Farm Deflation Period

I ran across this quote a while back: "No present or future "Relief Project" will repay the loss our central government caused our northwestern farmers when in war times it "pegged the price"-- induced us to buy more land at inflated values to raise more wheat, and still more wheat - then left us on the end of the limb when the bottom dropped out of the flour market. Prosperous starters ruined by the thousands-- merchants in hundreds - Yes, Uncle Sam, you should pay and pay and pay!"

It was from Maynard Crane 1856 - aft 1940. He was one of the founders of Crane Johnson Lumber Co. which was started in Cooperstown and had yards in Hannaford, McHenry and other nearby towns, but the lumber company is another story.

He also owned quite a bit of farm land in Griggs County and the incident he was referring to was the Farm Deflation Period of 1919-1921. It is sometimes also called the Depression of 1920-1921. The Dow Jones Industrial Average peaked at 119.6 on November 3, 1919 and bottomed on August 24, 1921, at 63.9, a decline of 47% over a twenty-one month period. By comparison with the recent Great Recession, the Dow closed at 14,164.43 on October 9, 2007 and dropped to 6,594.44 on March 5, 2009, a decrease of 53% over a nineteen month period.

The Department of Agriculture figures show that the price of wheat price was $2.16/bushel in 1919 and $1.03/bushel in 1921, a decline of 52%. There were many reasons for the decline in wheat prices, but nearly all of them can be traced back to World War I. The European nations had been starving and the United States started various programs that shipped millions of tons of wheat to Belgium, France and many other countries. At the end of the war the government dropped the price controls that had led to so many acres being planted and the price plummeted.

The recession was pretty short-lived for most of the country and the Roaring Twenties are usually thought of as a period of prosperity. Wheat prices never recovered much and the same source shows them dropping to $0.38 per bushel in 1931. In Griggs County the Farm Deflation Period of 1919-1921, the stock market crash of 1929, the Great Depression and the Dust Bowls of the 1930's all merged into one nearly continuous period of gloom and misery. Our local population peaked at 7,402 in 1920 and grain prices were a big contributing factor for two-thirds of that number leaving here since then.