, June 10, 1933, Box 4, Folder 3, Garvey Papers.

123. Ferguson to Garvey, undated, Box 4, Folder 3, Garvey Papers.

124. Ferguson to Garvey, July 21, 1933, Box 4, Folder 4, Garvey Papers. It should be noted that he also compared the National Recovery Administration (NRA) with the KKK—his go-to point of comparison for crazy political movements. See Ferguson to Garvey, August 2, 1933, Box 4, Folder 4, Garvey Papers.

the institution repeatedly for new lines of credit and for help maintaining their farm operations. Intertwined financial interests with a wealthy client in multiple businesses and investments added some complications to Ferguson's job and made the banker especially conscious of his reputation within his community. This correspondence, though, provides a useful picture of how a banker sensitive to local criticism still followed his instincts in supplying credit where he saw the future of the community: in mechanized, efficient, and cost-effective farm operations.<sup>125</sup>

Committed family farmers were not excluded from this equation, and in fact Ray Garvey continued to appeal to this type of farmer in his land sales company. In one advertisement published in the *Colby Free Press-Tribune*, Garvey praised a young Russian-German immigrant who had successfully accumulated land for a diverse family farm in northwestern Kansas. In language that was pure Garvey, the advertisement used this example as a means of combating the community's recent attack on the land mogul's own large farming corporation. He wrote:

Propaganda has been spread in recent months by candidates . . . for the legislature and other gabble-mouths, to the effect that large scale farmers and farming corporations are driving the small farmer out of business. We doubt if the large scale farmer can affect such farmers as George Herbel [the immigrant]. He has his overhead more than covered each day with that day's profits. He may drive out the big farmer, but the big farmer can't hurt him.<sup>126</sup>

The advertisement concluded with an appeal to the land-owning American dream, by offering other property "for sale to young farmers with the grand passion for owning their farm." The final query, "May we show one to you?" indicated, of course, that Garvey's interests in family farmers ultimately were monetary.<sup>127</sup> He and Ferguson did seem to believe, at least on a private level, that large-scale farming would determine the future for wheat farming in northwestern

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125. If the records from the Farmers National Bank in Oberlin are at all representative, it means that bankers actually went into business with bank customers fairly frequently. Many of the loans to directors listed partners from outside the bank.

126. "That Grand Passion," Advertisement for the Garvey Land Company, *Colby Free Press-Tribune*, January 1, 1931.

127. *Ibid.*

Kansas. But the financial system of western Kansas did still encourage family farmers careful in their management, willing to mechanize to the degree that would keep them profitable. Land agents and bankers such as Ferguson would offer continued credit accommodations to strong farmers of either type, whether managing through the family or the more industrialized system. This decision to assist farmers who navigated successfully through difficult market conditions, for many bankers, affirmed the values of a free market. For those critical of the New Deal, like Ferguson, this was much preferable to and more sustainable than propping up inefficient, unscientific, unindustrialized family farmers.

### **Conclusion**

This chapter demonstrates that the complexities of banking in the Great Plains region only increased over time. Like their nineteenth-century counterparts, bankers in the twentieth century continued to have to support the physical and fiscal security of their banks—sometimes at risk due to the public distrust for bankers. A country banker's ability to maintain relationships with customers new and old, and to manage his reputation within the community, was more important than ever. In addition, the needs of the banking profession multiplied due to increased demand for credit in the industrializing agricultural sector, greater government regulation, and investors' high expectations for profit. Country bankers had to make decisions that balanced the financial interests of stockholders and the needs of a community trying to expand its share in the agricultural economy. Often, that meant supporting only those farmers whom they perceived to be the most socially stable and economically efficient, often those who owned a substantial acreage and possessed the knowledge and foresight to employ the latest technology.

Making lending decisions that supported only the most successful farmers could cause friction in a local community. But as the journalist Garet Garrett indicated, the banks that stayed

open did not give credit to everyone who asked for it. The bankers practicing such conservatism would not necessarily be “popular” in their communities because they did not cater to the speculative whims of borrowers who could not make something of the risk. But these bankers would, ultimately, be “esteemed” and profitable.<sup>128</sup>

There was a lot of truth to that statement. The bankers represented throughout this dissertation are notable for the regard their communities and their state held for them, despite some of the difficult financial and political decisions they made. Ferguson, while faced with ample criticism for his participation in the corporate farm and other enterprises with Ray Garvey, nonetheless had a sufficiently reputable place in his community that he served in a number of positions of honor and leadership in his town and state. He was a city treasurer, hospital board member, an appointed member of the Kansas Board of Regents, and a prominent booster of the local public library.<sup>129</sup> None of this could have happened without respect for the banker’s decisions as a financial professional; even periods of intense disagreement with Ferguson’s business decisions did not sink his personal reputation if he maintained a successful and “conservative” bank.

It is worth noting a couple of examples of how bankers’ good judgment, even during times when speculative fever resulted in over-expansion, could earn them the respect of their communities. Obituaries in small-town newspapers, generally written by members of the family or sympathetic members of the press, can certainly strike the reader as over-stated and flowery write-ups of the lives of the elite, but their choice of language can nonetheless provide real understanding about the deceased’s true character. Memorials like the one for Benjamin F. Brown, a banker from Goodland, Kansas, imbued the qualities of “conservative business” with

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128. Garrett, “Why Some Banks Fail,” 5, 68.

129. “Mr. W.D. Ferguson Dies,” *Kansas Library Bulletin* 33, no. 3 (September 1964), p. 32.

honorable meaning. Brown was remembered as “a safety valve to the machine of public and private enterprise,” one whose advice sometimes had to temper overreaching ideas, but who nonetheless “inspired confidence in his wisdom as a financier.”<sup>130</sup> A memorial for Latham Edward Harrison, a banker and former legislator from Saint Francis, Kansas, similarly noted the calming effects of the banker’s wisdom:

Although he always favored progress, his enthusiasm never mastered his judgment; and for many years it has been traditional in this locality that if Mr. Harrison approved of a proposal, it was fundamentally sound. During the decades when Cheyenne county was emerging from a frontier to a modern community, his integrity and his wisdom contributed a stabilizing influence which was vital to its welfare; and his reputation for fairness and honesty gained the respect and admiration of his fellowmen.<sup>131</sup>

Clearly, bankers could achieve general popularity, but a more valuable trait for their communities might have been their steadiness in the face of pressure, sometimes known as “conservatism.”

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130. “Benjamin F. Brown Is Dead,” *The Goodland Republic*, September 27, 1907, p. 1.

131. “Death Takes A Sterling Man,” *The Saint Francis Herald*, February 6, 1936, p. 1, 5.

## Chapter Five. Stewards of a System: Lender-Landholders and the Future of Farming in the Great Plains

*There's a dear old homestead on Nebraska's fertile plain  
Where I toiled my manhood's strength away;  
All that labor now is lost to me, but it is Shylock's gain,  
For that dear old home he claims today.*

### *Chorus*

*Ah, my dear prairie home! Nevermore in years to come  
Can I call what I made by toil my own;  
The railroads and banks combined, the lawyers paid to find  
Out a way to rob me of my home. . . .*

*We must now the robbers pay for a chance to till the soil,  
And when God calls us over the great range,  
All a' heaven will be owned, I suppose, by men who never toil,  
So I doubt if we notice the exchange.  
~My Prairie Home, by Luna Kellie*

At the height of the populist era in the 1890s, Nebraska Farmer's Alliance activist Luna Kellie wrote a poem attacking bankers and their allies. "My Prairie Home" expressed attitudes common among many discontented farmers in the Midwest and Great Plains. Kellie's lyrics depicting "Shylock" and his railroad and lawyer friends robbing farmers of their "prairie homes" and forcing them to "pay for a chance to till the soil" prevailed throughout much of the late nineteenth century.<sup>1</sup> Suspicion of banks and bankers was such a strong trope that the memoirs of pioneers sometimes reflected on the risks of taking out loans. As John Ise remembered in his classic tale of pioneering in western Kansas, his parents generally distrusted bank loans but sometimes by necessity signed over a mortgage on their home and land. To cover medical expenses, they once paid 15 percent interest upfront, or \$45 of scarce cash.<sup>2</sup> The family resented bankers and the high interest rates that made them fear losing their homes, and did whatever

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1. "My Prairie Home," in Luna Kellie and Jane Taylor Nelsen, *A Prairie Populist: The Memoirs of Luna Kellie* (Iowa City: University of Iowa Press, 1992), 172-73.

2. John Ise, *Sod and Stubble: The Story of a Kansas Homestead*, reprint (Lincoln: University of Nebraska Press, 1967), 182-84.

possible to take care of their personal needs and even the financial needs of their neighbors through alternative methods.

These sentiments reverberated through popular literature and political rhetoric even during the twentieth century. One of the famous scenes from John Steinbeck's *Grapes of Wrath*, for instance, describes a representative of the bank evicting tenants like the Joads from their long-cherished land. The evictor stated on behalf of the bank, "The tenant system won't work any more. One man on a tractor can take the place of twelve or fourteen families." This calculation suggested that no matter how humane and sympathetic the bankers themselves could be, the bank as an institution was a "monster." Steinbeck condemned the banks as "machines and masters" which "breathe profits . . . [and] eat the interest on money."<sup>3</sup> This language was all the more meaningful when compared with his description of a tractor cutting down the erstwhile homes of the tenant farmers. "Snub-nosed monsters," Steinbeck called the machines, "great crawlers moving like insects . . . raising the dust and sticking their snouts into it, straight down the country, across the country, through fences, through dooryards, in and out of gullies in straight lines."<sup>4</sup> Steinbeck argued that banks and tractors, monsters alike, united forces in destroying a way of life.

Steinbeck's work portrayed common perceptions of bankers' mercenary disregard for the people who had farmed the land for generations, buckling to severe economic pressure and forcing them off the land in favor of machines. In reality, country bankers were quite conscious of this reputation and sought to address the issue through reform. As a community, country bankers evidenced a great deal of concern for tenancy, related matters of farm credit, and the movement to modernize farms while still preserving a way of life for as many farmers as

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3. John Steinbeck, *The Grapes of Wrath* (New York: Viking, 1939), 31-34.

4. *Ibid.*, 35.

possible. A diversity of opinions on these subjects circulated within the *Banker-Farmer*, a monthly publication of the Agricultural Committee of the American Bankers Association (ABA) between 1913 and 1927. The journal gamely published critiques of the country banker, such as a 1920 piece reprinted from the *Organized Farmer* that contended bankers served only the “exploiting classes.” In language similar to populist writers before him, and especially reminiscent of Luna Kellie, Dr. Frederic G. Howe argued, “Instead of aiding the farmer they injure the farmer. Very frequently they bankrupt him. They foreclose farm mortgages in bad times.”<sup>5</sup> In the midst of the post-Great War agricultural crisis, as in the decades before, the threat that bankers might take over farmers’ land and rent it to tenants if they were unable to pay their mortgages seemed very real.

Yet, by demonstrating bankers’ interests in improving the agricultural situation and reducing tenancy, as well as in effecting broad reforms within rural communities, the historical record repeatedly belies the anti-banker rhetoric. As George E. Roberts wrote in response to Dr. Howe’s diatribe, “There is plenty of evidence that the bankers take a lively and helpful interest in the progress of agriculture.”<sup>6</sup> Debates over “country life reform,” indeed, were centerpieces of the *Banker-Farmer*’s coverage of the rural economy.<sup>7</sup> State banking associations supported

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5. Quoted in “Banking Fancies—And Facts: George E. Roberts Answers a Criticism by Dr. Frederic G. Howe,” *The Banker-Farmer* 7, no. 11 (October 1920), 12.

6. “Banking Fancies—And Facts: George E. Roberts Answers a Criticism by Dr. Frederic G. Howe,” *The Banker-Farmer* 7, no. 11 (October 1920), 12.

7. Rural credits were considered one major way for correcting the tremendous increase in tenancy, and the *Banker-Farmer* published many articles to that effect. See L.H. Bailey, “Wise Words on Rural Credits,” *The Banker-Farmer* 1, no. 2 (January 1914), 6; Robert Bulkley, “The Status of Rural Credit Legislation in Congress,” *The Banker-Farmer* 1, no. 8 (July 1914), 6; W.C. M’Guire, “Rural Credit, A Letter from a Farmer,” *The Banker-Farmer* 2, no. 4 (March 1915), 5; Herbert Quick, “Bankers and the Farm Loan Act—As Seen by One of Uncle Sam’s Board,” *The Banker-Farmer* 4, no. 5 (April 1917), 14-15; and B.F. Harris, “What the Present Banking System is Doing—and Can Do—For Farm Loans,” *The Banker-Farmer* 3, no. 2 (January 1916), 14. Harris reiterated this point in “Better Farming, Not Federal Laws, Will Bring Better Credit,” *The Banker-Farmer* 3, no. 1 (December 1915), 4-5. Issues of tenancy were also at the forefront of discussions in the post-war period. See C.E. Lobdell, “The Federal Farm Loan System,” *The Banker-Farmer* 6, no. 5 (April 1919), 13-14; M.H. Gossett, “The Road to Farm Ownership: It’s Not Easy, But There’s Hope for the Right Man,” *The Banker-Farmer* 7, no. 6 (May 1920), 10-11; “A Story of a Great Conference,” *The Banker-Farmer* 6, no. 5 (April 1919), 1-2; Joseph Hirsch,

regional agricultural research and rural community development.<sup>8</sup> The motivations for bankers to join rural reform movements were complex. Their involvement did not represent merely an altruistic perception of their worth as businessmen and community leaders, but also reflected financial interests in the continued success of rural economies. In addition, bankers' participation in movements to develop modern farming systems while preserving strong communities still based on agriculture suggested their adherence to a cultural value for agrarian lifestyles. Western Kansas was home to banks such as the Stockgrowers Bank and many "Farmers National" or "Farmers State" banks. These names did not represent simply a marketing ploy. The officers of these banks, quite frequently, were farmers or stockmen themselves.<sup>9</sup> Though they viewed land

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"Opening Address to Conference," *The Banker-Farmer* 6, no. 5 (April 1919), 4; and L.C. Gray and H.A. Turner, "Land-Banks and Landless: A Study of the Experience of 2,700 Farmers," also published as USDA Bulletin 968, *The Banker-Farmer* 8, no. 10 (September 1921), 2-4.

8. Several articles from the 1916 meeting of the Kansas Bankers Association (KBA) highlight the banker's role in agricultural and community development. See *Proceedings of the Twenty-ninth Annual Convention of the Kansas Bankers Association, Held at Salina, Kansas, May 11-12, 1916* (Topeka: H.M. Ives & Sons, 1916). Some other strong examples include the speeches of Kansas governor Henry J. Allen before the KBA in 1919 and 1921. See *Proceedings of the Thirty-Second Annual Convention of the Kansas Bankers Association, Held at Kansas City, Kansas, May 15-16, 1919* (Topeka: H.M. Ives & Sons, 1919); *Proceedings of the Thirty-Fourth Annual Convention of the Kansas Bankers Association, Held at Topeka, Kansas, May 19-20, 1921* (Topeka: H.M. Ives & Sons, 1921). Another good example of bankers' interests in agricultural development is discussion of the KBA's partnership with extension workers at the Kansas State Agricultural College. See Dr. Francis David Farrell, President Kansas State Agricultural College, "Our Mutual Relations" *Proceedings of the Fortieth Annual Convention of the Kansas Bankers Association, Held at Manhattan, Kansas, May 18-20, 1927* (Topeka: H.M. Ives & Sons, 1927), 2-11.

9. Chapter two described W.D. Ferguson, who partnered with R.H. Garvey, John Kriss, and fellow banker Ike W. Crumly in farm ownership and management. Many other examples exist. Orrin Wylie Dawson was a realtor and lender who demonstrated the capacities of his land through the "practical farming" of a large amount of land. See "Orrin W. Dawson," in *A Standard History of Kansas and Kansans, Vol. 5*, ed. William E. Connelley (Chicago: Lewis Publishing Company, 1919), 2523-24. William Willis Martin, a banker from Morton County, owned 22 quarter sections of land, where he raised cattle, horses, and mules. See "William W. Martin," in *A Standard History of Kansas and Kansans, Vol. 5*, ed. William E. Connelley (Chicago: Lewis Publishing Company, 1919), 2177-79. Henry S. Buzick, Jr.'s farm operations included 1,000 cultivated acres and 5,000 acres in pasturage. According to the 1931 Bell Blue Book, Buzick was "intensely interested in agriculture and is actively identified with the mid-Kansas Agricultural Assn., an organization participated in by fifteen counties in his section of the state." See "H.S. Buzick, Jr.," in *Who's Who in the Kansas Legislature, Session 1931*, edited by Arch L. Bell (Great Bend, Kansas: Howell Printing Company), 53. William P. Noone, like the primary subject of this chapter, was a merchant and banker who owned and operated an implement and grain business, in addition to directly managing a 3,000-acre farm and ranch. See "William P. Noone," in *Illustriana Kansas*, edited by Sara Mullin Baldwin and Robert Morton Baldwin (Hebron, Neb.: Illustriana Incorporated, 1933), 875-77. Many other prominent bankers in western Kansas, surveyed as part of this dissertation's study of banker-legislators, considered themselves farmers or stockmen as well as bankers. These include Jerome W. Berryman, Benjamin F. Brown, John Harry Hill, John A. Morton, Everton T. Skinner, W.S. Freas, Lyman Miller, Charles H. Sargent, Fred Beeler, Joe R. Beeler, Charles H. Benson, Louis Boehler, Robert Morrison Crawford, Bennett H. Johnson, Francis Murray Carter, Ernest F. Goernandt, Herlan

ownership as an opportunity for profit and power in their communities, the strong connections between bankers and agriculture made them act less as greedy mercenaries trying to take over land from the less able, and more as protectors of a long-cherished agricultural system and of a regional community based upon this system. Like the bankers represented in Steinbeck's work, country bankers did face tough decisions about whether they could keep tenants on the land—making no money—or if they should flow with the tide of mechanization in farming and make the process as efficient and profitable as possible. Their responses to economic and environmental crises varied, but bankers were willing to align *with* successful farmers in their communities as “stewards” searching for long-term solutions to agricultural maladjustments.

Whereas chapter four considered the financial functions of the decisions bankers made about the “branches” of credit they wished to cultivate, this chapter turns to the ways these decisions affected the region's farm system. It concentrates on the system of land turnover in western Kansas during the interwar period, with the intention of better understanding lenders' roles in shaping the changing patterns of land ownership and adding nuance to the frequent vilification of the foreclosing banker. Scholarship has focused largely on the conditions of tenancy in the nineteenth century and mirrored the criticisms of bankers highlighted in the popular literature above.<sup>10</sup> Critiques of the environmental effects of tenancy dominate

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Stewart Jennison, J.E. Missimer, William H. Sellens, Hugh A. Storer. A historical directory of members of the Kansas legislature is available on the Web site of the Kansas State Library, <https://kslib.info/BusinessDirectoryii.aspx>. Additionally, biographies of many of these bankers and public servants are available for reference at the Kansas State Historical Society, through the Kansas Collection.

10. Critiques of the problematic social relationships created by tenancy included Paul Wallace Gates's *Fifty Million Acres: Struggles over Kansas Land Policy, 1854-1890* (Ithaca: Cornell University Press, 1954). Other prominent agricultural historians mirrored this complaint, particularly when examining the roots of agrarian radicalism. See Chester McArthur Destler, *American Radicalism, 1865-1901, Essays and Documents* (New London, Conn.: Connecticut College, 1946), 25; Theodore Saloutos and John D. Hicks, *Agricultural Discontent in the Middle West, 1900-1939* (Madison: University of Wisconsin Press, 1951), 102-3, 15-17; and Fred A. Shannon, *The Farmer's Last Frontier: Agriculture, 1860-1897* (New York: Farrar & Rinehart, 1945), 185-86. The prolific agricultural historian Allan Bogue took the opposite position and convincingly demonstrated that foreclosure rarely affected resident landowners as disastrously as depicted in popular accounts. See Bogue, “Farmer Debtors in Pioneer

discussions of twentieth century agricultural problems.<sup>11</sup> Understanding how and why lenders built up large holdings of farmland during this era of sustained economic hardship in the region offers a more complete picture of the changes that were developing in the regional agricultural economy. Farming on the Great Plains was moving rapidly toward consolidation and mechanization, heavily financed through an increasingly complicated credit system and through the shifting technological landscape of wheat production. I argue that the process of financing land and implements purchases made lenders increasingly active participants in the transition from a traditional agrarian system of smallholding farmers to a modern system where farms were increasingly larger and more mechanized. Bankers and implements dealers facilitated this modernization as a result of a complex system of economic and cultural values. Even in cases when purchasing or foreclosing land from distressed farmers resulted in the protection and expansion of lenders' own financial interests, maintaining the land's productive capacity in partnership with successful tenants also fulfilled lenders' visions of progress and contributed in material ways to the land use system of the Great Plains.

To illustrate these arguments, I examine Albert A. Doerr's record as a lender and landlord in southwestern Kansas during the 1920s and 1930s. His story counters narratives depicting bankers as the robbers of farm lands and enemies of rural people prominent in American popular culture. It is more insightful about the motivations of rural financiers to protect not just their own livelihoods, but also the broader economic vitality of the communities on which they depended.

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Kinsley," *Kansas Quarterly* 20, No. 2 (1952), 82-107; and Allan G. Bogue, *Money at Interest: The Farm Mortgage on the Middle Border* (Ithaca: Cornell University Press, 1955).

11. Donald Worster offered the most powerful criticism of capitalist culture, "suitcase farming," and the attendant destruction of the Great Plow-Up in his monograph, *Dust Bowl: The Southern Plains in the 1930s* (New York: Oxford University Press, 1979), 87-94. Several scholars have taken up Worster's argument in condemning twentieth-century farmers and landlords for hewing to the bottom-line rather than heeding conservationists' advice for reforming landholding practices. Among these are Andrew Duffin, *Plowed Under: Agriculture & Environment in the Palouse* (Seattle: University of Washington Press, 2007); Chris Rasmussen, "'Never a Landlord for the Good of the Land': Farm Tenancy, Soil Conservation, and the New Deal in Iowa," *Agricultural History* 73, no. 1 (Winter, 1999), 89-90.

As the owner of a large hardware and farm implements mercantile in Larned, Kansas, Doerr operated also as a creditor for customers making large purchases to expand their farm operations through mechanization. He also served as a director of several regional banks and building and loan associations, and thus engaged in the institutional lending field. Through his business interests and personal connections, he was able to amass a large land estate in nine Kansas counties as well as in New Mexico and Colorado. He rented this land out to tenants and corresponded in detail with them about farm operations. His collection of letters provides insight into the relationship between a landlord and his tenants in a changing system of land ownership and occupancy. They also reveal the hardships of maintaining a livelihood on the Plains during a period when crop and land prices remained unpredictable and production costs increased dramatically, and especially when nearly a decade of drought and dust descended on the region. Perseverance through difficult years and keeping the land even once it recovered value during the 1940s suggested that Doerr, like many of those accumulating farmland in the region, did not do so as a speculative venture.

Land turnover is an odious part of regional lore, but Doerr's case suggests that in addition to serving his personal business interests, buying out heavily indebted farmers during the 1920s both relieved them of mortgage burdens and served to stabilize a farming culture that few people wanted to upend. The land increasingly came into the hands of a few wealthy families, who kept it in production by way of tenant operators as the region weathered a depression and, later, years of drought. These investments were not merely speculative and businessmen did not always seek simply to hold the land until they could sell it at a better price. Instead, Doerr's records show how some investors intended to hold these farms as valuable assets over the long term, and to

maintain for their families and for the broader region the legacy of the farming culture they had long embraced.

Although many family farmers lost their livelihoods during this era, their farms often remained in the regional farming system as part of the property of those who could manage large farms on an industrialized basis. The letters between Doerr and his tenants illustrate how this system functioned and how the tenants were able to hold to their identity as farmers even as the region suffered from poor markets and terrible dust storms during the 1920s and 1930s. Furthermore, agricultural data provided by the Kansas State Census and the Kansas Board of Agriculture show that over the interwar period, those who rented land could experience some success even during difficult years, and often could aspire to own part of the land they operated.<sup>12</sup> These data represent the transition of the regional farming landscape into its present form, where farmers mix land rental and fee-simple ownership in order to maximize the efficiency of their large-scale grain and cattle operations and to provide maximum profit for themselves and the larger region.

As a representative of a business class with vast holdings of land during the boom and bust years of the early- to mid-twentieth century, Doerr presents an illustrative case. As a landlord and lender during years of economic and environmental disaster on the Great Plains, he deserves close scrutiny as part of a broad class of lender-landlords. Scholars have only rarely considered the cultural motivations for lenders to become landlords, especially with relationship

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12. My contention is that tenancy on the Great Plains functioned somewhat differently from other parts of the nation. In the South, for instance, tenant farming is ideologically linked to sharecropping, which perpetuated a system of indebtedness and immobility among poor white and black farmers. In the wheat-producing region of western Kansas, many “tenants” actually owned land of their own, or rented large acreages in order to maximize the efficiency of their production and profits. I maintain the terminology of “tenancy” because historical actors so-termed those who rented land, but alternately calling them “renters” or “operators” speaks to the complexity of the system in this part of the country and to the higher “status” these farmers actually occupied within the so-called agricultural ladder. For more on how tenants sometimes chose that status strategically and derived benefits from it, see Catharine Anne Wilson, *Tenants in Time: Family Strategies, Land, and Liberalism in Upper Canada, 1799-1871* (Montreal: McGill-Queen’s University Press, 2009).

to the twentieth century.<sup>13</sup> Understanding lender-landlords' interest in maintaining the agricultural system of the Plains in a form profitable not just to themselves but also to the broader region helps to demonstrate the distinct nature of finance in the Great Plains context, which operated on a highly personal level in individual and regional communities. Rural finance was unique in that lenders faced challenging environmental conditions as the creditors of agriculture-centered communities in the arid region. This chapter underscores the conclusions of other chapters in this dissertation. In the Great Plains region, the reputation of lenders—bankers and merchants alike—and their ability to establish successful social and economic relationships with their fellow citizens, based on a comprehensive understanding of the local farm culture, were paramount in the maintenance of individual businesses and the communities themselves. In analyzing lenders' relationships with their tenants as well as illustrating their understanding of land use and the agricultural trajectory of the region, this study of a lender-landlord case on the Great Plains exemplifies bankers' broad roles in developing and sustaining rural communities.

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13. There are a few exceptions. Regarding nineteenth century tenancy patterns, Historians Paul Wallace Gates and Margaret Bogue long ago illustrated how land ownership and lending reinforced each other, so that those who did not enter banking already holding large estates generally took to investing in land as their prerogative. See Paul W. Gates, "Frontier Landlords and Pioneer Tenants," *Journal of the Illinois State Historical Society* 38, no. 2 (June 1945), esp. 167-73; and Margaret Beattie Bogue, *Patterns from the Sod: Land Use and Tenure in the Grand Prairie, 1850-1900* (Springfield: Illinois State Historical Library, 1959), 81, 95-101, 210-21. Economic historians have also conducted studies of foreclosure and land repurchases by local businessmen and "suitcase farmers," while the environmental critique of Great Plains farming during the Dust Bowl years lays the blame squarely on this group. See L.J. Alston, "Farm Foreclosures in the United States during the Interwar Period," *Journal of Economic History* 43, no. 4 (December 1983), 885-903; Lawrence A. Jones and David Durand, *Mortgage Lending Experience in Agriculture* (Princeton: Princeton University Press for the National Bureau of Economic Research, 1954); Donald Worster, *Dust Bowl: The Southern Plains in the 1930s* (New York: Oxford University Press, 1979), 87-94; and Chris Rasmussen, "'Never a Landlord for the Good of the Land': Farm Tenancy, Soil Conservation, and the New Deal in Iowa," *Agricultural History* 73, no. 1 (Winter, 1999), 89-90. My work unites a local case study of land use with considerations of capitalism and other cultural values. Bringing together cultural interpretations with local data illustrates that lasting cultural valued for farming the land as a means of sustaining families do matter in characterizing farmers' practices on the Great Plains during this era.

### Land Acquisition during the Agricultural Crisis

Research into the landholdings of Albert A. Doerr, an implements dealer and lender from Larned, Kansas, illustrates the circumstances through which prominent individuals accumulated a vast amount of land from failing farmers in the postwar period. The plight of Kansas farmers owed initially to the opening of deep fissures in the wheat market in the post-World War I years, and worsened due to drought in the 1930s. Over the decade between 1919 and 1929, wheat exports declined from 366 million to 186 million bushels. American consumption declined also, as city dwellers required less food to sustain more sedentary lives, Prohibition decreased the amount of grains consumed as alcohol, and even fashion promoted smaller diets and slimmer figures.<sup>14</sup> In the relatively wet 1920s, farmers persisted in planting more acres of commercial crops than markets demanded. Prices of commodities such as wheat remained unstable: in the early 1920s prices declined dramatically from the \$2-plus per bushel rate they had achieved under wartime price support policies, but increased again before falling to a consistently depressed rate in the 1930s. The 63 cents per bushel farmers could get for their wheat in 1930 was only slightly below the next decade's average of 69 cents per bushel, and prices in 1931 and 1932 reached all-time lows at 33 cents per bushel.<sup>15</sup> Meanwhile, the costs of production rose as more and more farmers purchased tractors and other farm equipment such as combines, trucks, and grain silos. There were only 246,000 tractors working on American farms in 1920, while in 1930 this number had more than tripled to 920,000 tractors. In Kansas, the number of tractors and combines on farms increased from 45,994 and 11,203, respectively, in 1928, to 87,515 and 41,572, respectively, in 1940; though sales stalled in the drought-stricken Southwest, one in two

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14. David B. Danbom, *Born in the Country: A History of Rural America* (Baltimore: The Johns Hopkins University Press, 1995), 187.

15. Peter Fearon, "Regulation and Response: Kansas Wheat Farmers and the New Deal," *Rural History* 18, no. 2 (October 2007), Table 1, 249.

farms still owned a tractor.<sup>16</sup> Financing these machines often required, at the very least, installment loans from the local implements dealer. Ultimately, to make farm technology worth the cost (from \$750 for a simple model to upwards of \$3,000 per machine), it made sense for farmers to put more land into commodity production. Purchasing additional acreage once again required credit. The most successful farmers purchased land from their less-successful neighbors, many of whom failed in financing their own efforts to expand or defaulted on mortgages. Farm size increased substantially in the 1920s, as the percentage of mortgaged farms rose to 42 percent by 1930.<sup>17</sup>

Agricultural depression in Kansas and much of the U.S. rural sector ensured the perpetuation of tenancy as farm commodity prices dropped and farmers who had been encouraged to take on mortgages to purchase land or equipment were unable to fulfill their financial obligations. The Federal Reserve System, formed in 1913 as part of national efforts to correct some of the regional imbalances in credit distribution, did little to help farmers during the post-war period. Kansas farmers routinely criticized the institution for raising interest rates and failing to provide mechanisms for infrastructural development and crop marketing. The constituency of Kansas City's Federal Reserve District Ten, along with other rural districts around the country, felt cheated out of the post-war prosperity many urban Americans were experiencing.<sup>18</sup> Country bankers, often similarly frustrated with the Federal Reserve, protected

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16. Danbom, *Born in the Country*, 196; and Fearon, "Regulation and Response," Table 3, 258.

17. Danbom, *Born in the Country*, 196. For more on the credit expansion and financial risks undertaken by farmers during the 1920s, see H.T. Johnson, "Postwar Optimism and the Rural Financial Crisis of the 1920s," *Explorations in Economic History* 11, no. 2 (April 1974), 173-92; Fearon, "Regulation and Response," 248-49; and Peter Fearon, "Mechanisation and Risk: Kansas Wheat Growers, 1915-1930," *Rural History* 6 (1995), 299-250.

18. "Hikes Interest Rates," *Topeka Daily Capital (TDC)*, December 12, 1919, 10; "To Check Speculation," *TDC*, December 30, 1919, 1; "Trim Those Sails Now," *TDC*, January 30, 1920, 4; "Credits Curbed By New Reserve Bank Orders," *TDC*, April 19, 1920, 1; "Our Shrinking Dollar," *TDC*, April 25, 1920, 32; and "Prices Are Still High," *TDC*, May 7, 1920, 11; "Will Speculators Euchre Farmers Out of Wheat," *TDC*, July 17, 1920, 17; "Financing the Farmer," *TDC*, December 10, 1920, 4; and "Investigation of Agricultural Bank Loans," *TDC*, December 18, 1920, 4.

their financial interests as best they could under these circumstances. Forced to pay higher rates of interest on funds borrowed from the Fed, bankers called in loans and placed their money in stocks and bonds instead. As a *Topeka Daily Capital* editorial in August 1921 pointed out, banks in Federal Reserve District Ten had liquidated agricultural loans at twice the rate of commercial loans. The article concluded, “The hammering of agriculture should be stopped. . . . Call off the raid on the farm thru the country banks, Mr. Federal Reserve Banker.”<sup>19</sup>

Nothing about a situation where bankers called in loans and foreclosed on farmland spelled opportunity for either national policymakers or local lenders. Low crop prices and low values of farm real estate meant that lenders had little to gain from their clients’ failure to pay. They would not earn much in the short term from acquiring the land themselves, as reselling the land at a good value was out of the question. Planting cash crops was risky in the already overextended markets, and if someone else managed the land the landlord would receive only one-quarter to one-third of the crop. Purchasing land cheaply at the sheriff’s auction, furthermore, would reflect poorly upon local businessmen. Historian David Danbom commented that lenders, therefore, “tried to be liberal, extending loans and delaying payments when they could,” that is, until their own creditors forced them to call in mortgages.<sup>20</sup> In the 1930s, weather complicated the situation still further by making land investments risky and maintenance difficult. Temporary moratoria on foreclosure passed on the state and national levels, combined with New Deal refinancing schemes under the Farm Credit Administration, further impeded lenders from taking over land in the 1930s.<sup>21</sup> Although circumstances in the 1920s did drive

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19. “The Banking Raid on Agriculture,” *TDC*, August 28, 1921, 4.

20. Danbom, 201-202.

21. Pamela Riney-Kehrberg, *Rooted in Dust: Surviving Drought and Depression in Southwestern Kansas* (Lawrence: University Press of Kansas, 1994), 152-53; Peter Fearon, *Kansas in the Great Depression: Work Relief, the Dole, and Rehabilitation* (Columbia: University of Missouri Press, 2007), 154. The legal implications of the foreclosure moratoria, which were upheld as emergency measures in the U.S. Supreme Court, are discussed in John

many lenders and other businesspeople in agricultural regions to invest deeply in farm real estate at the expense of smaller farm owners, conditions did not support high rates of foreclosure in southwestern Kansas during the 1930s.

Deed and plat records recording when farm land changed hands show the significant pressures of overextended credit among many farmers in the 1920s. The acquisition of land by those who had lent aspiring farmers the money for expansion or improvements was a direct result of these pressures. As historian Deborah Fitzgerald noted, lenders nationwide played an important role in the “factory-ization” or industrialization of farming through the expansion of credit for land and machinery, as well as through advocacy for business-like management models.<sup>22</sup> On the Great Plains, this meant that they contributed to the expansion of crop farming onto virgin prairie during the years surrounding World War I, a phenomenon known as the “Great Plow Up.”<sup>23</sup> The immediate consequences of this event included a drastic expansion of production that soon outpaced market demand. Lenders endeavored to fix the problem they helped create during this era, but ironically, as a survey of land exchanges in several Kansas counties reveals, expansive new credit solutions and subsequent farm failures may have aided in the more rapid consolidation of land in the hands of lenders and wealthy farmers during times of

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A. Fliter and Derek S. Hoff, *Fighting Foreclosure: The Blaisdell Case, the Contract Clause, and the Great Depression* (Lawrence: University Press of Kansas, 2012).

22. Deborah Fitzgerald, *Every Farm a Factory: The Industrial Ideal in American Agriculture* (New Haven: Yale University Press, 2003). At least one observer went so far as to blame unscrupulous, unprofessional bankers in the Midwest for the land boom and speculative prices that had devastated farmers once values declined dramatically. President Coolidge’s Secretary of Agriculture Howard M. Gore attributed the boom unequivocally to “business men and bankers in the country towns.” A more reasoned scholar, however, pointed fingers less at the conservative bankers of the region and more at those who had overnight set up banks or become bank directors and advocated credit for poor risks. See Eric Englund, “The Bank’s Part in the Farmer’s Trouble,” *Nation’s Business* (October 1926), 13.

23. For more on the role of credit in the Plow-Up, see Sara Gregg, “From Breadbasket to Dust Bowl: Rural Credit, the World War I Plow-Up, and the Transformation of American Agriculture,” *Great Plains Quarterly* 35, no. 2 (Spring 2015), 129-166.

regional economic and environmental crisis.<sup>24</sup> Although this represented a distinct departure from the goal of expanding individual ownership of small farms, it did not represent a shift in the cultural valuation of the land for agriculture. The new owners, in building up increasingly larger estates, intended to keep the land under cultivation over the long term. The efficiencies of large-scale, mechanized wheat farming would allow their landholdings to turn minimal profits as landlords rode out the farm crisis. Even as the depression deepened and as the region was convulsed by drought in the 1930s, landholders like Doerr would continue to hold onto the land in hopes that it would eventually form a valuable part of their personal legacies. In doing so, they played key roles in maintaining the regional identity as a farming culture, even while they also accelerated the transformation of the farm economy into one centered on the ownership of large amounts of property by elite families and on the high-input management of this property by renters.

Despite his humble beginnings, Doerr in many ways represented the diverse occupations of western Kansas's wealthy business class. Doerr's family moved to western Kansas in 1877 from Pittsburgh, Pennsylvania, and Albert, the eldest son at age eleven, began helping his father farm the family homestead. He went back to school and earned a certificate to teach in country schools when he was 21 years old, but continued to farm as well as to teach. After briefly serving in the 1890s as the editor of the Larned, Kansas newspaper, *The Tiller and Toiler*, he embarked upon a mercantile and agricultural implements business in Larned.<sup>25</sup> Doerr built up a business demonstrating and selling the modern conveniences required for the new, modern vision of

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25. "A.A. Doerr," in *A Standard History of Kansas and Kansans*, Vol. IV, 2nd Ed., edited by William E. Connelley (New York: Lewis Publishing Company, 1919), 1646-48.

“country life,” such as threshers and tractors, automobiles, electricity and plumbing fixtures.<sup>26</sup> His success managing the A.A. Doerr Mercantile Company allowed him to invest in many other ventures, including several banks and lending institutions. Most importantly, he purchased thousands of acres of farmland throughout Southwestern Kansas and rented them out while often simultaneously serving as his renters’ implements dealer and mortgage lender. Many businessmen, especially rural bankers and merchants, considered land purchases for speculation and rental purposes a matter of course. But Doerr’s background in farming undoubtedly influenced his decision to invest in land; his position as a commercial farmer, merchant of the mechanized tools of modern farming, and as a creditor gave him a strong interest in the future of modern agriculture in the region.

Over the course of his lifetime, Albert A. Doerr purchased and maintained nearly 15,000 acres of farmland throughout nine counties in southwestern Kansas.<sup>27</sup> Deed records from these counties, along with corroborating detail from the section indexes which display the mortgage and ownership transactions on a particular piece of land, help to illustrate Doerr’s land purchasing patterns. His land purchases from the 1880s through the 1910s came in his home county of Pawnee, in the Sawmill, Valley Center, and Pleasant Valley townships. The land around Larned in Pawnee County is situated in the heart of the Kansas wheat belt. Perhaps owing to the higher value of land there, especially during the first two decades of the twentieth century,

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26. A.B. MacDonald, “Big Country Merchants: A.A.Doerr, of Larned, Kansas,” *The Country Gentleman* 85, no. 39 (September 25, 1920), 15, 24. This article also includes the story of one of Doerr’s farmer clients, who had successfully built up a prosperous enterprise and stylish mode of living. Echoing the exact goals of the Country Life Movement, to improve life in the country and thereby keep young farmers on the land, the farmer concluded that he purchased all the modern conveniences “on account of my boys; I want to keep them away from the town and city. I want them to be farmers.”

27. The total number of acres owned by Doerr derives from deed records in Pawnee, Ness, Ford, Hodgeman, Grant, Kearny, Hamilton, Finney, and Scott counties. The deeds were cross-referenced with section records to ascertain how long Doerr held the land. My tally of 14,680 acres includes all of the parcels of land Doerr purchased and did not resell in the short-term (there were very few of these cases). This does not include countless town lots purchased and resold over his lifetime.

Doerr bought and sold farms at higher prices in this county than elsewhere. Even his government patent for a quarter-section homestead in Valley Center became a source of income for the family. Initially, he sold the patent to his father, Jacob Doerr, whose own homestead adjoined the land. Jacob Doerr later sold both sections for \$8,000 in 1906.<sup>28</sup> If the family homesteads could accrue such value, so could other land nearby. In these heady days of good prices and reasonably good demand for wheat, Albert A. Doerr sold some of his land at a modest profit.<sup>29</sup> Although Doerr occasionally engaged in the farm real estate trade for profit, in the overwhelming number of cases he retained the land over the long-term. Instead of building a monetary estate for his family out of the sale of his land once it recovered in value in the 1940s, Doerr decided to hold the land for his heirs. This confirmed his commitment to landholding as a stable investment.

This pattern of land retention held true for most of Doerr's other Pawnee County farms and those he purchased in other counties. Two sections that he purchased in Pawnee County in 1909 for \$4,850 remained in his estate when he died in 1950, though his daughter Laura Pate Campbell sold them in 1956 for \$32,000.<sup>30</sup> Several other parcels of land in the county were valuable enough to earn the Doerrs oil and gas money and to serve as collateral for small personal mortgages. Doerr's land purchases in Pawnee County were distinguished by the fact that he bought these farms early in his adulthood, and he abstained from purchasing farm lands in that county during the agricultural crisis of the 1920s and during the Great Depression. Cheaper prices elsewhere may have discouraged him from this investment, despite the proven

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28. Pawnee County Warranty Deed, book 1, page 449 (hereafter formatted as WD 1-449). See also WD 18-220 (June 6, 1906).

29. WD 2-56 (February 28, 1901) sold a quarter section purchased for \$1,200 for a \$300 profit. WD 13-154 (March 17, 1904) and WD 13-172 (March 22, 1904) sold three quarter sections purchased by an Executor's Deed for \$4,100 for \$5,800. WD 17-379 (May 9, 1906) conveyed a quarter section to Doerr which he sold two years later (March 26, 1908) for \$5,000 (WD 18-398).

30. Pawnee County WDs 19-316 and 19-317 record the purchases, while WD 44-290 records the sale on May 24, 1956.

value of Pawnee County soil for planting wheat. The merchant also may have been reluctant to take over the land of his erstwhile neighbors.

Doerr did purchase a large amount of land from distressed farmers during the 1920s, if not in Pawnee County. Indeed, he bought nearly fifty percent of his estate during this decade. In counties to the west of Pawnee, including Hodgeman, Kearny, Hamilton, and Finney counties, the effects of heavy mortgage debt among those who deeded their farms to Doerr became clear. On several occasions Doerr purchased multiple parcels from the same individuals, which may have meant that they had been trying to expand their landholdings but could not manage to pay off the debt accrued to do so. One individual had owned 400 acres in Hodgeman County and a quarter section (160 acres) in Grant County, but mortgaged them for \$7,000 and ultimately sold out to Doerr in three separate deeds between June and September of 1921.<sup>31</sup> In a similar case, the owner of 560 acres in Kearny County and 160 acres in Hamilton County, mortgaged for \$3,500, sold each piece of property to Doerr in October 1921.<sup>32</sup> One farmer in Finney County had managed to mortgage his 640 acres to multiple lending institutions, including the Federal Land Bank of Wichita, local banks, and eastern mortgage companies, for an incredible \$16,150. His farm likely had seen a great deal of improvement, perhaps even some irrigation works, but this outrageous sum must have caused quite a burden before the owner sold the land to Doerr in 1926. In purchasing the land, Doerr promised to take over a \$4,000 debt to the Federal Land Bank in Wichita as well as pay the former owner approximately \$3,500.<sup>33</sup>

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31. Hodgeman County WDs 12-174, 12-187; and Grant County WD 21-184.

32. Kearny County WD 23-348; and Hamilton County WD 40-258.

33. Finney County WD N-570. The deed stipulated the transfer of the Federal Land Bank debt, but by listing the price as "\$1 and other valuable considerations," the transaction obscured the real value of the sum paid by Doerr to the grantor of the deed. The inclusion of U.S. postal savings stamps with some deeds of this era, however, provided a clue to the sum exchanged. In this case, the attachment of \$4 in stamps equated to a purchase of around \$3,500. The author thanks the Register of Deeds office in Finney County, Kansas, for explaining the stamp valuation.

In a few cases Doerr purchased farms from foreclosing institutions. In 1926, Doerr acquired one section in the Garfield township of Finney County from a bank receiver after the original owner defaulted on \$3,675 in mortgage debt, and after the bank, in turn, became insolvent and went into receivership.<sup>34</sup> Doerr purchased another 160 acres in Garfield from the Jellison Trust Company, also in 1926. Jellison had foreclosed on the property and repurchased the Sheriff's Deed to the land for \$1,736 (it was a common practice for lending institutions to recoup the collateral on their debts and hold them until they could be sold at a reasonable price). Doerr received a slight discount from the trust company, paying \$1,550 for the land.<sup>35</sup> As a successful businessman interested in farm land investments, Doerr had a long-standing relationship with the Jellison Trust Company.<sup>36</sup> At one time Jellison had even referred several potential buyers to Doerr when he was considering selling his mercantile business. Transacting purchases through trust companies was common among the financial elites of western Kansas. The practice had the benefit of individual buyers avoiding direct foreclosure sales, and probably helped to insulate Doerr from harmful backlash within the region, a matter of utmost importance for a merchant-lender dependent on farmer clients for the success of his implements business. In a region where popular culture among farmers routinely vilified bankers and those businessmen who lent money at interest, preyed upon poor farmers, and poached their land, Doerr actively sought to mitigate the image of his actions. On the Great Plains, the only way a businessman could successfully operate was if he held the trust of the community. A merchant or a banker's

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34. Finney County Receiver's Deed 150-224.

35. Finney County Corporate WD 116-182.

36. The Jellison Trust Company was founded by Arthur Dale Jellison, a banker from Junction City, Kansas with controlling interests in at least fifteen Kansas banks. He served on the Board of Directors for the Farmers and Bankers Life Insurance Company of Wichita, Kansas and the Bankers Cattle Loan and Farm Mortgage Company of Boston, Massachusetts, and his wide experiences positioned him well within the land and mortgage market serving such individuals as Albert A. Doerr. See "Arthur Dale Jellison," in *Kansas: The First Century*, Volume III (New York: Lewis Historical Publishing Company, Inc., 1956), 291-93.

economic power, thus, depended not just on his business reputation but also on his dealings with that community.

Doerr did not just protect his own image in making indirect purchases such as these. Dealing directly with former owners helped them avoid humiliating foreclosure proceedings, and allowed them to choose whether they wanted to deed the land directly to someone they knew in the region, rather than to a faceless mortgage company or bank. The merchant certainly protected his financial investment through this process, as well. Doerr and his hardware store, the A.A. Doerr Mercantile Company, did not grant many mortgages with farm real estate as collateral, but the terms on which many farmers signed over their deeds to Doerr suggest that they were connected financially to him in some way. One very common condition of the deeds was that Doerr paid the previous owner “\$1 and other valuable considerations.”<sup>37</sup> One dollar was and is the minimum price for transferring land to another individual; this price is perhaps most typically observed when considering honorary or charitable donations of land from wealthy donors. In this context, however, the monetary price did not convey a charitable intent. The phrase, “other valuable considerations,” ambiguous as it is, is most important to understanding these transactions. Given that the former owners’ mortgages later were recorded as paid off, it seems probable that Doerr gave them some amount of money for repayment of their debts to outside parties, and perhaps erased their smaller debts to his own mercantile company into the bargain. In receiving the land as payment for this financial assistance, Doerr recovered claims that likely would have gone unpaid in a legal foreclosure system that favored the holders of first mortgages on real estate.

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37. The “\$1 and other valuable considerations” price was listed in 10 out of 15 deeds conveyed to Doerr or to the A.A. Doerr Mercantile in one county (Hamilton) alone. In an additional case, the price was “\$10 and other valuable considerations.” The frequency of this condition suggests not only a buyer private about what he wanted to record with the county, but also the tangled condition of financing within the region involving both the seller and buyer with mortgage companies, banks, and implements dealers.

Anecdotal evidence of similar cases from the 1920s and into the early 1940s suggests a number of trends in the region. As many as 42 percent of farmers held mortgage obligations in 1930 as they tried to remain afloat during poor marketing seasons and over years of bad crops, and while they attempted simultaneously to maintain their stake in the farm economy through farm expansion and mechanization.<sup>38</sup> When they proved unable to make payments on these mortgages, lenders and prominent merchants (often they had overlapping roles) stepped in to release farm owners of their debts and ultimately from the land they could no longer afford to own. In some cases, as in Doerr's, this process could prove less shameful—if no less painful—than in the foreclosure proceedings so common in popular accounts of the crisis. The assumption of mortgage debts in exchange for deeds, however, likely obscured a large number of distressed farmers from the already overwhelming records of farm foreclosures during this era. More farm families failed even than the historical record has demonstrated, and the transfer of land to wealthy businessmen under these circumstances was a direct result.<sup>39</sup> Doerr's interest in buying all of this land and keeping it in the family estate continued a pattern of increasingly large farms held by the few who could afford them. Former owners either moved out of the region or became renters. Landlords such as Doerr could not manage their extensive holdings alone; they or their farm managers needed these farmers to keep the land in production. Although the returns from farming remained low until the stimulus of World War II once again boosted prices, landowners

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38. Danbom, *Born in the Country*, 196.

39. Economic historians have published many studies of the foreclosure phenomenon and the pressures exerted by and on banks during this period, including Lee J. Alston, Wayne A. Grove, and David C. Wheelock, "Why Do Banks Fail? Evidence from the 1920s," *Explorations in Economic History* 31 (1994), 409-31; L.J. Alston, "Farm Foreclosures in the United States during the Interwar Period," *Journal of Economic History* 43, no. 4 (December 1983), 885-903; Lee J. Alston, "Farm Foreclosure Moratorium Legislation: A Lesson from the Past," *The American Economic Review* 74, no. 3 (June 1984), 445-57; H. Thomas Johnson, H "Postwar Optimism and the Rural Financial Crisis of the 1920s," *Explorations in Economic History* 11, no. 2 (April 1974), 173-92; Mary Scott Rowland, "Kansas Farming and Banking in the 1920s," *Kansas History* 8, no. 3 (September 1985), 186-99; E.N. White, "A Reinterpretation of the Banking Crisis of 1930," *Journal of Economic History* 44 (1984), 119-38; and E. Wicker, "A Reconsideration of the Causes of the Banking Panic of 1930," *Journal of Economic History* 40 (1980), 571-83.

continued to place a high cultural value on farm real estate. Their predictions that the land would return to profitability if they could just keep it under good management ultimately proved correct.

### **Managing the Land: Landlord-Tenant Relations during the 1920s and 1930s**

As the size of individual landholdings on the Great Plains increased through the purchase of land from the insolvent, landlords were concerned with managing the land properly.

Landlords who exhibited an abiding interest in preserving their estates would have considered more than just short-term profit in coordinating their farms. G-K Farms near Colby, Kansas, viewed the land as an asset in need of protection. Owner R.H. Garvey, manager John Kriss, and their banker/partner Dave Ferguson were interested in profit, but not at the cost of the land. They consequently practiced conservation strategies such as “strip listing”—which involved using heavy equipment to drill deep below the soil surface and bringing up clods of earth to hold the ground in a deep ridge and furrow pattern—and a well-thought-out plan of rotating fallow land. In a revolutionary move only permitted by the vast extent of its landholdings, the company allowed land in fallow to rest for fourteen months instead of the usual four. In these practices, as well as in the adoption of custom combining (hiring large crews from throughout the region and beyond to perform the harvesting work), G-K Farms paved the way for future large-scale wheat farmers to produce extensively and efficiently in the arid High Plains.<sup>40</sup>

Like the Colby area operators, Doerr would conserve his land for a long future in farming. Although the structure of his farms differed somewhat from G-K, communication between Doerr and his many farm operators across southwestern Kansas suggested that lender-

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40. Craig Miner, *Harvesting the High Plains: John Kriss and the Business of Wheat Farming, 1920-1950* (Lawrence: University Press of Kansas, 1998). See also *Harvesting the High Plains*, Documentary, directed by Jay Kriss (Inspirit Creative, 2013).

landholders in the region shared similar concerns for the sustainable maintenance of their farms. The system of farming under Doerr's direction also indicated that the character of tenancy on the Great Plains was shifting. As this chapter demonstrates, tenants frequently owned part of the land they operated, and rented other pieces from wealthy landholders such as Doerr, Garvey, and Ferguson. Successful practices on their own land allowed them to persist in the region when many farmers had to leave, and also made landlords such as Doerr more willing to rent out additional acreage. Just as was the case with John Kriss and the other managers of G-K Farms, parcels of land remained in the control of farm families in partnership with wealthy owners who could coordinate large operations and produce more efficiently through the combination of labor and capital. These conditions fostered the consolidating trend in modern Great Plains agriculture.

Doerr meticulously kept copies of letters he sent to and received from his tenants. These letters reveal the ordinary concerns of tenants and landlords, as well as the extra tensions of such relationships in the period of economic and environmental distress in the 1920s and 1930s. That Doerr extended forms of credit to many of his tenants added a further layer of complication to their interactions. Still, his attention to the details of farming, marketing, and to some extent, soil conservation, went beyond his concern for securing profits from his crop shares, rent, and loans. They reflected some of the maxims which agricultural reformers and land use planners had espoused for years.<sup>41</sup> Contributors to such reform communities as the *Banker-Farmer* journal had been recommending many changes to the landlord-tenant relationship. The two parties were advised to cooperate in making conservation plans, purchasing seed and equipment, managing pests, and increasing the diversity of farm production, such as through the introduction of

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41. Joshua M. Nygren discusses the history of the reform crisis over tenancy, as it connected to the concept of the "agricultural ladder" and efforts to conservatively increase individual landownership in the United States in his article, "In Pursuit of Conservative Reform: Social Darwinism, the Agricultural Ladder, and the Lessons of European Tenancy," *Agricultural History* 89, no. 1 (Winter 2015), 75-101.

livestock. Reformers suggested that landlords should embrace long-term leases, and that these documents should delineate methods of “scientific management” in a business-like formula. The lease should include a plan for crop rotation, even as the landlord and tenant kept abreast with changes in conditions from year-to-year which might call for different actions.<sup>42</sup>

The banker-farmer movement recognized an important role for these business leaders—frequently landlords themselves—in propagating the ideals of scientific management within a modern agricultural system where tenancy would not decline, despite reformers’ best efforts. Contemporaries of the movement and historians have criticized the over-involvement of “urban” reformers of the upper classes and the lack of participation among the actual farm population in the reform movement, but many country bankers’ experiences as landlords suited them to participation in agricultural reform.<sup>43</sup> B.F. Harris, the first editor of the *Banker-Farmer*, represented this fact perfectly. The banker had inherited a large estate in Illinois, one of the nation’s leading centers of tenancy.<sup>44</sup> As a landlord and journal editor, he was able to model the best practices of tenure relations as promoted by the reform movement. Harris’s colleagues reflected after his untimely death in 1920 that he managed his 2,000 acres of land well, provided

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42. Some of the many articles on these issues include O.S. Fisher, “Cooperation between Landlord and Tenant; a Big Problem,” *The Banker-Farmer* 2, no. 7 (June 1915), 7; “Bankers: Get Your Landlords and Tenants to Hold a Conference,” *The Banker-Farmer* 3, no. 11 (October 1916), 15; “Getting Together,” *The Banker-Farmer* 9, no. 1 (December 1921), 15; Short Leases Make Land Robbers—How Bankers Can Help,” *The Banker-Farmer* 1, no. 5 (April 1914), 10; “About Farm Leases,” *The Banker-Farmer* 8, no. 3 (February 1921), 8; “The Land and the Leasing System: What the Late Henry Wallace Told the 1915 Banker-Farmer Conference,” *The Banker-Farmer* 6, no. 6 (May 1919), 2-3; Frank O. Lowden, “The Most Vital Interest,” from *Wallace’s Farmer*, reprinted in “Clear Thinking on Agricultural Problems,” *The Banker-Farmer* 7, no. 2 (January 1920); “Opportunity in Livestock Production Greater Than Ever,” *The Banker-Farmer* 1, no. 7 (June 1914), 4-5; and J.H. Skinner, “What the Banker Can Do For Livestock Production,” *The Banker-Farmer* 2, no. 9 (August 1915), 22. The prescriptions outlined in the extensive reporting of the 1910s and 1930s were confirmed in the New Deal government’s investigative report on tenancy. See United States, L. C. Gray, and Henry A. Wallace, *Farm Tenancy, Report of the President’s Committee* (Washington: U.S. Government Printing Office, 1937), 18-19, 45.

43. Bailey, *The Country-Life Movement in the United States*, 21; and Bowers, *The Country Life Movement in America*, 103-104.

44. Paul W. Gates and Margaret Bogue both describe how Harris’s paternal grandfather and namesake accumulated large numbers of acres and put them in tenure to support his cattle empire. The first B.F. Harris entered the lending profession informally, through lending money to neighbors, and then formally. He passed this business down to his grandson, as well. See Gates, “Frontier Landlords and Pioneer Tenants,” 159; and Bogue, *Patterns from the Sod*, chapter 3.

his tenants with neat houses, and gave personal attention to enlightened methods of scientific farming. J.R. Wheeler noted, “Mr. Harris divided his time proportionately between his farming and banking interests and . . . he was actively engaged in directing the operations of both.”<sup>45</sup>

Doerr was well positioned to embrace the reforms promoted by the *Banker-Farmer* and other progressive farm journals. Although it is not clear whether Doerr actually signed formal leases with his tenants, he communicated his standards with them and expected frequent reports on their operations. The correspondence exchanged between landlord and tenants indicate Doerr’s close engagement with operations and longstanding relationship with many tenants. These letters concerned every aspect of the farming cycle, including the timing of planting and harvesting as well as instructions for marketing the landlord’s share of the crops.

A sampling of correspondence from the early parts of the production cycle demonstrated some common characteristics. In the fall and spring planting seasons, tenants routinely informed Doerr about weather conditions and their progress in plowing the land.<sup>46</sup> In the 1930s, tenants from Rozel, close to Larned in west-central Kansas, to Ulysses, 130 miles to the southwest, reported persistent drought.<sup>47</sup> One tenant complained that he could not plant on time, as Doerr requested, because of a lack of rain.<sup>48</sup> Doerr also paid close attention to his tenants’ maintenance of the soil. He visited the farms seasonally to view the land and discuss instructions with his tenants. After visiting the farm of one of his tenants in Garden City in September 1930, Doerr wrote:

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45. J.R. Wheeler, “Tributes to B.F. Harris,” *Banker-Farmer* 8, no. 2 (January 1921), 2.

46. I.M. Friesen (Garden City) to A.A. Doerr, April 15, 1930; Dave Thiesen (Garden City) to Doerr, September 5, 1930; and Dave Thiesen (Garden City) to Doerr, October 25, 1930; all in the Albert A. Doerr Papers, Series III, Box 2, Folder 6: Agricultural Enterprises, Correspondence, 1920-1930, Library and Archives Division, Kansas State Historical Society, Topeka, Kansas (hereafter, Doerr Papers).

47. Geo. Price (Ulysses) to Doerr, October 2, 1931; and Verdie Young (Rozel) to Doerr, October 7, 1931, both in Series III, Box 2, Folder 7, Doerr Papers.

48. Doerr to Lawrence Simpson (Cimarron), September 23, 1933; and Simpson to Doerr, September 26, 1933, both in Series III, Box 2, Folder 9, Doerr Papers.

I looked at the sod to-day, along the west side only and it looks as though it was necessary to disc same again. Please sow as soon as land is dry enough to work. Should any part of the sod need to be disced again do so, as it was to [*sic*] wet to examine the field.<sup>49</sup>

Doerr routinely visited his farms, and had much to say about their maintenance. At the beginning of the planting cycle, Doerr's letters frequently included instructions about seeding. The landlord purchased the seed from a nearby elevator and sent his tenants to pick up their portion. He followed the scientific farming maxims of the day in either purchasing treated seed or paying his tenants to treat it. In several letters, he gave specific instructions as to how much seed to plant per acre, varying from 20 quarts of seed to the acre near Garden City to 18 quarts in Ulysses. This correspondence, additionally, showed Doerr's attention to the timing of the planting; in 1926 he wished to have the wheat sown by October 1, and in 1930 he was "anxious to have the wheat sown during the week of September fourteen to twenty-first."<sup>50</sup> Doerr's observations and detailed instructions to his tenants indicated his farming acumen and skill as a landlord. Doerr's concern for all aspects of the farming cycle as well as other quotidian affairs of farm management, such as providing for repairs and building fences, reflected his position in a crop-share leasing arrangement common in the wheat region of western Kansas. As a Kansas State Agricultural College Bulletin observed, this leasing system meant landlords and tenants shared in the risks of crop failures and benefited mutually from maintaining soil fertility and good farming practices. The Bulletin concluded that "as a result, landlords whose farms are rented for a share

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49. Doerr to I.M. Friesen, September 10, 1930. Doerr gave similar instructions to re-disc land in a letter to Carroll Hendrickson, September 20, 1932. Letters in Series III, Box 2, Folder 6, 8, Doerr Papers.

50. Doerr to C.A. Main (Garden City), September 10, 1926; Doerr to George Basler (Ulysses), September 16, 1926; and Doerr to I.M. Friesen, September 13, 1930, all Series III, Box 2, Folder 6, Doerr Papers.

of the crops usually take a more active interest in the farming practices than those who rent for cash.”<sup>51</sup>

Relations between landlord and tenant were not always smooth. Occasionally, tenants did not perform the maintenance Doerr required and received letters directing them in no uncertain terms that they had better improve their operations. In 1930, for instance, Doerr exchanged letters with a tenant named Earl Pitts about his failure to break all of his leased acreage. That Pitts held an unpaid note with Doerr and that Doerr had advanced him a sum of money for the breaking made the situation worse. When he first learned of the issue in June the landlord remarked, “It is certainly a great disappointment to me to have you handle the breaking in such a manner. If you are not going to finish please return the \$35.00 that . . . you did not earn.” As Pitts failed to break the land even by August, Doerr again demanded that he return the cash advanced and “take steps to settle the balance of your note which with interest amounts to more than \$475.00. This is an old note and we must have settlement of the same.”<sup>52</sup> When Pitts failed even to reply to his landlord and lender’s letters, Doerr told him tersely in September:

I am hereby notifying you that unless you make satisfactory settlement on the breaking deal, as well as your old note, legal action will be taken against you within ten days from date. This will involve Mrs. Pitts, as well as John Love. Better give this matter your attention.<sup>53</sup>

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51. “Farm Leases in Kansas,” Bulletin No. 221, Agricultural Experiment Station, Kansas State Agricultural College (June 1919: Kansas State Printing Plant). Repairs and fence building came up in a number of letters throughout the years. For examples, see David Johnson (Jetmore) to Doerr, April 15, 1922; Doerr to Johnson, April 24, 1922; R.D. Smith (Dodge City) to Doerr, Oct. 7, 1930; Geo. Price (Ulysses) to Doerr, Nov. 2, 1930; Coon Litzenberger (Jetmore) to Doerr, June 8, 1931; Doerr to Geo. Wittig, Jr. (Jetmore), June 23, 1931; R.D. Smith (Dodge City) to Doerr, Sept. 17, 1931; and R.D. Smith (Dodge City) to Doerr, April 12, 1932, Series III, Box 2, Folders 6-8, Doerr Papers.

52. Doerr to Earl Pitts, May 9, 1930; June 19, 1930; and August 2, 1930; all in Series III, Box 2, Folder 6, Doerr Papers.

53. Doerr to Pitts, September 4, 1930, in Series III, Box 2, Folder 6, Doerr Papers.

This threat finally provoked a response about the land breaking, with Pitts agreeing to finish up with the oversight of his neighbor.<sup>54</sup> Doerr's concern with the character of his tenants and their ability to fulfill obligations—both financial and farm-related—was important because to remain viable, his farms needed good operators. As the number of farm-operators declined over the course of the twentieth century, landlords like Doerr sustained the practices of the best farm managers, while pressuring others to improve or get out of the business.

In several cases, Doerr observed an ugly growth of weeds on his properties and sent off letters demanding that his tenants attend to the problem. In a note to Dave Bradford of Jetmore in 1932, the landlord reprimanded the farmer for leaving fifty acres unworked and weedy. He wrote, "For some reason you seem unable to work for yourself. You had plenty of time to work the land if you had kept at it." He added that if Bradford did not intend to put in a crop that fall, he should say so. Doerr did "not care to let a good farm raise weeds only."<sup>55</sup> The landlord sent a less strident letter about weeds to E.V. Pizenger, also of Jetmore. Pizenger's response revealed that in tough economic times, even mild suggestions from the landlord could sometimes evoke vituperative reactions from hard-pressed tenants. The tension in his words is palpable: "Yes Mr. Doerr I realized that the ground was getting weedy and I started to work it Friday." Pizenger added that he had much more pressing concerns in needing to get some threshing done and earn money to pay the gas bill. He further illustrated his dire economic situation:

As you know Mr. Doerr I spent \$1100.00 putting out 500 acres of wheat last fall and lost it all but about 60 or 70 acres and it made 6 bu. I put out 200 acres of corn and this spring spent another \$300.00 planting and working it and its [*sic*] all about burned up. So out of 700 acres of crop I will not get my seed back. Taxes Interest and Insurance always are due and must be paid.<sup>56</sup>

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54. Pitts to Doerr, September 6, 1930; and Doerr to Pitts, Sept. 10, 1930, both in Series III, Box, Folder 6, Doerr Papers.

55. Doerr to Dave Bradford, July 13, 1932, in Series III, Box 2, Folder 8, Doerr Papers.

56. Doerr to E.V. Pizenger, July 1932, in Series III, Box 2, Folder 8, Doerr Papers.

These letters suggest that not only the common issues of land tenure, such as the prevailing notions that lazy tenants did not care well enough for their farms, but also the increasing pressures of depression and drought, strained the landlord-tenant relationship.

A few series of letters relating to soil movement in the Dust Bowl region provide further evidence of these added stressors. In 1936 and again in 1939, Doerr received complaints from neighbors and from the Hodgeman and Finney County Boards of Commissioners about soil blowing on his tenants' land.<sup>57</sup> Although each of the tenants involved tried to lay blame elsewhere, Doerr nonetheless cautioned them and other nearby tenants to take care and properly contour the land to avoid further blowing.<sup>58</sup> When Doerr again chastised a tenant for letting weeds grow on his acreage in the Garden City area in 1937, the threat of blowing soil caused the tenant and even his neighbor to push back against the landlord's instructions. Ralph Mead explained that some weeds were necessary to hold the soil and his neighbor, R.E. Gasche, defended this conclusion. Gasche begged Doerr to reconsider his instructions for plowing under all weeds and stubble, remarking:

It seems to me that you would have just as good a chance at a wheat crop to drill in this stubble as to work ground the condition it is now. I do not want to feel that I am trying in any way to dictate to you, but I am trying to live here and that has been almost impossible the last few years [due to blowing dust].<sup>59</sup>

The Dust Bowl created conditions that exacerbated existing tensions between Doerr and his tenants during the production and maintenance phases of farming. The landlord's interest in the

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57. John Tarman to Doerr, Feb. 14, 1936; Board of County Commissioners of Hodgeman County to Doerr, Feb. 27, 1936; Tarman to Doerr, Feb. 27, 1936; Tarman to Doerr, undated; Doerr to Andy Springer, February 29, 1936; Doerr to Friesen, March 6, 1936; Logan Green (County Attorney, Finney) to Doerr, March 7, 1936; Ralph H. Mead to Doerr, January 25, 1939; and Doerr to Mead, Jan. 28, 1939, in Series III, Box 2, Folder 12 and Box 3, Folder 1, Doerr Papers.

58. Andy Springer to Doerr, March 2, 1936; Doerr to Ralph Mead, March 9, 1936; and Doerr to Verdie Young, March 9, 1936, all in Series III, Box 2, Folder 12, Doerr Papers.

59. Doerr to Ralph H. Mead, July 2, 1937; Mead to Doerr, July 14, 1937; and R.E. Gasche to Doerr, July 16, 1937, all in Series III, Box 3, Folder 1, Doerr Papers.

weed-free appearance of his farms certainly caused some pushback from some of his tenants who had other priorities and ideas about the soil's needs.

Beyond the correspondence related to the planting and maintenance phases of the farming cycle, Doerr also communicated with his tenants frequently during harvest and market times. These letters, again, shared certain characteristics. The weather occupied a primary role in letters between Doerr and his tenants. Sometimes Doerr had to ask about hail damage or rain, but more often tenants volunteered this information.<sup>60</sup> The vast majority of the letters concerning harvest and marketing reported simply that the tenant had completed the job. Tenants often asked Doerr for advice about when to sell his share of the crop, and Doerr always gave instructions about when to sell, when to hold for better prices, and whether he planned to provide storage bins for holding the crop.<sup>61</sup> Part of the success of the landlord-tenant relationships in the modern system of agriculture on the Great Plains that was developing during this time involved the easy exchange of information about challenges and successes in the farming process. The landlord's marketing experience and business expertise often led tenants to trust his decisions.

Even if the system worked efficiently, it did not create large profits for many tenants or for the landlord during these years of agricultural depression; consequently, harvest and market time produced the greatest strains on the landlord and some of his tenants. Doerr monitored his tenants closely during post-harvest and marketing periods, and when tenant practices did not meet his standards he scolded them. If a tenant did not care properly for the harvested wheat, Doerr became especially irritable. As he wrote to a Garden City farmer in August 1930, "I was certainly displeased to find some of my wheat on the ground. Had I thought you was going [*sic*]

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60. Doerr to A.J. Mousolf (Garden City), June 18, 1926; J. H. Peyton to Doerr, 1934; A.M. Long to Doerr, May 2, 1935; in Series III, Box 2, Folders 6, 9-10, Doerr Papers.

61. There are many examples of this type of letter contained in Series III, Box 2, Folders 6-12, Doerr Papers.

to be all fall in getting it to town I certainly would have employed some one else to haul it.”<sup>62</sup> In another case, a tenant near Bazine had left poor wheat in the granary well past harvest time.

Doerr wrote tersely, “You are about the only person that has [let] wheat spoil this year. I do not feel that I should be asked to stand a loss on my share year after year.”<sup>63</sup>

If tenants failed to bring the crop to market on time or send Doerr the check for his share of the sale, relations with the landlord tended to sour. Doerr’s tone ranged from firm to quite chilly, depending on the severity of the situation. Most frequently, he simply urged his correspondents to stop delaying and market the crops.<sup>64</sup> Tenants who repeatedly failed to respond to his requests for information and payment at harvest time especially tested the landlord’s patience.<sup>65</sup> Cases that involved tenants badly in arrears on their rent, of which there were at least six between 1920 and 1940, unsurprisingly provoked the strongest admonitions. Still, although occasionally Doerr unceremoniously told the tenant he would not renew the lease, more often he exercised leniency. The state of the economy and whether Doerr could find another tenant may have factored into his decisions. In 1920, just before the agricultural economy began to decline precipitously, he ousted one tenant fairly abruptly, whereas over the course of the Great Depression he requested rent from another tenant repeatedly but appeared never to evict him.<sup>66</sup>

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62. Doerr to Ralph H. Mead, August 12, 1930, in Series III, Box 2, Folder 6, Doerr Papers.

63. Doerr to Ed Beltz, April 11, 1933, in Series III, Box 2, Folder 9, Doerr Papers.

64. The correspondence files between 1920 and 1940 contain numerous examples, including Doerr to Arthur Meredith (Larned), May 5, 1922; Doerr to S.H. Holden (Cimarron), January 7, 1925; Doerr to H.N. Meredith (Larned), May 23, 1928; Doerr to S.I. Taylor (Jetmore), April 19, 1929; and Doerr to J.W. Collins (Larned), April 2, 1931, all in Series III, Box 2, Folders 6-7, Doerr Papers.

65. Doerr’s correspondence with Fred Cossman of Jetmore, KS represented his annoyance at a tenant’s failure to provide a full account of the amount of wheat harvested and prices at its sale. See Doerr to Cossman, July 19, 1930; July 19, 1930; September 3, 1930; October 15, 1930; and October 27, 1930. Doerr even wrote to the Turon Mill & Elevator Co. to inquire after Cossman’s account. See Doerr to Turon Mill, October 28, 1930, all in Series III, Box 2, Folder 6, Doerr Papers.

66. The first case involved Oscar McComas of Macksville, KS. See Doerr to McComas, July 7, 1920 and July 22, 1920, in Series III, Box 2, Folder 6, Doerr Papers. M.D. Brown, another of Doerr’s tenants residing near Larned, was a repeat defaulter and received several pleas for payment in 1931, 1932, and again in 1940. See Doerr to Brown, June 9, 1931, November 2, 1931, January 23, 1932, in Series III, Box 2, Folders 7-8, Doerr Papers; and Doerr to Brown, June 14, 1940, in Series III, Box 3, Folder 2, Doerr Papers.

The poor economic climate of the depression also created problems for tenants at harvest time, as destitution drove some individuals to criminal acts. Twice in one year, stolen grain caused headaches for Doerr and his tenants. In August 1930, two truckloads of wheat were stolen from one of Doerr's farms near Garden City. This prompted him to reprimand the tenant responsible:

This wheat that was taken belonged to both of us and you will have to stand  $\frac{3}{4}$  of the loss and  $\frac{1}{4}$  my rent share. The wheat was in your possession and you had permission long ago to market the same but did not do so. When we make final settlement we will adjust the same.<sup>67</sup>

Doerr offered a \$25 reward for the arrest and conviction of the wheat thieves and sent letters warning his other tenants in the area to "keep a close watch on the bins containing my wheat."<sup>68</sup> Unfortunately, thieves struck again in December, as another of Doerr's Garden City tenants reported. This time, Doerr seemed to accept the inevitable and tried to forestall more thievery by asking all his tenants in the area to move their grain to the Farmer's Equity elevator in town.<sup>69</sup>

As an extended drought ground on through the 1930s, tenants lamented the lack of rain that made operations difficult. In some cases the tenants decided the crop was not worth cutting and in one year Doerr asked several of his tenants simply to plow up the wheat and prepare for the next year.<sup>70</sup> In one case, the poor yield made a tenant so hard pressed for cash that he needed assistance in order to harvest the crop or keep operating for the next year. I.M. Friesen of Garden City wrote in July 1932 that he expected to harvest only 4-5 bushels of wheat per acre and that these would fetch only 33 cents per bushel. He remarked, "After paying for repairs, gas & oil,

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67. Doerr to Calvin Kerschner (Garden City), August 12, 1930, in Series III, Box 2, Folder 6, Doerr Papers.

68. Doerr to Dave Thiesen (Garden City), August 12, 1930; and Doerr to Sheriff's Office (Garden City), August 13, 1930, both in Series III, Box 2, Folder 6, Doerr Papers.

69. Ralph Mead (Garden City) to Doerr, December 11, 1930; Doerr to Mead, December 12, 1930; and Doerr to Dave Thiesen, December 12, 1930, all in Series III, Box 2, Folder 6, Doerr Papers.

70. See, for example, George E. Price (Ulysses) to Doerr, June 1, 1932 and June 21, 1933; I.M. Friesen (Garden City) to Doerr, June 21 and 26, 1933; A.M. Long to Doerr, May 2, 1935; all in Series III, Box 2, Folders 8-9, 11, Doerr Papers.

labor and rent there is nothing left to go ahead and put out another crop.” He therefore requested confirmation that he would get a threshing job with which he could leverage for some oil from the oil company.<sup>71</sup> Drought continued to hit Finney County hard, and no doubt both tenants and landlords were relieved when the New Deal in 1933 stepped in to provide 95 percent of wheat farmers there with allotment checks from the Agricultural Adjustment Administration (AAA) averaging more than \$500.<sup>72</sup> Before that program was established, however, the landlord’s forbearance and ability to provide cash jobs to the tenants was essential in preserving their livelihoods.

Doerr’s status as a merchant-lender complicated his relationship with his tenants even in good times and especially during the Great Depression. What tenancy reports termed “the landlord’s lien” comprised the first part of a landlord’s demands on his renters. This functioned as a “statutory lien upon the crops or chattels of the tenant,” and was built into leases as a means of protecting the “landlord’s right to rent payments.”<sup>73</sup> But this most basic financial arrangement typically was only the first element of the tenant’s obligations to their landlords. Some historians have acknowledged that many landlords were also moneylenders, but they have provided little evidence of the day-to-day lending relationships as an added layer of the tenant-landlord contract.<sup>74</sup> Doerr’s involvement in the operations of several local and regional banks and savings and loan associations made him a prominent figure on the regional banking scene. He held

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71. Henry Rogers (Syracuse) to Doerr, June 9, 1931; and I.M. Friesen to Doerr, July 25, 1932, both in Series III, Box 2, Folders 7-8, Doerr Papers.

72. Peter Fearon, *Kansas in the Great Depression*, 176-77; and R. Douglas Hurt, “Prices, Payments, and Production: Kansas Wheat Farmers and the Agricultural Adjustment Administration, 1933-1939,” *Kansas History: A Journal of the Central Plains* 23, no. 1-2 (Spring/Summer 2000), 80.

73. United States et al., *Farm Tenancy*, 53.

74. Margaret Bogue described the merchant-lender role of B.F. Harris, a cattle farmer and landlord in eastern Illinois who was the grandfather of the first editor of the *Banker-Farmer* journal. The tradition of combining lending and landlording was thus well entrenched in the banker-farmer movement. See *Patterns from the Sod*, 81. Other examples include Paul W. Gates, “Frontier Landlords and Pioneer Tenants,” *Journal of the Illinois State Historical Society* 38, no. 2 (June 1945), esp. 167-73; and Allan G. Bogue, “Foreclosure Tenancy on the Northern Plains,” *Agricultural History* 39, no. 1 (January 1965), 1-16.

positions as a shareholder in a major regional mortgage lending company, the Aetna Building & Loan Association (Topeka); as a shareholder of the Banking, Railroad Building, Loan & Savings Association (Newton); as an officer with the Wichita Building and Loan League; as a shareholder and trustee with significant influence on lending practices at the First National Bank and at one point also at the Moffet Brothers National Bank, both of Larned; and as the president of the Larned Building, Loan, and Savings Association.<sup>75</sup> Such a multiplicity of directorships and stockholding interests was not unusual among the rural business elite.

Beyond these more traditional “banking” activities, Doerr’s agricultural implements dealership placed him in a prime position to lend to farmers attempting to industrialize their production. His correspondence with business associate Harvey Eckert provides ample evidence of his extension of credit on machine loans through his mercantile company.<sup>76</sup> The company handled its loans in-house, which allowed a certain degree of flexibility in prolonging credit terms with worthy clients during the Depression.<sup>77</sup> Some of his tractor loans involved tenants, and when this was the case Doerr allowed them to perform contracted work and apply the balance to their loans.<sup>78</sup> Most frequently, however, tenants used profits from their crop sales to pay their outstanding notes, beyond the rent or shares they paid Doerr for use of the land.<sup>79</sup>

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75. Series III, Box 6, Folders 2, 6, 8, 10, 11, and 13, Doerr Papers.

76. The letters in this file reference only a sampling of the credit accounts for clients of the A.A. Mercantile Company, because the credit collector Harvey Eckert only wrote them during periods where the boss was traveling extensively in 1934 and 1940. These are fairly indicative of the lending practices of that institution, however. Doerr and Eckert were lenient in extending the credit of good customers, but less so among wily or untrustworthy customers. For contrasting examples, see Eckert to Doerr, January 27, 1934; February 1, 1934; and March 3, 1940, all in Series III, Box 3, Folder 3, Doerr Papers.

77. It was only in 1940 that the mercantile contracted with the Industrial Bank and Trust Company of St. Louis, Missouri, to sell its loan papers to the mortgage lender. The mercantile continued to exercise authority in accepting loan applications and collecting on notes, and thus retained a great deal of control over the local credit scene. See the Agreement, in Series III, Box 3, Folder 3, Doerr Papers.

78. Ralph Mead (Garden City) to Doerr, Sept. 7, 1930; and Ralph Mead to Doerr, Feb. 14, 1931, both in Series III, Box 2, Folders 6-7, Doerr Papers.

79. S.F. Taylor (Jetmore) to Doerr, Feb. 10, 1931; Doerr to J.A. Henderson (Jetmore), Feb. 6, 1931; Walter Zook (Larned) to Doerr, March 2, 1932; and Doerr to Dave Bradford (Jetmore), May 26, 1932, all in Series III, Box 2, Folders 7-8, Doerr Papers.

Occasionally, Doerr's tone was quite stern in defending his fiscal interests in a crop and in demanding payment for a note. In one case a tenant informed his lender-landlord that he was having trouble coming up with money to make a payment on a McCormick Deering tractor note. He explored several options for paying it off, including having a neighbor buy some of his wheat in repayment for services, so he would have money to pay the note. Doerr apparently did not approve of this solution or it was insufficient to cover the loan. When the tenant later sold some of the wheat in his own name, Doerr wrote a letter to the tenant's father informing him that his son needed to remit the payment to the mercantile company for the mortgage it held on the wheat.<sup>80</sup> In a second case, Doerr agreed to extend one of his tenants' loans for three years, but balked at the tenant's attempts to stall the interest payments. Even when a fellow banker wrote to Doerr on the borrower's behalf, the landlord responded, "The proposition of extending the interest payment does not appeal at all to me; since I am not compelling them to take up the loan." He added, "Personally, we are in need of just such items in our own affairs."<sup>81</sup> Doerr clearly felt the strain of the Depression, too. He concluded as much in a letter to a friend in 1936:

This is the fifth consecutive complete failures [*sic*] in this territory and human hope has about vanished, and unless the climate reforms and becomes somewhat normal, this part of Kansas will be depopulated. You can imagine what collections are under such continued abnormal conditions. We are renewing a lot of paper that would outlaw this year for want of a payment to keep it alive.<sup>82</sup>

The poor agricultural and economic climate put stresses on the lending business, which forced lenders and merchants at times to more firmly protect their business interests. Yet Doerr still hoped that the climate might improve again and thus remained invested in agricultural enterprise.

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80. Ben Crook (Garden City) to Doerr, Sept. 12, 1931; George Riedl (Ash Valley) to Doerr, Oct. 20, 1931; and Doerr to Herold Crook, undated, all in Series III, Box 2, Folder 7, Doerr Papers.

81. J.S. Fisher (Holton, KS) to Doerr, Feb. 3, 1931; John E. Wagner (President Citizens State Bank, Cimarron) to Doerr, August 31, 1931; Doerr to Wagner, September 1, 1931; and J.S. Fisher (Holton) to Doerr, Oct. 12, 1931, all in Series III, Box 2, Folder 7, Doerr Papers. Correspondence regarding the interest outstanding on this loan continued throughout 1932.

82. Doerr to Stanley M. Sellers, May 9, 1936, in Series III, Box 2, Folder 12, Doerr Papers.

In most cases this hopefulness led him to exercise leniency in his relations with loan clients rather than simply foreclose on their collateral.

Throughout the farming cycle, Doerr and his tenants had to contend with problematic conditions involving the climate and the economy in addition to the regular plowing, planting, harvesting, and marketing operations of the tenure system. The landlord's attention to even the most mundane details of farm appearance, operations, and marketing showed that Doerr did not simply purchase a vast amount of land and leave it to tenants, seeking only to wring out the highest yields of wheat possible and giving little attention to the manner in which tenants performed the farming. Knowing a great deal about the farming business and keeping a close watch on operations from his home base in Larned, Doerr did not exhibit the typical characteristics of an urban, absentee "suitcase farmer," but rather those of a highly invested landlord of a crop-share leasing arrangement.

Doerr's record as a landlord provides some nuance to scholarly criticisms of profiteering farm investors who cared little for the region and environment. Correspondence with his tenants at all points of the agricultural cycle revealed a significant amount of tension over the appearance of the farms, the tenants' inability or unwillingness to do the work of farm maintenance, failures in marketing, or the upkeep of the soil. The latter cases, in particular, illustrate the growing impact of industrializing agriculture in the twentieth century and efforts to bring the tenure system up to grade in contending with environmental and economic challenges. Some of Doerr's decisions indicated that he did not fully understand the complexity of the Great Plains ecology, and his comments hoping for a return to the region's normal climate and precipitation level made it apparent that he did not believe a permanent revision of practices was necessary. Hoping for the return of the usual productivity of the soil, he continued to extract as many profitable bushels

of wheat from his land as possible. Thus in his role as lender and landlord he did embody some of the typical attitudes of the period's farming frenzy, and his concerns for output largely reflected economic interest. Much like the region's other farmers during this period, he participated in the exploitation of a fragile ecology and paid the price during years of drought and dust.

Nonetheless, Doerr learned over time the necessity of reducing erosion to prevent the soil on his farms from blowing. Although he and his tenants held contending notions about how to maintain the soil, whether through fallowing or leaving unsightly weeds and stubble on the ground, Doerr advocated some of the improved techniques of conservation modeled by New Deal conservation programs. He and his tenants participated in the AAA's allotment programs for wheat and the Soil Conservation and Domestic Allotment Act's plans for farm management improvements. They submitted yearly farm plans and cooperated with local supervisors and extension agents in taking steps to reduce production and protect the soil. Doerr placed the land he operated himself into the conservation program, and his farm plan was diverse in terms of soil conservation and enrichment practices, including non-crop pasture, fallowing, and thirty grazing animals.<sup>83</sup> Scholars have criticized the federal government's unfulfilled mission to redress the social and environmental problems of tenancy and its neglect of soil conservation efforts in its drive for economic recovery.<sup>84</sup> Yet the combined efforts of local farmers and the government to assuage the loss of soil in the Dust Bowl should not count for nothing. Doerr's participation in New Deal agricultural programs revealed his growing understanding of soil conservation needs.

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83. Farm Plans, in Series III, Box 5, Folders 3-4, Doerr Papers.

84. Rasmussen, "Never a Landlord for the Good of the Land," 71-74. Worster's *Dust Bowl* condemns the New Deal for not going far enough, as well. Sarah T. Phillips is more complimentary of New Deal land management programs in *This Land, This Nation: Conservation, Rural America, and the New Deal*. New York: Cambridge University Press, 2007.

Certainly Doerr observed that the economic imperative for participation in the New Deal allotment programs was strong as well. The AAA provided landlords and farm operators the opportunity to earn income on land that had become unproductive during several years of drought, and thus functioned as a sort of crop insurance. Doerr received a share of the AAA allotment payments for crop reduction proportional to his usual share of the crop—typically a one-quarter interest.<sup>85</sup> But even more than that small stake in the AAA payments, he stood to gain in other ways from the money in his tenants' pockets. Historian Peter Fearon cites a statewide Extension Service questionnaire that reported, "Approximately 40 percent of the first adjustment payment was devoted to clearing debts; 26 percent was committed for home supplies, including food, clothing, and repairs to farm and home equipment; and 23 percent was earmarked for taxes."<sup>86</sup> The funds that would come back to Doerr for his loans on farm equipment provided strong incentive for supporting the AAA.

Doerr and his tenants continued to share the benefits of government benefit payments and advice on conservation. The sharing of benefits between landlord and tenants reflected the differences between wheat allotments and the cotton programs of the South, which allowed landowners to evict sharecroppers and keep the full payments themselves. Even in western Kansas, landlords sometimes took over their land to farm themselves in order to reap the full benefits.<sup>87</sup> Correspondence with government agencies on behalf of his tenants, allowing them to

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85. Doerr's Papers include a number of folders containing applications and allotment agreements between the USDA and the tenants of his farms. One representative example is the 1933 Wheat Adjustment Plan, Form No. CRW-201, Box 5, Folder 11. The form shows the percent paid to each payee (operator and landlord). Doerr's share on six of the listed farms was 25 percent, while he received 33.3 percent of the payments on nineteen farms, and fully 50 percent on one farm. A letter from AAA Secretary for Hodgeman County Carl M. Elling to A.A. Doerr on October 29, 1938 (Box 5, Folder 1, Doerr Papers) further explained, "The wheat and general payment is divided according to the crop share and soil-building payment to the person who performs the actual soil-building practices."

86. Fearon, *Kansas in the Great Depression*, 178. See also Hurt, "Prices, Payments, and Production," 80.

87. The non-contiguous structure of Doerr's large estate would have prevented this. On the limitations of the AAA in the South, see David Kennedy, *Freedom from Fear: The American People in Depression and War, 1929-1945* (New York: Oxford University Press, 1999), 208-13. Fearon, "Regulation and Response," 256, 260-61;

participate in the AAA and other programs as well as supporting their applications for government loans, showed that Doerr was willing to foster the wellbeing of his long-time tenants as he himself received partial benefits and indirect financial help from the influx of funds into the regional economy.<sup>88</sup> With opportunities from landlords like Doerr, many of his tenants were able to improve their circumstances, continue long-term land rental contracts, and often purchase some land of their own to farm in conjunction with the rented land. This demonstrates that the roots of the modern system of landholding and farming in western Kansas and the Great Plains more broadly began well before the boom in land and commodity prices in the wake of World War II, and took on a different dimension than popular depictions suggested.

### **Tenants and the Creation of the Modern Land Tenure System in Western Kansas**

Portraits of a few of Doerr's tenants help to humanize the twentieth-century farm tenancy relationship that provided an opportunity for both cooperation and independence in farm operations. Farm tenancy, which reformers viewed as an aberration from the American dream of land ownership, nonetheless could prove attractive for farmers on the Great Plains. During the 1920s and 1930s, some were forced to become tenants due to their inability to repay debt, but others likely chose to remain tenants or to rent additional land rather than invest in acreage during an increasingly unstable economic period. Some tenants were family members of their landlords' and thus faced no significant pressure to buy land themselves. As Peter Fearon puts it, "There was little difference in status between tenants and owners, especially in central and western Kansas, and it is quite possible that some owners contemplating the burden of their debts

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and Hurt, "Prices, Payments, and Production," 87, each argued that the AAA largely favored large-scale producers and landlords over small-acreage farmers and tenants.

88. Additional samples of Doerr's correspondence with the USDA on behalf of tenants from 1934 through 1940 are contained in Box 5, Folder 1, 3-4, 6-8, 11-13, Doerr Papers.

envied renters, whose obligations were limited to livestock and machinery.”<sup>89</sup> In Kansas, tenancy and farm rental were becoming increasingly normalized. Farm operations in 1930 were composed of “57,151 full owners, 37,611 part owners, and 70,326 tenants,” and these numbers remained fairly stable during the following decade.<sup>90</sup> As the farm system advanced into its present form, it shaped new roles for the landlord and those who operated the farms. For the farmers who rented Doerr’s land, tenancy did not proscribe opportunities for economic and social success. Renters on the Great Plains occupied a permanent place in the community. In fact, the tenants with whom Doerr chose to operate represented a stabilizing regional farm population—almost exclusively white, American-born, farm-raised individuals—devoted to their communities and to the continuation of a farm economy with maximized profits.

Peter C. Kiistner was one of Doerr’s most successful tenants. He was born in Grant County, Kansas in 1889, and lived with his parents there until his marriage in 1914. By 1920, the federal census indicated that he owned his own farm free of a mortgage. Data from the Kansas State Agricultural Board in 1922 showed that Kiistner managed 1,435 acres of land in Grant County (where his parents lived) and 215 acres in Kearny County, where he made his home in the Kendall township. Kiistner followed still prevalent regional norms of planting a diverse range of crops, while also leaving a great deal of land in prairie grass, where presumably he quartered his fourteen horses, seven mules, and forty-seven cattle.<sup>91</sup> Although historical census and

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89. Fearon, *Kansas in the Great Depression*, 151.

90. *Ibid.*

91. 1922 Grant County data from the Kansas State Board of Agriculture indicated that P.C. Kiistner held 1,320 acres of prairie grass, 20 acres planted to winter wheat, 5 to corn, 20 to kafir, 30 to milo, 30 to sorghum, and 10 to other uses. Kearny County records for the same year included 100 acres of prairie grass, 15 acres planted to winter wheat, 10 to corn, 25 to broom corn, 15 to sorghum, 20 to kafir, and 30 to milo. Kansas Board of Agriculture Farm Statistics for 1919-1924 and 1937-1940 (and later) are available on microfilm at the Kansas State Historical Society, Topeka. A number of scholars have offered quantitative evidence of the diversity of Great Plains farming, including Geoff Cunfer, *On the Great Plains: Agriculture and Environment* (College Station: Texas A&M University Press, 2005). Since publication of this book, Cunfer has participated in other studies based on Geographic Information Systems analysis of agricultural census data for Kansas. The initial data set-up is discussed in Kenneth

agricultural board records failed to indicate the precise ratio of farmers' rented versus owned land, correspondence records indicated that Kiistner rented part of Doerr's land in Kearny County. The land under his management in Kearny County had increased to 320 acres by 1925. Again, he operated in a diverse fashion, with two-thirds of this land remaining in prairie grass and the remainder divided among winter wheat, corn, kafir, and milo.<sup>92</sup> By 1937, a Kansas State Board of Agriculture record showed that Kiistner's farm in Kearny County had once again expanded, to 640 total acres. The proportion of land planted to winter wheat increased dramatically to 56 percent (360 acres). More than a quarter of the land remained in grass (170 acres), while Kiistner maintained his tradition of planting a small acreage of other forage crops such as kafir and milo (110 acres). This sizable operation, including land rented from Doerr, represented the achievements of a lifetime of farming and perseverance through a difficult period of economic and climatic pressures.<sup>93</sup> Kiistner's successes as a farmer and stockman lent him authority within his community, which elected him county commissioner.

Walter Zook exhibited a similar background and life trajectory as a farm owner-operator. He was born in 1891, and lived with his parents in Pawnee County, Kansas. His parents advanced from rental status to farm ownership by 1910.<sup>94</sup> Walter Zook graduated from a two-year Mennonite college in 1912, married in 1914, and then mirrored his parents in moving from

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M. Sylvester, Susan Hautaniemi Leonard, Myron P. Gutmann, and Geoff Cunfer, "Demography and Environment in Grassland Settlement: Using Linked Longitudinal and Cross-Sectional Data to Explore Household and Agricultural Systems," *History and Computing* 14, no. 1-2 (2006), 31-60. A follow-up was published as Kenneth Sylvester and Geoff Cunfer, "An Unremembered Diversity: Mixed Husbandry and the American Grasslands," *Agricultural History* 83, no. 3 (Summer 2009), 352-383. Sylvester has published a related study independently: "Ecological Frontiers on the Grasslands of Kansas: Changes in Farm Scale and Crop Diversity," *The Journal of Economic History* 69, no. 4 (Dec 2009), 1041-1062.

92. Statistics refer to the 1925 Kansas State Population and Agricultural Census for Kendall, Kearny County.

93. Kiistner, along with several other tenants, had participated in the Agricultural Adjustment Administration's allotment program, with Doerr's permission. See correspondence in Series III, Box 2, Folder 9; and USDA-AAA-ACP Wheat Allotment Contract, in Series III, Box 5, Folders 3-4, Doerr Papers.

94. Daniel B. and Mary M. Zook are listed in the 1900 Census, Pleasant Valley, Pawnee County (Supervisor's District 7, Enumerator District 172, Sheet 3A, Line 54). They rented a farm at this time. In the 1910 Census for Pleasant Valley (SD7, ED 125, Sheet 6A, Line 46), they were listed as owners of a mortgaged farm.

farm rental to partial ownership by 1940.<sup>95</sup> His operations in 1915 on his farm in Pleasant Valley, Pawnee County included 320 total acres, 150 acres of which he planted to winter wheat. He devoted sixty-two other acres to forage and fodder crops for his small number of horses, mules, cattle, and swine: twenty-five acres of corn, six of kafir and feterita, sixteen of alfalfa, and fifteen of cultivated hay.<sup>96</sup> A Kansas Board of Agriculture survey in 1922 noted that his farm had expanded to 480 acres, with 260 (fifty-four percent) of these acres planted to winter wheat. He had built up his livestock holdings considerably, and these animals had the benefit of feeding from forty-five acres of alfalfa and eighty acres of fenced pasture. Zook also owned a tractor and a cement silo, which signaled that his operation was becoming a sizable one befitting the common needs of expansive farm operations on the Plains.<sup>97</sup> Only three years later, the state census reported that Zook controlled 640 acres in Pawnee County, 340 acres devoted to wheat, 160 to corn, and the rest to the upkeep of his many livestock. He had purchased a combined harvester-thresher by this time, probably from the A.A. Doerr Mercantile.<sup>98</sup> Zook's operations suffered somewhat during the Dust Bowl, in that he scaled back his operations to only 480 acres, but landownership likely outweighed the decrease in acreage and increased his government benefits. He benefited from a number of New Deal programs and was able to maintain a solid stake in his community.<sup>99</sup> Indeed, upon his death in 1963, the *Great Bend Daily Tribune* called

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95. Walter Zook had classified himself as a renter on state and federal censuses from 1915 until 1930, but the 1940 census noted that he owned his home farm. Again, the exact portion of rented versus owned land is unavailable, but it is clear that Zook continued to rent some land in addition to what he owned.

96. See the 1915 Kansas State Agricultural Census for Pleasant Valley, Pawnee County.

97. Zook reported to the Kansas Board of Agriculture that he owned 12 horses, 21 mules, 5 milk cows, 45 other cattle, and 50 swine. The 1937 report of the President's Committee on Farm Tenancy noted that in northern states, including Kansas, tenants tended to own high value machinery (worth an average of \$866 per capita), even higher than that of farm owners in the region (\$733 per capita), presumably because they operated greater acreages to make ends meet. See United States et al., *Farm Tenancy*, 55.

98. Correspondence with Doerr on March 2, 1932 confirms that on at least one occasion, Doerr held a note of Zook's. This lending relationship was likely a lengthy one. See Zook to Doerr, March 2, 1932, in Series III, Box 2, Folder 8, Doerr Papers.

99. Zook was accepted into the 1934 and 1935 Corn-Hog Adjustment Program of the AAA, and in the wheat adjustment program in 1939. See Series III, Box 5, Folders 6 and 11, Doerr Papers.

him a “prominent Pawnee County farmer-stockman” and reported that he had served as a district director for the Kansas Farm Bureau, as a “field man” for the Kansas Association of Wheat Growers, and as the president of the Larned Rotary Club.<sup>100</sup>

Longtime area residents were not Doerr’s only successful tenants, however. Fairly recent immigrants to the U.S. and to Kansas could also find some success on a Great Plains farm, even while agro-business became more costly and competitive. Ralph D. Smith’s adoption of the Americanized version of his parents’ German last name, Schmid, signaled his newness to the country in the 1915 Kansas state census. His parents, and soon Ralph himself, owned their own farms, which suggested that they had some means to set themselves up when they arrived in Kansas. R.D. Smith operated more than half a section of land by 1925, where he planted a diverse set of commercial and feed crops as well as reserved nearly half of the land as pasture for his forty-two cattle, eight milk cows, and five horses.<sup>101</sup> By 1937, Smith had demonstrated his ability to manage an even larger amount of land, and his farm contained 640 acres. Of this, 160 acres were planted to wheat—probably this is the land he rented from Doerr and from which he paid his shares—and under fifty acres grew feed grains including corn, kafir, and sorghum. Smith maintained a land rental relationship with Doerr for many years until Doerr finally sold him the 160 acres he had been renting in 1944 for \$2,000.<sup>102</sup> It was rare for Doerr to sell any land, but several factors probably went into the decision. Doerr was advancing in age (he would die in 1950) and beginning to transfer some of his land to his daughters, Laura Isabel Campbell and Pauline Pate Davis. The one parcel of land he held in Ford County might not have been valuable enough to bother with its maintenance in the estate. Smith’s continuing dedication to

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100. Obituary, *Great Bend Daily Tribune*, October 11, 1963.

101. Smith farmed 115 acres of winter wheat, 5 of corn, 10 of oats, and 20 of sorghum. See the 1925 Kansas State Census, Agricultural Schedule for Royal Township, Ford County.

102. Ford County Plat Records for NW4 11-25-25 confirm this sale.

the farm also would have made a difference, however. As this chapter has argued, Doerr supported the cultural and financial value of farms as durable assets to individuals and communities. Smith certainly embraced this value in keeping the land in his possession until his own old age and lack of heirs caused him to sell it in 1979.

Even those tenants who did not ever own land of their own during the time they rented from Doerr still could manage some stability over the long term, as evidenced by their ability to stay in the business of farming during a period of great outmigration from the farming regions of western Kansas. Verdie Young, who moved to Kansas from Kentucky sometime between 1918 and 1920, rented farms from Doerr in Pawnee and Finney Counties for at least twenty years. In 1925, for example, he operated 560 acres just in Pawnee County. He made his living largely from raising winter wheat (400 acres), though he also planted some feed crops and kept some pasture for his small herd of livestock. He owned a tractor, and he was a valuable enough tenant that Doerr allowed him to take contracts for threshing, hauling, and other seasonal farm jobs on the land he rented out in the area.<sup>103</sup> Doerr also permitted him to participate in many of the New Deal acreage reduction and allotment programs, which enabled Young to persevere through tough years.

It has proven impossible to track every individual who rented land from Doerr over the course of the merchant's lifetime, but a significant amount of correspondence with some of these individuals between the early 1920s and the late 1930s allows for the elucidation of the careers of selected tenants in the available statistical measures of the state agricultural censuses and

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103. 1925 Kansas State Census, Agricultural Schedule for Grant Township, Pawnee County. See also letters from Doerr to Young, March 13, 1934 and June 24, 1935, in Series III, Box 2, Folders 10-11, Doerr Papers.

reports compiled by the Kansas Board of Agriculture.<sup>104</sup> These data prove that Doerr's tenants, in addition to renting land from him and perhaps from other landowners, tended to own some of the land they farmed. The tenants' diverse operations on both owned and rented land demonstrated a system of increasingly large and mechanized farm operations. Renters occupied a lower class than the wealthy families who could afford to buy thousands of acres of land, but often they were able to invest in smaller acreages on their own, as well as purchase equipment to farm large acreages. They therefore exhibited successful qualities to landlords who allowed them to take over operations of their farms. Some scholars, including the historian James Malin, argue that landlordism—absenteeism and corporation farming included—unequivocally made regional farm operators unstable, but this is unsubstantiated.<sup>105</sup> Reformers feared tenancy, which in Kansas reached a rate of 44 percent by 1935, because they thought it always resulted in high rates of occupancy turnover and robbed the soil as well as the community of value. But just as stereotypes of land-grabbing bankers were not faithful always to the complex motivations of these individuals, these fears about tenancy did not fully represent the reality of a farming system that could prove very rewarding to those who opted out of the high carrying costs of landownership and focused their efforts upon production expertise and equipment.

World War II merely solidified trends of high-input costs for hybridization, chemical use, and mechnization, as well as trends toward fewer and larger farms, farmed by renters or partial

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104. Other scholars have run into the difficulty of distinguishing between wealthy landowners and farm operators within the census rolls. James Malin remarked on the lack of data in his article, "The Turnover of Farm Population in Kansas," *Kansas Historical Quarterly* 4, no. 4 (November 1935), 350.

105. James Malin wrote, "There can be no question, however, that the net effect of both absenteeism and the corporation farming episode was to increase instability of farm operators, even though the extent of that influence cannot be determined." Malin himself provided evidence that population persistence was greater in periods of depression (when landlords would acquire farms), and this seems contradictory. See "Turnover of Farm Population," 351-53.

renters.<sup>106</sup> Visiting the deed offices in Great Plains counties today reveals that similar patterns of ownership by wealthy families remain in place from before the war. Doerr's own descendants maintain a sizable estate comprising much of the land he acquired in the 1920s and rented out to local farmers as wheat and pasture land. This land remains in a rental system much like the one that took shape in the period under study; farmers who may own some land, but who must rent a large amount of acreage in order to have sufficient land for profitable operation, continue to hold longstanding relationships with wealthy landowners. The transition to this system began not during an era of profit and high land prices, but during the depressions of the 1920s and 1930s when Doerr and other wealthy elites purchased large amounts of land from those who could no longer afford to pay their debts.

### **Conclusion**

This study of Albert A. Doerr, a Larned, Kansas merchant and lender, confirms the complexity of twentieth-century tenancy in a region where the subject has been under-studied. Letters written between Doerr and his tenants between 1920 and 1948 illuminate the landlord's close attention to the details of farming in his large southwestern Kansas estate and the longevity of the relationships he held with his tenants. Doerr's experience as a farmer and role as an agricultural advisor to his tenants are clear in that he instructed his tenants about many farm functions, such as proper seeds and fertilizer, fallowing and other soil conservation ideas, and marketing. These features of Doerr's tenure system set him apart from landlords little versed in

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106. Danbom, *Born in the Country*, 234-37; and Hurt, *American Agriculture*, 321. The USDA Economic Research Service State Fact Sheets for Kansas demonstrate that although the number of acres in farms in Kansas has only declined four million acres from its 1965 peak of 50.2 million acres, the number of farms decreased in the same period (1965 to 2010) from 98,000 to 65,500. The average size of these farms consequently increased from 512 to 707 acres. These trends toward fewer and larger farms were already taking shape between 1920 and 1940. See "Farm Creation in Kansas, 1860 to 1997," citing the Kansas State Board of Agriculture, 67th Annual Report and Farm Facts (Topeka: State Board of Agriculture, 1984); and "State Fact Sheets: Kansas," USDA Economic Research Service, <http://www.ers.usda.gov/StateFacts.HTM>.

the principles of farming and dwelling so far from their holdings as to rarely visit or tend to the farming operation.

As a landlord and lender, Doerr certainly demonstrated an economic motive in promoting the success of his farms, extracting the maximum possible crop production, and recovering the money he lent his tenants. His business and farming instincts sometimes led him astray: at the height of the Dust Bowl in the 1930s, he fell back on outdated methods of soil maintenance that stood little chance of bearing up to harsh environmental conditions. Ultimately, however, he did what he could to change his methods as farmers' and government agencies' understanding of soil science grew. Drought and dust tested the mettle of Great Plains farmers in unimaginable ways. Doerr, like many others residing in the heart of the devastated region, seemed incredulous that the climate could remain so "abnormal" for several successive years and unsure of what to do if the drought failed to break. Tenants, equally if not more crushed by the weight of the agricultural depression, did not necessarily have the solutions either. These letters show, however, that they sometimes expressed wiser ideas about holding the soil in place than the landlord. The conditions of the 1930s could exacerbate relations and occasionally draw out overt or veiled resistance to the landlord's exacting demands. Despite some disagreements, Doerr's disposition to hear out his tenants' ideas through an extensive correspondence record, and not dismiss them out of hand, is important. Additionally, positive responses to New Deal-era land management programs showed a willingness to adapt to the scientific knowledge of experts as well as a desire to do everything possible to maintain the vitality of the land for the future. This confirms Doerr's acceptance of a still widely-held cultural value for landholding, although the modern dynamic between an elite land-owning class and a class of longstanding farm tenants reflected a revision of the old ideal.

Doerr's case is significant in illustrating the concerns of the landlord for proper farm operation, profit, and conservation. The qualitative evidence abundant in the collection of letters between Doerr and his tenants is invaluable in better understanding the lived relationships of tenancy, rather than just the raw statistics tracking farmers' mobility within the agricultural ladder which have occupied the majority of historical scholarship on tenancy.<sup>107</sup> Analysis of these letters shows that, like most of his peers, Doerr's ecological understanding remained inadequate and he contributed to the continuing degradation of the soil of the Great Plains; this was emblematic of the time and indeed, of those heavily invested in the capitalist agricultural system. Yet this landlord nonetheless embodied a number of the better traits of landlords and generally understanding local lenders. The system of tenancy under landlord Albert A. Doerr, then, highlights several important issues regarding tenancy reform in the twentieth century, uncovers some of the realities of rural class interactions during a period of tremendous ecological and economic stress, and shows the landlord less as the monolithic figure historians have presented and more as a complex player in farm communities.

It is important to note that Doerr was not alone in his investment in the future of agriculture on the Great Plains. The case of Colby, Kansas banker Dave Ferguson evidenced how the financial assistance and deep connections between bankers and farmers could shape the regional agricultural landscape materially. As the rhetoric of the *Banker-Farmer* illustrated, bankers moved beyond merely financing farmers; they modeled good farm practices and effected

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107. A useful overview of this scholarship can be found in Donald Winters, "Agricultural Tenancy in the Nineteenth-Century Middle West: The Historiographical Debate," *Indiana Magazine of History* 78, no. 2 (1982), 128-53; Lee J. Alston and Joseph P. Ferrie, "Time on the Ladder: Career Mobility in Agriculture, 1890-1938," *The Journal of Economic History* 65, no. 4 (December 2005), 1058-81; Jeremy Atack, "Tenants and Yeomen in the Nineteenth Century," *Agricultural History* 62, no. 3 (1988), 6-32; Allan G. Bogue, *From Prairie to Corn Belt; Farming on the Illinois and Iowa Prairies in the Nineteenth Century* (Chicago: University of Chicago Press, 1963); Mary Eschelbach Hansen, "Land Ownership, Farm Size, and Tenancy after the Civil War," *The Journal of Economic History* 58, no. 3 (Sep 1998), 822-829; and Donald Winters, *Farmers without Farms: Agricultural Tenancy in Nineteenth-Century Iowa* (Westport, CT: Greenwood Press, 1978).

lasting reforms within their spheres of influence as lenders and landlords. Kansas bankers embraced fully the mission placed upon them by the secretary of the Kansas State Board of Agriculture, F.D. Coburn. Coburn, in a *Banker-Farmer* article, exhorted his audience:

We must bring these facts [of scientific learning] to the farmer. How shall they believe who have not heard, and how shall they hear without a preacher? Let every banker be, in his locality, a preacher of the gospel of scientific farming.<sup>108</sup>

Country bankers in Kansas became “preachers of the gospel” of agricultural reform not only through their practices as landlords, but also through creative visions for conservation and land use, and through actions as civil servants shaping the trajectory of land and resource use in the Great Plains region. For example, Henry S. Buzick of Sylvan Grove, Kansas, and John M. Gray of Kirwin, Kansas each influenced the direction of water resource use in Kansas. Gray was chairman of the Kansas Reclamation Commission, while Buzick was a member of the commission which completely revised Kansas’s water appropriation laws in 1945.<sup>109</sup>

James C. Hopper, a farmer, rancher, and banker from Ness City, Kansas, offers a particularly colorful example of how bankers promoted agricultural reforms they viewed as essential to the preservation of the Great Plains regional economy. Hopper owned a vast amount of land, and the evocative names of his farms indicate how he envisioned his role in promoting reform: he called a 7,800-acre estate the “Big Four Ranch and *Ideal Farm*,” while naming a 660-acre parcel the “*Model Stock Farm*” (emphasis added). Perhaps an even clearer sign of Hopper’s sense of his reformer credentials was his weekly column in the *Ness County News* called “Dam

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108. F.D. Coburn, “Be An Agricultural Missionary,” *The Banker-Farmer* 1, no. 4 (March 1914), 7.

109. “John Gray Funeral Sunday at Kirwin,” *Topeka Capital*, November 7, 1953; Robert Irvine, “The Waterscape and the Law: Adopting Prior Appropriation in Kansas,” *Kansas History: A Journal of the Central Plains* 19 (Spring 1996), 33, fn. 34, 36. Less influential than these high profile civil service activities, perhaps, but still reflective of the regional conservation sensibilities of bankers, was Quinter, Kansas banker Cecil Calvert’s memoir. “The Price of Prairie Grass,” published as a pamphlet on March 31, 1951 and available in the Kansas State Historical Society, reflected on the destruction of native prairie grasses in western Kansas by the plow, wind, and water erosion. Calvert was ultimately optimistic about the ability of engineers to produce replacement grass seed through adaptations of buffalo grass and blue grama.

the Draws.” The column spoke to Hopper’s notion that collecting water in the low areas (draws) of farmlands would add moisture to the environment itself. He successfully promoted methods of conservation such as summer fallowing, and planting trees. As a one-term state legislator, he “secured the passage of an act for experimental irrigation dams.”<sup>110</sup> The banker-reformer’s biggest idea, however, was to build a 600-mile “Great Interstate Canal” between South Dakota and Oklahoma and to divert water from the Missouri and Mississippi basins for the irrigation of farms on the Great Plains. The grandiose plan never came to fruition. Still, Hopper’s visions confirm the strong role bankers carved out for themselves as reformers and visionaries determined to secure the future of the Great Plains farm economy.<sup>111</sup> Bankers’ stewardship of an agricultural system subject to a challenging regional environment represented a key aspect of their community leadership. As financiers, reformers, and landlords, they helped steer the region through a period of modernization and consolidation that revised the traditional agrarian dream, but preserved farming as a still functional economic basis for those who remained in the region.

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110. “James Caleb Hopper,” in *A Standard History of Kansas and Kansans*, Vol. 5, ed. William E. Connelley (Chicago: Lewis Publishing Company, 1919), 1649-50.

111. “Kansas Canal Map,” *Kansapedia*, Kansas State Historical Society, <http://www.kshs.org/kansapedia/cool-things-kansas-canals-map/17669>. Though the canal idea is still a costly “pipe dream,” the pressing lack of water in the modern era has called the idea back into fashion among some Great Plains farmers. For more on current farmers’ efforts to revive a canal or aqueduct plan for western irrigation, see Lindsay Wise, “A Drying Shame: With the Ogallala Aquifer in Peril, the Days of Irrigation for Western Kansas Seem Numbered,” *Kansas City Star*, July 24, 2015, <http://www.kansascity.com/news/state/kansas/article28640722.html#storylink=cpy>.

## Conclusion

The historian Lewis Atherton channels Sinclair Lewis in his 1954 monograph, *Main Street on the Middle Border*. The title is appropriate for a book revealing not just the myths, but the true cultural and economic history of everyday life in Middle America's "country towns."<sup>1</sup> Atherton represents the origins of the religious and cultural values defining many rural Americans faithfully and sketches the broad outlines of rural communities and their institutions—without resorting to mocking tones. Nonetheless, the breadth of his narrative means that he, too, cannot explicate fully the characters of each "type" of rural dweller. Atherton describes bankers, following his religious and cultural emphasis, as "high priests of finance." But his short descriptions of the typical structure and function of banks, and of bankers' place within rural society, produce little more in the way of truth than Sinclair Lewis's stereotypical portrayals of the banker "type" in *Main Street*.

Atherton's depiction of the banker is rather simple, and neglects to probe deeply into individual personalities. He writes of these dignified, conservative professionals:

Though highly respected because of their power, bankers were seldom popular. People knew that they stood at the very center of the small group of local men who manipulated village affairs. At death, they received long-and-laudatory obituary notices, and their families moved in the best social circles. Beyond that, the banker remained an enigmatic character whose ceremonial shell concealed his inner thoughts. . . . As high priests of materialism, bankers have never been allowed to depart from their symbolic roles and to become flesh-and-blood individuals.<sup>2</sup>

Certainly the broad strokes of this portrait are true. At the very least, Atherton moves beyond the labels of greed and disinterest in placing bankers firmly within a tradition of rural capitalism and

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1. Atherton describes those towns as places with less than 5,000 population, outside of metropolitan areas. See Lewis Atherton, *Main Street on the Middle Border* (Bloomington: Indiana University Press, 1954), xvi.

2. Atherton, *Main Street on the Middle Border*, 149-51.

within the institutions of the community itself. Atherton shows us that bankers did not operate outside the circles of rural society, but it is still unclear just what their relationships with the community looked like, particularly beyond the economic realm. We have come to expect more.

Efforts to mine a variety of sources pertaining to this particular group of rural actors have produced a rich portrait of country bankers as economic, political, and social actors within their communities. The frontier banking institutions of those like Frederick J. Atwood in Concordia, Kansas, and Theo. Ackerman in Russell, Kansas might strike a chord with readers of western novels. Tales of sleeping in the back room with a flimsy safe and only a revolver for personal protection, or of chasing defaulted borrowers out into unsettled territory, offer a romantic image of the frontier banker. But delving into these men's memories about banking in the 1870s and 1880s, when communities were taking shape throughout western Kansas, suggest that maintaining a bank involved much more than a lone man with a gun could provide. Country banking required the maintenance of capital connections rooted in eastern communities such as Brandon, Vermont, and in regional financial centers such as Kansas City and Wichita. As bankers in western Kansas gained experience within the profession and established institutions of their own, strong roots of capitalization served as an asset in their efforts to attract business from their communities. Advertising for banks from the 1880s-1900s illustrated, additionally, the importance of the personalities behind local banks; the reputation of country bankers and the longevity of their banks were important in efforts to develop economic relationships with potential customers.

The stories of this dissertation also make clear that country bankers were integrated fully in the political leadership of their communities. Jerome W. Berryman's election to the Kansas State House of Representatives several times over demonstrated two important conclusions.

First, country bankers as politicians served the interests of their communities as well as of their own profession. Berryman's backing of railroad regulations, the primary election, a farm home bill which would offer new agricultural credit opportunities in Kansas, and the good roads amendment illustrated this particularly well. Symbolically speaking, country bankers helped to maintain a fertile ground for the continued prosperity of their banks and communities, while they acted upon suggestions for country life reform then circulating through state and national bankers' associations. Second, Berryman's example shows that bankers' political power, though strong, was mediated by their constituents. If the banker-legislator's community disagreed with his actions, as when he worked against a widely popular bank guaranty law, they could and did remove him from office. Bankers' service as legislators and in other civic capacities represented their positions at the head of local political scene, but the predication of their power upon their communities' decisions showed them as more than just "manipulators of village affairs."

Perhaps the most striking characteristic of bankers—as portrayed by the novelist Sinclair Lewis and the historian Lewis Atherton—is social aloofness. Although bankers and their families ran in the "best social circles," their individual attitudes and preferences remained enigmas. This dissertation, however, has illuminated the canopy of social and moral values that country bankers and their families actively promoted within their communities. From prohibition to patriotic efforts during the Great War, from women's suffrage to 100 percent Americanism, country bankers played a part in confronting many of the major social and cultural challenges faced by communities across the nation. In attempting to shape their communities' social sphere, bankers at times embraced controversial or even coercive measures such as intimidating local residents to participate in bond drives or Red Cross campaigns during the war, or supporting the Ku Klux Klan as a means of protecting moral and religious values. In these contexts, country

bankers acted within the limits of the communities around them, truly becoming “flesh-and-blood individuals” with idealistic expectations and faults alike.

An important part of portraying country banking realistically is to understand the motivations behind their financial decisions and the effects these had upon the economy of their local communities. Some of these motivations became clearer through the analysis of the minutes from Board of Directors meetings at the Farmers National Bank of Oberlin, Kansas, between 1918 and 1940. In making decisions about the bank’s investment in individual loans, short-term investments in city correspondent banks, or bond-buying, the directors reflected upon the economic challenges facing their communities and the relative safety of different investment instruments in that climate. They made choices based on what would make their own investments as bank stockholders secure, but protecting the bank also meant guarding the interests of depositors and the long-term financial future of their community. These records showed the connections between a broad class of rural elites—including farmers, ranchers, merchants, and lawyers—and the country banks in which they frequently invested. Many of these individuals should be classed with country bankers as the leaders of rural finance, because when they became bank directors, they would meet regularly to conduct bank business and contribute substantively to decisions about the bank’s investments and personnel. As members of the community representing diverse professions, bank directors demonstrate the intimate connections between bankers and the broader rural society. Furthermore, Colby, Kansas, banker W.D. Ferguson’s interactions with his farming company partner Ray H. Garvey showed how country bankers shaped the economic trajectory of their communities. Even when Ferguson’s perception about what practices constituted the future of Great Plains farming put him in conflict with local politicians, he was motivated by a desire for continued prosperity in the regional

economy. Bankers were not popular always; this much the literature has gotten right. Periods of economic stress, such as during the 1920s and 1930s, cast them as the opponents of family farmers struggling to remain on their farms despite being mired in debt acquired in the effort to mechanize and expand their operations. Country bankers—including bank directors such as Albert A. Doerr—were as invested in the local agricultural economy as their farmer clients, however. They saw themselves as stewards for the agricultural economy that sat at the heart of rural communities on the Great Plains, and in their lending decisions as well as their own farm operations, they supported those who could create modern, efficient farms.

Exploring the manuscripts of country bankers, including private letters between financial backers and local bank officers, husbands and wives, and landlords and farm tenants, has allowed me to peel back the banker's so-called "ceremonial shell" and access some of their inner thoughts about clients, maintaining their families' place among elite rural society members, and about the future of the regional economy. For instance, it was clear that the implements dealer, lender, and landlord Albert A. Doerr wanted to retain his stake in the future of wheat farming on the Great Plains and to promote profitable and sound farming principles among his tenants. The management of Doerr's farms through many different renters across multiple counties differed somewhat from other large-scale farms in the region, including G-K Farms near Colby. Yet, Doerr shared a vision of a changing farm landscape with other bankers in the Great Plains. Local elites—including country bankers with access to ample capital—would come to own a great deal of land in the region, but a class of farm managers would continue to operate it under the principles of scientific management. Modernization on the farm included a combination of large acreages, often owned by one individual and farmed by another, and the use of machinery at every stage of production. As the costs of farming increased over time, including for chemicals,

irrigation, and modified seed, wealthy landowners and farm operators continued to share capital inputs. Meanwhile, farmers' credit needs remained substantial. Although the number of farmers declined from the 1930s onward, the regional economic base remained firmly planted in agriculture.

In this respect, country banking retained some of its original characteristics into the second half of the twentieth century. Banking institutions in the state of Kansas continued to rely primarily upon agricultural lending, despite diversification into industrial development and small consumer loans.<sup>3</sup> As historian Wayne Angell points out, "As farms grow in size the capital required per farmer can be expected to increase. Consequently agricultur[al] credit will continue to be a major lending activity for Kansas banks."<sup>4</sup> Programs initially formed during the New Deal assisted bankers in their ability to support farmers. One example is the Commodity Credit Corporation (CCC)—a still-operational government program first established in 1933—which guarantees farmers and their creditors price minimums on agricultural commodities.

Greater evidence of government intervention into the banking system reflected one of the major changes within banking in the second half of the twentieth century. The CCC, like the Federal Farm Loan Act of 1916, was not uniformly popular among country bankers, but they ultimately had to come to terms with increasing governmental oversight into the banking business after the depressions of the 1920s and 1930s. Revisions to the Federal Reserve Act in 1933 and 1935 increased that agency's appeal to bankers in rural America who had been reluctant to enter the system due to its requirements for high capitalization and federal auditing. The carrot drawing more banks into the Federal Reserve System was membership in the Federal

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3. Wayne Angell, "A Century of Commercial Banking in Kansas, 1856 to 1956," Volume III (Ph.D. diss., University of Kansas, 1957), 493-95. Louis Hyman discusses the full ramifications of the growth of consumer lending in his wide-ranging monograph, *Debtor Nation: The History of America in Red Ink* (Princeton: Princeton University Press, 2011).

4. *Ibid.*, 546.

Deposit Insurance Corporation (FDIC), a much larger and more successful system for protecting deposits than any state, including Kansas, had been able to enact. Even on the state level, the state banking commissioner codified more regulations within a revision to the banking code in 1947. Bankers themselves led the way on many of these changes, having concluded, according to Angell, that the “business vitally affected the public interests” and therefore merited beneficial forms of oversight.<sup>5</sup>

Increasing layers of supervision within the banking structure meant that bankers had to learn more and more about financial management. Beginning in the 1940s, the Kansas Bankers Association forged ahead in offering professionalization services to bankers. Whereas in the early years, “Many Kansas banks had officers and directors who knew little about banking in general and less about the specifics,” bank officers now had to attend training programs to learn the trade.<sup>6</sup> Although the number of banks in Kansas—both state- and nationally-chartered—declined substantially from a peak in 1921 (1,375 banks) to the post-war period (600 banks in 1956), the volume of business for those that remained increased dramatically, and thus, the system needed more trained bankers than ever.<sup>7</sup>

The banking system in the post-war period, thus, exhibited both continuity and change. The professionalization of banking coincided with the greater supervisory role of the federal government and with a widening of the field to more bankers. National changes, more than ever before, transcended the local community interests. Still, banks in western Kansas remained tied to the agricultural credit needs of local communities. Country bankers’ positions at the head of rural lending institutions, along with their personal investments in land, continued to give them a strong interest in the agricultural future of the regional economy. They would continue to support

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5. Angell, “A Century of Commercial Banking in Kansas,” 556-57.

6. *Ibid.*, 483-84.

7. *Ibid.*, 505.

this central element of their communities' livelihood financially, politically, and even socially. Regionally specific concerns such as the thirst for irrigation water particularly defined the experience of country bankers as community representatives in the Great Plains, but in some ways their roles in sustaining the agricultural economy as a fundamental basis for rural society have been replicated in countless other American communities.<sup>8</sup> Images of rural bankers sponsoring beneficial legislation for their home regions, competing within national fundraising campaigns to demonstrate their communities' dedication to patriotic causes, and more recently, sponsoring local 4-H or Future Farmers of America (FFA) programs to aid generations of hopeful future farmers in learning the business side of the family vocation, supplant the popular stereotypes about disinterested bankers within rural society. Country bankers continue to exercise substantial economic, political, and social power as leaders within rural communities endeavoring to remain relevant in the modern era.

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8. Recent studies of the ways communities in the rural West have attempted to close the gaps of economic and social development include David Danbom, ed., *Bridging the Distance: Common Issues of the Rural West* (Salt Lake City: The University of Utah Press, 2015). Particularly strong chapters in this volume include Geoff McGhee's study of digital access and several articles concerning the preservation of access to extant water resources or the development of new energy and resource opportunities by Burke W. Griggs, Mark N. Haggerty and Julia H. Haggerty, Michael Hibbard and Susan Lurie, and David Rich Lewis. Another text insightful about how Kansas communities have struggled to maintain vitality in the modern era is Richard E. Wood, *Survival of Rural America: Small Victories and Bitter Harvests* (Lawrence: University Press of Kansas, 2008).

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