GRAYSON COUNTY, TEXAS, IN DEPRESSION AND WAR: 1929-1946

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The economic disaster known as the Great Depression struck Grayson County, Texas, in 1929, and full economic recovery did not come until the close of World War II. However, the people of Grayson benefited greatly between 1933 and 1946 from the myriad spending programs of the New Deal, the building of the Denison Dam that created Lake Texoma, and the establishment of Perrin Army Air Field. Utilizing statistical data from the United States Census and the Texas Almanac, this thesis analyzes the role of government spending—federal, state, and local—in the economic recovery in Grayson County.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER I: THE GREAT DEPRESSION IN GRAYSON COUNTY, 1929-1933</td>
<td>1</td>
</tr>
<tr>
<td>CHAPTER II: SAM RAYBURN</td>
<td>28</td>
</tr>
<tr>
<td>CHAPTER III: THE FIRST NEW DEAL IN GRAYSON COUNTY, 1933-1935</td>
<td>38</td>
</tr>
<tr>
<td>CHAPTER IV: THE SECOND NEW DEAL IN GRAYSON COUNTY, 1935-1939</td>
<td>60</td>
</tr>
<tr>
<td>CHAPTER V: THE DENISON DAM AND DEVELOPMENT IN GRAYSON COUNTY, 1939-1941</td>
<td>98</td>
</tr>
<tr>
<td>CHAPTER VI: WAR YEARS IN GRAYSON COUNTY, 1941-1945</td>
<td>124</td>
</tr>
<tr>
<td>CHAPTER VII: EPILOGUE AND CONCLUSION</td>
<td>142</td>
</tr>
<tr>
<td>WORKS CITED</td>
<td>152</td>
</tr>
</tbody>
</table>
CHAPTER I

THE GREAT DEPRESSION IN GRAYSON COUNTY, 1929-1933

There have been many crises in the history of our country. We have had wars; we have had depressions; we had a war between the States when the lightning of sectional antagonism threatened to shatter this mighty Republic. We had the panic of 1873, of 1893, and 1914 to 1918 the earth was swallowed up in the greatest reign of madness it had ever known, when ideals were shattered and hearts were made sick.

In my opinion, the most serious, far-reaching and dangerous crisis that ever threatened this country were the years from 1929 until March 4, 1933. More people had lost the faith of their childhood in governments and in men and had done it to such an extent that we stood upon the verge of disaster.

- Sam Rayburn

Texas, the United States, and indeed nearly the entire world, experienced massive changes between the years 1929 and 1946, beginning with an international financial crisis, followed by a second world war. During this time, the Lone Star State encountered unprecedented growth that transformed it from a primarily rural, agricultural state into the industrial giant it is today. While major industrial centers, such as Dallas, Fort Worth, and Houston, were obviously and unquestionably changed throughout these years, the Great Depression and World War II also had a major impact on many of the State’s essentially agricultural areas such as Grayson County in North Texas. How exactly, did the Great Depression affect Grayson County? How effective were the New Deal programs in dealing with the Depression in that North Texas county?
How did Grayson acquire the Denison Dam and Perrin Army Air Field, and what did they mean to the county’s economy? What ultimately brought Grayson County out of the Depression and Why? Through an examination of Grayson County during the formative years from 1929 to 1946, these questions will be answered.

Very little has been written about Grayson County in general, especially with regard to the region during the twentieth-century. Most of the works that do exist fall into the categories of either “personal anecdotes” or “promotional pamphlets”. The purpose of this thesis is to provide a narrative account and an in depth analysis of the country’s history during the Great Depression and World War II.¹

Located in north central Texas, Grayson County is situated between the Red River to the north, Fannin County to the east, Cooke to the west, and Collin and Denton to the south. Organized from Fannin, Grayson was founded on March 17, 1846, by an act of the Texas legislature, and named for the Attorney General of the Republic of Texas, Peter W. Grayson. The same legislation also designated that the County seat be called Sherman (in honor of General Sidney Sherman, a hero of the Battle of San Jacinto during the Texas Revolution), as a way to compromise between supporters of the pro-Houston Democrat Grayson and the anti-Houston Whig Sherman. Within four years of

its founding, Grayson had a population of 2,008, and reported eleven public schools (only six counties throughout Texas could claim more) and 35 churches. The county’s farmers worked 5,891 improved acres.²

During the 1850s, Grayson was the most important county of the region because it marked a major division point on the route to California, especially in 1858 when Sherman was designated a way station stop of the Butterfield Overland Route to San Francisco. Thus, by the census of 1860, the population had increased to 8,184, the number of improved acres of farm land to 40,775, and businessmen had begun to operate mills for flour and corn meal.³

Following the Civil War, from 1870 to 1880 Grayson County experienced growth unparalleled in its entire history due to the arrival of several railroad lines. Sherman obtained a link to the Houston and Texas Central Railroad in 1872, but its residents did not provide the incentive to appeal to the officials of the Missouri, Kansas and Texas Railroad (Katy) for a similar connection. Instead, railroad executives created the townsite of Denison (named after George Denison, the vice president of the Katy), and the company entered Texas from the North when the very first train arrived on Christmas Day, 1872. This connection was the first to a national rail system that extended to the Northeast, and, once Denison also obtained stops from the St. Louis, 

² The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo & Co., 1952), 551-552; Ron Tyler, Douglas E. Bornett, Roy R. Barkley, Penelope C. Anderson, and Mark F Ordinitz (eds.), The New Handbook of Texas (6 vols.; Austin: Texas State Historical Association, 1996), III, 298 (Grayson County); V, 1021 (Sherman, Texas); Donna J. Kumler, “‘They Have Gone From Sherman’: The Courthouse Riot of 1930 and its Impact on the Black Professional Class” (Ph.D. diss., University of North Texas, 1995), 16.
³ Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), Handbook of Texas, III, 298 (Grayson County); V, 1022 (Sherman); Kumler, “They Have Gone”, 16-17.
San Francisco and Texas, and the Kansas, Oklahoma and Gulf railroads, it became the county’s primary rail town. By 1882, just ten years after the first rail line arrived in the county, there were over 100 miles of track in Grayson.4

With the rail lines came new industries, including two cotton presses, a large flour mill and a slaughterhouse in Denison, and five flour mills and the largest grain elevator north of Dallas in Sherman. By 1880 there were thirty-seven manufacturing establishments in Grayson County, with flour and grist mills accounting for twenty-two of the businesses. As a result of this expansion of the railroads and manufacturing, between 1870 and 1880 the population of Grayson County increased 254 percent from 14,387 to 38,108, and the number of farms rose by 460 percent. The value of real estate jumped from $1,224,069 to $4,352,986, and personal property from $641,826 to $2,707,760. With such growth, several new towns were created, including Van Alstyne, Howe, Whitewright, Pottsboro, and Tom Bean. Grayson County was now a leading agricultural, marketing and milling center of North Texas.5

Grayson County and both Sherman and Denison continued to expand during the late nineteenth century, gaining additional rail lines, manufacturing and milling industries. In the first two decades of the twentieth century, two new lines were extended into Grayson County, giving it ten railroads and outlets in every direction to

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4 Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), *Handbook of Texas*, II, 594 (Denison, Texas); III, 298 (Grayson County); V, 777 (Missouri-Kansas-Texas Railroad); V, 1022 (Sherman, Texas); Kumler, “They Have Gone”, 20.
5 Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), *Handbook of Texas*, II, 594 (Denison, Texas); III, 298 (Grayson County); V, 1022 (Sherman, Texas); Kumler, “They Have Gone”, 21.
nearly every part of the country. The state’s first electric interurban railway was also established during this time, linking Sherman to Denison, and eventually (after becoming part of the Texas Electric Railway Company) making Denison the northern terminus on a line that ran through Dallas to Waco.\(^6\)

Such connections meant more manufacturing business, and by 1910 Grayson had “forty-seven gins, five cottonseed oil mills, two cotton factories, four saw mills, eight flouring mills, several machine shops, brick plants, ice factories, broom factories, etc.” Between the censuses taken in 1909, 1914 and 1919, Grayson’s main cities experienced major growth in their value of manufactured products. In Denison, which was home to a major Katy Railroad repair and construction shop (the city’s primary industry), the value increased by 286.5 percent, from $1,313,785, to $2,068,788, and then $5,077,916 by 1919. In the same period, the value of manufactured products in Sherman rose 310.1 percent, from $4,675,971 to $7,027,747 to $19,175,558, and by 1920, the city manufactured “more per capita in dollar volume than any other Southwestern city her size and four times as much as any other Southwestern city of 25,000 people.” Thus, by 1919 the county ranked sixth in the state in value of manufactured products.\(^7\)

In spite of such advances in manufacturing, Grayson County remained predominately agricultural. Although the number of farms decreased slightly from 5,762 in 1900, to 5,720 in 1910, and 5,569 in 1920, this development was common throughout the South and West, primarily due to urbanization. But this trend did not mean that farming as a business was doing poorly. In fact, quite the opposite was true: in the censuses from 1900 to 1920, the value of all farm property in Grayson County increased from $16,691,607 to $27,941,505 in 1910, to $64,617,801 in 1920, decennial gains of 67.4 and 131.3 percent.8

Attributable to the expansion of the rail lines, growth in manufacturing, and strong agricultural production, from 1890 to 1920, the population trends of Grayson County emulated those of Texas, with a steady rise in the total number of inhabitants and also citizens residing in urban areas. From 53,211 residents in 1890, the number of persons in Grayson County rose steadily in the next three decades to 74,165 by 1920, an increase of almost 40 percent. Most of this growth occurred in the cities of Sherman and Denison, and, accordingly, the percentage of people living in urban areas increased from 34.6 percent in 1900 to 43.3 percent in 1920.9

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8 Bureau of Census, *Fourteenth Census, State Compendium: Texas*, 116; Kumler, “They Have Gone”, 31. All farm property includes land, buildings, implements and machinery, and livestock.
Throughout the 1920s, the United States and Texas experienced the “prosperity decade,” a period of economic expansion in commercial and business construction, and new industrial manufacturing. Although businessmen and politicians talked of a “New Era” for the economy in which poverty was being eliminated, there were underlying weaknesses of the period, namely the financial hardships of the farmers, and the overconcentration of wealth in too small a group of individuals. While Texas’s experience during the prosperity decade was similar to that of the United States with some differences in the details, for Grayson County the weaknesses of the decade were realized and compounded by a contraction of business and manufacturing, and the only decennial population decrease in the county’s history.\(^{10}\)

A comparison of manufactures according to census records illustrates the marked difference of the prosperity decade between Texas and Grayson County. From 1919 to 1929, the manufacturing industry in Texas showed impressive gains, with the number of business establishments rising by 45.8 percent (from 3,566 to 5,198), the number of wage workers by 51.6 percent (from 88,707 to 134,498), wages by 46.1 percent ($103,945,662 to $151,827,257), and the value of manufactured products by 72.1 percent ($842,438,135 to $1,450,246,431). In contrast, Grayson County showed losses in almost all categories of manufacturing: the number of establishments decreased by 40.1 percent (from 137 to 81), and wage earners by 10.5 percent (from 2,461 to 1,750); wages were reduced by 20.7 percent ($3,118,399 to $2,471,844; cost of

\(^{10}\) Randolph B. Campbell, Gone to Texas: A History of the Lone Star State (New York: Oxford University Press, 2003), 360.
materials fell by 33.1 percent ($23,930,732 to $16,010,300); and the value of manufactured products declined by 23.0 percent ($30,612,624 to $23,555,945). The only category of manufacturing that saw a gain in the census figures for Grayson County during the 1920s was the “value added by manufacturing.” Because this is considered the most accurate measure of industrial profit, it is noteworthy that it is the only facet of manufacturing in Grayson County that experienced growth, from $6,681,892 in 1919 to $7,545,645 in 1929, an increase of 12.9 percent. Wages fell almost twice as far as the number of wage earners, and the cost of materials decreased 30.2 percent more than did the value of products, suggesting that the manufacturing industries in Grayson County, by cutting expenditures (wages and cost of materials) at a greater ratio than their means of production (wage earners), realized less decline in value of products than cost of materials, increasing their overall added value. Therefore, the 12.9 percent increase in value added was afforded to proprietors, firm members, salaried officers, managers and others that (when coupled with the decrease

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in wages of manual workers) added to the discrepancy between the economic classes in Grayson, effectively making the rich richer and the poor poorer.\textsuperscript{12}

As with their counterparts in the rest of the country, Grayson County farmers did not experience prosperity during the 1920s. During the decade, the number of farms in the county decreased from 5,569 to 5,169, the percentage of farms operated by tenants increased from 60.8 to 65.6, and the value of all farm property declined from $64,617,801 to $33,671,684, a loss of 47.9 percent. However, despite such losses, the percent of Grayson County used for farm land increased during the decade from 84.3 to 89.3, and the average acreage per farm rose from 91.3 to 104.2. Additionally, while the number of farms in the 100 acres or more categories all showed modest gains, nearly all of the smaller farm groups showed losses. These figures demonstrate a combination of the two weaknesses of the decade: as the agricultural industry in Grayson County faced financial hardships, smaller farmers were forced to sell their land to more prosperous ones, creating a larger discrepancy between the affluent and impoverished among the farm populace.\textsuperscript{13}

\textsuperscript{12} Bureau of Census, \textit{Fifteenth Census: Manufactures}, 8 (quote). “Value added by manufacturing” measures the “net addition to the value of commodities in existence,” by subtracting the cost of materials from the value of the products. Cost of materials includes “cost of materials, containers for products, fuel, and purchased electric energy used during the census year,” effectively all costs except salaries and wages.

\textsuperscript{13} Bureau of Census, \textit{Fourteenth Census, State Compendium: Texas}, 116; United States Bureau of the Census, \textit{Fifteenth Census of the United States: 1930; Agriculture, Volume II, Part 2: The Southern States} (Washington: U.S. Government Printing Office, 1932), 1369, 1409, 1431. The categories of farm sizes by acreage in Grayson County are: under 3; 3 to 9; 10 to 19; 20 to 49; 50 to 99; 100 to 174; 175 to 259; 260 to 499; 500 to 999; 1,000 to 4,999; and 5,000 and over. All categories of 100 acres or more experienced growth (except the 5,000 and over, in which there were none in the county), totaling 240 new farms. In contrast, in groups with 99 acres or less, the total loss was 668 farms, with the two numerically largest
In population, Texas grew by more than one million persons between 1920 and 1930, the greatest numerical increase in the history of the State to that point. In contrast, Grayson was one of the sixty-nine counties in the state that lost population between 1920 and 1930; having risen to 74,165 in 1920, the number of residents fell to 65,843 in 1930, 148 persons less than the 1910 figure. There were several factors that contributed to the population decrease in Grayson, which both caused, and resulted in, a waning in the county’s manufacturing and agricultural industries.14

First, the massive increase in the state’s population occurred primarily in urban areas of 2,500 or more inhabitants, bringing the proportion of Texans in such cities up from 32.4 to 41.0 percent. Although the percentage of Grayson citizens residing in urban areas rose slightly from 43.3 to 44.9 during the decade, this was not due to a numerical increase, but to the cities losing only 7.9 percent of their populace, as compared to the 13.8 percent decrease in the rural areas. However, the decline in population was not at all uniform in Grayson’s two urban cities, Sherman and Denison. Having experienced continuous decennial gains in citizenry by at least 20 percent since its inception, growth in Sherman did slow considerably during the 1920s to just 4.5 percent, but there was still no decrease in the city’s population. All of the 7.9 percent
categories (20 to 49, and 50 to 99 acres) showing individual decreases greater than the combined increases of the 100 acres or more sects.

14 Campbell, Gone to Texas, 361; Bureau of Census, Fifteenth Census: Population, 1055, 1059; The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo & Co., 1931), 133; The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo & Co., 1949), 91. Texas’s population growth between 1920 and 1930 was from 4,663,228 to 5,824,715, an increase of 1,161,487 persons or 24.9 percent.
urban loss in Grayson County was from the city of Denison, due to its reliance on the Katy Railroad for industrial manufacturing and employment. In the beginning of the decade, the Railway Labor Board announced wage cuts which resulted in the Railroad Strike of 1922. Throughout the nation 400,000 shopworkers walked out of their jobs in protest, which, for Denison, resulted in the Texas National Guard and Texas Rangers to be called in to restore order. As reported in the Denison Herald:

The strike was so bad. They were bringing strike breakers in from Cleveland, and places like that. We were having a lot of people hurt. There were burning and fires and a lot of destruction. They brought in the Texas Rangers... They quieted things down some, but every time a new load of strike breakers came in, why all hell would break loose.

The Katy Railroad, which had been the city’s largest employer for the past fifty years, moved many of its operations elsewhere, and from 1920 to 1930, the population of Denison decreased from 17,065 to 13,850.15

A second factor contributing to the decline in Grayson County’s population was the same factor that stimulated the growth in Texas as a whole: new economic markets throughout the state. Excluding the larger cities, the majority of the Lone Star State’s increase in citizenry occurred in the lower Rio Grande Valley, the counties located in the Panhandle and South Plains, and the cities and towns along the border from El Paso to Beaumont. These regions provided new, more promising sources of income, either in better agriculture or the enormous expansion of the oil industry during the 1920s. As a
result, the population decline Grayson experienced was shared by Collin, Fannin, Hunt and Rains counties, all neighbors in the Fourth Congressional District of North Texas.\(^\text{16}\)

Although for Texas the prosperity decade meant massive expansion of its manufacturing industry, accompanied by some underlying weaknesses, in Grayson County the disadvantages were realized without much (if any) of the economic benefits. Despite these signs, by 1929 there was little indication from Grayson County residents that they saw any greater problems in the near future, especially as they focused on the county seat, Sherman. Having done relatively well during the decade, in 1928 the city earned the nickname “Fifth Industrial City of Texas” and claimed that it produced “four times as much as any city its size in the Southwest.” Also, because of its reputed proclivity for cultural activity, highly regarded public schools, and many advanced educational institutions (such as Austin College and Kidd-Key College and Conservatory), Sherman held the additional moniker of “the Athens of Texas.” Thus, on the brink of the worst financial collapse in the history of the United States, optimism remained in Grayson County.\(^\text{17}\)

In the United States as a whole, the prosperity decade did not slowly fade away, but came crashing down rapidly after October 29, 1929, or Black Tuesday,” when the securities markets on Wall Street collapsed. While the effects were felt immediately in many parts of the Northeast, the full weight of the economic catastrophe did not hit in


\(^{17}\) Kumler, “They Have Gone,” 37 (third quote), 38 (first and second quote).
Texas until sometime in 1931. When the Great Depression did reach the state, the industrial progress that had characterized the previous decade was brought to a halt, many urban workers lost their jobs, and farmers’ economic difficulties were compounded by reductions in already low agricultural prices.18

From the White House and Texas State government, all the way down to Grayson County and its cities, leaders dealt with the financial crisis in fundamentally the same way: blaming the collapse on a lack of confidence; minimizing or cutting government expenditures; looking to businesses to relieve conditions; and opposing direct relief to individuals, for fear of creating a dependent, lethargic citizenry. Although economic relief would eventually come in the form of New Deal programs, Texas and Grayson County’s experience from 1930 to 1933 illustrate the necessity of such government intervention.19

Immediately following the Stock Market Crash and into 1930, the reaction by newspapers, politicians, and business executives throughout the nation appears to have been somewhere between the “whistling-past-the-graveyard” optimism of leaders, and the consensual mass delusion of those out of touch with the realities of the economic collapse. At the national level, members of President Hoover’s finance, commerce and agriculture departments foresaw continued “progress and prosperity for 1930,” with Secretary of the Treasury Andrew Mellon asserting he could “see nothing in the present

18 Campbell, Gone To Texas, 376, 377; The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo Co., 1943), 47.
19 Campbell, Gone To Texas, 381; The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo Co., 1945), 73.
situation that is either menacing or warrants pessimism.” Texas’s Governor Dan Moody was equally confident, declaring the state “already in the midst of one of the greatest development programs any state has ever experienced,” and that it “is bound to enjoy an uncommon year of building and expansion in every line.” The state’s outlook, he assured, was “even more sanguine than the most enthusiastic believer in Texas’ future anticipated.”

In the Sherman Democrat, on Wednesday, January 1, 1930, there were no less than fourteen articles written by county and city officials and local business leaders espousing the strength of the business and agricultural sectors in Grayson. While local government officials tried to project confidence and optimism by reminding readers of buildings erected during the year and planned industrial expansion projects, business leaders used the opportunity to recommend (somewhat shamelessly) how the area might improve. Carl L. Pool, head of a major garment producing company in Sherman, guaranteed readers there were bright years ahead, assuming they supported local business:

The eyes of the financiers from all parts of America are looking toward the southwest and they are ready to help us when we show the proper interest ourselves. But before we can grasp this opportunity, we are going to have to develop the very highest type of team work and give our own homes, communities, merchants and manufactures the support that will show we are ready in kind... when every man and woman insists and demands merchandise manufactured in the southwest, quality and price being equal. There is one more reason greater than all of this why you should patronize the home merchant and insist on southwestern made merchandise: in doing this you are

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20 Sherman Democrat, January 1, 1930, 14 (first quote); January 2, 1930, 1 (second quote).
probably determining whether your boy will have a chance to become a business
man or a fifteen-dollar per-week clerk.21

Another article reassured Grayson County farmers that the outlook in 1930 was
good, assuming they diversify. A Mr. Creager was quoted:

Agricultural prospects for the new year are most promising... It has been my
observation that the farmer who diversifies his crops and has a good orchard and
garden, six or more good cows, with a hundred or more good hens, two brood
sows and some turkeys and sheep is prosperous and always has money with
which to meet his obligations.

Although it is doubtful that such an agricultural portfolio was feasible for the average
farmer, the article’s author guaranteed readers that Mr. Creager was qualified “to speak
with assurance on these matters,” because of his occupation as the owner of a farm
loan business.22

Through much of 1930 the financial crisis remained largely ignored by leaders in
Grayson and its cities, partly due to actual development in the county. Additional flour
and grain mills, a new ice plant, and the purchase and planned enlargement of an
overall and play suits factory in Denison (the city’s largest business besides the Katy
Railroad) were said to show the vitality and growth of the manufacturing industry.
Additionally, $150,000 in county highway bonds were sold for the construction of
cement and gravel roads, drainage structures, and street maintenance, all of which
were to further bolster business in the area. Finally, the infamous Sherman riot of 1930
also played a part in distracting county, and indeed state, residents from the financial

21 Sherman Democrat, January 1, 1930, 9.
22 Sherman Democrat, January 1, 1930, 9.
crisis. The trial of a black farm laborer accused of raping a white woman resulted in a mob of angry whites burning down Grayson County’s courthouse, and then rioting through Sherman’s black district, ending only after the Governor declared martial law in the city. While the “Athens of Texas,” transformed into the “Sparta of Texas,” interest in the Great Depression was undoubtedly overshadowed for a time.\(^2^3\)

The year 1931 opened with a Grayson County official stating confidently that 1930 was “a year in which the world economic situation discouraged any great development but at that this city and county can count it as one of net gains.” Citing the year’s construction projects, progress on the roads, and the arrival of county’s first oil producers as evidence of growth, the official indicated that the county farmers’ problems were the only real issue, and even that was being resolved through crop diversification and more dairy farming.\(^2^4\)

A few days later, a representative from the president’s unemployment commission met with a group of local citizens in Sherman. Praising the city for its handling of unemployment through its municipal charity tax and auxiliary emergency relief plans, the official said “you have handled the situation in a more business like way, met the burden more like human beings, than in any city that I know of from my study.”

\(^2^3\) Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), Handbook of Texas, V, 1022 (Sherman, Texas); Kumler, “They Have Gone”, 154 (quote); Sherman Democrat, March 31, 1930, 17; May 4, 1930, 14; May 15, 1930, 24; January 2, 1931, 5.

\(^2^4\) The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo Co., 1947), 262; Sherman Democrat, January 2, 1931, 1. Although Grayson’s first oil well was drilled in 1930, by 1947 a total of only 84,372 barrels had been produced, meaning that throughout the Great Depression and World War II it did not make up a major source of income for the area.
These programs allowed the city to provide ten to twenty-five transients with a place to stay and a meal ticket for one night before sending them on the next day. Funds were provided by the emergency relief organization, which was made up of pastors working with charity boards to keep costs down. The commissioner asserted that he had found “that the depression is always in the next town,” and “things are not as bad as they are pictured, although of course there is some suffering,” particularly by tenant farmers in the eastern part of the state. However, “it is not money that most of these folks need, but aid in the form of food,” because “if cash were given as relief a certain class would come to the belief that the government owed them a living.” He concluded by recommending that the city commission encourage the construction and remodeling of homes to create jobs and take advantage of the low prices for materials.25

Although the representative’s praise and optimism were applauded in Sherman, his committee’s findings, released soon after, were not. After an exhaustive study of unemployment in Texas, another representative from the unemployment commission stated at a meeting in Dallas:

I am seriously concerned about the farm problem in East Texas and certain parts of West Texas. There many farmers [sic] are selling their stock and implements and moving into town to be taken care of. Reports from the representatives of the farm labor division of the United States department of labor show that a most deplorable condition exists among the tenant farmers in these sections.

25 Sherman Democrat, January 8, 1931, 1.
Among the many counties listed under “these sections” was the eastern part of

Grayson. But these findings were quickly dispelled by local county officials, bankers and businessmen:

Reports from the president’s special employment commission that farmers in the eastern section of the county are in dire need of aid do not find support in statements made by leading bankers and business men in that section. True the financial condition of the farmers is far from good, but none of them is [sic] starving or suffering from the lack of necessities... Perhaps there are isolated cases where both low prices and misfortune have struck farmers to place them in a situation where there is need for necessities. But generally speaking this cannot be true, as a statement from the regional director of the unemployment commission would indicate. Neither is the general statement true with regard to any other section of the county... Reports indicate that a large portion of the shiftless are taking advantage of the general situation to improve their own position without effort but at the expense of the relief agencies... [in Grayson County] the farmers who are in need of charity are in the decided minority, and do not make up any considerable group.

Thus, the self-assurance that characterized the preceding two years continued into 1931.26

At all levels of government, and across party lines, there was still a reluctance to admit something was wrong with the economy. Hoover rejected government intervention in the economy because recovery was “just around the corner.” Texas Governor Ross Sterling attributed the financial crisis to a loss of confidence by the citizens. Speaking to a conference on unemployment in 1931, he said “Our people seem to have lost faith, that quality of heart and mind so essential to the solution of those grave problems that sometimes appear to threaten the perpetuity of our institutions.”

In Grayson County, Mr. Pool, whose factory in Sherman now boasted the city’s largest

26 Sherman Democrat, January 8, 1931, 1, 8.
industrial pay roll, affirmed that he was “not pessimistic about the present or future.”

But there was at least one person from North Texas audacious enough to point out that there was indeed a financial crisis, and it was affecting Texans: Congressman Sam Rayburn of Bonham, who represented Grayson County as part of the Fourth Congressional District. According to Rayburn:

> We have come upon evil days. With woe and want stalking the land as never before, with expressions of hope frozen upon silent lips, with eyes dimmed and weary looking for promised relief, with struggling people everywhere in the Republic longing for the voice of leadership, we find the country leaderless and the administration helpless and hopeless.²⁷

During 1931, optimism throughout Texas began to fade into uncertainty as unemployment rates rose, building permits declined, and prices for agricultural goods continued its downward trend. Since 1929, influential persons in Grayson had claimed that there was economic stability, even growth, by businesses and farmers in the county, by focusing on individual instances of development for the former, and relying on non-representative sources for the latter (namely banks and businesses). As 1932 unfolded, and financial reports for the previous year were released, not only was the positive rhetoric noticeably absent, but the uncertainty became blatant gloom for many. Although local government officials and business leaders had been the voice of Grayson

²⁷ Lionel V. Patenaude, *Texans, Politics and the New Deal* (New York: Garland Publishing, 1983), 3; Campbell, *Gone to Texas*, 380 (first quote), 381 (second quote); *Dallas Morning News*, August 3, 1931, 6 (third quote); Dulaney, *Speak, Mister Speaker*, 39 (fourth quote). Sterling was elected in 1930 and served just one term, from 1931 to 1933.
County to this point, average citizens began to express their grievances, and all pretenses that North Texas was not affected by the Great Depression vanished.28

By 1932, the decline in building permits in Grayson’s two major cities could no longer be ignored. In Sherman, profits from construction dropped from $760,861 in 1928, to $379,263 in 1930, and then $217,068 by 1931. In both of the next two consecutive years, the figure was halved, to $108,000 and then $52,284. Price declines on building permits in Denison were equally striking during these years, starting at $188,000 and $183,000 in 1928 and 1930, respectively, then dropping to $44,000 in 1931, $33,000 in 1932, and finally, $69,000 in 1933. Missing the point that citizens did not have the money to spend on construction projects, the Sherman Democrat ran an article in 1932 stating, “Local Building Costs Third Less Than in 1925… Material Prices such as to Make Building More of Investment.” According to the author, “prospective builders in Sherman have been missing a golden opportunity these last few months in waiting to build.” Despite such marketing efforts, the lack of building projects of course meant unemployment for many contractors, and members of the Denison Carpenters’ Union were forced to reduce their daily wage scale by $1 a day in 1931, and then to $.50 an hour by 1933.29

Although it is difficult to measure the exact losses by the farm population in Grayson County between 1929 and 1933, that they experienced financial hardship due

28 Patenaude, Texans, Politics, 2.
29 The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo Co., 1933), 251; Texas Almanac (1936), 339; Sherman Democrat, January 3, 1932, 9; January 10, 1932, 3 (quote); Dallas Morning News, March 9, 1931, 17; January 29, 1933, 14.
to price decreases during this period is without question. Throughout the nation, farm incomes dropped from $6 billion to $2 billion during this period, and in Texas, the price of cotton fell from eighteen cents per pound in 1928 to five cents in 1932, and the price of corn and cattle declined by more than 50 percent. In Grayson, as net profits from poultry decreased by more than two-thirds, a local farmer gave a fitting assessment of the scenario:

As to the outlook for another year... they tell us prosperity is just around the corner, and for the poultry man there is this consolation: laying hens and pullets are scarce all over the country, eggs are produced in less quantity now and the shortage on production will doubtless continue for another year. However, production is only one side of the ratio; consumption, due to economic conditions, is always below par. If consumption were up to normal, prices would be very high.

Although there was diversification of farm land use, and the number of livestock and poultry per farm increased, farm values took a decided downturn in Grayson. Between 1930 and 1935, the overall value of land and buildings on farms in Grayson decreased by 22 percent and the average value by 27 percent (see Table 2).  

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30 George B. Tindall & David E. Shi, America: A Narrative History (Sixth Edition, vol. 2; New York: W.W. Norton & Company, Inc., 2004), 1128; Campbell, Gone to Texas, 377, 378; Kumler, “They Have Gone”, 32; United States Bureau of the Census, Sixteenth Census of the United States: 1940; Agriculture, Volume II: Third Series State Reports; Part 3: Statistics for Counties (Washington: U.S. Government Printing Office, 1942), 320, 321, 340, 431; Sherman Democrat, January 11, 1932, 2 (quote). The closest Census of Agriculture figures for the period under examination were taken in 1930 and 1935. Because the Agricultural Adjustment Act (AAA) was started in 1933, the amount of aid the program gave to the farmers in the two years following makes an exact assessment of losses between 1929 and 1933 impossible. However, it can be started with confidence that the AAA did bring relief to the farmers in Grayson County, meaning that decreases in value for census figures from 1930 to 1935 are primarily due to losses experienced before the inception of this program. The decrease in overall value for Grayson County was slightly less than that of Texas, which saw a reduction by 28 percent ($3,597,406,986 to $2,573,704,972).
As was the case with agriculture, from 1929 to 1933 the manufacturing industry in Texas and Grayson experienced massive losses. In the state as a whole, the number of establishments and production workers decreased by 30 percent, while wages, value of products and value added by manufacturing fell by 50 percent. In Grayson County during the same period, the number of establishments declined almost 40 percent (from 81 to 50), the number of production workers by 21 percent (from 2,461 to 1,945), and the value of products by 38.7 percent (from $23,555,945 to $14,441,529). Retail sales were also severely contracted, being more than halved from $20,730,000 in 1929 to $9,373,000 in 1933.31

Collectively, the losses experienced in all industries of Grayson were summarized by the county’s assessed valuation for taxes in 1932. Although county figures had declined from $48,376,000 in 1922 to $45,060,000 in 1932, this decrease, totaling $3,317,000, meant only relatively small annual losses. But between 1931 and 1932, the figure fell to $37,940,000 or $7,420,000 in one year. The optimism that had turned to gloom in Grayson County continued its downward spiral into anxiety and fear.32

31 Texas Almanac (1933), 220, 324; Texas Almanac (1936), 286, 338; United States Bureau of the Census, Sixteenth Census of the United States: 1940; Manufactures 1939, Volume III: Reports for States and Outlying Areas (Washington: U.S. Government Printing Office, 1942, 983. Figures for “wages” and “value added by manufactures” not available in Grayson County. Exact figures of manufacturing in Texas from 1929 to 1933 are: number of establishments, 5,198 to 3,648 (-29.9); production earners, 134,498 to 91,374 (-32.1); wages, $151,827,257 to $73,426,730 (-51.6); value of products, $1,450,246,431 to $686,752,347 (-52.6); and value added by manufactures, $460,306,803 to $237,307,349 (-48.4).

As financial figures for the previous year were released, citizens in Grayson County began to take action in 1932, looking for relief from the Depression in a variety of ways. Some took to extreme methods, as shown by the increase in all types of crime in 1932, especially “swindlers and operators of petty graft.” Another example of radical measures was the founding of a socialist organization in Grayson at the beginning of the year, which claimed eighteen members in the first few days. Believing most people mistaken in their conception of socialism, the group’s organizer invited all county residents to attend meetings and challenged any person to a debate, stating:

That the capitalist system has outlived its usefulness, that it is now in a state of collapse and that socialism as defined in standard dictionaries and as set forth in the party’s national and state platforms, is the logical next step if civilization is to survive.33

Some citizens turned to the Federal Government for help, such as the 200 ex-service men in Grayson County who signed a petition calling on the Hoover Administration for immediate payment of their “bonus money,” or the remainder of the compensation they were owed for military service. But a much more common method of looking for financial relief in Texas was to turn to state and local governments.

Throughout the state, including Grayson County, this usually did not mean requesting work projects or direct assistance, since antigovernment ideas continued to dictate the

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33 Sherman Democrat, January 9, 1933, 2; January 13, 1932, 1 (first quote); January 5, 1932, 3; January 8, 1932, 12 (second quote).
population’s attitude. Instead, the opposite was demanded: less government taxing and spending. One Sherman resident, succinctly representing county ideology, said in 1932:

A sadly overtaxed citizenship will acclaim The [Dallas Morning] News as the valiant champion of their rights to efficient public service at reasonable cost. It is important that everybody shall understand that the agitation for lower taxes is not merely a temporary spasm, nor just a battle, soon to end; but is “a war to the finish,” at present in the skirmish stage. It may take a siege of ten years to dislodge the fee-grabbers and salary-booster from the citadels of power... Every taxpayer should join the lower taxes army and enlist for the war, if it lasts “till kingdom come.”

Accordingly, in January of 1932, a rally for the State Taxpayers’ Association of Texas was held in Sherman for all county residents, calling for the election of state Legislature members who would “make drastic cuts in taxation, State and local.” By September, a more permanent organization was founded, called the Taxpayers’ Better Government League of Grayson County. County government officials took action by assuming voluntary pay cuts twice within a year, and in June of 1932, Grayson County’s Commissioners’ Court lowered taxes by 10 percent to save residents an estimated $60,000 annually.34

By 1932, as unemployment figures continued to rise, even President Hoover realized government intervention in the economy was necessary. The Reconstruction Finance Corporation (RFC) was created in fall of that year, mostly to lend to businesses, but also loan $300 million to the states for relief. In Texas, Governor Sterling applied for $2,458,000 in emergency unemployment relief for January and February of 1933. Of

34 Campbell, Gone to Texas, 380; Dallas Morning News, January 17, 1932, 5 (second quote); June 14, 1932, 3; March 11, 1932, 2 (first quote); September 7, 1932, 3; Sherman Democrat, January 14, 1932, 1; January 3, 1933, 1; January 7, 1932, 2.
these funds, which could only be expended for wages and were granted to match relief by county sponsors, Grayson applied for $9,000 at the start of the new year. An article in the Sherman Democrat just a few days later illustrates the hopeless inadequacy of the program for the county:

Payment of pledges with which to finance made-work and other forms of unemployment relief, particularly important during the extremely cold days of the winter period, has not been such as is demanded by the situation. The responses made in the winter for pledges was good, but payments have been lagging. It is hoped that others who have not given thus far, but who are in position to help, will come in voluntarily to make up the breach made by those finding it impossible to fulfill their pledges. Federal unemployment relief to the amount of $1,500 each for January and February will help considerably, but the full benefit of the aid requires local funds to match. Municipal funds plus those derived from the pledges will match the federal funds, provided the pledge money is paid in. Consequently, the appeal was made Saturday for prompt payment of pledges.  

Throughout the nation it was abundantly clear in 1932 that citizens wanted relief from the Great Depression. Although viewpoints and methods in handling the economic crisis differed wildly, the desire for change was shared and aptly illustrated at the ballot box at every level of government. In Grayson County, local residents disregarded the unofficial county policy of giving office holders at least two terms by voting out County Judge Noble (who had been elected just two years prior), to be replaced by then State Senator Jake J. Loy. At the state level, one-term Texas Governor Ross Sterling was replaced on the Democratic ticket by Miriam A. (“Ma”) Ferguson, who soundly defeated her Republican opponent, Orville Bullington, in the November general election with 62

35 Campbell, Gone to Texas, 381; Patenaude, Texans, Politics, 5; Sherman Democrat, January 2, 1933, 10; January 9, 1933, 1 (quote).
percent of the vote. But the most crucial election of the year was at the national level, where New York Governor Franklin D. Roosevelt defeated incumbent Hoover. This victory was as important in Texas as anywhere else in the nation as Roosevelt’s nomination to the Democratic ticket was due in no small way to two of the state’s Congressmen, John Nance Garner of Uvalde (who became Vice President), and Grayson County’s own Sam Rayburn of Bonham. The President would remember the debt he owed Rayburn for the political dealings the Congressman undertook at the Democratic convention, and Rayburn, in turn, never forgot his constituents in the Fourth Congressional District. In Texas and Grayson County, the President’s promised New Deal was about to bring some much needed relief.  

From the beginning of the Great Depression until Franklin Delano Roosevelt’s inauguration in March 1933, the economic system throughout the United States deteriorated. Despite incontrovertible evidence and flagrant warning signs of the progressing crisis, in some parts of the nation, leaders, at both the state and local levels, refused to acknowledge the problem. It is impossible to say definitively what was responsible for the exaggerated and protracted optimism in Grayson County and, to be sure, throughout Texas from 1929 to 1932. As with all questions regarding the cause of human emotion, the answer is undoubtedly as diverse as the population. One possible factor is the frontier ethos imbued in many Texans, which assumes that personal resilience and determination can solve any and all problems. Also, many politicians,

36 Campbell, Gone to Texas, 381-382; Dallas Morning News, July 25, 1932, 1.
businessmen and economists throughout the nation compared the Great Depression to the economic calamity of 1921-1922, which had simply run its course in a couple of years. For them, the notion that the magnitude of the financial crisis they were facing in the 1930s was exorbitantly larger was beyond comprehension. Additionally, because the majority of Texans were impoverished before the Great Depression began, they “were more adapted to relative poverty” than the rest of the country, making for an easier transition to earning less. And, because Texas was less industrialized than the East and Mid-West, the warning signs of the Depression were less obvious in the major cities.37

Whatever caused the mass disregard for the realities of the economic situation in Texas and Grayson County is of less consequence than that it did happen. Like a multiple gun shots victim using confidence to ameliorate the injuries, from 1929 to 1932 the economic wounds were overlooked until the loss of blood brought dizzying effects which could not be ignored. As stated by Rayburn:

Nobody can talk the country into a depression. It was proven in Mr. Hoover’s day, when he and Mr. Mellon said – at a time when we were in the worst slump we have ever been in – that prosperity is just around the corner, that nobody can talk us out of a depression either.

While it cannot be said that action by the local government would have produced categorically better results in Grayson County, it is safe to assert that the lack of action did not result in a positive outcome by 1933.38

37 Patenaude, *Texans, Politics*, 1, 2, 3 (quote), 4.
38 Dulaney & Phillips, “*Speak, Mister Speaker,*” 60 (quote).
CHAPTER II

SAM RAYBURN

I believe that the government that is closest to the people is the government that most nearly reflects the will of the people, and I further believe that the government that we have, being the representative form, is the best form yet devised by men. When the people have the right to recall of nearly every public official every two years, this government is indeed close to the people, and the official who would take the people’s commission and not do their will, will surely be recalled at the expiration of his term.

If elected to this important station it shall be my constant purpose and my only hope to serve these people faithfully and well to the end that such laws shall be passed to do equal and exact justice to all, with that cardinal principle of equal rights to all and special privilege to none ever uppermost in my mind. With the further thought ever present that public office is a public trust and that the man commissioned by a people to do a certain work is in honor bound to reflect the will and carry out faithfully the instruction of that people, I shall consider at all times that I am the servant of the people and not their master, that the office with which they honor me shall be mine only during the time when my views and my acts shall comport with what they think their servant’s acts should be.

- Sam Rayburn

The importance of the roles played by Texans in Washington during the New Deal era cannot be overstated. Delegates from the Lone Star State held nine chairmanships (meaning all of the most important legislation passing through Congress went through one of their committees) and John Nance Garner, as Vice President, used his personal influence to guide many New Deal programs through the legislature.
Indeed, even President Roosevelt asserted that Texas was “running the government of the United States more largely than any other state.” For the citizens of Grayson County, the New Deal was personified in the figure of Samuel Taliaferro Rayburn, Congressman from their own Fourth Congressional District. From 1929 to 1946, Rayburn was the right man, at the right place, at the right time for the county, as his power, prestige and influence in Washington materialized in New Deal programs and work projects that meant tangible relief from the Great Depression. Because Rayburn lived nearly all his life in that district, and served all forty-eight of his years in the legislature as a representative (he never contended for another position in government), his life and political career are so intertwined with the Fourth Congressional District’s history that it would be impossible to describe one without the other.39

Rayburn’s childhood and rearing were fundamental in shaping his character, which dictated his personality and actions, both in Congress and out, and, consequently, resulted in his political success. Born in 1882 in Roane County, Tennessee, he was the eighth of eleven children in a family that produced little on their sixty-acre farm due to the soil erosion from generations of corn and tobacco crops. Following the Civil War, so many people from his home state, Kentucky and Missouri, sold everything and moved to Texas that postmasters started marking undeliverable mail “G.T.T.” or “Gone to Texas.” Receiving word from relatives in the Lone Star State who told of deep, black, sticky rich

39 Patenaude, Politics, Texas, 34-35, 58 (quote).
soil that would grow almost anything, the Rayburns made the move in 1887, settling on a forty-acre farm in Fannin County to grow cotton. Bonham, in the same county and part of the Fourth Congressional District, eventually became Sam’s permanent residence. Although he never forgot the difficulties small farmers experienced living in the rural United States in the late nineteenth and early twentieth century, and his family was poor by all accounts, Rayburn tended to remember what they “did have,” rather than “did not”:

I resent that people say I came from a poverty-stricken family. That’s not so. My father and mother raised eleven children. We were short of money, but we had a comfortable home, plenty to eat. My father couldn’t put us all through college, but most of us went anyway.40

The congressman’s parents were irrefutably the cornerstones of his character development. Even toward the end of his life he referred to them as the most remarkable people he had ever known, not simply because of their roles as parents, but for their inner strength, character and nobility of purpose that, he believed, made them exceptional human beings. His mother, Martha or “Mat,” “wore the pants” in the Rayburn family. A strict disciplinarian, she kept the children in line and instilled in them punctuality, obedience, and thrift of everything, including time (as was necessary for the homemaker and mother of eleven children on a forty-acre cotton farm). A plain speaker, she was frank and forthright, yet always content, purportedly never once

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40 Hardeman and Bacon, Rayburn, 2 (quote), 15-17; Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), Handbook of Texas, V, 458 (Rayburn, Samuel Taliaferro).
complaining to Sam’s father, William Marion Rayburn (at least to anyone’s knowledge).  

Will, in contrast, was much quieter than his wife and referred to as “Easy Boss” by the children because, on the rare occasions when he did try and spank them, he would stop if they started crying (Mat Rayburn, in contrast, was known simply to hit harder). He was the reason for Sam’s attraction and enduring fascination with politics, since he was “the intensest [sic] Democrat you ever saw,” and a “good citizen who never missed an election.” An outdoorsman and animal aficionado, Will was best known for the four great loves of his life: the Primitive Baptist Church, horses, his family, and the Democratic Party. But despite his political and religious penchants, he did not preach or moralize to others, or try and persuade his children into pursuing any certain line of work. He told them it did not matter what they did, “but do something and do it hard.” He did, however, insist they do the one thing he considered most important in life: to live honorably. As a child, Sam’s father continuously reminded him that someday he would be on his own, and when that happened, “all I have to give you is character.”

Thus, Sam Rayburn’s character was made of “uncluttered rural values, founded on honesty and common sense, his compassion, and his dedication to service.” That Rayburn was absolutely loyal, especially to the Democratic Party, is without question. He himself described it best when he said, “I always say without prefix without suffix [sic] and without apology that I am a Democrat.” But his loyalty went further than just

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41 Hardeman & Bacon, Rayburn, 11, 14, 19-20.
42 Hardeman & Bacon, Rayburn, 11 (first and second quotes), 12, 19 (third and fourth quotes), 20.
his party politics, as illustrated by his dedication to President Roosevelt during the New Deal, even when many from his state (including his mentor, John Nance Garner) and party began to turn away from the administration. His unflattering honesty and integrity became legendary, even before his death, and earned him the trust of his peers on both sides of the aisle. He was undeterred by the prospect of accumulating personal wealth, accepting no money from lobbyists, going on one congressional junket in forty-eight years (for which he paid his own way), and turning down travel expenses for speaking tours he made. This was indeed a rare quality for someone who continuously negotiated in Congress for as long as he did. Rayburn’s common sense was a pragmatism that allowed him ideological flexibility, representing both the national Democratic Party in the House of Representatives, and the much more conservative, Southern values of his district. He was considered a “middle-of-the-roader,” whose independence of action, fairness and candor earned him respect from his peers in Congress, even those who disagreed on policy issues. Although Rayburn loved power (he himself said openly, “I like power, and I like to use it”), he wielded it responsibly and compassionately. Unlike Garner, he was averse to insulting anyone and lacked a zest for destroying enemies that his mentor thought would hinder his political success. “Now I don’t hate anybody,” he would say through a smile, “but there are a few shitasses [sic] that I loathe.” All of these traits that made up Rayburn’s character earned him the respect of his peers and resulted in one of the most successful politicians to grace the House of Representatives. His father would have been proud when Rayburn wrote to
his sister in 1922, “I would rather link my name indelibly with the living pulsing history of my country and not be forgotten entirely after while [sic] than to have anything else on Earth.”

It would be impossible to argue that Rayburn did not succeed in his life ambition when looking at his political career. Following his first election to the United States House of Representatives in 1912, he never lost his position in Congress from Texas’s Fourth District for the next forty-eight years, nor was he even forced into a run-off in his party’s primary. He served as chairman of the Interstate and Foreign Commerce Committee through much of the New Deal (1931-1937), introducing, and playing an instrumental role in the passage of, several key pieces of legislation. He resigned this position in 1937 and became majority leader until 1940 when he was elected Speaker of the United States House of Representatives, a position he held in every Democratic-controlled Congress until his death in 1961 (twice as long as any predecessor).

Woodrow Wilson, and every President from Franklin D. Roosevelt to John F. Kennedy sought his counsel (including Republican Dwight D. Eisenhower), and he managed two candidates during Democratic presidential nomination campaigns (John Garner and Lyndon B. Johnson), both of whom became Vice-Presidents, and one President. In some way or another he participated in the passage of most important pieces of legislation

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43 Hardeman and Bacon, Rayburn, 3 (first and third quote), 3-4 (fourth quote), 104; Patenaude, Texans, Politics, 54, 55 (second quote); Anthony Champagne, Sam Rayburn: A Bio-Bibliography (New York: Greenwood Press, 1988), 1, 2 (fifth quote in text and quote in footnote); Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), Handbook of Texas, V, 459. As a testament to his disregard for personal wealth, when Rayburn died his assets included “the family farm, some pastureland near Bonham, Texas, and about $15,000 in savings.”
during his almost fifty-year tenure, and in his final decade was respectfully referred to as “Mr. Speaker,” or “Mr. Democrat,” by peers, and affectionately called “Mr. Sam” by millions of people who knew, or felt they knew, him. Today he remains “arguably the most underrated public official in twentieth-century American politics,” because he preferred to work surreptitiously, saying “damn the fellow who’s always seeking publicity.” As noted by Texas Congressman Frank Ikard in 1980, “there are many things that he should have a good deal of credit for, though they are not attributed to him. He was a rare man.”

For the citizens of Grayson County, the character traits and political successes of Mr. Sam were invaluable between 1933 and 1946 for several reasons. First, although ideologically flexible, throughout his tenure in Congress Rayburn remained, in philosophy, principle and personality, a populist. He dedicated much of his time and effort to bettering the life of rural, small farmers and to using the government to regulate the economic institutions that burdened them (he had a deep-seated mistrust of Wall Street). Because the citizens of Grayson County were predominantly rural during this period, this meant much needed aid for the people of the district.

Second, he was closely tied to both President Roosevelt and Vice President Garner. In 1932, Garner had been Speaker of the House, making him one of the

44 Champagne, Sam Rayburn, xiii-xiv, 63; Hardeman and Bacon, Rayburn, 3, 5 (first, second and third quote); Patenaude, Texans, Politics, 54; Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), Handbook of Texas, V, 458. The only two periods in which Rayburn was not Speaker of the House from 1940 to 1961 was when Republican’s held a majority in 1947-1949 and 1953-1955.
45 Champagne, Sam Rayburn, 1, 2; Patenaude, Texans, Politics, 54.
country’s most prominent Democrats. This led to him becoming a candidate for
President, and Rayburn was chosen to be his campaign manager. At the Democratic
national convention that year in Chicago, Garner and Roosevelt were predicted to be
the only two viable candidates by many political writers. While the exact political
wrangling that occurred is still speculative, it is well supported that Rayburn (effectively
having the Speaker’s “power of attorney”) was key in providing the information that led
Garner to switch his votes on the fourth ballot to give Roosevelt the two-thirds majority
he needed to earn the Democratic nomination. Rayburn’s decision had helped make
Roosevelt president of the United States, and one who entered the White House with a
heavy debt to Texans.46

Third, he was extremely influential in Congress. By the time Roosevelt entered
the White House in 1933, Rayburn had been in the House of Representatives for twenty
years and knew “about as much as any man [in Congress] about how to manipulate the
legislative process.” Like his mentor Garner (who had ten more years seniority),
Rayburn had an enormous reservoirs of friends in Congress, and neither man was above
calling in political favors.47

Fourth, Rayburn was an all-out New Dealer, working hard to protect the
common-man’s interests. “Some people say I wasn’t a New Dealer... They’re wrong” he
said of himself. “I was a hell of a New Dealer. I wrote six of its keystone acts – at least
that’s what John Garner called ‘em [sic].” No other member of the legislature could

46 Champagne, Sam Rayburn, 17-18; Patenaude, Texans, Politics, 8, 9, 11, 15-16, 19, 24, 29.
47 Patenaude, Texans, Politics, 56 (quote).
claim the enormity of accomplishments as Rayburn during the First New Deal, as
highlighted by Roosevelt’s assertion that he was “the most valuable man in Congress.”48

And finally, Rayburn remained, throughout his fifty-year career, uncannily attentive to his constituents. One example of his dedication occurred when one of his staff members allowed a farm couple from his district, with no special connections or wealth, to leave his office in Washington without visiting with him. Furious at his aide, Rayburn made him search the city for the couple, met with them where they were staying, took them to lunch, and then had the Speaker’s limousine drive them back to their hotel. He then explained to the staffer:

These are the people I represent. These are the people that pay my salary. These are the most important people, more important than the guy who is out there with the appointment wanting something. These people are not wanting something other than good representation.49

Thus, the citizens of Grayson County had in Rayburn a friend who was himself a lifelong citizen of their district and understood the economic hardships they were experiencing. Moreover, he was a political ally in Congress whose influence extended into both chambers and the White House; a New Dealer who supported the President’s programs to bring economic relief to individuals through work programs; and a

48 Patenaude, Texans, Politics, 57 (second quote), 61 (first quote). Those six pieces of legislation were the Securities Exchange Act, Truth in Securities Act, Emergency Railroad Transportation Act, Federal Communications Act, Rural Electrification Act and the Public Utility Holding Company Act, all (except the Rural Electrification Act) cornerstones of Roosevelt’s objective of reforming the financial and commodity markets.

49 Champagne, Sam Rayburn, 36.
Representative who never forgot about his constituents, bringing tangible results that helped end the Great Depression for them.
CHAPTER III

THE FIRST NEW DEAL IN GRAYSON COUNTY, 1933-1935

Franklin Roosevelt had a program and he had faith and confidence in the American people. They would stop their work and listen to his fireside chats and they had great confidence that he was trying to do something for them. Of course, that first hundred days was unparalleled in American history.

- Sam Rayburn

When Roosevelt was inaugurated on March 4, 1933, the country had reached its lowest point from the ravages of the Great Depression: 5,000 banks were shutdown, 100,000 businesses had declared bankruptcy, 14 million individuals were unemployed, and the lifesavings of millions of Americans had disappeared due to speculation spree of the 1920s. The President had said, “I pledge you, I pledge myself, to a new deal for the American people,” when he accepted the nomination for the Democrats at the national convention, and, as the country had shown at the polls at all levels of government, they were indeed ready a change. The purpose of Roosevelt’s New Deal was to bring relief to individuals, recovery to the economy, and reform to the financial system to prevent another Great Depression. Overall, achieving these “three Rs” meant permanently increasing the role of the federal government to that of a regulator of businesses and
the economy, and a welfare state in which the basic wellbeing of all individuals is protected.\textsuperscript{50}

During the First New Deal, from 1933 to 1935, Grayson County benefited from nearly every program passed by Congress, through local officials actively seeking government aid, and the patronage of Sam Rayburn. Although the citizens of the county received relief from a variety of sources, Grayson, like Texas and the United States as a whole, did not experience anything near economic recovery.

On March 9, 1933, President Roosevelt called an emergency session of Congress, inaugurating the First New Deal and the “Hundred Days” which lasted until June 16. During this period, an unprecedented amount of legislation was passed, which brought staggering changes throughout the country and immediate results for the citizens of Grayson County.\textsuperscript{51}

The President’s first order of business was to deal with the banking crisis by declaring a four-day national bank holiday, during which time the Emergency Banking Relief Act was passed. This act allowed the government to inspect all banks and provide financial assistance for those that were salvageable. That Roosevelt decided to take such action was fortunate for Texas since Governor Miriam A. Ferguson had ordered all banks closed on March 2, probably overstepping state constitutional boundaries. To maintain order in Grayson, 100 members of the American Legion (all ex-service men),

\textsuperscript{50} Hardeman and Bacon, \textit{Rayburn}, 147; Alfred Steinberg, \textit{Sam Rayburn} (New York: Hawthorn Books, 1975), 108 (first quote); Campbell, \textit{Gone to Texas}, 382 (second quote).

\textsuperscript{51} Steinberg, \textit{Sam Rayburn}, 108.
volunteered their services and were sworn in as special police to patrol the major towns night and day for robbers and hijackers. The day before banks reopened on Monday, March 13, President Roosevelt gave the first of his famous “fireside chats” to tell the nation that it was more prudent to “keep your money in a reopened bank than under the mattress.” Such a guarantee seemed to have worked as the state and national banks in Sherman opened the next day, with one person depositing $1,240 in gold coins, which “bore evidence of having been out of circulation for some time.” Although at least one local bank was liquidated, the program proved successful overall in Grayson County, and the President’s action in closing the banks was applauded. At a meeting with many of the affluent citizens of the county, a banking leader acclaimed that there was “nothing equal to the nerve and the gall as when President Roosevelt pulled down the curtains on our banks. It was marvelous. Not since President Lincoln signed the proclamation freeing the slaves has such a thing occurred.”

Following the banking crisis, relief for the unemployed was one of the foremost concerns of the administration. Therefore, in May 1933, Congress passed the Federal Emergency Relief Act, which created the Federal Emergency Relief Administration (FERA). This program gave assistance to the unemployed by funneling $500 million from the national government to state and local agencies on what was supposed to be a matching basis of one federal dollar for every three from the state. Accordingly, a

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52 David M. Kennedy, *Freedom From Fear: The American People in Depression and War, 1929-1945* (New York: Oxford University Press, 1999), 135, 136 (first quote); Campbell, *Gone to Texas*, 382; *Dallas Morning News*, March 4, 1933, 5; March 15, 1933, 5 (second quote); March 26, 1933, 12 (third quote); November 21, 1933, 3.
constitutional amendment was submitted by the Texas state legislature, and passed by voters in August 1933, issuing $20 million in bonds and creating the Texas Rehabilitation and Relief Commission. Unlike Hoover’s RFC, which was still giving loans, the FERA gave outright emergency relief grants, making it a state and local program rather than a federal one (although there were Federal regulations that had to be complied with in order to receive the funding, in general, the states and localities were allowed autonomy). Also unlike the RFC, the money given to the Relief Commission was passed to county boards, which then distributed it to individuals in direct cash payments, called the “dole.” In order to get on the FERA’s dole, citizens had to prove their necessity by submitting “to the humiliation of a ‘means’ test.”

To comply with the requirements of the FERA, Grayson County set up a local welfare board in August 1933 and immediately began taking applications. County personnel worked with such haste that by the end of the month more than $20,000 in federal emergency relief aid had been received and distributed. By January 1934, that figure jumped to almost $30,000 per month, and the national government had spent all but $175 million of the original $500 million. As more federal money was allocated to the program, the number of persons receiving aid increased, and from July 1934 to June

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53 Campbell, Gone to Texas, 383; William E. Leuchtenburg, Franklin D. Roosevelt and the New Deal: 1932 – 1940 (New York: Harper & Row Publishers, 1963), 120, 123 (quote); Final Statistical Report of the Federal Emergency Relief Administration, Prepared under the direction of Theodore E. Whiting (Washington: U.S. Government Printing Office, 1942), iii, 5-6; Texas Almanac (1945), 5, 73; Kennedy, Freedom From Fear, 144, 170. The $20 million bond passed by the Texas state legislature marked the first time since the adoption of the Constitution of 1876 that the state’s debt was increased.
1935, there was a monthly average of 12,269 persons on emergency relief in Grayson County, ranking it tenth highest in the state.\textsuperscript{54}

By the beginning of 1935, Grayson County residents were still receiving $30,000 in direct relief every month, the National Government had spent over $2 billion on the FERA, and new persons were being added to the payroll daily. Not surprisingly, Roosevelt felt the program was not helping individuals achieve financial independence, or bringing economic recovery, and indeed, he was right. From the creation of the FERA in May 1933 until the beginning of its dismantling in December 1935, the program allocated $3,068 billion in federal funds to the states, encompassing the bulk of the total relief given to all unemployed persons in the U.S during this period. Of this, Texas received $101,049,987, of which $1,096,642 was siphoned to Grayson (an average of $34,270.08 per month for the 32-month period). Considering that for at least an eleven-month period 12,269 persons in the county were receiving emergency aid from the FERA (which equates to approximately $2.79 per person for the month), it is not surprising that the program failed to supply adequate relief throughout the country.\textsuperscript{55}

Although Roosevelt and his administration recognized the necessity for emergency relief payments in times of crisis, the President believed the dole was “a

\textsuperscript{54} Final Report of FERA, iii, 247-248; Dallas Morning News, August 16, 1933, 2; Sherman Democrat, January 5, 1934, 1; January 9, 1934, 1. The nine counties averaging more persons receiving aid in Texas during this period were (in alphabetical order, not numerical) Bexar (San Antonio), Dallas, El Paso, Harris (Houston), Jefferson (Beaumont), Lamar, McLennan, Tarrant (Fort Worth), Travis (Austin).

\textsuperscript{55} Final Report of FERA, iii, 287, 288; Leuchtenburg, Franklin D. Roosevelt, 123-124; Dallas Morning News, January 11, 1935, 11. Although the FERA was not the only emergency relief agency in Grayson County (meaning individuals were receiving aid from other sources), the figures given do succinctly demonstrate that the amount of money being put into circulation was barely enough to provide financial support, let alone stimulate the economy in any meaningful way.
narcotic, a subtle destroyer of the human spirit,” and therefore preferred that recipients work for their money. To this end, several work programs were tried with varying degrees of success, all of which directly affected the citizens of Grayson County.⁵⁶

Toward the end of 1933, as winter approached, it was evident that the state-sponsored FERA could not provide enough relief to all individuals without work. Therefore, the Civil Works Administration (CWA) was created in November, as the first program in which the federal government put individuals directly on its payroll en mass, giving minimum-wages for work relief. Although both “work relief” and “public work” provide paid work for individuals rather than placing them on the dole, the latter was meant to create permanent structures of lasting value, while the former involves “made work” that does not always have long-term benefits, making it highly susceptible to criticism. Under the direction of Harry Hopkins, head of the FERA and a key figure in Roosevelt’s administration, the CWA was thrown together without time for careful consideration as more than four million persons were mobilized for jobs hastily invented in thirty days.⁵⁷

As the CWA developed, a torrent of jobs flooded into every part of Grayson County. Most of the work involved typical public works projects, such as repairing public schools, the city hospital in Sherman and Denison’s city hall; extending sewers and laying water mains in Sherman, Denison and a few other towns; improving roads in

⁵⁶ Leuchtenburg, Franklin D. Roosevelt, 124 (quote); Campbell, Gone to Texas, 383.
⁵⁷ Kennedy, Freedom From Fear, 175-177; Campbell, Gone to Texas, 384; Leuchtenburg, Franklin D. Roosevelt, 121.
almost every town throughout the county, using stones brought from a white rock
quarry in the area where some 140 men worked; and, the hiring of twenty teachers
under the CWA educational work relief project, in everything from sewing and
kindergarten classes to tutoring illiterate black adults. There were, of course, some jobs
that probably seemed less conventional and useful to outside observers. For example, a
crew of forty-five men cut timber on a local farm for firewood, while another forty
worked on creek drainage to prevent mosquitoes. Also, a university project employed
twenty-four persons to survey and organize available county records for a historical
program. While the purpose of such made-work assignments was to keep individual’s
work ethic alive rather than them being on the dole, to critics it was just another
example of New Deal waste.58

From November 1933 to March 1934, some 2,000 Grayson citizens received
work from the CWA each month, as this was the quota set for the county. By mid-
January the CWA had a weekly payroll of between $20,000 and $25,000, and from the
program’s inception to January 14 the county received $126,848, resulting in a major
boost for the economy and morale, as noted by a Sherman Democrat journalist:

Placing of this sum into circulation has been of immense benefit. The figure is
quoted here in order to give an estimate of the cost of projects which bring in
double barreled dividends: the projects themselves are of some considerable
value, particularly the road and street work and other permanent and semi-
permanent improvements and the entire amount of the payroll is put into
circulation immediately in purchase of necessities by people the most of whom
[sic] have been getting along the best they could for several months.

58 Campbell, Gone to Texas, 384; Sherman Democrat, January 7, 1934, 1; January 11, 1934, 3; January 15,
1934, 7.
The Governor Saturday sent to the president a message urging continuance of the civil works after Feb. 15, citing the benefits and needs. One does not have to go far to find the benefits in this county, and the situation here is no different than elsewhere. Certainly, the need for such work has not passed as yet by any means.59

Despite such backing by the county and governor (which was undoubtedly due to the $14 million in payroll and expenses the state received monthly), the CWA did not enjoy a long life. Evidence that the financial requirements of the program would not permit its continuance for any extended period of time came to the citizens of Grayson from the CWA state director in January. Asking if county officials could begin to curtail relief employment by cutting the quota of allowable workers, the official stated that the approaching agricultural season should create jobs for some of the men currently employed by the CWA. County representatives responded that farmers would not absorb any significant number of workers, but it was understood that retrenchment by state headquarters might be needed regardless of local conditions. And indeed, retrenchment was inevitable due to opposition from Roosevelt himself. Troubled by the CWA’s massive expenditures, the President told his advisors the program would “become a habit with the country” and that “we must not take the position that we are going to have permanent depression in this country.” Accordingly, Hopkins began disbanding the CWA on February 15, and had fired some four million persons by the beginning of April. In Grayson, the county’s May allotment from the State Relief

59 Sherman Democrat, January 9, 1934, 3; January 14, 1934, 6; January 15, 1934, 4 (quote).
Commission was just one-third of April, and the June allocation half of May’s, amounting to $1 a person on the relief roll.\textsuperscript{60}

During its short existence, the CWA hired more than 239,000 Texans, and constructed or improved more than 500,000 miles of highway, 40,000 schools, and 1,000 airports throughout the nation. Furthermore, because of the massive expenditures, the program was much more capable of bringing the desired relief and recovery Roosevelt desired, since workers under the CWA averaged $15.04 a week compared to the $6.50 a week from the FERA. Although the program did not last, the concept behind it (massive government spending to create work for the unemployed) and the success it did bring would be remembered and utilized again.\textsuperscript{61}

Another work relief program was the Public Works Administration (PWA), created on June 16, 1933. This agency was allocated $3.3 billion for large building projects, such as schools, highways, bridges and other permanent structures, and was headed by Secretary of the Interior Harold Ickes. Instead of keeping workers on the government’s payroll, Ickes used private contractors for construction projects to help stimulate the economy.\textsuperscript{62}

The PWA was so highly anticipated that on the day it was created a representative of the Texas Relief Commission met with local officials and business

\textsuperscript{60} Leuchtenburg, Franklin D. Roosevelt, 122 (quote), 123; Sherman Democrat, Jan 14, 1934, 9; January 15, 1934, 4; Dallas Morning News, June 4, 1935, 12.
\textsuperscript{61} Leuchtenburg, Franklin D. Roosevelt, 121, 123; Kennedy, Freedom From Fear, 176-177; Campbell, Gone to Texas, 384.
\textsuperscript{62} Kennedy, Freedom From Fear, 151-152 ; Campbell, Gone to Texas, 383.
leaders from every Grayson County town to explain how to apply for public-works projects. Within eight days almost every community was seeking some sort of construction work, with the city of Denison alone applying for $65,000 worth of improvements and the mayor saying more projects under consideration would soon be submitted. Such grandiose schemes, as well as most of the other applications from Grayson towns, were never realized.\(^{63}\)

During the First New Deal, very few PWA projects were completed in Grayson. Some grading and drainage work on roads was done under a national recovery fund for highways, and a $30,000 high school in the city of Tom Bean was built. Also, and most notably, the Grayson County courthouse and jail in Sherman were rebuilt, with Rayburn playing a key role in obtaining funds for the project. The Congressman even contacted Grayson County Judge Jake J. Loy personally to tell him when the applications were approved for the structure and the release of federal funds.\(^ {64}\)

Although these projects did bring some work relief to Grayson County, it amounted to far less than requested due to the program’s fundamental flaw: head of the agency and Secretary of the Interior Harold Ickes. Ickes, fearing money would be stolen or wasted, was so slow and careful with allotments for building projects that the program did little to stimulate the economy and much to exasperate citizens throughout the Lone Star State. Indeed, by October 1934, the appointed State PWA engineer had

\(^{63}\) *Dallas Morning News*, June 17, 1933, 8; June 25, 1933, 8; July 2, 1933, 11. The PWA was established as the second part (Title II) of the National Industrial Recovery Act, which is discussed below.

\(^{64}\) *Dallas Morning News*, August 4, 1934, 7; December 4, 1934, 12; December 15, 1934, 2; May 5, 1935, 2; May 9, 1935, 3; May 18, 1936, 3.
resigned, criticizing the “red tape in the PWA headquarters at Washington which, he said, was holding up many projects in Texas and elsewhere that should be giving employment to thousands of jobless workers.” In Grayson County, such frustration was also felt, as indicated by the following article from June of the same year:

Tiring of delays and miles of government red tape, the Sherman school board, by unanimous vote Friday night, withdrew its application for a PWA grant to be used in constructing additions to the Bryant and Crockett Schools and at the end of a lengthy session voted to build the two additions under general contract. The PWA grant, which would have brought the school board an estimated $6,532.50, has been approved but there apparently was an unending amount of red tape to be waded through before actual construction work on the buildings could get under way.

While the PWA did provide some work relief, it was too little and too slow to change the financial situation of Grayson County citizens or the economy as a whole in any sort of permanent way.65

Of the New Deal programs aimed at work relief, the Civilian Conservation Corps (CCC) was the one about which President Roosevelt was most concerned. According to Rayburn:

We were down at the White House one morning and President Roosevelt said, ‘Now you folks have got what you want. I want a Civilian Conservation Corps.’ And out of that grew CCC which was very helpful in many ways to the youth of the country – took them off the streets and gave them a useful life.66

The CCC, established in March 1933, took unmarried men between the ages of eighteen and twenty-five whose families were on relief, and gave them jobs. Although

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65 Leuchtenburg, Franklin D. Roosevelt, 70; Dallas Morning News, October 3, 1934, 1 (first quote); June 10, 1934, 3 (second quote).
66 Dulaney and Phillips, “Speak, Mister Speaker”, 51-52 (quote); Leuchtenburg, Franklin D. Roosevelt, 52.
most of the work they performed was soil conservation and reforestation projects, they also built roads and bridges, taught farmers how to control soil erosion, and even acted as firemen. The boys lived in camps directed by the U.S. Army or foresters and had to send their families $25 of the $30 they were paid each month from the War Department finance offices. The program was highly successful as it enlisted more than 2.5 million young men throughout the nation during its existence (from 1933 to 1942) and greatly contributed to the national park system.67

Just one year after the CCC was initiated, 129,925 young men from Texas were enlisted and, according to War Department figures, had sent $2,799,170 home to their families. The program was also active in Grayson County and benefited its citizens in several ways. First and foremost was the individual relief the CCC brought. Because it only took boys from families on relief rolls, that several hundred boys were enrolled in the program from Grayson County during the 1930s meant an additional $25 for their families and one less dependent to provide for during their enlistment.68

Also, largely because of Sam Rayburn’s influence in Washington, Grayson County was allocated a few CCC camps of its own, which proved very useful to local residents. In November 1933, local contractors were hired to build a $10,500 camp at the county’s state park site, and the work performed by the CCC enlistees there helped complete Loy State Park. In December of the following year, Grayson officials mailed papers to the

67 Kennedy, Freedom From Fear, 144, 145; Leuchtenburg, Franklin D. Roosevelt, 52, 174; Campbell, Gone to Texas, 383-384; Dallas Morning News, April 24, 1934, 11.
68 Dallas Morning News, April 24, 1934, 11; January 1, 1935, 15; June 25, 1935, 2; March 29, 1936, 8; October 4, 1936, 10; Sherman Democrat, January 9, 1934, 1.
erosion engineer at Texas A&M certifying that there was more than 30,000 acres in the county designated for the conservation program. By the following June, 211 CCC enrollees were finishing the work on the soil erosion camp in southeast Sherman and preparing to begin the erosion campaign in Grayson. This program proved especially beneficial to local farmers since their lands were “cottoned out” from one-crop agriculture and other poor farming practices. Throughout the remainder of the decade, CCC workers from the camp performed general terracing and strip-cropping to conserve soil on privately owned farms in Grayson County.69

The Roosevelt Administration also brought relief to the farmers, which was especially important to the citizens of Grayson since the economy in the county was based primarily on agriculture. The Agricultural Adjustment Act (AAA), passed on May 12, 1933, paid farmers to limit their production voluntarily through acreage limitations and quotas in order to raise the prices of crops, livestock and dairy products. The money the farmers received came from a tax placed on the processors of these crops, such as cotton ginners and flour mills.70

The first step toward inaugurating the cotton reduction program of the AAA in Grayson County was taken on June 21, 1933, when the federal government’s assigned county agent, Benny F. Gray, held a meeting and elected men from the major towns to

69 Anthony Champagne, Congressman Sam Rayburn (New Jersey: Rutgers University Press, 1984) 3, 56; Dallas Morning news, November 24, 1933, 14; December 8, 1934, 5; June 21, 1935, 16; June 25, 1935, 2; April 24, 1936, 13; September 13, 1936, 1.
70 Champagne, Congressman Sam Rayburn, 3; Tindall and Shi, America, 1123, 1128; Kennedy, Freedom From Fear, 142; Campbell, Gone to Texas, 384.
take care of contacting farmers and seeing through the implementation of the signed contracts. According to Mr. Gray:

In the reduction program, farmers filled out contracts which they submitted to their local or county committees, which sent them to federally assigned state officials. These were then checked and approved in Washington by national officials before being officially accepted by United States Secretary of Agriculture Henry A. Wallace. If accepted, an approval slip was returned to the county agent who returned it to the local committee which oversaw the destruction of the cotton and made sure it was the same amount offered in the contract. Once the agent reported back to Washington that the crop had been destroyed, a check was mailed to the farmer.

It was estimated that $650,000 worth of relief would be distributed to cotton farmers in Grayson alone.\(^71\)

By mid-July, 3,015 contracts had been received by Mr. Gray and only 154 farms in the county (or 3 percent) were unaffected by the AAA. A total of 97,458 acres were limited in the contracts with 37,106 of those being plowed under. This amounted to “a minimum of $384,662.63” according to Mr. Gray, who called the program “an unqualified success.” When the last payments from the 1933 reduction program came in December, Grayson County cotton farmers had received more than $640,000 for the year. In the first year of the program, the AAA had put farmers in a better condition than they had been for some time, and, according to Grayson merchants, many had liquidated accounts that had been standing for several years.\(^72\)

\(^71\) *Dallas Morning News*, June 22, 1933, 9 (quote); June 26, 1933, 2; July 17, 1933, 4.
\(^72\) Campbell, *Gone to Texas*, 384; *Dallas Morning News*, July 17, 1933, 4; October 20, 1933, 11; December 20, 1933, 7. Because the spring crops had already been planted when the AAA was passed, farmers throughout Texas had to plow up some four million acres of cotton, amounting to almost $43 million.
Although the farmers of Grayson County enjoyed substantially better returns for their commodities for a few years, the AAA had its enemies, notably the processors who were both taxed and receiving less agricultural goods due to land reductions. In Grayson, cotton ginnings fell by 59 percent in the year ending December 1933, from 49,857 bales to 20,846. The following year, from January to October only 7,795 bales were ginned, compared with 17,078 during the same period for the previous season. It is small wonder that in 1935 a suit attacking the AAA as unconstitutional was filed in the Federal District Court in Sherman by a Grayson County ginner and the Texas Cotton Ginner’s Association. On January 6, 1936, in *United States v. Butler* (not related to the case filed in Grayson), the Supreme Court declared the AAA’s tax on food processors unconstitutional, by a vote of six to three. Thus, the AAA came to an end, due to a justifiably angry class of businessmen being burdened with the responsibility of providing for all the farmers in the United States.73

To encourage recovery in manufacturing, the Roosevelt Administration tried the National Recovery Administration (NRA), created under the National Industrial Recovery Act in June 1933. The program had two purposes, the first being the elimination of competition between companies within an industry by the drafting of codes to set prices and wages. The second objective was to create jobs and raise wages by creating fair labor standards, which would result in more money for consumers. The codes were drafted by committees composed of representatives from the government, labor, and

business, and enforcement of them was not based on government coercion, but rather through the call of patriotism and fear of social disapproval.\textsuperscript{74}

From the beginning, the NRA proved wildly popular in Grayson County. Within a week of the programs inauguration, Grayson grocers, manufacturers, retail merchants, barbers, cleaners and dryers, bakers, printers, automobile dealers, and restaurant, lumber yard, and service station men had met and drafted codes, as did the heads of fifteen departments at the county courthouse. A local garment factory hired on an additional sixty workers, increasing the annual payroll by $75,000, and a flour mill and a candy factory in Sherman hired a total of twenty-three men with the former estimating a $100,000 payroll augmentation per year. A month after the start of the NRA, the city of Sherman held a parade for children whose parents were cooperating in the NRA, and it was announced that in thirty days the program’s codes had created 260 jobs for the unemployed, totaling an additional $4,970 in wages for the city.\textsuperscript{75}

At the beginning of 1934, support for the NRA appeared high as it was announced that an estimated “4,000,000 workers have been restored to gainful employment,” and “basic wages had been raised and maximum hours reduced in industries employing between eighteen and twenty million people.” Even in Sherman, businesses seemed dedicated to the program as a major motor line company boasted 25 percent increases in employment and wages, and 30 percent in cost of operations.

\textsuperscript{74} Campbell, \textit{Gone to Texas}, 386-387; Leuchtenburg, \textit{Franklin D. Roosevelt}, 64-66.
\textsuperscript{75} \textit{Dallas Morning News}, August 1, 1933, 12; August 2, 1933, 12; August 5, 1933, 2; August 9, 1933, 12; August 10, 1933, 3; August 17, 1933, 7; September 2, 1933, 8; September 10, 1933, 11.
However, the fundamental flaws of the NRA were beginning to show and the critics were beginning to speak. For one thing, because the program was not compulsory, it only worked so long as there was “a spirit of national crisis.” As soon as the economy showed signs of recovering, business owners became annoyed with the voluntary codes that restricted their daily activities and, in many cases, inability to exploit labor. Also, the interests of businesses and corporations were being put over those of the general public since the codes subdued competition and raised prices by cutting back production, creating hostility from consumers as well. Consequently, when the Supreme Court struck down the NRA as unconstitutional in May 1935, the program had amassed such a diverse group of critics that very few cared, especially given that economic recovery was still noticeably absent.76

While the Federal Government was testing different programs to bring relief and recovery to the nation, Grayson County officials continued to approach the problem in the same way they had before: through retrenchment, consolidation and maintaining a balanced budget. Although the tax rate was raised in 1933 from $.80 to $.85 per $100 valuation, the additional revenue was dedicated to the county’s sinking fund to support bonded indebtedness and not to start new relief measures. The following year, the County Commissioners’ Court announced that it,

stood pat on the county tax rate, agreeing to cut expenses to the bone rather than add to the present rate of [.85]. In setting that rate, however, consensus was that it was going to prove a strenuous year as valuations dropped nearly

76 Leuchtenburg, Franklin D. Roosevelt, 69 (second quote), 70; Sherman Democrat, January 1, 1934, 1 (first quote); January 15, 1934, 5.
$1,000,000 and the county has the added expense of the Grayson County Park. The [$.85] rate is [.08] lower than in 1930, though there has been a $12,000,000 drop in valuations since that time.

As promised, expenses were cut wherever possible. The Sherman School Board managed to lower its budget from $151,710 to $142,430 for the 1933-34 school year by firing seven teachers, and, beginning on January 1, 1935, the combined offices of Grayson’s tax collector and assessor paid approximately the same as the maximum for just one of the offices the previous year.77

During the First New Deal, as the citizens of Grayson County received urgently needed relief from several different government programs, some economic growth appeared. Retail sales showed an increase in the county from $9,373,000 in 1933 to $12,788,000 in 1935, and building permits in Sherman increased during the same three consecutive years from $52,284 to $112,117 to $364,517. By the beginning of 1934, as unemployment in Denison decreased, police and railroad agents reported seeing fewer transients, and there was a decline in major crimes in Sherman for the year. A writer for the Sherman Democrat was undoubtedly correct when he said, “there were happier hearts to welcome the New Year when 1934 arrived than one year ago.”78

However, while the First New Deal did give aid to individuals, the fundamental weakness of the recovery effort lay in the dedication of government officials at all levels

77 Dallas Morning News, September 1, 1933, 12; September 1, 1933, 12; August 10, 1933, 8; August 19, 1934, 9 (quote); Sherman Democrat, January 15, 1934, 4.
to economic conservatism: reducing or limiting expenditures to keep deficits down. Without a dependable or uniform system to increase consumer spending and business investments, only enough relief was provided to keep people from starving as the economy showed slow recovery.79

At the national level, both Roosevelt and Rayburn’s dedication to economic conservatism is evident in the first act sent to Congress by the President (following the Banking Bill), which was a “Coolidgelike Economy Bill, which would cut government salaries by $100 million, veterans’ benefits and the military budget by $300 million and various federal spending programs by $200 million.” The bill, introduced in the House on the second day of the emergency session of Congress, March 10, was defeated by fourteen votes. The Democratic Speaker and Floor Leader turned to Rayburn for help because of his popularity and influence with the members of the House. He took to the floor and told the House that it was their duty to support Roosevelt’s emergency measure, saying “my program, your program, is not here. But the program of the man to whom the people of the United States are and must be looking today is before Congress. And what are we going to do with it?” The bill passed on its second try, 266 to 139.80

Luckily for the citizens of Grayson County and the rest of the nation, both Roosevelt and Rayburn possessed a pragmatism that superseded any ideology, allowing them flexibility in their response to the novel economic circumstance before them.

79 Leuchtenburg, Franklin D. Roosevelt, 70.
80 Steinberg, Sam Rayburn, 104-105, 108 (first and second quote).
Therefore, when the inadequacies of the government consolidation and balanced budget approaches became evident, both men supported federal intervention to provide relief to unemployed individuals, largely through the FERA, CWA, PWA and CCC. Nevertheless, all of these programs had their flaws.

The FERA provided barely enough money to individuals to give them relief, but not nearly enough to aid in the recovery effort. While each person’s share was scant, the total bill for the national government was substantial enough that Roosevelt did not support the program for very long, especially since most of the money was distributed on the dole. Of the work relief measures tried, the CWA was probably most effective as it required and distributed huge sums from the federal government. Indeed, during the program’s brief tenure in the winter of 1933-34, Grayson County received a substantial amount of work and funds, leading one citizen to assert

There’s lots of Christmas spirit manifested in Denison this year... There is a great deal more Christmas shopping than last year. Denison people are almost unanimous in supporting President Roosevelt. They believe he’s doing everything he can to relieve the situation and that he has made progress. The C.W.A. has taken many Denison people off the relief rolls.

Unfortunately, the cost of continuing the program was too much for Roosevelt, and it only lasted about four months. The PWA was not allocated enough money and its director, Secretary Ickes, was too careful and slow for the program to bring economic recovery. An editor from The Economist was not far off when he stated of the program,

Its net result has been to restore the average expenditure on public construction to about 60 per cent. [sic] of its pre-depression level. In these circumstances, it would be idle to look for the effects which have been theoretically predicated for
a policy of increasing public works expenditures in times of depression. The plain truth is that in the United States public works have not been increased; they have merely been prevented from fading altogether away.

And finally, while the CCC was an unequivocal success as a relief measure, the amount of money it put into circulation made it effective only as a supplement to the economic recovery effort.81

The ideology that hindered progress toward economic recovery in the national government was even more rigidly espoused by the governing officials in Texas and Grayson County. Although Governor Ferguson tried to adopt a state sales or income tax, the legislature would only cut appropriations. In Grayson, officials were so dedicated to the idea of a balanced budget that the total debt of the county increased from $3,204,434 in 1932 to $3,205,437 in 1935, a difference of $1,003. Thus, the federal government was being sapped of its money on relief efforts by a state and county whose own contributions were paltry at best. Of the $101,049,987 Texas received from the FERA between May 1933 and December 1935, $74,590,240 came from the federal government, $17,796,008 was from the State, and $8,663,739 from local funds. Grayson County’s $1,096,642 share of the FERA also came mostly from the National Government ($783,249), with the State and county contributing significantly less ($168,646 and $144,747, respectively).82

81 Dallas Morning News, December 20, 1933, 10 (first quote); Leuchtenburg, Franklin D. Roosevelt, 70 (second quote).
82 Campbell, Gone to Texas, 387; Final Report of FERA, iii, 287, 288.
By March 1935 Texas had some 282,808 persons on work relief, with Grayson County contributing 4,705. The work programs and the NRA had all failed to bring recovery to the economy, or substantially increased investment or consumer spending. The FERA was to begin its liquidation within the year and attacks on the constitutionality of the AAA had already begun, meaning there would be less relief money in circulation soon. Because the officials in Grayson County and Texas were ideologically incapable of generating the revenue to alter the course of the economy, the impetus for change rested on the federal government and the leadership of Roosevelt. For the millions of people throughout the nation who were unemployed or on work relief, the crucial question was, would the President choose to do more, or less?
CHAPTER IV

THE SECOND NEW DEAL IN GRAYSON COUNTY, 1935-1939

President Roosevelt has a program and he has the courage and ability to carry it out. After the darkest period in American history he appeared. Under his leadership and statesmanship, the sunshine is breaking through the clouds, the mists are clearing away and, under God, we will again live in a land where there is fair play, honesty in dealings, where prosperity and peace will come to remain among all our people.

- Sam Rayburn

During the sweeping New Deal programs of 1933, Roosevelt received very little public criticism throughout the nation as it turned to its leader for amelioration from the Great Depression. But, as congressional action slowed in 1934, conservative and liberal detractors began denouncing the President’s handling of the economic crisis.83

On the right, the American Liberty League was created in 1934, composed of conservative business and political leaders, with northern industrialists making up the majority, especially executives from General Motors and Du Pont. This group argued that the New Deal was violating personal and property rights, making the National Government and Executive too powerful and expensive, and creating a working class who felt entitled to welfare. Practically speaking though, the league’s primary concern

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83 Campbell, Gone to Texas, 388.
was that the heretofore unchallenged authority of business was being encroached upon by labor unions and the federal government.  

The criticism from the opposite end of the spectrum was from liberals who claimed not enough was being done to help the unemployed, poor, and elderly. This faction was far more threatening than the conservatives for Roosevelt because the social panaceas offered by its leaders drew many more supporters from the millions of Americans still destitute from the Great Depression. Indeed, the radical views of Father Charles E. Coughlin (the Roman Catholic “radio priest”), Dr. Francis E. Townsend (who called for $200 per month for every person over 65), and Louisiana Governor Huey P. Long posed a serious threat to Roosevelt by 1935, especially the latter who claimed as many as 7.5 million supporters through his “Share Our Wealth” program. Long’s appeal particularly concerned Roosevelt, who described him to an aide as “one of the two most dangerous men in the country”.

Also, in 1934 violent strikes erupted through the nation, from major cities like Milwaukee, Philadelphia and New York, to farmers in California and New Jersey. Most

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84 Kennedy, Freedom From Fear, 214; Campbell, Gone to Texas, 388; Leuchtenburg, Franklin D. Roosevelt, 92, 177.
85 Kennedy, Freedom From Fear, 219, 224-225, 227-228, 238-240, 275; Campbell, Gone to Texas, 388; Leuchtenburg, Franklin D. Roosevelt, 96 (quote in text), 99 (quote in footnote). Long’s “Share Our Wealth” program entailed confiscating all personal fortunes above a certain amount to redistribute to every family as a $5,000 cash grant, every worker as $2,500 annually, the elderly as pensions, veterans as bonus pay, and all qualified students to guarantee a college education. When it was pointed out that the figures of his plan did not add up, he responded to a rally of farmers in Des Moines, “Maybe somebody says I don’t understand it. Well, you don’t have to. Just shut your damned eyes and believe it. That’s all.” When Roosevelt was asked by his aide if the other most dangerous man in the country was Father Coughlin, the President responded, “Oh, no, the other is Douglas Macarthur.” Such an assertion would probably be supported by Roosevelt’s predecessor Truman some years later.
of these were led by avowed communists, and included the largest single strike in U.S.
history by the textile workers, which began on Labor Day. The sixteen-day strike closed
the industry in some twenty states and was accompanied by violence as state governors
and businessmen brought in their own forces to restore order. Finding itself
outmanned, the union lost, for “a few hundred funerals” as stated in one textile journal,
“will have a quieting influence.” By and large, the actions of antiunion conservative
industrialists drove workers to become and support radical leftists, creating class
animosity with Roosevelt stuck in the middle.86

During the midterm congressional elections in November 1934, in a virtually
unprecedented victory for the political party in power, the Democrats increased their
numbers in both houses of Congress, with the Republicans having the lowest
percentage of seats in the House in their history, and the Democrats claiming the
greatest margin in the Senate (gaining nine to total sixty-nine seats) from either party in
the history of that body. This victory for left-leaning liberals and Roosevelt helped lead
the President to decide to do more in the name of relief and recovery, saying “I’m
fighting Communism, Huey Longism, Coughlinism, Townsendism” in order to “save our
system, the capitalist system,” from such “crackpot ideas.” Thus began the Second New
Deal, which meant more government intervention in the lives of everyday Americans,
and a transformation of the face of Grayson County.87

86 Leuchtenburg, Franklin D. Roosevelt, 111-112, 113 (quote), 114.
87 Tindall and Shi, America, 1142, 1146 (quote); Campbell, Gone to Texas, 388; Leuchtenburg, Franklin D.
Roosevelt, 116.
To bring work relief to the unemployed, on April 8, 1935 the Emergency Relief Appropriation Act was passed, which created the Works Progress Administration (WPA) and provided $4.8 billion for new federal job programs, marking the single largest appropriation in the history of the U.S. or any other nation to that point. Roosevelt made Harry L. Hopkins WPA director, and from its inception, it distributed far more to the population in federal work programs and payments to recipients of public assistance than any other New Deal program. From 1936 to 1940 it dispersed annually between 40 and 60 percent of all federal aid, with the next highest government expenditure coming from either the General Relief fund or old-age assistance program, and neither of them accounted for more than 20 percent.88

Hopkin’s instructions from the President were to provide jobs as quickly as possible, with workers receiving more money than if they were on the dole, but less than regular wages (this amounted to about $50 a month, twice what the dole paid) so the program would not “encourage the rejection of opportunities for private employment.” Although some of the work done by the WPA was for enduring structure (such as buildings, hard-surface roads, bridges, airports and schools), because of the rapidity with which Hopkins had to employ several million people, and the fact that his

program could not compete with private industry, many of the new jobs were make-work of little lasting value.\textsuperscript{89}

In order to ensure that the WPA was operated as efficiently as possible, Hopkins separated the country into 307 work relief districts, with 20 located in Texas. One administrator was chosen from every state (H. P. Drought of San Antonio for Texas) to report directly to Hopkins, with a director from each district reporting to the state official. The district director in turn hired commissioners from within their territory to serve on a local WPA board, which was responsible for investigating applications for projects, certifying the basis of need of the claimant, proposing jobs to the director, and the planning and prosecution of the work. Dallas was chosen as the headquarters for District No. 4 of Texas, which encompassed twelve counties, including Grayson, meaning both were managed and directed by the same district director and the local commissioner’s board. While in Washington, Rayburn was notified by a constituent that all District No. 4’s local WPA board’s commissioners were hired from Dallas over several applicants from his own Fourth Congressional District. He immediately called the WPA director for the region:

‘You don’t know me, but I am Sam Rayburn and you have got all my district in your organization down there. I would like to have a list of the people you have working in that office.’ The administrator replied, ‘Why, Mr. Rayburn, I can’t give you that information.’ The conversation continued briefly before Rayburn said, ‘I want to tell you something. I want that list by wire on my desk by three o’clock this afternoon. Now if it is not there... don’t you bother about going to work Monday morning because you don’t work there anymore.’ He then called Harry Hopkins, a top Roosevelt aide who ran the WPA, and said, ‘Harry, I have just

\textsuperscript{89} Tindall and Shi, America, 1126; Leuchtenburg, Franklin D. Roosevelt, 124 (quote), 125.
talked to some damn fellow... with the WPA... He has all my district, but he has not hired any of my people. I cussed him out and I told him that if I did not get a list of people that he had by three o’clock this afternoon, he was fired. Now are you going to back me up or am I going to Roosevelt?’

Hopkins backed Rayburn, and he got his list by three.\textsuperscript{90}

With the help of Sam Rayburn, Grayson County received its share of WPA projects, bringing not only jobs, but also permanent improvements to the area. This was especially important given the magnitude of the program and its immediate objective of transferring some 3.5 million employable people from general relief to work relief jobs. When the program officially started in July, Texas PWA administrator Drought estimated that there were 147,387 employable persons (including 26,863 women) in the state on the dole to be put into gainful employment, with Grayson’s District No. 4 claiming 16,533 men and 3,663 women.\textsuperscript{91}

Much like the CWA, the WPA was highly anticipated and brought work at breakneck speed. On Monday, July 8, 1935, the Grayson County Commissioners’ Court announced that at a special session over the weekend that body had adopted a master lateral plan to blacktop 103.1 miles in the county. This figure had increased to 172.95 miles by the end of August in a “rush order sought by the WPA to meet a request from Washington officials that projects be provided to employ all available unemployed men

\textsuperscript{90} Whiting and Woofter, \textit{Summary of Relief and Federal Work Program Statistics}, 11, 12; Champagne, \textit{Congressman Sam Rayburn}, 44 (quote); \textit{Dallas Morning News}, May 25, 1935, 1, 2. District No. 4 included the counties of Grayson, Fannin, Lamar, Collin, Hunt, Delta, Hopkins, Dallas, Rockwall, Kaufman, Van Zandt and Rains.

for one year.” The request to find work projects was not difficult for county officials to meet as just one week later it was announced that, with the approval of an additional $4 million worth of work, District No. 4 director Gus. W. Thomasson had approved $23 million worth of WPA construction projects to go to State director Drought. Of the $4 million, Grayson County had submitted the second largest item (behind Dallas) for a road improvement program calling for the expenditure of $1 million. The same day district director Thomasson was sending tentative project plans to San Antonio for state approval, Drought sent to Washington 238 projects he had approved in Texas, asking for $2,039,690 in federal funds. Of this, twelve were for projects in Grayson County, primarily on road work amounting to 223.19 man-years worth of labor and a federal expenditure of $121,406.21.92

Despite such large prospects, while the Federal Government was spending, Grayson County officials were scrambling for as much money for construction as possible. Although regulations were set by the WPA limiting county project amounts (which in Grayson was set at $600 per man-year), by August 1935, several attempts had been made by Judge Jake J. Loy and the Commissioners’ Court to have the sum increased. With their efforts continuously thwarted, they waited until Congress adjourned to seek help from a reliable source, as indicated by an article in the Dallas Morning News titled “Seek Larger Allotment for Grayson Projects:”

Congressman Sam Rayburn Thursday pledged his support to Grayson County in an effort to secure an enlargement of the WPA per-man-year allotment to

92 Dallas Morning News, July 9, 1935, 3; August 29, 1935, 9 (quote); September 6, 1935, 1, 10, 14.
provide for black-topping on major county lateral roads, Judge Jake J. Loy told the Commissioner’s Court Friday evening. Judge Loy and H. M. Scot, county engineer, went to Bonham Thursday night to confer with Mr. Rayburn… Mr. Rayburn told the Grayson County representatives that he was going to San Antonio this weekend and would confer personally with H.P. Drought, State WPA administrator, in regard to having the Grayson County allotment increased, Judge Loy said.93

The sum was increased, and by late October, 197 men from Grayson County had started work on a $107,000 street improvement project in Sherman to run until July 1 of the following year, and another 16 men were improving the Tioga High school and athletic field. To that point, a total of $1,565,038 worth of WPA projects had been approved for Grayson since the program started some three months prior. Before the year ended, several more contracts were granted presidential approval, raising Grayson’s WPA total allotment substantially. Not surprisingly, the WPA, like the CWA during its short tenure, received high praise from county officials:

Grayson County is exceedingly lucky in having such a vast lateral road project approved at Washington through the WPA. Such a project will undoubtedly be of benefit for generations to come. Our Commissioners’ Court at Sherman is in line for congratulations and thanks for submitting such projects. The Project calls for a total of 220 miles of all-weather road. Some of the roads will be black topped, while others will be of lesser material. In any event, Grayson County will have one of the most modern and efficient road systems of any county in Texas.

Grayson deserves its good fortune, or its prospective good fortune. It is a heavily populated county, with two fine little cities and a dozen prosperous towns. Its farming lands are rich, its pastures green, its citizens law abiding in the main. The roads Washington is helping to build, and other durable improvements similarly financed, will be on hand and in use a long time after the new deal

93 Champagne, Congressman Sam Rayburn, 28; Dallas Morning News, August, 10, 1935, 12; September 15, 1935, 13 (quote). A key characteristic of “the Rayburn style” of being a Representative was that when he was at his home in Bonham his house was always open to constituents, a trait that kept him as busy on vacation as when he was at work in Washington.
administration retires. That administration will leave monuments which, if less durable than the Pyramids, will be more useful.94

The WPA brought immediate relief to the nation, as a monthly average of nearly 2.7 million persons had jobs on work projects by December of 1935, including the more than 10,000 former dole clients in District No. 4. As the program continued to expand, the total persons employed by the WPA reached 3 million in February 1936, with 1,600 men and women on federal projects in Grayson County alone. However, as the economy began to improve, Roosevelt again began to reduce spending, and in the next year and a half, the number of persons employed by the WPA declined by 50 percent until autumn of 1937 when some 1.5 million persons retained work in the program, the lowest in the 1936-1940 period. Only three months after the program had reached its pinnacle in February 1936, a state-wide reduction of 10 percent of all WPA employees sent the number of families in Grayson applying to the county welfare board skyrocketing, with new applicants daily and 1,000 families receiving the dole by May 1. By the end of July, of the 2,119 Grayson County citizens certified to work by the Dallas WPA office, only 839 were employed. While the WPA hired some 1,600 persons in Grayson County alone in February 1936, two years later it was reported that there were 1,800 workers employed by the program in Grayson and Fannin Counties combined.95

94 Dallas Morning News, October 22, 1935, 11; November, 1, 1935, 1; November 2, 1935, 11; November 4, 1935, 4 (quote). Projects approved in Grayson County after the October total of $1,565,038 include, but are not limited to: construction of a 90,000-gallon water reservoir at Whitewright for $3,080; street improvement in Whitewright for $23,721; street paving in Denison, $50,685; and street paving and improvements in Van Alstyne, $55,235.

95 Whiting and Woofter, Summary of Relief and Federal Work Program Statistics, 12; Dallas Morning News, November 20, 1935, 2; May 4, 1936, 5; July 31, 1936, 14; February 16, 1938, 12.
The PWA continued to operate alongside the WPA during the Second New Deal, but the program’s shortcomings were even more evident. It would be unfair to place the inadequacies of the program squarely on Interior Secretary Harold Ickes, for the PWA was financed largely by appropriations from other agencies, which meant through the WPA allotment after 1935. This was especially problematic for Ickes since he and Hopkins had gotten into a “no-holds-barred fight” for control of the nearly $5 billion Congress had apportioned. Hopkins had won out because his approach of transferring as many people as possible to work relief from the dole had greater appeal to Roosevelt than Ickes’ plan to revive the economy through major, well-thought-out public works projects. Thus, the PWA faced serious limitations, which were exemplified in Grayson County.96

On July 26, 1935, an article titled “Sherman Hope for PWA Funds is Brightened,” stated that city officials of Sherman were told by the State director of public works Julian Montgomery, that, “if the people of Sherman want the projects badly enough to vote bonds for them I can see no reason why they should not be given a PWA grant to complete the task.” This was in regards to three major projects the city had applied for which were approved by the state and in Washington at the national office: a $90,000 water reservoir ($50,000 loan and $45,000 grant); a $45,000 swimming pool ($25,000 loan and $20,000 grant); and a $100,000 auditorium ($55,000 loan and $45,000 grant). Sherman officials were told that once the city held a vote for bonds to cover the loans,

96 Whiting and Woofter, Summary of Relief and Federal Work Program Statistics, 14; Leuchtenburg, Franklin D. Roosevelt, 125 (quote).
the PWA office in Washington would grant approval. Such bright hopes were dashed by the end of August, as a *Dallas Morning News* article explained:

Thirty-nine PWA project applications from Texas, approved by PWA Administrator Harold L. Ickes and later rejected by Works Progress Administrator Harry L. Hopkins, have been returned to the applicants by Ickes for modification of project plans to meet the objections raised by WPA [sic]... In rejecting the Texas applications, the reason given in most cases was that the unit of cost per man year was too high. Insufficient numbers on relief rolls from which labor might be recruited was another reason often cited, especially in the rejection of projects filed by small rural communities.

Included in the list of rejected projects were the Sherman projects.97

Undeterred, the City Commissioners held a bond election in December and Sherman residents voted 3 to 1 in support of the municipal improvement plans, which called for a total of $125,000 in tax bonds to be matched by $121,250 in federal grants. Wanting to ensure the project’s success, five city officials visited Rayburn at his home in Bonham just a few days later, and it was reported that he said the projects “are on the preferred list in the public works administration office at Washington.” Despite such assurances, when the next PWA allotments were made in July 1936 for 352 projects throughout the country, Ickes announced that Texas’s 425 works projects were completely omitted because the state had insufficient skilled relief labor. Sherman officials “anxiously awaiting allocation of PWA funds for waterworks and civic auditorium projects expressed astonishment” at the finding since of the 2,119 Grayson County residents on relief rolls certified as available for work, only 839 were employed.

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97 *Dallas Morning News*, July 26, 1935, 6 (first quote); August 24, 1935, 6; August 31, 1935, 6 (second quote).
Finally, in April 1937 auditorium project “was assured when word was received from
Congressman Sam Rayburn that the public works administration and the President” had
“approved a grant for the project.” When the funding was released in October, the
federal allotment had to be raised by $12,292 to compensate for the increase in building
costs since the project was originally approved in December 1935. The federal grant for
the city’s waterworks and swimming pool projects were approved in August of that year
and funds were released in January 1938.98

Although there were other PWA projects throughout Grayson County that were
carried out with considerably less headache for local government officials, the program
was still beset with red tape. This is understandable when the amount of funds it was
allocated is taken into consideration. Although the PWA accounted for 10.1 percent of
all federal aid dispersed in 1935, the figure decreased annually to 8.45 percent in 1936,
6.65 percent in 1937, and to a low of just 3.65 percent in 1938. Indeed, unfortunately
for Ickes, local governments, and skilled contractors, Roosevelt was unconvinced of the
benefits of the indirect benefits individuals received from large-scale public works
projects.99

Overall, the WPA and PWA did bring relief to the unemployed throughout the
country while keeping the work ethic alive. The far larger of the two programs, the

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98 Dallas Morning News, December 15, 1935, 15; December 27, 1935, 13; December 28, 1935, 6;
December 31, 1935, 9 (quote); July 29, 1936, 4; July 30, 1936, 9; July 31, 1936, 14; Dallas Morning News,
April 12, 1937, 4 (quote); August 25, 1937, 12; September 1, 1937, 3; October 26, 1937, 3; January 11,
1938, 7.
99 Whiting and Woofter, Summary of Relief and Federal Work Program Statistics, 26-27; Leuchtenburg,
Franklin D. Roosevelt, 133.
WPA, gave jobs to some 3 million unemployed persons, totaling about 9 million clients from 1935 to 1943, 600,000 of whom were Texans. However, despite his decision to “do more” to help the unemployed and steal the thunder from the radicals on the left, Roosevelt retained his belief that “the Federal Government must and shall quit this business of relief.” Of the nearly $5 billion allotted to the WPA, Hopkins ended up with only $1.4 billion because the President split the total among several different government agencies, thus negating any chance of giving jobs to all able bodied persons. The approximately three million unemployed persons receiving work from the WPA at any one time amounted to a paltry sum compared to the ten million jobless, especially considering the program accounted for the lions-share of government expenditures in federal aid.100

Another problem with the WPA was that, while it gave workers nearly double what they had received on the dole, in order for the program to pay such high wages Roosevelt had to take some two million people off of the relief they had received under the FERA. These “unemployables” were turned back to state and local government charities that were often unable to handle, and sometimes even apathetic, to their plight. Because this meant that those people who could not work, such as dependent

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100 Kennedy, Freedom From Fear, 253-254, 349; Campbell, Gone to Texas, 388; Leuchtenburg, Franklin D. Roosevelt, 124 (quote), 130. An example of the wide break up of funds from the Emergency Relief Appropriations Act to other agencies was the Department of Agriculture, which received $800 million.
children and the old, disabled and sick, were often left to fend for themselves, the Social Security Act was passed on August 15, 1935.101

The Social Security Act, which Roosevelt called the “cornerstone” and “supreme achievement” of the New Deal, created the Social Security Board to administer the three parts of the program. The first and most important was the old-age insurance, a federal program in which retired persons sixty-five years or older received monthly pensions, paid for by taxes on worker’s wages and employer’s payroll with individual compensation varying based on the person’s income. Roosevelt emphasized his intention that the program was not to ensure an easy retirement, but was meant as a supplementary source of income so the elderly would not be at the mercy of the “hazards and vicissitudes of life.” Thus, when payments first began, their average throughout the nation was just $22 per month, a fairly small amount even during the Depression.102

The other two parts of the Social Security Act required state governments to expand upon their social-welfare services. One gave federal grants-in-aid on a matching basis to states for “unemployables,” or those persons not able to work, including persons over sixty-five who were not included in the old-age insurance program (farm laborers, domestic workers and the self-employed were not covered), dependent children, and the blind. The other was for a mandatory unemployment insurance plan,

101 Leuchtenburg, Franklin D. Roosevelt, 124, 130, 132.
102 Leuchtenburg, Franklin D. Roosevelt, 132-133; Tindall and Shi, America, 1147 (first and second quotes); Campbell, Gone to Texas, 389; Whiting and Woofter, Summary of Relief and Federal Work Program Statistics, 1.
jointly covered by a combined national-state plan and financed through a tax on employer’s payroll.\textsuperscript{103}

Federal financing of the Social Security Act began during the fiscal year 1936 as grants to the FERA were being discontinued in order to liquidate the program. Although the citizens of Texas were quick to pass a constitutional amendment approving old age insurance, the state’s legislature moved slowly on all parts of the program. Indeed, Governor James V. Allred was required to assemble two special sessions of the legislature to put the old age pension plan into effect, and it was not until late 1936 that the requisite laws were passed for the unemployment insurance program. Still, when the program did go into effect in Texas, it proved highly beneficial to the citizens of Grayson County and the entire state by forcing local action in increasing individual relief.\textsuperscript{104}

More relief measures were indeed necessary as Grayson County had approximately 1,000 families receiving relief as of May 1, 1936, with the number applying to the county welfare board increasing daily. The May allotment for unemployables in Grayson (totaling 563 families) from the Texas relief commission was

\textsuperscript{103} Leuchtenburg, \textit{Franklin D. Roosevelt}, 130-132; Campbell, \textit{Gone to Texas}, 389; Kennedy, \textit{Freedom From Fear}, 258-270, 272.

\textsuperscript{104} Whiting and Woofter, \textit{Summary of Relief and Federal Work Program Statistics}, 8; Campbell, \textit{Gone to Texas}, 389.
only $4,180, or $7.42 per family, down from the $11.41 per family the county received in April.\footnote{Dallas Morning News, May 4, 1936, 5. In April 1936 Grayson County received from the Texas relief commission $6,617.39 in relief for 580 unemployables.}

Although a project had started in February to set up WPA commissaries in Sherman, Whitesboro and Denison to dispense canned food and flour to unemployable families, the program was also sponsored by the Texas Relief Commission, and so received inadequate funding. By mid-July it was evident the system needed a major overhaul as “aged clients are coming as far as twenty miles to get rations from Sherman. Some of these are hitch-hiking and are being forced to walk back with a heavy load of provisions.” To ameliorate this problem a new trucking system was proposed, in which the Whitesboro and Denison commissaries would be closed, a county warehouse would be established in Sherman, and a system of trucks would distribute food and clothing to needy clients. Although the plan was approved and a WPA commodity truck assured, by mid-August delayed finances continued to forestall the program’s inauguration and county officials were told nothing would be available until after September 1.

Furthermore, the supervisor of the Sherman commodity warehouses, John Moore, and four other workers agreed to work without pay for the remainder of the month just so the commissaries could remain open. In a fortunate turn of events, the Grayson County Commissioners’ Court managed to rise to the present emergency within a few days and furnished two trucks which allowed the house-to-house delivery system. By the following week, Mr. Moore and his four workers had distributed to the necessary clients
the program’s first round of food, albeit without pay still. Consequently, when the first meeting of Grayson County officials regarding the Social Security Act was held in August 1936, it was indeed welcomed.¹⁰⁶

By 1938 an average of 1,902 old-age persons in Grayson County received old-age pension checks totaling $306,731 for the year. Although this amounted to just $13.44 per month per person, far less than Townsend’s proposal, this was still sufficient to bring some relief from the Depression. Also that same year, Grayson County received approximately $7,000 for hospital and medical attention of 66 crippled children. This was out of the $300,000 fund Texas had for such a purpose, which was split between appropriations from the state legislature and the federal government. Last, in the first three years of its existence the Texas Unemployment Compensation Commission collected more than $41 million in jobless insurance funds from taxes on payrolls of employers. Thus, in 1938 when the commission paid out nearly $9 million in weekly subsistence checks to 205,000 persons out of work and qualified for the program, a cushion of $32 million remained. There were, however, some 305,000 claims filed for unemployment, meaning around 100,000 persons did not receive aid, most of them being unprotected under the law, such as agricultural workers and domestic help. Still, despite any shortcomings of the Commission, “the federal government’s rating of Texas as No. 1 among all states in efficiency is testimony the massive bookkeeping machine has been running comparatively smoothly.” This honor was accorded the Commission

¹⁰⁶ Dallas Morning News, February 2, 1935, 8; July 18, 1936, 3 (quote); August 6, 1936, 3; August 14, 1936, 3; August 16, 1936, 8; August 22, 1936, 4.
partly because it had created the Texas Employment Service, a branch of the administration concerned solely with helping the unemployed find work. Costing around $125,000 a month for operating with a force of 760 throughout the state, Sherman and Denison both had offices which staffed five and three persons, respectively. In its first year, the Sherman office alone found work for 2,481 Grayson County citizens, not including the more than 3,000 placements in temporary agricultural work such as picking cotton.\(^{107}\)

Despite these successes and the program’s departure from the status quo, the Social Security Act was in no way revolutionary and had several serious problems. First, it was funded conservatively through the earnings of current workers rather than from general tax returns. This made it the world’s only welfare system in which the federal government was not directly responsible for the well being of the elderly, which, as demonstrated in the case of Grayson County, meant they received barely enough to survive. Also, the Social Security Act actually hindered Roosevelt’s desire to bring economic recovery since its tax on wages took currency out of circulation to put into the program’s trust fund, decreasing the purchasing power of consumers and shrinking the money supply. And finally, some 9.5 million persons in the workforce were excluded from the Social Security program, notably farm laborers and domestic servants, occupations which were disproportionately held by blacks and women. Still, even in the face of such shortcomings, when the condition of the elderly, the unemployed, and the

\(^{107}\) Sherman Democrat, January 1, 1938, 2 (quote); January 1, 1939, 6; January 8, 1939, 5.
unemployable in Grayson County are compared before and after the passage of the Social Security Act, such weaknesses seem tolerable.\textsuperscript{108}

With regard to agriculture, the Second New Deal brought a greater variety of relief measures (with varying degrees of success) to more diverse groups than had received aid in Roosevelt’s first few years. Of course, one of the primary concerns was the ongoing struggle with overproduction.

The AAA had been so beneficial to landlords in Grayson that, following the destruction of the program by the Supreme Court, farmers from all over the county organized for a mass meeting to express opposition to the ruling and called for an immediate substitute. The Roosevelt administration responded by replacing it with the Soil Conservation and Domestic Allotment Act, which aimed at crop reduction through conservation. The program paid farmers from federal government funds not to use land for soil-depleting staple crops and instead sow plants and grasses that would enrich the soil, such as clover and soybeans. This was part of the conservation movement permeating the country due to the dust storms that turned an area of land from Texas to the Dakotas into a “Dust Bowl” from 1932 to 1936. When these dirt clouds managed to make their way all the way to Washington in 1935, turning the sky a copper hue, Congress created the Soil Conservation Service as a permanent entity under the Agricultural Department, to teach farmers proper tilling methods. Rayburn was also a major proponent of the conservation movement and, following the Services passage,

\footnotesize{\textsuperscript{108} Kennedy, Freedom From Fear, 262-270; Leuchtenburg, Franklin D. Roosevelt, 132-133.}
fought easterners trying to limit federal spending on the program for more than two decades, claiming,

If our soil is not fertile enough, if the 30 million people who live upon the farms of the country today do not have dirt on which they can raise a crop and a price to sell it at to give them a buying power, your city people will be walking the streets, because your factories will be closed. 109

By late April, Grayson’s agricultural Agent B.F. Gray (who had headed the AAA) was calling on farmers to sign up for the new Soil Conservation program, and within a few months he reported approximately 3,500 work sheets were submitted, representing more than 80 percent of all eligible farmers in the county. Soon after the first checks arrived, but the amount farmers received was far less than they had under the AAA. Even the following year when the number of farmers participating in the program increased to 3,600, they received about $400,000 from the federal government, compared to the more than $640,000 received by some 3,100 farmers under the AAA in 1933. 110

Overall, the Soil Conservation and Domestic Allotment Act was unsuccessful in limiting production because while farmers were taking their soil-depleted lands out of use, they were exploiting their fertile acres much more intensely. As a result, Congress passed the Second Agricultural Adjustment Act in February, 1938, which functioned in essentially the same way as the first, except instead of payments coming from

110 Dallas Morning News, April 25, 1936, 8; June 16, 1936, 12; June 24, 1936, 11; July 14, 1936, 9; August 24, 1937, 9.
processing taxes they came from the federal government’s general funds. At the first opportunity, almost 5,000 work sheets were submitted by Grayson farmers in compliance with the program, which, according to County Agent Gray, meant unanimous participation of all county farmers. In its first year, the second AAA paid to farmers in Grayson County alone nearly $1,000,000 in much needed aid.111

Despite the revitalization of the crop reduction program, surpluses continued to such an extent that the Secretary of Agriculture commented in late 1938 that if the crop yield was as good in 1939 “we would be sunk.” Indeed, between August 1938 and December 1939, the United States was forced to export 128,200,000 bushels of wheat, often at a loss of $.50 per bushel. Thus, the crop reduction program that the federal government had started in 1933 was in essence a relief measure for farmers, but not a means of bringing recovery to the agricultural industry.112

Although the AAA helped many landowning planters, it was actually detrimental to tenant farmers and sharecroppers. Under the federal acreage reduction program, landlords were supposed to allow tenants and croppers to remain on their property and share the benefit payments. Instead, they were usually evicted and their share of federal aid pocketed, since local AAA committees were controlled by the proprietors. This had been a problem in Grayson County as far back as 1934 when an AAA law administrator said he “has been finding that in some instances landlords are charging

111 Campbell, Gone to Texas, 391; Dallas Morning News, May 18, 1938, 13; January 16, 1939, 11; Sherman Democrat, January 2, 1939, 2.
112 Leuchtenburg, Franklin D. Roosevelt, 255 (quote).
tenants rent on Government-leased land with the obvious intention of selling feedstuffs production on that land.”113

Despite the fact that this quandary was acknowledged by even President Roosevelt, very little was done at first, for fear of endangering the entire farm program by agitating the social classes in the South. But when a group of sharecroppers, tenant farmers and laborers organized in Arkansas in July 1934 under a socialist leader, it became difficult to continue to ignore the problem. The Southern Tenant Farmers’ Union was a bizarre assortment of both blacks and whites, with some of the latter group including former Klansmen. Unwilling to sit idly, landlords in the area organized and precipitated a reign of terror on union organizers and members, including flogging, jailing and murder. The lack of sympathy they felt for the browbeaten farmers was exemplified by one farmer who said, “we have had a pretty serious situation here what with the mistering [sic] of the niggers and stirring them up to think the Government was going to give them forty acres.”114

Consequently, the Resettlement Administration (RA) was created in April, 1935 to deal with rural poverty by resettling low-income farmers on better land with proper tools and supervision, providing loans for machinery and livestock, and giving advice and supervision. Unfortunately, the program did not receive adequate funding and of the 500,000 families that the program’s director hoped to be resettled, only 4,441 were

113 Leuchtenburg, Franklin D. Roosevelt, 137; Kennedy, Freedom From Fear, 207-213, 256; Dallas Morning News, July 8, 1934, 3 (quote).
114 Leuchtenburg, Franklin D. Roosevelt, 138 (quote).
actually helped. It was not until 1937 with the passage of the Bankhead-Jones Farm Tenant Act that impoverished farmers, tenants, sharecroppers and migrants received any significant amount of aid. This act, which created the Farm Security Administration (FSA) to replace the RA, provided low-interest, long-term loans to farmers in danger of losing their land, and tenants to purchase farms of their own. Much like work-relief over the dole, these programs allowed farm families to overcome the limitations of their economic status through their own hard work and effort.\textsuperscript{115}

Although the meagerness of the Resettlement Administration was evident in the program’s activities in Grayson County, the Farm Security Administration provided substantial aid to low-income farmers. Immediately following its inception, land for 148 farms was purchased in South Oklahoma and North Texas totaling 14,337 acres for $822,465. This figure did not include the $242,000 in loans for the construction of homes and $11,000 for repairs on houses already on the land. All persons placed on these lands were tenant farmers who had consistently paid rent for the previous three years in their county, averaging 5.7 percent interest above taxes and insurance. Under the FSA, these farmers were required to pay only 4.3 percent of the principal and interest on a forty-year pay basis. The first work completed in the enterprise was the

construction of five houses in Grayson, which boasted the second highest of the fifteen Texas counties involved in acres purchased (2,300) and purchase price ($96,383).\textsuperscript{116}

By 1938, the FSA had 354 rural rehabilitation clients in Grayson County whose average net worth had increased from $478 to $645 since the program began. By the following year, this figure increased to $732 and the rural supervisor for the county claimed that the community status of the clients helped had “improved 100 per cent” as “some are members of school boards, officers in churches, etc.” Also, as a testament to the fact that “the FSA was scrupulously fair in its treatment of Negroes,” of the 354 families helped by 1938, 17 (or 4.8 percent), were black, a respectable figure when considering that African Americans made up only 2.9 percent of all farmers in Grayson.\textsuperscript{117}

Overall, from April 1935 to December 1940, the RA and FSA provided loans to approximately 866,000 farmers throughout the nation, with the programs being essentially self-liquidating. In Grayson, from 1935 to 1947, 2,289 rehabilitation loans were made, totaling $800,080, of which 95 percent, or $759,925, was repaid. Still, despite the impressive accomplishments of the FSA, the program was never capable of dealing with the enormity of the tenancy problem. The people it helped were generally uninformed and voteless, while its detractors (large landowners and farm corporations

\textsuperscript{116} Dallas Morning News, June 7, 1936, 6; July 11, 1936, 9 (quote in footnote); March 4, 1937, 4; February 10, 1937, 8. Examples of the inadequacies of the RA are evident in loans it made to Grayson County farmers, such as one for three bulls to distribute to be shared by three different communities, and $6,000 in checks to some 250 farmers in the county to purchase “feed, seed and subsistence.”

\textsuperscript{117} Bureau of Census, Sixteenth Census: Agriculture, Vol. I, 340; Leuchtenburg, Franklin D. Roosevelt, 141 (second quote); Sherman Democrat, January 9, 1938, 3 (first quote); January 10, 1939, 8.
who wanted cheap labor) were represented by congressmen who kept the programs appropriations generally low. Consequently, not enough aid was ever available to give most low-income farmers a new start as owners or even keep them on their lands.118

Another measure passed for the farmers during the Second New Deal was the Rural Electrification Administration (REA) in May, 1935. Because private electric companies would not extend power lines to many scarcely populated regions, the REA granted low-interest, long-term loans to rural residents who organized and built distribution systems in a given area. This act was of major importance to the citizens of Grayson County, not just because many of them lived on farms, but also because it was authored by their own representative Sam Rayburn.119

Rayburn, in arguing for the bill, was fond of saying “I want my people out of the dark,” a statement echoed in the actions of his constituents. Allotments from the program were readily forthcoming to the citizens of the Fourth Congressional District, who borrowed frequently and in massive sums, well over $100,000 per loan. An unqualified success of the New Deal, the REA had provided 9,032 farms in Rayburn’s district with electricity by 1944. Although only one in ten households in America, and 2.3 percent of farms in Texas, had electricity in 1935, by 1950 the ratio was reversed throughout the U.S, and by 1965 only 2 percent of farms in Texas were without power.

Rayburn was undoubtedly sincere when he said that “of all the bills I have helped on, I think I am the proudest of being the author of the Rural Electrification Act as it has brought so much good to farm homes throughout our land.”

Although the state and local governments of Texas and Grayson assumed more responsibility in giving relief to their citizens during the Second New Deal, most of this was a direct consequence of actions taken by the federal government. For example, the Social Security Act had required Texas to increase its expenditure on social-welfare services for the unemployed and unemployable by operating on a federal-state matching basis. Also, the WPA and PWA provided the revenue which motivated Grayson County officials to engage in many construction projects, providing useful infrastructure, such as roads, schools and municipal buildings, while providing paid work the citizens.

While Roosevelt continuously struggled with the mounting federal deficit, massive spending and taxation problems, and factions from both ends of the political spectrum demanding either more or less action, the governments in Texas and Grayson County continued to be fiscally conservative. Texas’s Governor James V. Allred ran for reelection in 1936 on his record of support for, and association with, the Roosevelt administration, including increasing the state’s eleemosynary activities and institutions.

120 Leuchtenburg, *Franklin D. Roosevelt*, 157, 158; Dulaney and Phillips, “*Speak, Mister Speaker*”, 59 (second quote); Champagne, *Congressman Sam Rayburn*, 48 (first quote), 113, 114; Campbell, *Gone to Texas*, 389; *Dallas Morning News*, August 29, 1937, 5; January 14, 1938, 4; October 4, 1938, 3. Always the astute politician, Rayburn was sure to send letters to all the members of the REA in his district during election time to let them know that he authored the bill and had worked to get it passed on their behalf.
Of course, a politician running for office in Texas would be remiss not to discuss tax reductions also. Following a speech making campaign to several prominent Texas counties, Allred said to gathering in Austin:

You are accustomed to hearing candidates promise to reduce your taxes, but seldom have you had the opportunity I am offering you now to hear one say, ‘I have done it.’ Ad valorem taxes have been reduced under my administration from the constitutional limit of [.77] on the $100 valuation to [.62]. As a result, real estate taxpayers were saved a total of $4,707,400 on their 1935 bill. I submit that this performance beats all the promises in the world.

Allred did win the primary without a runoff and then trounced his Republican opponent, carrying 93 percent of the vote. Ironically, he tried to raise taxes during his second term to help pay for the increased services Texas was providing, but he was unsuccessful in convincing the state legislature to comply.121

In Grayson County, government officials followed the same ideology of limited government expenditures, low taxes, and a balanced budget that they had throughout the First New Deal. When the county tax rate was decreased by Grayson’s Commissioners Court in 1940 to $.58 on the $100 valuation, it was $.02 lower than the previous year, $.22 lower than the 1938 figure, and $.27 lower than it had been for every year from 1933 to 1938.122

The city of Sherman, the county seat, claimed “the lowest tax rate and the lowest renditions it [had] had for ten years” in 1936, which it continued to boast

121 Campbell, Gone to Texas, 390; Dallas Morning News, July 17, 1936, 2 (quote).
122 Dallas Morning News, September 18, 1938, 6; September 12, 1940, 15.
throughout the New Deal. By 1938 an article in the *Dallas Morning News* gave high praise to the city in an article titled “It Can Be Done”:

The increase in taxes is an unpleasant phenomenon that has impressed itself on the taxpayer in every unit by which he is assessed. As the records show that the bulk of direct American taxation is in local government support, it is a familiar fact that the cost of the municipal service has increased out of all proportion to the growth of population.

Sherman, Texas, offers evidence that it is an exception to the rule. In dedicating its new community center the other day, the Sherman Democrat noted the city has pushed through the greatest improvement program in its history under the current administration... In spite of the fact that direct vote has added twenty cents to pay for new municipal services, the tax rate has been lowered and for 1938 is reported as actually lower than it was in 1915.

Sherman is a council-manager city, one of the first, if not actually the first in Texas to adopt that form of government. Economy and efficiency seem to have worked hand in hand in Sherman to offer better service at lower cost. It is worth knowing that it can be done.

Undoubtedly to the satisfaction of the author and citizens of Sherman, the tax rate was reduced even further the following year an additional $.02, by decreasing the funds allocated for the interest and principal on the city’s bonded indebtedness.¹²³

While the tax rate was being reduced throughout Grayson, the tax value of the county did not show such an improvement to offset such cutbacks. Grayson’s assessed valuation, which plummeted by $12 million from 1930 to 1934, only increased by less than $2 million by 1940. Such a discrepancy created legal problems for Grayson’s city of Collinsville in 1939, when a New Yorker, who held $30,000 of the city’s waterworks

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¹²³ *Dallas Morning News*, July 29, 1936, 9 (first quote); April 22, 1938, 2 (second quote); August 9, 1939, 3.
bonds he had purchased in 1928, filed a suit in federal court against the city’s mayor and council. According to the report,

The plaintiff’s petition alleges funds to pay off his bonds are inadequate because of the legal limitation of the tax rate to $1.50 per $100 assessed valuation, because of the decline of the assessed valuation from $301,608 in 1928 to the present $123,275, and because of failure to collect taxes, with $7,000 in taxes now delinquent.124

In order to fund New Deal programs while keeping the tax rate down, county and city officials in Grayson had to issue warrants and add to their bonded indebtedness, all while trying to balance the budget. However, because Roosevelt had decided to “do more” and the Fourth Congressional District was blessed with a powerful representative, more federal aid trickled down to the county. As a result, Grayson’s total debt actually decreased between 1935 and 1940, from $3,205,437 to $2,997,665, a difference of $207,772. Amazingly, this was more than the $150,000 in time warrants the county issued from 1935 to 1939 to fund its share of the cost for all WPA work.125

Despite the county debt actually decreasing, Grayson officials were still so dedicated to balancing the budget that, in a sadly ironic twist, they turned to the same place individuals looked to find relief: the national government. Roosevelt, in an effort to increase employment, had made it easier to receive federal funds for work relief under the WPA than the stipulations required under the PWA. Rather than states and

125 Texas Almanac (1936), 298; Texas Almanac (1941), 360; Dallas Morning News, August, 22, 1936, 4; October 26, 1938, 14. Although the interest and sinking fund in Grayson increased from $148,857 in 1935 to $236,107 in 1940, this difference of $87,250 means the county still owed less overall by the latter date.
local government repaying the federal government 70 percent of expenditures at 4 percent interest under the old system, the WPA only required 55 percent be repaid at 3 percent interest. Still, even though the 55 percent had further decreased by 1938, this was still a problem in Grayson:

A request that Grayson County receive minor concessions from the Works Progress Administration, to enable it to carry on its works program during the winter was sent Tuesday to Gus W. Thomasson, Dallas administrative field officer… Towns of Grayson County, County Judge Jake J. Loy said, are handicapped by lack of funds, and the burden has fallen on the county. Because of the increasing drain on county resources in providing the 30 percent sponsor’s share, the general fund balance on Jan. 1 will be $30,000 less than it was last year, he said.126

By the time this request was sent, Judge Loy had actually built up enough of a reputation for himself throughout Texas that he was elected president of the State County Judges and Commissioners’ Association. During the same month he sent his request to the WPA field officer, the Association “voted resolutions asking for more federal appropriations for public improvements, sterilization of hopelessly insane, feeble‐minded, habitual and sex criminals and adequate appropriations for the State Health Department.” Two months later, Judge Loy was pursuing much more grandiose schemes to give county taxpayers relief, by requiring the state to pay for district court reporters (whom, he said, “rendered no service to the county”), and “for the state to take over the unfair bonded highway debt.” He even came up with a plan to pay all county and district road debt through a $.01 state gasoline tax. “In Grayson County we collect a [$ .38] tax for road purposes”, he said. “The bill would cut that rate $.31, doing

126 Dallas Morning News, May 25, 1935, 1; October 26, 1938, 14 (quote).
away with about 40 per cent of our whole tax bill without any additional tax levy by the state.” To be sure, there existed an inconsistency in Grayson between continuously shrinking taxes on a low assessed county valuation, increased public work projects, and a desire to balance the budget.127

During the New Deal, individuals throughout the nation received relief from the Great Depression from a variety of sources, such as the dole under the FERA, work projects and made-work via the CWA, PWA and WPA, and the Social Security Act, which gave a basic standard of living to the aged, infirmed and unemployed. Farmers, who had struggled throughout the Prosperity Decade, were also in a better condition in many ways, due to crop limiting programs, such as the AAA and Soil Conservation and Domestic Allotment Act, and the REA.

Indeed, by 1939, there were many signs that the economy in Grayson County had improved during the New Deal. In the six years beginning in 1933, manufacturing in the county increased as the number of establishments rose by 26 percent, number of wage workers by 9.9 percent, and value of products by 58.2 percent (see table 1). Similarly, retail and wholesale sales showed impressive gains with the former increasing by 91.8 percent during the same period, and the latter by 78.4 from 1935 to 1939. Also, in the city of Sherman, building permits increased fairly consistently from $52,284 in 1933, to $364,517 in 1935, $379,573 in 1937 and $413,600 in 1938. Finally, many farmers in Grayson County could also boast increased prosperity as the value of

127 *Dallas Morning News*, October 9, 1938, 2 (first quote); December 18, 1938, 7 (second quote); January 6, 1939, 1, 8 (third quote).
implements and machinery rose 22.8 percent during the decade, and the average value of land and buildings per farm was augmented 20.2 percent from 1935 to 1940 (see table 2).

Still, these increases were not nearly enough to indicate full economic recovery. Throughout Texas there were fewer manufacturing establishments and less wage workers earning less money in 1939 than in 1929. This fact was exemplified in Grayson and its two major cities where most of the increases in manufacturing figures for 1933 to 1939 were still below both the 1929 and 1919 levels (see table 1). In fact, in the county as a whole, the only manufacturing category which showed an increase from 1929 to 1939 was “cost of materials,” most likely because many of these establishments in Grayson relied on agricultural goods, which were worth more due to the crop reduction programs of the national government.

Even though prices for agricultural goods increased during the New Deal, farmers in Texas were still in a poor economic condition by the decade’s end. In the state as a whole, from 1930 to 1940 the value of farms decreased from $3.6 billion to $2.6 billion, cotton acreage was reduced from 16.8 million to 8 million and livestock value was cut by $100 million. These problems were experienced more severely by

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128 Bureau of Census, Fifteenth Census: Manufactures, 508; Bureau of Census, Sixteenth Census: Manufactures, 983; Texas Almanac (1936), 338, 339; Texas Almanac Supplement (1937), 35, 36; Texas Almanac (1941), 283, 299, 450; Sherman Democrat, January 5, 1938, 5. Retail sales in Grayson County totaled $9,373,000 in 1933, $12,788,000 in 1935, and $17,982,000 in 1939. Wholesale sales were $6,459,000 in 1935 and $11,526,000 in 1939. Although building permits did slightly decrease from the preceding year in 1936 ($225,392) and 1939 ($335,670), these figures are still markedly better than for the pre-New Deal years of the Depression.

129 Campbell, Gone to Texas, 378.
tenant farmers and sharecroppers and disproportionately by blacks and Mexicans than whites. While crop reduction programs helped to raise prices, they also encouraged landowners to evict low-income farmers from their land, thus exacerbating the unemployment problem. Such shortcomings of the New Deal’s attempt to support the agricultural industry are seamlessly exemplified in Grayson County.\textsuperscript{130}

During the first half of the decade, as city jobs became scarce, the number of farms in Grayson increased by 6.3 percent (and number of tenant farmers by 1.2 percent), bringing the average acreage of farms down by 4.1 percent. Then, as government aid brought work relief projects and more stability to landowning farmers between 1935 and 1940, the number of farms decreased by 21.8 percent (28.9 percent for tenant farmers), while the average acreage increased by 26.1 percent (see table 2). Accordingly, in the latter half of the decade, the number of farms in Grayson County in the 220 acres or more categories increased, while all categories below decreased, suggesting wealthy farmers were getting wealthier while poor farmers were forced to sell their property to look for work elsewhere.\textsuperscript{131}

Furthermore, when agricultural census figures for whites and non-whites in Grayson County are compared, the difficulties minority farmers experienced during the New Deal are apparent. From 1930 to 1940: the number of farms owned by whites decreased 15.2 percent, while those owned by non-whites fell 50.6 percent; the total land in farms in Grayson increased for whites 1.2 percent, but decreased 46.9 percent

\textsuperscript{130} Campbell, \textit{Gone to Texas}, 378, 386.  
for non-whites; and while farm values decreased for both whites and non-whites, the former lost 26.2 percent and the latter 62.2 percent (see table 2).

Thus, while New Deal measures aimed at helping the agricultural industry did give aid to landowners, they were to the detriment of tenants, sharecroppers and low-income farmers. Even though the Roosevelt administration attempted to avoid such problems by creating the RA and the FSA, these programs amounted to relief and rehabilitation for just a small percentage of low-income farmers, while a far greater proportion were forced off their lands.

Probably even more discouraging for the Roosevelt administration than the agricultural industry’s lack of recovery was the high levels of unemployment throughout the country. In 1939, ten years after the Great Depression began in the United States, more than nine million people, or 17 percent of the workforce, were still without jobs. In Texas, 305,000 persons filed for unemployment in 1937, of which only 205,000 were approved (most of the rejected were listed as “unprotected under the law,” namely “agriculture workers and domestic help”) and by 1940, more than 300,000 Texas were still without jobs in the private sphere.¹³²

In Grayson, the situation was not much better. In 1938 a total of 32,467 persons filled out claims for unemployment compensation in the Texas state employment service offices in Sherman and Denison, with 28,244 of these representing continuing or repeat filers. Also, between the two cities, 6,029 new persons registered with the job-

¹³² Leuchtenburg, Franklin D. Roosevelt, 263; Campbell, Gone to Texas, 378; Kennedy, Freedom From Fear, 163-167; Sherman Democrat, January 1, 1938, 2 (quote).
placement department that year. Although 4,632 individuals were given work between the two cities, in Sherman, where 2,481 of these jobs were placed, “243 were in public work, 372 were regular jobs and the others were for periods of 30 days or less,” meaning 1,866 of those given employment were again without work in a month. By 1940, of the 26,793 persons in the labor force in Grayson County, 7.8 percent (2,082 persons) were on public emergency work and 11.6 (3,100 persons) were seeking employment.133

As the economy improved for some people and federal government expenditures on work relief and other welfare measures continued to mount, public support for the New Deal waned. In 1938, one Grayson County resident succinctly articulated the feelings of millions of Americans (presumably with jobs):

Millions of Americans are unemployed. Millions of acres of fertile land are idle. Millions of “What This Country Needs” ideas are pouring into the ears of our Government servants. Who is to offer the real solution? None other than the individual, with the deserved assistance of his or her Government. But we have in our midst a class of individuals who refuse to put forth the required effort to shoot the wolf at their door even when our Government has handed them a loaded gun. There is well-founded belief that we are fast becoming a dependent race of weaklings who, at our present rate of shunning the unpleasant art of toil, will destroy ourselves with our own devised morose idleness.

The other day I saw a big overgrown busky father sit swinging his feet while his small daughter swung a heavy ax, cutting firewood.

“A fine specimen of humanity,” I thought. Then another picture leaped into my mind. I saw myself and millions of American fathers unloading the heavy burdens of today onto the frail shoulders of our own children in the form of

added taxation and indebtedness, which they must face tomorrow along with their own problems because we refuse to admit our inability to cope with our own-made depressing situation, and to prove our impatient unwillingness we take the easy way out by dumping the load where future generations will be forced to climb over it.

No nation can survive as a true democracy, not even ours, unless each individual is given the opportunity and contributes his share of labor with the building crew, and only the disabled should be allowed the privilege of living from the fruits of another’s labor. Any legislation or law that takes from the frugal and gives to the sluggard merely because the one has and the other has not is equivalent to removing mortar from around the foundation brick which, as a unit, supports the building.\(^{134}\)

During the New Deal, federal government funds for relief and recovery in Grayson were actively sought and received, through solicitation by county officials and the patronage of Rayburn. Such aid not only improved the quality of life for local citizens, but also brought long term benefits to the county. Indeed, the face of Grayson was indelibly altered through major construction projects under the CWA, PWA and WPA, such as roads, schools, municipal buildings and other useful infrastructure. Still, such changes were purely corporeal as the adherence to a rigid ideology of low taxes, limited government and a balanced budget (creeds which had proven unsuccessful for Hoover and Grayson from 1929 to 1933) remained the status quo.

But this ideology was not isolated to just one small county in North Texas, nor the Lone Star State. It was an idea shared by many people throughout the country, across party lines, by regular citizens, businessmen, politicians, all the way to the White House. Rayburn, who was an all-out New Deal supporter, said in 1932

\(^{134}\) *Dallas Morning News*, February 21, 1938, 2 (quote).
Every vote that I am able to cast here I am endeavoring to cut government expenses. I am willing to reduce my own salary along with reduction of others in order that we will not have to put more taxes on an already overburdened people. Government is costing entirely too much and must be reduced and now when we are out of money is the time to do it.

Even Roosevelt remained dedicated to such principles, which handicapped his ability to spend enough to bring full recovery to the economy. Consequently, as a whole, the New Deal was a relief measure that allowed the United States to survive the Great Depression without radicals like Huey Long, Father Coughlin, or socialist union leaders amassing enough of a following to permanently alter the fundamental character of the county.135

That Roosevelt and Rayburn even supported the enlargement of the federal government and the use of its general funds to guarantee a minimal standard of living in the United States (in which the elderly, unemployed and unemployable were not left to the mercy of circumstance) is commendable enough to overshadow their inability to forsake their entrenched economic philosophy. Indeed, their capacity to rise above the limitations of their ideology to acknowledge the economic crisis that had encroached upon the lives of millions of Americans is a testament to not only their pragmatism and intellectual malleability, but also their compassion. Rayburn, in arguing for Roosevelt’s Social Security Act, had said

Compassion, human tenderness for the elderly – are not these qualities commended by our church and spiritual leaders? They are not new. The newness lies merely in putting them to work instead of prating about them.

135 Leuchtenburg, Franklin D. Roosevelt, 265; Campbell, Gone to Texas, 360; Dulaney and Phillips, “Speak, Mister Speaker”, 41.
Thus, the New Deal made the United States into a country where collective social responsibility was not a matter of infrequent donations and choice, but a permanent fixture of the state to ensure the basic welfare of individuals, and the stability of the nation’s fundamental values. Nevertheless, it would take far more government intervention into the economy to bring full recovery of the financial system and long-term relief to the millions of Americans across the country still suffering from the Great Depression.\textsuperscript{136}

\textsuperscript{136} Leuchtenburg, \textit{Franklin D. Roosevelt}, 265; Dulaney and Phillips, “\textit{Speak, Mister Speaker}”, 58 (quote).
CHAPTER V

THE DENISON DAM AND DEVELOPMENT IN GRAYSON COUNTY, 1939-1941

The Denison Dam is an example of our concern for human life and property. It will stop the destruction of our property by floods. It will improve the health of our section by the elimination of malaria. It will make life happier by providing the power to light our homes cheaper and by providing electricity to feed the engines of the great industrial plants, which are to come into being throughout the Southwest.

This is a multiple purpose dam for flood control, generation of power, prevention of erosion, and stopping cesspools infected with malaria. The dam will control the floods that otherwise would inundate 596,000 acres of cleared lands and 531,000 acres of wooded lands, with an estimated savings from destruction of crops, buildings and livestock of $1,755,800 per annum. There will be no more overflow of Texas and Oklahoma lands below the dam.

- Sam Rayburn

The year 1939 marked a watershed in many respects. For Europeans, all hell broke loose as the entire continent was thrust into war by fascism, incarnated in the ominous figures of Germany’s Reichsführer Adolph Hitler and Il Duce of Italy, Benito Mussolini. In March, Hitler broke the Munich pledge and performed his “last good turn” for the people of Czechoslovakia by taking the entire country, thus extinguishing any remaining hope that the Führer was without larger territorial aspirations beyond Germany’s borders. Shortly after, part of Lithuania was also taken by the Nazis, Albania fell to Mussolini, and in Spain, the Spanish Republic fell to the fascist backed dictator
General Francisco Franco. On September 3, two days after Germany invaded Britain and France’s ally Poland, England’s Prime Minister, Neville Chamberlain, announced over the radio, “I have to tell you now that this country is at war with Germany.” World War II had begun in Europe.¹³⁷

In the United States, the isolationist creed that dominated the mentality of most Americans was challenged, not so much by external threats as by the leader within the country. Viewing the fascist menace as a threat to U.S. independence, Roosevelt called on Congress in January 1939 for measures “short of war, but stronger and more effective than mere words.”¹³⁸

While the chaos that threatened the world over was of importance to the citizens of Grayson County, they were, to be sure, preoccupied with a momentous event of their own in 1939: construction of the Denison Dam. Although comparatively inconsequential to World War II, this amounted to the single largest government project in the entire Fourth Congressional District during Rayburn’s nearly fifty years in Congress. The Denison Dam marked an epoch in Grayson County as it generated electrical power, controlled the flooding of the Red River, and provided irrigation for citizens in the area. It was purportedly the “second largest earthen dam in the world and the fifth in size of any type,” and created Lake Texoma, the tenth largest man-made

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¹³⁷ Kennedy, Freedom From Fear, 426-428, 432, 494; Leuchtenburg, Franklin D. Roosevelt, 287 (first quote) 293 (second quote).
¹³⁸ Leuchtenburg, Franklin D. Roosevelt, 286.
lake in the United States. Covering over 89,000 acres, Lake Texoma provided a
permanent source of income in Grayson as a recreational and tourist attraction.  

As important as these long-term benefits of the Denison Dam were the
immediate results of the construction process had a great impact for Grayson County
residents. The entire project was allocated $54 million by the federal government, and
skilled and unskilled labor was intentionally drawn from the surrounding area whenever
possible. Sherman and Denison, being the cities closest to the construction site,
especially benefited as they were forced to improve and expand public utilities and
roads due to the large influx of workers clamoring into the area for jobs. And, due to
the enormity of the project, the city of Denison became a district office for the United
States Army Corps of Engineers, bringing thousands of workers into the city at its peak,
providing a much larger consumer base for local businesses. Consequently, the Denison
Dam initiated what had eluded the New Deal for six years: economic recovery in
Grayson County.  

Discussions for improving the Red River had been under way for forty years
when construction of the Denison Dam began in 1939. As early as 1899, the Denison
Board of Trade (which was to become the Denison Chamber of Commerce) sent a “Mr.
Carver” from the Dallas Morning News as a representative to Washington to see if

139 Champagne, Congressman Sam Rayburn, 25; Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.),
Handbook of Texas, III, 298, 299 (Grayson County); IV, 31 (Lake Texoma); Texas Almanac (1947), 470;
140 Champagne, Congressman Sam Rayburn, 7; Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.),
Handbook of Texas, IV, 31 (Lake Texoma); Dallas Morning News, January 1, 1939, 9; January 30, 1940, 2.
support could be obtained for a project to clear and possibly impound the Red River to make it navigable for freight movement and water transportation. Unfortunately, the plan hit a roadblock named Joseph Weldon Bailey, Representative from the Fifth Congressional District of Texas, who said before the House that he “was not in favor of cleaning out Brushy, to build up Beaver Dam.” When Carver went to try and persuade Bailey to help attain apportionments for the project, or at least not hinder the plan, he was told,

There are three men in Denison who have done me great injury. So long as they live there I will not only oppose anything that might help Denison, but will see that nothing that will help the town by way of congressional action is done, until there have been three funerals, or these men have moved elsewhere.141

Fortunately for Carver, he had the support of John Morris Sheppard, who would become a prominent Senator from Texas. Due to the thorough preliminary work done by supporters of the project, Sheppard (who was still a judge at the time) was able to secure an order for a 276-mile steamboat survey of the Red River from Denison, Texas, to Fulton, Arkansas, in 1900. Although the overall decision of the report was that it was impractical to accomplish anything at that time, this work became the “starting point for every engineer who has worked on the Red River project since.”142

While impounding the Red River was out of the question, the possibility of cleaning and clearing it of snags and drifts to make it at least navigable was feasible. But

141 *Dallas Morning News*, January 9, 1940, 4 (first and second quote); January 10, 1940, 4. Ironically, Joe Bailey had been a hero of Rayburn. It was when Rayburn, at the age of fifteen, saw his Representative live and heard him speak that he decided he was going to be a Congressman.
142 Campbell, *Gone to Texas*, 345; *Dallas Morning News*, January 10, 1940, 4 (quote).
when the request came before the Rivers and Harbors Board of Engineers, they were adamant that the requested $100,000 for the project was still far too expensive. Fortunately for the Red River project, when President McKinley died, his successor, Theodore Roosevelt, was dedicated to conservation and as a result supported many environmental improvement plans. Sheppard, who was now a Representative, worked with Congressman J.E. Randell from Louisiana to gain the support of other notables in the legislature, such as Fed S. Wilson of New York (secretary of the Choctaw Townsite Commission) and Senator Mark Hanna of Ohio. The effort was successful and when Congress convened on the first Monday in December, 1904, a bill with an appropriation of $100,000 to clear the Red River was passed.\(^{143}\)

Although it was not forgotten, no significant developments were made on the Red River project for several decades. Then in 1926, Rayburn introduced a bill to add the Red River and its tributaries into a larger flood control program of the Missouri and Arkansas rivers being examined in Congress. Although the bill was rejected, the action sparked, with few exceptions, renewed interest in the Denison Dam project that persisted until the plan was realized.\(^{144}\)

The following year, in a more concerted effort, Rayburn, three other representatives with districts touching the Red River, and Senator Sheppard appeared before the House Flood Control Committee to petition for funds to sponsor a reservoir system. Because the Red River is considered a primary contributing stream to the

\(^{143}\) *Dallas Morning News*, January 12, 1940, 4; January 16, 1940, 8; January 17, 1940, 12.

\(^{144}\) *Dallas Morning News*, March 30, 1926, 1, 12.
Mississippi, the program was promoted as highly beneficial to the Mississippi flood situation as well as the North Texas and Southern Oklahoma regions. Again, the request was denied as a board of Army engineers pointed out that the reservoir system “has been rejected uniformly for many years,” and ultimately concluded that the project was too expensive and the savings the dam would provide from flooding “would not justify [its] construction.” 145

Presumably, the Army engineers did not thoroughly examine the actual merits of the proposition, because just a few months later the House Flood Control Committee adopted an amendment apportioning $5,000,000 for a general survey of the tributaries of the lower Mississippi to determine what steps (if any) could be taken to control their discharge to prevent flooding. The bill called for an examination of possible dam sites to see if the reservoir system to control the Arkansas, Canadian, Washita, and Red River tributaries would be practical, with two locations under consideration near Denison. During the following ten months, on three separate occasions, the War Department sent Army engineers to Denison to survey the area for a possible dam site to be built in support of the Mississippi River flood control project. It appeared to residents in Grayson County as though the Red River project might actually be fulfilled.146

To keep the momentum going, the first Red River valley flood control conference was called in Denison on October 24, 1929, to accumulate interest and support of the construction of a dam at Baer’s Ferry, six miles northwest of the city. At the meeting,

145 _Dallas Morning News_, November 10, 1927, 16; December 17, 1927, 1 (first quote), 14 (second quote).
146 _Dallas Morning News_, April 3, 1928, 10; February 10, 1929, 3.
the Red River Flood Control and Navigation Association was formally created, and the
dam project was endorsed by local city governments, chambers of commerce, and
business leaders from more than fifty cities representing four states. From the start of
the gathering at ten in the morning, enthusiasm amongst the attendees was high as
they were united in their commitment to persuade the federal government that the
project was both feasible and necessary. However, that evening the mood “was
tempered in the principal address of the banquet given by Congressman Sam Rayburn.”
Being characteristically pragmatic, Rayburn detailed the problems the association faced
and assured the listeners that the project would only materialize with continuous and
unanimous support:

The people of the Red river valley can convince the federal government that we
are citizens and tax payers and have helped solve problems confronting other
areas. For flood control on the Mississippi, already $492,000,000 has been
appropriated and yet the flood control problem has not been scratched. We
have not reached the point after this expenditure where it is possible to control
floods along the Mississippi.

What I want is to enlist every citizen of the Red river valley in a crusade to
convince the federal government with the fairness and feasibility of the
proposition that we may be paid back just a little of what we have spent in
assisting with problems confronting other areas.147

Despite the Stock Market crash just five days after the gathering and the ensuing
economic warning signs, several occurrences in 1930 kept optimism high and made
federal government support of the Red River project seem all but certain. In February
ten Army engineers, equipped with motor boats and camping gear, arrived in Denison

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147 *Dallas Morning News*, October 8, 1929, 7; October 13, 1929, 10; October 20, 1929, 3; October 25,
1929, 1, 10; *Sherman Democrat*, October 25, 1929, 9 (quote).
and set up long term headquarters to conduct a thorough survey of the area. By July, the head of the survey team was quoted by the *Houston Post-Dispatch* as saying he was “well pleased with the progress of his investigation,” and “holding to the belief that the Red and Arkansas Rivers are responsible for much of the flood distress in the lower Mississippi.” Also, in September the directors of the East Texas Chamber of Commerce, which encompassed seventy-three counties, passed a resolution indorsing the project after being wooed by representatives of the Red River Association in Sherman.148

By August, eleven months after the first Red River valley flood control conference, the enthusiasm, fervor and optimism for the project had only escalated, and was exemplified at a meeting in Denison of more than 400 persons, representing more cities and counties than the previous year. Grayson was inundated with street banners, bumper-stickers, and place-cards in banks and stores, sprawled with the words “Dam Red River, Make it a servant instead of a menace.” And, to mark the occasion, the city newspaper, *The Denison Herald*, had an eight-page special edition section with the entire history of the Red River project. Although Senators Tom Connally and Morris Sheppard were not in attendance, Rayburn read a message from them affirming their commitment to the enterprise and expressed “confidence that the Congress will be inclined to grant the money necessary for the project.” Following Rayburn, Congressman Hatton W. Sumners assured those present that “Rayburn has the

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148 *Dallas Morning News*, February 23, 1930, 14; July 27, 1930, 8 (quote); September 9, 1930, 1, 3; September 27, 1930, 12.
confidence of all his congressional colleagues, which is an absolute necessity when such a project as the Red River reservoir proposal is presented.\textsuperscript{149}

In order to continue promoting the Red River flood control project, the citizens of Grayson and other counties in Texas and Oklahoma held a vote to raise $15,000 in bonds to send representatives to Washington to campaign for one year. In promoting the measure, one Sherman leader reminded the residents that the city’s lack of effort had cost them the Katy Railroad in the 1870s, a mistake that proved expensive. A Denison man declared that “conditions at the present are as favorable as could possibly be looked for,” and argued that “the President is committed both personally and by party platform to inland waterway development.” Consequently, the vote to raise the money was unanimous.\textsuperscript{150}

In early December, the Secretary of the Red River Valley Improvement Association from Denison, Rayburn, and a Republican national committeeman all appeared before the chief of the Army engineers in support of funding for the Red River flood control program. This was a preemptive measure since the survey being conducted by the Army engineer’s stationed in Denison was not to be completed until the end of the month. Once finished, it was to be submitted to division headquarters in Vicksburg, Mississippi, where the head of the division office would add it to his larger project, which entailed navigation, flood control, power development and irrigation of

\textsuperscript{149} Dallas Morning News, September 27, 1930, 1 (first quote), 12 (second quote).
\textsuperscript{150} Dallas Morning News, November 27, 1930, 1, 2 (first quote); December 4, 1930, 1, 2 (second quote).
the entire Red River system. This principal report was intended to be submitted to Washington in June of 1931.151

Unfortunately for Rayburn, Grayson County, and the other areas that would have benefited from the dam at Denison, the realities of the Great Depression did bring to a halt all the momentum the project had accumulated. From December 1930 until January 1932, the project remained in limbo as the Army engineers deliberated on its feasibility. When the report for the proposed improvement of the Red River was released by division engineer Brigadier General T. H. Jackson, at Vicksburg, on January 10, 1932, it was unfavorable. The overall conclusion was a reiteration of the many rejections the project had received over the years: “the improvement for navigation is not economically justified.” Although representatives of Texas and Oklahoma (including Rayburn) appealed the Jackson Report’s findings to the board of Army engineers, the worst economic crisis in the history of the country overshadowed the project, making the Denison Dam a negligible topic in Washington. The subject was muted for the rest of Hoover’s term in office.152

When Roosevelt entered the White House, his most important contribution was “the instillation of hope and courage in the people.” For the citizens of Grayson County, there was indeed “hope” and “courage” as the Red River flood control project was rejuvenated with renewed vigor. Still, despite the change in the White House, from 1933 to 1935 the Red River project moved in a fairly similar pattern as before: a sluggish

151 Dallas Morning News, December 8, 1930, 7; December 29, 1930, 4.
152 Sherman Democrat, January 11, 1932, 1 (quote); Dallas Morning News, January 15, 1932, 2.
pace with intermittent ebbs and flows. A mass meeting promoting the project was held in Grayson County in August 1933 with more than 300 representatives from four states attending. In October of that year, the plan was again presented to a Congressional board which passed the proposal on to WPA engineers in November. The engineer’s report, which was ready in December, came back requesting additional data, which required additional surveying into January 1934. Finally, when the data was provided, WPA engineers determined in February that “due to insufficient engineering data available... [the Red River project] has been again referred back to War Department engineers for a more detailed and reliable report.”

The project did achieve one milestone in 1934. In June, a congressional delegation, headed by Rayburn, met with Roosevelt to request that the Red River be included in any national waterway improvement plan passed. Leaving the President with an engineering brief about the Denison Dam and a cover letter with signatures from twenty Congressmen, Rayburn reported optimistically about the prospects for the project. And indeed, when the greater Mississippi Control Plan was passed by Congress in October, the Red River was included as one of its tributaries, improving the possibility

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153 Leuchtenburg, Franklin D. Roosevelt, 42 (first quote); Dallas Morning News, August 3, 1933, 4; October 3, 1933, 3; October 5, 1933, 1; November 1, 1933, 1; December 6, 1933, 13; January 27, 1934, 1; February 10, 1934, 10 (second quote); Sherman Democrat, January 4, 1935, 1.
of the Denison Dam as supporting the larger project. This brought the “project nearer to tangible form than at any time in the past.”

Immediately following the passage of the Emergency Relief Appropriation Act in 1935, more than 100 callers to the White House were turned away as it was stated “it would be a physical impossibility for the President to talk with advocates of individual projects.” Rayburn, however, was afforded time with Roosevelt to discuss inclusion of the Denison Dam in the works program, illustrating to his constituents his importance in Washington. In an embarrassing turn of events for the Congressman, at a press conference two days later, the President cited,

The case of a $36,000,000 dam recently proposed him and requested as not coming within the scope of the program. He recalled it was for flood control and irrigation. It would take three years to build, said the President, and it violates all the canons of the work-relief objectives. He pointed out it would tie up two-thirds of the money in the first year and that the work to be finished within one year required an outlay greater than appeared justified by the number of unemployed persons in the area where the dam was proposed.

The President stated that such a large endeavor in such a rural area was one example of “the general type which could not qualify under any circumstances.” That his illustration referred to the Denison Dam was beyond doubt.

Remarkably, Rayburn’s activity apart from the Denison Dam over the next few months indirectly changed the tide for the Red River project in Grayson County. The

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154 *Dallas Morning News*, June 20, 1934 3 (quote in footnote); October 16, 1934, 7 (quote in text). At the meeting with the President, “more objective observers [than Rayburn]” described Roosevelt’s reaction as “nothing... to warrant too much enthusiasm.”

155 *Dallas Morning News*, April 24, 1935, 6 (first quote); April 26, 1935, 3 (second quote); May 3, 1935, 16 (third quote). Although the Denison Dam ended up costing $54 million, its original estimate was $36 million, the exact figure cited by Roosevelt.
Public Utility Holding Company Act, described by Roosevelt as “the most controversial and hardest won” bill he ever signed, had been a two-hundred-day battle, with Rayburn pitted front and center against the financial giants of Wall Street. With its passage in August of 1935, the Congressman from Bonham, Texas, had co-authored and led the fight of five key pieces of New Deal legislation that gave the federal government regulatory power over big business. In essence, Rayburn had seen to completion one-third of Roosevelt’s “three Rs” (reform of the financial system), and the President was indebted to the Representative he described as, “the most valuable man in Congress.”

Unfortunately for Rayburn, explaining to a largely rural county the complexities of the regulatory measures he helped pass, and convincing his constituents the measures were in their best interest, was an improbable feat. Also, the utility companies that had been milking consumers with inflated prices were intent on seeing his defeat in the 1936 Congressional elections, openly flouting their determination to fund his opponent, Jess Morris. Even though Rayburn had run against and defeated him in the previous two elections, Morris had done well in both and increased his numbers considerably in the second. And this time he had huge financial backers.

As critics in the Fourth Congressional District began to talk about their Representative who had been in Congress twenty-four years and had not yet delivered

156 Hardeman and Bacon, Rayburn, 167, 197 (first quote); Patenaude, Texans, Politics, 57 (quote). The other four pieces of legislation were the Emergency Railroad Transportation Act, Truth-in-Securities Act, Federal Communications Act and Securities Exchange Act.

157 Hardeman and Bacon, Rayburn, 198, 204.
on his promised dam, the pressure on Rayburn mounted. As early as May 1935 his brother, who lived in the district, wrote him

I am just wondering how you feel about the R.R. Dam? Lots of people are asking me and I am at a loss to tell them other than it wasn’t in the President’s program as yet. I feel you should put it over if possible in some way. It will give your opposition lots of bull to strow [sic] if you don’t.

The Denison Dam had become the cornerstone of the 1936 election for Rayburn.158

Turning to Roosevelt, Rayburn finally got a personal promise from the President in November 1935 that the next PWA budget would include an allotment for the funds to conduct a detailed survey for the Red River dam, the first step toward the construction process. Rayburn immediately announced the new to leaders in Sherman and Denison, and, on November 10, the Dallas Morning News ran an article with the heading “WPA Will Survey Proposed Denison Dam on Red River; Rayburn Assured Allotment Will Be Made for Immediate Inspection.”159

However, unknown to Rayburn, Secretary of the Interior Harold Ickes was facing a serious problem: Roosevelt, who was personally administering PWA allotments, had been making promises to almost anyone who made a request at the White House. When it came time to appropriate funds for the projects, Ickes was the one responsible to inform callers that there was no money. Consequently, on November 21, humiliating news for Rayburn spread across North Texas:

President Roosevelt left Washington Wednesday night for Warm Springs, Ga., without announcing an allotment of funds for a survey of Denison dam on Red

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158 Hardeman and Bacon, Rayburn, 204, 205-206 (quote).
159 Hardeman and Bacon, Rayburn, 205; Dallas Morning News, November 10, 1935, 2 (quote).
River, which Representative Sam Rayburn nearly two weeks ago said had been promised him...

Inquiry at the White House Wednesday brought a statement from a member of the secretariat that no record could be found of any such allotment which Rayburn said had been promised. At the Army Engineers’ office it was stated that cost estimates were prepared and submitted to the White House at the time Rayburn was in Washington, but the officer in charge admitted he had heard nothing of it since Rayburn left Washington. He added his only information that the President had approved the survey came from Rayburn.

Records of the works progress administration show no application has been filed for funds covering such a survey... Except for a single sentence statement to the press that an allotment would be approved for immediate survey of the dam, Rayburn would add nothing in explanation of the assurances reported given him. Since returning to his home at Bonham, Rayburn has been equally reticent to discuss the assurances claimed.

Furious, Rayburn wired Ickes: “Opposition papers are saying that this is Roosevelt-Rayburn ballyhoo and nothing will be done and it is becoming rather embarrassing Stop I am wondering if you cannot get authorization to make this allotment at once.” Ickes, for his part, could only offer sympathy at the time.160

Although $500,000 for the survey of the Denison Dam was appropriated as promised, it was not dispersed until February 1936. While Rayburn was lauded for his ardent support and hard work in attaining this initial step, the ordeal was undoubtedly embarrassing for him since his strategy for the coming election was to run as a champion of the New Deal and an influential ally to Roosevelt. Thus, during the spring

160 Hardeman and Bacon, Rayburn, 205 (second quote); Dallas Morning News, November 21, 1935, 12 (first quote).
and summer of that year he missed several House meetings to campaign throughout the Fourth Congressional District.\footnote{Hardeman and Bacon, 
\textit{Rayburn}, 204 (quote in footnote), 205; \textit{Dallas Morning News}, February 2, 1936, 1, 8. Rayburn was known for his dedicated attendance when the House of Representatives was in session, often stating, “When Congress is in session, your place is here, and when Congress is not in session, your place is in your district.”}

His fears proved wholly unfounded and his re-nomination was guaranteed when, a few weeks before the state primary, President Roosevelt ended “a whistle-stop tour of the Southwest” in Denison on June 13. As a crowd of around 25,000 people from Grayson County and the surrounding areas cheered wildly, Roosevelt, with Rayburn at his side, said:

I am very glad to come in person to Denison. Although it is my first visit, I feel I know Denison very well, for my very good friend, Sam Rayburn, has been talking to me about the problems of Denison and this part of the country. We are taking steps to make a survey of the Red River Basin and I hope that very soon the great project of the dam and basin will be started.

As the train from which Roosevelt gave his speech was preparing to pull away, he told the audience, “Mrs. Roosevelt and myself will carry with us all our lives the memory of this day in Texas and in Denison.” A few weeks later when the Fourth Congressional votes were tabulated, Rayburn was easily re-nominated, despite the help Morris had received from the utility companies. He said of the election: “The utilities can make more noise and produce less votes than any outfit I know of.”\footnote{Hardeman and Bacon, 
\textit{Rayburn}, 206 (first and fourth quote); \textit{Dallas Morning News}, June 14, 1936, 1 (third quote), 7 (second quote).}

The Red River project progressed relatively smoothly over the next few years, and with every allotment of federal funds the citizens of Grayson County received
economic relief. About thirty Army engineers arrived in Denison in February 1936 to begin their survey, stating that they expected the investigation to require ten to twelve months. Because the undertaking was a WPA rather than PWA project, the 300 men the Army engineers hired were drawn from work relief labor rolls whenever possible, mostly from the employment offices in Sherman and Denison.\textsuperscript{163}

By the first of March 1937, the survey of the proposed Red River dam area was nearly complete, and the report was soon passed on to district headquarters at Vicksburg, Mississippi. From there, the data were analyzed and sent to Army engineer headquarters in Washington. On June 12, 1937, the chief of the Army Corps of Engineers gave official approval and recommendation to Congress for the immediate construction of the Red River dam in Denison, stating:

A reservoir at Denison, Texas, on the lower Red River, would remove the threat of the coincidence of a larger flood from the Red with a flood in the Mississippi, and would also afford highly desirable protection to the fertile bottom lands in the Lower Red River Valley. Besides its flood control benefits, it has valuable potentiality for power purposes. This reservoir has a capacity of 9,200,000-acre feet. Its construction cost is estimated at $35,000,000 including provisions for future power developments, the cost of land and damages being estimated at $6,700,000.\textsuperscript{164}

In spite of this ringing endorsement, the construction of the Denison dam was still far from assured as it still required approval by the Army Board of Engineers and the Secretary of War before it could go to Congress. The Board of Engineers met to consider the Red River project in early January 1938, with Rayburn and two local

\textsuperscript{163} *Dallas Morning News*, February 18, 1936, 13; March 6, 1936, 9; April 9, 1936, 5.

\textsuperscript{164} *Dallas Morning News*, March 1, 1937, 4; June 13, 1937, 2 (quote).
representatives presenting arguments on its behalf. Following another two-month survey by sixty-five Army engineers the board deemed necessary, the Denison Dam received final approval from Secretary of War Harry H. Woodring on March 14, albeit requiring a much higher expenditure:

Total estimated cost to the Federal Government was placed at $54,000,000. The earthen dam, two and nine tenths miles in length and 190 feet in height, was estimated to cost $45,481,000 and cost of acquiring land for the dam and reservoir was estimated at $8,000,000. Annual revenue from generation of 75,000 kilowatts power was estimated at $1,250,000.¹⁶⁵

When the hearing for the Denison Dam went before Congress on April 11, sponsors of the bill argued the same major points – irrigation, flood control, hydroelectric power, and navigation – that had been associated with the project since its beginning. However, additional emphasis was placed on the immediate economic benefits of the plan, which was estimated to take four to six years to complete with more than half of the costs going to labor. And, since the people employed were supposed to be taken directly from relief rolls whenever possible, the project would help to bring economic recovery to North Texas and Southern Oklahoma. Finally, on June 9, 1938, a flood control bill, authorizing the construction of a $54,000,000 dam in Denison, was passed in the Senate. The forty-year fight for the Red River project was finally over, and nowhere were the rewards as great as in Grayson County.¹⁶⁶

¹⁶⁵ *Dallas Morning News*, January 5, 1938, 3; *Sherman Democrat*, January 7, 1938, 1; January 12, 1938, 1; March 15, 1938, 12 (quote).
¹⁶⁶ *Dallas Morning News*, March 25, 1938, 11; April 1, 1938, 3; April 12, 1938, 12; June 10, 1938, 10.
The Denison Dam proved advantageous to the citizens of Grayson in several different ways between 1939 and 1941. For one thing, the sheer magnitude of the project brought a whole new consumer base into the area. By November 1, 1938, more than 100 persons from the Army Corps of Engineers were stationed in Denison under the direction of Capt. Lucius D. Clay, chief engineer. And, because the project was reported to be the “world’s largest earthen roll fill dam,” the War Department announced the creation of a new district engineer office in Denison as of January 1, 1939. This upgrade made Denison one of the three district offices in the entire southwestern division, and put it in charge of all the flood control activity of the Red River and its tributaries. Although this did not mean a major expansion from 1939 to 1941, in subsequent years, when military bases were springing up all over Texas, the Denison engineer’s office grew exponentially.167

Surprisingly, condemnations of the properties that would be inundated also ended up being profitable for Grayson County residents. Rayburn saw to it that his constituents benefitted from the Denison Dam in every way possible, and thus took special care with land appraisals. Worried that landowners who were forced off their property would be unhappy, Rayburn made sure close associates from Grayson County

167 Dallas Morning News, September 15, 1938, 2; September 20, 1938, 9 (quote in footnote); January 1, 1939, 9; Sherman Democrat, January 1, 1939, 1; January 24, 1940, 4 (quote in text). Although one source called the Denison Dam “the second largest earthen dam in the world and the fifth in size of any type,” two other sources referred to it as the largest earthen roll fill dam in the world [the article listed and the Texas Almanac (1947), 179]. Whether it was really the first, second or even a lower rank, it was, without a doubt, a massive undertaking.

The chief engineer stationed in Denison, Captain Lucius D. Clay, would gain renown for his administration of Germany after World War II, and is considered the “father” of the Berlin Airlift.
were appointed key positions in the process. One long time political ally was made an appraiser to ensure constituents got the best price for their land and to keep the Congressman informed of developing problems. Another friend was appointed special assistant to the U.S. attorney in the Land Division of the Attorney General’s Office. In charge of land acquisition in the area, he later said of the job:

Sam Rayburn was solely responsible for my being appointed assistant United States attorney. I was in his district, and there was talk that he would lose votes if he took land away from the people and I tried to treat them all right. He carried Grayson as well as he did Fannin County and didn’t lost any votes in Grayson County for that purpose.

Thus, even during the condemnation process local residents were provided jobs and landowners received fair enough prices on their property that no major problems occurred in Grayson.168

Of course, construction of the dam itself provided jobs for county residents. Even before Congress released funds for the project in July 1939, between 5,000 and 6,000 applications for work were submitted. In October of that year, the Denison Chamber of Commerce announced the number of residents in the city was 18,532, a significant increase from the 1938 population estimate of 16,800. The boost, they assured, was due to the dam, which was directly responsible for the employment of

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168 Champagne, *Sam Rayburn*, 24-25 (quote), 106. Another reason the land purchases in Grayson County by the government were unproblematic was because there was plenty of relatively inexpensive land available in the area.
more than 650 persons at the time. This number was sure to grow, as employment during peak construction was estimated to be around 4,000.\textsuperscript{169}

The direct benefits the Denison Dam brought were also augmented by the accompanying spending and construction activities of the local government, which provided even more work to Grayson residents. For example, preparing for a large influx of persons, the city of Denison held an election in October 1939 to issue $275,000 in bonds (to be matched by a Federal grant of $95,000 from the WPA) to launch a massive city betterment project. In the most one-sided vote ever cast in the city, 347 persons voted in favor versus only 28 against. This $370,000 project included the extension of sewers, increased boiler and pump capacity, installing a treating plant and an incinerator, increasing pumping facilities, and adding another large water main to the city. Construction began in March 1940, and was “to be carried on through the year to completion, with plans to work night and day on the enlargement,” which was “a necessity because of the rapid growth of Denison resulting from construction of the dam on Red River.”\textsuperscript{170}

Even more important to the citizens of Grayson, since the county remained predominantly rural, was the construction of roads. The total amount of funds spent is difficult to gauge fully, as new projects were starting constantly, but just a few examples demonstrate the extent of work and money that was invested into the county on roads

\textsuperscript{169} Dallas Morning News, May 21, 1939, 8; October 29, 1939, 7.
\textsuperscript{170} Dallas Morning News, February 19, 1939, 7; October 22, 1939, 5; October 25, 1939, 5; February 11, 1940, 9 (quote); March 11, 1940, 11.
alone. In 1938, four separate road projects were approved, totaling more than $134,411 in federal and local funds and providing employment for some 417 men. The following year allotments more than doubled to $268,920 on four jobs, including a Sherman street improvement project costing $181,920 and giving work to approximately 500 people for six months. But even this was overshadowed by expenditures in 1940, in which just one presidentially approved WPA project allocated $499,985 for a county-wide highway improvement program in Grayson.¹⁷¹

Probably the greatest immediate benefits of the Denison Dam for the citizens of Grayson were the direct expenditures, simply due to their size. When Congress appropriated the first federal funds for the project on July 1, 1939, the Denison office of engineers received $5.6 million to carry it through the fiscal year until July 1940. Although this figure shrunk a little the following year to $5.2 million, it increased in 1941 to $8.1 million. In three years the federal government spent approximately $18.9 million on the Denison Dam alone, probably more than it had provided Grayson during the entire New Deal. It is little wonder that the county began to show more signs of economic recovery.¹⁷²

As the Denison Dam brought more people and wealth into Grayson County, private investors took advantage of the new consumer market by constructing houses

¹⁷¹ Dallas Morning News, February 16, 1938, 12; March 20, 1938, 10; May 2, 1939, 3; May 30, 1939, 14; November 3, 1940, 7; December 12, 1940, 10; Sherman Democrat, January 6, 1939, 1. In 1940 there were at least two other road projects totaling $62,241 and employing 129 men for five months. The $499,985 highway improvement program in Grayson was just one of ten Texas WPA allotments in the same bill. The other nine projects collectively totaled just $232,700, less than half of Grayson’s allocation.
¹⁷² Dallas Morning News, September 15, 1938, 2; June 22, 1939, 1; October 29, 1939, 7; June 3, 1941, 4; July 9, 1942, 5.
and businesses. In September 1938, a county realtor invested in a two mile stretch of highway connecting Sherman and Denison to fulfill his “life’s dream” of consolidating the cities with a stretch of homes. Anticipating that the Red River project would provide the persons to permit the endeavor, he had sold several lots before the surveying was even completed in December. In 1940, with the construction of seventy new residences and eleven businesses, building permits in Sherman reached $435,234, the most the city had seen for over a decade.173

In addition to the increase in building permits, there were several other indicators from 1939 to 1941 to suggest the economy was improving in Grayson County. In Sherman alone, bank deposits increased by nearly $500,000 during 1939, and post-office receipts, at $92,649, were the highest they had been in any year since 1929. The following year, the record for receipts of the past decade was outdone again, although only by $1,400. Also in 1940, all four utility agencies in Sherman (telephone, light, water and gas) showed appreciable gains in connections, indicating an increase in business and population. Finally, as federal funds poured into Grayson County, relief rolls slowly began to decline in the cities. During the first full year of construction, from December 1939 to December 1940, the number of persons certified for WPA employment in the

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173 Texas Almanac (1941), 299; Dallas Morning News, September 25, 1938, 5 (quote); Sherman Democrat, January 5, 1941, 6.
county dropped 8 percent, from 3,007 to 2,742. While there were still persons unemployed in Grayson by 1941, full recovery of the economy was finally in sight.\textsuperscript{174}

Though the painstaking labor in attaining the Denison Dam was monotonous and often frustrating, the benefits Grayson County and Sam Rayburn received made the effort worthwhile. For Rayburn, the years of energy he invested in seeing the project through made Grayson enthusiastically dedicated to him until his death in 1961. Such loyalty was certainly warranted as his influence in the entire endeavor cannot be overstated, from sponsoring the bill and pushing it through Congress, to seeing that his constituents benefitted from nearly every phase of the work. Indeed, whether the Denison Dam would have ever come into existence without Rayburn is open to debate.

In Roosevelt’s own words, his first reaction was that a $36 million dam was disproportionate for a rural county and “could not qualify under any circumstances.” Thus, it is hard to imagine that the final $54 million project was not a direct result of Rayburn’s influence in Washington.\textsuperscript{175}

Among many of his constituents, the breadth of his role in the acquisition of the Denison Dam was beyond question. One resident, while campaigning for the Congressman, argued:

\begin{quote}
What do you mean he ain’t [sic] representing us? If he appointed you chairman of a committee and he came over and said Grayson County needed something, don’t you know Grayson County would get it? How’d we get this dam? They talk about he was Roosevelt’s ass-kisser, but when Roosevelt was passing out all this
\end{quote}

\textsuperscript{174} Dallas Morning News, January 3, 1940, 8; Sherman Democrat, January 7, 1940, 5; January 5, 1941, 6; January 6, 1941, 4.

\textsuperscript{175} Champagne, Congressman Sam Rayburn, 7; Dallas Morning News, May 3, 1935, 16 (quote).
money for soil conservation and rivers and harbors, how’d he get $48 million to build the Denison Dam if he hadn’t been a good friend of Franklin D. Roosevelt and gone along and helped him? Nobody’s the big boss up there. Everybody helps everybody. That’s the way you get along. The *Dallas News* hollered, “Rayburn says you go along to get along.” You damned sure do!\textsuperscript{176}

Also, beginning in 1938, the Denison Booster Club and chamber of commerce sponsored “Rayburn Day” to celebrate their Representative for his work in securing the dam. The occasion included a parade with three bands (one from Durant, Oklahoma) and fifty-four floats, a dinner for 350 persons, and a massive rally at the local football field. The following year the event grew exponentially with more than 10,000 people from four states descending on the city, including eleven Representatives and Senator Tom Connally. Although Roosevelt was asked to send a greeting for the occasion, a falling out with Garner had brought the President to question Rayburn’s trustworthiness, and so none was given. Still, in his speech to the crowd, Rayburn’s loyalty remained steadfast:

> This is no time for politics or political discussion, but a time for jubilation. But these dreams and hopes of our people all these forty years are approaching materialization and if it had not been for our great leader, President Roosevelt, and his program to conserve the God-given waters and lands, we all might still be dreaming. This is a dream come true.

There are those who appear to dislike everything this administration has done. Regardless of this, you can put it down in your book, that when the history of this era is written by impartial historians President Roosevelt will be listed with that group of immortals which include, Washington, Jefferson and Jackson.\textsuperscript{177}

\textsuperscript{176} Champagne, *Congressman Sam Rayburn*, 79 (quote).
\textsuperscript{177} Champagne, *Sam Rayburn*, 26; *Dallas Morning News*, June 24, 1938, 11; June 29, 1938, 15; July 10, 1938, 15; August 22, 1939, 3; August 23, 1939, 1 & 12 (quote).
It was this unwavering dedication and stalwart integrity that earned Rayburn respect and influence throughout Washington, which ultimately resulted in the Denison Dam. For Grayson residents, this project proved a godsend, beginning with the first appropriation and start of construction in 1939. The benefits were immediately apparent as the veil of the economic crisis, which had started a decade earlier, began to lift and recovery was finally perceivable.

By mid-1941 only $18.5 of the total $54 million had been dispersed for the Denison Dam, meaning in the next few years county residents could expect at least $35.5 million more in Federal funds. Therefore, as nearly the entire world descended into chaos, the citizens of Grayson County had ample reason to be confident and optimistic about the future. It is questionable if they realized that the United States entrance into World War II would prove the deathblow that ended the Great Depression. Regardless, the prosperity experienced in Grayson County between 1939 and 1941 was about to be increased by significantly more federal expenditures, delivered by Sam Rayburn.
CHAPTER VI

WAR YEARS IN GRAYSON COUNTY, 1941-1945

When you consider the magnitude of the task with which we were confronted, the rapidity with which we had to change from peace to war; the haste with which we had to prepare instruments of war for ourselves and our Allies; the marvel is not that there has been some mistaken use of power, or that there has been some waste and extravagance; the marvel is that we have accomplished such miracles.

- Sam Rayburn

World War II was an epochal event for the entire world, and it transformed the United States and Texas. During the war, the growth of manufacturing brought massive changes to the state, not just as an economic boost, but also by encouraging the movement of people into cities for jobs. Consequently, in 1950 the majority of the citizenry (60 percent) lived in cities with populations of 2,500, making Texas a predominantly urban state for the first time in its history. However, this population shift was not just on the part of people who lived in Texas, but also a result of new arrivals. The total number of inhabitants grew by more than 1.2 million throughout the 1940s. This increase was largely due to the number of military establishments built in the state during World War II. From 1941 to 1945, the Lone Star State held the distinction of...
being the largest military training ground in the world, with fifteen major Army bases and forty Army airfields.\textsuperscript{178}

Grayson County shared in the economic benefits tied to the war effort from 1941 to 1945, and all signs of the Great Depression disappeared. While this was largely due to continued funds for the Denison Dam and the Denison Army Corps of Engineers, the county’s acquisition of an Army airbase also added a substantial boost to the area.

Discussions for a new Army Air Corps (AAC) primary flight training school in the Dallas area began in May 1940. By June, the secretary of the Denison Chamber of Commerce had placed a bid for the project, and in October, three airmen flew into Grayson to meet with county representatives and survey an area between Sherman and Denison, near the town of Pottsboro. The following March, County Judge Jake J Loy flew to Washington to promote the plan, and soon after sent a report to the Air Corps with a detailed description of the area and pledging local financial support. By May 1941, an Air Corps officer board from San Antonio had surveyed the area again and sent a report to the Chief of the Air Corps in Washington, recommending Grayson for the location of a basic flying school.\textsuperscript{179}

There were several factors that contributed to the decision of the Air Corps officers to suggest Grayson County as the site for an airfield. First and foremost were the physical and geographical features that made the Lone Star State truly especially

\textsuperscript{178} Campbell, \textit{Gone to Texas}, 396, 401, 404-405; Tyler, Bornett, Barkley, Anderson, and Ordinitz (eds.), \textit{Handbook of Texas}, I, 320 (Aviation).
\textsuperscript{179} Wurth, Greg, ed., \textit{Perrin Air Force Base} (Paducah, 2004), 6; \textit{Dallas Morning News}, May 31, 1940, 1; June 1, 1940, 6; October 19, 1940, 13.
attractive to air operations. Because of the vast amount of available land, year-round flying weather and level terrain, from 1941 to 1945 there were more military air installations and airmen in Texas than anywhere else in the nation. Thus, throughout the war some forty airbases in the state deployed more than 200,000 troops, greatly contributing to the Allied cause in attaining air supremacy over Germany.\(^{180}\)

The commitments Grayson County officials made to the AAC were another crucial factor in securing an airbase in the area. One was the offer to provide land for the airfield and lease it to the national government for one dollar a year, to be renewed annually for twenty-five years. As a result, in May 1941, a vote by Grayson residents for the purchase of 1,160 acres using a $60,000 bond won overwhelming approval, 1699 for and 189 against. County officials also committed to construction work, including the removal of obstructions from the area around the airfield, supplying electric, gas and telephone utilities, furnishing a railroad right of way to the base, digging water wells, and building highways to the airfield.\(^{181}\)

As would be expected, the influence of Sam Rayburn also contributed to Air Corps officials allocating an airfield to Grayson County. In fact, it was just one of the many military installations that benefitted the Fourth Congressional District during

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\(^{181}\) Wurth, *Perrin Air Force Base*, 6; *Dallas Morning News*, May 24, 1941, 10; June 14, 1941, 9.
World War II. Rayburn is also credited with helping attain airbases in Bonham, Greenville, and Terrell as well as POW camps in Kaufman and near Farmersville.\(^{182}\)

In conjunction with these geographical, economic and political reasons, the temperament in Grayson made it as good of a county to locate an airbase as any in Texas. As early as August 1940, the American Legion in Denison and the Sherman Merchants Association sent telegrams to their Congressmen in support of a conscription bill and other military preparedness measures. The latter’s petition stated:

> Believing delay is dangerous, we urge immediate action on conscription bill and other phases of preparedness program. We believe it better to be prepared for war than to have war thrust on unprepared people and consider machines without men to be as dangerous as men without machines. Our people favor conscription as most democratic way to man machines.\(^{183}\)

In April of the following year, more than 500 residents of Grayson County signed a petition for the President and Congress demanding immediate united action in the war. Asserting that the national defense of the United States depended on Britain’s existence, one Sherman attorney stated that “no man has a right to pursue any other course than to make the proper sacrifices for national safety.”\(^{184}\)

Grayson residents even supplied their own defense unit. When the Texas legislature formally created the Texas Defense Guard on February 10, 1941, the 40\(^{\text{th}}\) Battalion Texas Defense Guard was formed in Grayson County. The purpose of the group, which was the largest force of its kind in the United States, was for volunteers to

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\(^{182}\) Champagne, *Sam Rayburn*, 25.

\(^{183}\) Sherman Democrat, 18 August 1940, p. 15 (quote); *Dallas Morning News*, August 18, 1940, 8.

\(^{184}\) Sherman Democrat, 30 April 1941, p. 16 (quote).
defend their communities and the State of Texas should the occasion arise. Although some equipment was supplied by the national and state government, most contributions came from counties, cities, civic groups, and private donations. By August 1941, Grayson’s Defense Guard had 350 members who drilled regularly and patrolled the county.\(^{185}\)

Due to all of these factors, Grayson County was an ideal location for the site of a primary air training school. Thus, on June 10, 1941, the Texas state legislature passed a bill providing $300,000 the first year and $200,000 the second year for construction of an aviation and engineering school near Pottsboro. Six days later, plans for the airfield were drawn at the Office of the Chief of the Air Corps in Washington DC, and federal funds amounting to $3,966,833 were set aside for its construction. Finally, on July 1, 1941, the lease between national government and Grayson officials was formally signed, guaranteeing the county a military base for the duration of the war, with all of the accompanying economic benefits.\(^{186}\)

The Denson district Army Corps of Engineers announced bids for construction of the Grayson Basic Flying School in late June, requiring the building of 130 facilities and three hangars. The three companies awarded the project submitted proposals totaling more than $5 million, and just four days after the lease was signed between the federal government and Grayson, construction began. Naturally, this meant jobs, and more than 2,000 carpenters were hired in the next few months to work in two seven-hour

\(^{185}\) Texas Almanac (1943), 211; Dallas Morning News, August 31, 1941, 12.

\(^{186}\) Wurth, Perrin Air Force Base, 6; Dallas Morning News, June 11, 1941, 6.
daylight shifts. During construction of the base, the Sherman and Denison Carpenters Union’s announced that its members were earning $81 a week, up from the $48 they had previously made. For the citizens of Grayson this was important because both unions agreed to employ persons within the county whenever possible.  

When the first military officer and five enlisted men arrived in August 1941, they found a mess of half-erected structures and an airfield knee-deep in mud. Because the barracks were not yet finished, the men had to stay at hotels in Sherman and Denison and commute by means of unpaved, often muddy roads. While it was being built, every soldier stationed at the field participated in the development of the base by driving to and from the railroad station to pick up supplies. In November, the base began to fill out with the arrival of its official commander, twenty-four additional officers, and the first civilian employees, bringing total personnel to over 200. By early December, nearly six months after construction started, the Grayson Basic Flying School was operational with officer’s quarters, fourteen barracks, a sewage disposal plant, a mess hall and even the disbursement of the first payroll checks. Base strength stood at 90 officers, 545 enlisted men and more than 20 planes.  

Following the attack on Pearl Harbor, the airbase at Grayson became the first Basic Flying School activated by the Army Air Forces (AAF). The first class of ninety-one cadets arrived on December 16 and formal flight training started on the twenty-second.  

187 Wurth, Perrin Air Force Base, 6; Dallas Morning News, June 28, 1941, 3; June 29, 1941, 5, 12; July 2, 1941, 4; July 7, 1941, 2; July 15, 1941, 9.  
188 Wurth, Perrin Air Force Base, 6; Dallas Morning News, October 17, 1941, 3; November 15, 1941, 5; November 30, 1941, 10; December 4, 1941, 11.
By this time the airfield’s population was more than 2,500 and there were more than 135 finished structures, including three control towers, two hangars and 870 acres (three-fourths of the property) of runway. When these cadets became the first graduating class on February 23, 1942, a ceremony was held officially handing the base over to the United States AAF and dedicating it as Perrin Army Air Field, after the late Lieutenant Colonel Elmer Perrin, a native Texan who died on a bomber test flight in June of 1941. The Colonel’s widow and two sons attended the event as guests of honor.\textsuperscript{189}

During World War II, roughly 2,500 airmen were trained and deployed annually from the 32\textsuperscript{nd} Flying Training Wing at Perrin AAF. At its peak, in December 1942, there were 4,280 enlisted men, more than 300 officers, and approximately 550 maintenance personnel at the field, far exceeding original objectives. For Grayson County this meant a new consumer market providing a major source of revenue for local businesses. Also, because Perrin required many civilian employees to operate, the base provided an abundance of jobs for the citizens in the area.\textsuperscript{190}

As construction of military establishments surged throughout Texas, the national government considered putting construction of the Denison Dam on hold until after the war. Fortunately for the citizens of Grayson County, due to the lack of power in the Southwest for war industries, the project continued as planned. Thus, direct federal

\textsuperscript{189} Wurth, \textit{Perrin Air Force Base}, 6; \textit{Dallas Morning News}, December 9, 1941, 18; December 16, 1941, 2; December 20, 1941, 10; January 23, 1942, 5; February 21, 1942, 5; February 24, 1942, 9. On June 20, 1941, the War Department gave the Army Air Corps more autonomy by creating the Army Air Forces (AAF).

\textsuperscript{190} Wurth, \textit{Perrin Air Force Base}, 6.
appropriations for the Denison Dam continued to add a substantial source of revenue in
Grayson County, with allotments of $10,950,000 in 1942 and $10,000,000 the following
year.\footnote{Dallas Morning News, July 2, 1944, 1; July 9, 1942, 5; March 24, 1943, 7.}

As federal government expenditures on construction projects grew even higher,
the Denison District Army Engineers office also grew exponentially. By late 1941 the
office was supervising nine projects, including the Denison Dam, Perrin AAF, an aircraft
assembly plant at Fort Worth and its accompanying airport, and an aviation mechanics
school at Wichita Falls. And, following a congressional ruling that went into effect on
December 16, 1941, the engineers at Denison assumed control of all Army construction
projects in the Southwest. As this region was “the hub of the nation’s war construction
program,” the Denison office mushroomed. In 1942, the Army engineers in Denison had
a staff of approximately 1,200 persons, requiring the leasing of five buildings in the city.
That June, their monthly payroll for 4,802 employees in the North Texas and Southern
Oklahoma region peaked at $418,954, and the Southwestern Division oversaw 25
percent of all War Department construction projects, totaling $5,000,000 per day. On
September 1, 1942, exactly four years after the District Army Engineers first arrived in
Denison, the office that started with five persons working on just one project (the
Denison Dam) claimed more than 5,000 employees.\footnote{Dallas Morning News, August 29, 1941, 16; December 14, 1941, 17; July 19,1942, 9; July 22, 1942, 8
(quote); September 6, 1942, 10.}
While construction projects and production of nearly all commodities reached record levels throughout the United States, millions of Americans left the workforce to join the military. Together, these factors created an entirely novel national predicament that reached critical levels by late 1942. The shortage of jobs that had characterized the Great Depression now became a shortage of labor, and, in Grayson County, the problem manifested itself in several different sectors.

In September 1942, recruiting officers from Perrin AAF began an all-out drive to find experienced technicians and mechanics. With only half of the necessary personnel in these fields working at the base, a recruiting caravan (including the thirty-six piece AAF band) was sent out to eleven different cities throughout North Texas and Southern Oklahoma to find people. The drive was helped by the relaxing of proficiency-requirements to “mechanical aptitude, rather than finished mechanical skill.”193

As the labor shortage continued, the officers at Perrin began actively recruiting among a less conventional group. In November 1943, in observance of Air WAC (Women’s Army Corps) Week in Texas, a parade was held in Dallas by an AAF team from Perrin to enlist “women who love to be around airplanes.” When the campaign proved disappointing, base recruiters tried other methods to entice female candidates. Appealing to women’s vanity, a front page article in the Dallas Morning News (showing two pictures of a Perrin Field Air WAC in both service and elegant outfits) assured readers, “When you see WACs in their military uniforms, don’t get the idea they can’t be

193 Dallas Morning News, August 28, 1942, 13; September 2, 1942, 3 (quote).
glamorous come evening.” Also, policies were changed so that WACs were promised assignment at the air field of their choice in the Dallas area. Finally, when these approaches failed, the commanding officer at Perrin tried good old-fashion guilt. When the War-Manpower Commission announced the possibility of the drafting of 300,000 men during January 1943 (a significantly higher number than expected), the colonel, “deplored the fact that many fathers will undoubtedly be called into service because women who could have served in their stead have not responded to appeals for their enlistment.”

The Denison District Army Engineers also experienced difficulties due to the labor shortage in Grayson County. In December 1942, the office was forced to request 300 prisoners from the State of Oklahoma for the clearing of land in the area to be inundated by waters from the Denison Dam. Unfortunately, the prisoners in Oklahoma were being utilized on jobs in their own state, and so by February the engineers were still in immediate need of at least 225 workers. Desperate for people and with a shortage of civilian and even convict labor, the Denison engineers came up with an innovative solution. In May 1943, in “the first such project of its kind in the nation,” German prisoners of war (POWs) were put to work clearing the land in the reservoir area of the Denison Dam. Captured in North Africa (they had been members of Hitler’s Afrika Korps), these POWs proved so useful that in July, the Denison district engineers supervised the expansion of two nearby German internment camps to double their size.

194 Dallas Morning News, October 23, 1943, 7 (first quote); October 27, 1943, 6; November 15, 1943, 1 (second quote); December 3, 1943, 12 (third quote); February 19, 1944, 1.
And, in February 1944, a POW camp was established in the Denison dam area, with some two dozen buildings housing approximately 250 Germans.\(^1\)

As might be expected, with war industries commandeering most of the labor supply many farmers suffered during the war years for lack of workers. On Grayson farms, the labor shortage was so acute by September of 1942 that the County Commissioners Court adopted a measure to ask all WPA projects be suspended, excluding those contributing to the war effort and the hot lunch program in schools.

The following month, a report stated that 200 dairy farms in the county were forced to sell their cows to meat markets due to “an acute farm labor shortage, poor feed crops for two seasons, [and] lack of rubber tires.” More than two years later the problem had still not abated. According to Grayson County’s Farm Agent:

In 1944 [his office] was able to place at the highest day 423 hands. Of these, not 10 were really able to do a days work. They consisted of small negro children, a few middleaged [sic] women and a lot of old negroes who were unable to do a full days labor. Farmers had to pay these hands a full man wage which made their labor about double.

When asked if the 1945 prospects were any better, he replied “conditions are much worse.” The only advice he could offer to Grayson County farmers was “not to plant a crop that would necessitate too much hired labor.”\(^2\)

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\(^1\) Dallas Morning News, December 30, 1942, 2; February 15, 1943, 3; May 31, 1943, 5 (quote); July 28, 1943, 7; March 12, 1944, 12; Sherman Democrat, February 10, 1946, 10 (quote in footnote). The POW camp at the dam site was finally closed in February 1946 when the last seventy-five Germans were distributed to other prison installations, “ultimately to return to the ruins of their native land which they left in the blaze of military glory.”

\(^2\) Dallas Morning News, September 29, 1942, 2; October 14, 1942, 1 (first quote); Sherman Democrat, January 21, 1945, 7 (second quote).
Although the labor shortage was a serious problem in Grayson County during World War II, its implication - that the economy had finally recovered – was undoubtedly pleasing to most of the citizenry. There were of course many other indicators that the Depression was over, especially in the business sector. The Katy Railroad in Denison experienced considerably more business from 1941 to 1945 than it had in over a decade. In July 1941, before the United States even entered the war, the monthly revenue from the company’s North Texas district reached $1,460,000, its highest mark in ten years. Consequently, forty furloughed men had to be recalled, and the company increased the pay for 125 supervisors between $15 and $30 per month. One year later, the payroll at the Katy in Denison totaled $582,147, an all-time high in the company’s history.197

Another sign that business conditions in Grayson were improving was the general increase in construction projects. Building permits in Sherman followed a predictable pattern throughout the war, with an initial peak in 1941 and 1942, followed by a sharp decrease as materials became scarce. Indeed, in July 1942 the Denison Army engineers issued an appeal to the public to stop all “nonmilitary building to permit the Army to meet its construction schedules.” Then, as World War II drew to a close and government projects abated, building permits in Sherman spiked to an all time high of $500,900 in 1945. This increase in construction meant a need for more utility

[197] Dallas Morning News, July 18, 1941, 7; July 19, 1941, 3; July 25, 1941, 7; August 15, 1941, 4; July 12, 1942, 5.
connections, and electric, gas, water and telephone meters saw a gradual but consistent increase throughout the war.\textsuperscript{198}

Post office receipts also demonstrate the improved business conditions in Grayson. Although the boost started with construction of the Denison Dam, dramatic gains did not occur until the year Perrin was built. In 1939, receipts totaled $93,503, a gain of nearly $4,000 over the previous year. This figure increased by about $1,200 and then $4,000 in the next two consecutive years, before spiking up by $19,000 in 1942, totaling $117,660. By 1945 postal receipts nearly doubled the 1941 figure at $177,165, the unparalleled county record.\textsuperscript{199}

Unfortunately for many small businesses in Grayson County, the war years were not so prosperous. When the national government began limiting the availability of consumer items, from sugar and coffee to gas and tires, small convenience stores were forced to close their doors permanently. The detriment of the rationing system to such establishments is demonstrated by a letter from a woman in Howe, one of Grayson County’s smaller towns:

Small-town stores should be saved because: “War restrictions have made small business concerns, the stores in rural towns, more important than at any time in our history…. Here in Texas the crossroads store is a link that still ties us to the

\textsuperscript{198} The Sherman Democrat, October 7, 1941, 10; January 3, 1941 6; January 4, 1942, 6; January 6, 1946, 1; Dallas Morning News, July 22, 1942, 8 (quote). Building permits in Sherman were: 1941 = $378,192; 1942 = $341,262; 1943 = $131,836; 1944 = 135,747; 1945 = $500,900. For reasons unknown, water meters in Sherman were the only category that slightly declined in 1943 and 1944 before reaching an all time high in 1945.

\textsuperscript{199} The Sherman Democrat, January 7, 1940, 5; January 5, 1941, 6; December 22, 1941, 10; January 7, 1944, 5; January 7, 1945, 6; January 1, 1947, 1. Figures for post office receipts are as follows: 1939 = $93,503; 1940 = $97,423; 1941 = $98,601; 1942 = $117,660; 1943 = $136,187; 1944 = $162,356; 1945 = $177,165.
agrarian foundation upon which our greatness is built.... Our farmers will be urged to an all-out production of food crops in 1943... near-at-hand stores at which they can obtain urgently needed merchandise will become vitally essential to the war effort.”

Here in Howe, we have seen one business after another close; we see empty shelves in the stores which manage to remain open. How long they can continue to remain open depends. There is one bright side to the picture – the people. There is not one word of complaint. Rationing, where rationing is necessary, is being accepted gladly. Substitutes are being used wherever substitutes are possible. People are food-saving-conscious. But with the gigantic task for the farmers looming ahead in the all-out production of food crops, the urgent need that these country stores be assured their opportunity to obtain essential merchandise and transport it to their places of business is vital to the war effort.

The woman’s assertion is indeed supported by the evidence. While there was a general increase in nearly every business measure from 1939 to 1948, the number of retail stores (the category in which small-town convenience stores fall) in Grayson County decreased from 1,018 to 817. Thus, some 201 local businesses were casualties of World War II.200

The war years also were a mixed blessing for the city and county governments in Grayson. As the area experienced increased prosperity, there was naturally an increase in revenues. The County clerk’s office followed the common trend of areas with military bases, showing a significant increase in revenue during the early years of the war (from $19,872 in 1941 to $23,388 in 1942), then gradually decreasing to $19,271 in 1944 as a majority of the military personnel went overseas. Upon the soldiers return in 1945, the

200 Campbell, Gone to Texas, 403; The Texas Almanac and State Industrial Guide (Dallas: A. H. Belo & Co., 1952), 292, 295; Texas Almanac (1941), 287; Dallas Morning News, December 16, 1942, 2 (quote). Retail sales in Grayson County increased from $17,982,000 in 1939 to $55,738,000 in 1948.
number spiked back up to an all-time high of $30,670, with some items rising as much as 50 percent.\textsuperscript{201}

In Sherman, in spite of a reduction in the tax rate from $2.35 on the $100 in 1941, to $2.25 in 1942, city collections continuously increased in the five year war period. In 1942, a total of $277,105 was collected, increasing by nearly $6,000 the following year, $15,000 in 1943, and over $20,000 in 1945 to a record high of $323,851.\textsuperscript{202}

However, with federal government funds going to military purposes, the direct financial aid Grayson’s local governments received during the New Deal came to a halt. With county taxes in 1941 at the lowest rate ($0.55 on the $100 valuation) since 1927, the debt increased from approximately $3.1 million in 1940 to more than $4.7 million by 1943. Not wanting to raise taxes, county Judge Loy announced in September 1942 that the budget for the following year was lowered by $43,668, with the elimination of four salaried positions and a 20 percent reduction in the road and bridge fund. By 1945 the county debt was still close to $4.3 million.\textsuperscript{203}

On June 6, 1944, under the command of General Dwight D. Eisenhower from Denison, Allied forces in Europe launched the largest military invasion the world had

\textsuperscript{201} The Sherman Democrat, January 6, 1946, 1.
\textsuperscript{202} The Sherman Democrat, January 9, 1942, 7; January 7, 1945, 6; January 6, 1946, 1.
\textsuperscript{203} Texas Almanac (1941), 360; Texas Almanac (1945), 335; Texas Almanac (1947), 365; Texas Almanac (1949), 400; Dallas Morning News, September 5, 1941, 9; September 19, 1942, 4.
ever seen at Normandy Beach. This climactic battle proved to be the military turning point of World War II, and the beginning of the end for Hitler’s Thousand-Year Reich.204

Less than a month later, thousands of miles away, the residents of Grayson County experienced a defining moment of their own. On July 1, 1944, five years to the day after the first federal appropriations were allotted for the project, the Denison Dam was dedicated at a huge rally. Some 4,000 people attended the event, including the Army’s Chief of Engineers, five congressmen and Rayburn, who gave the principal address. At the time of the dedication, Grayson’s Representative (who was now Speaker of the House) was confronting one of the fiercest races in his congressional career, and so the occasion became a political rally. Nearly every speech paid tribute to Rayburn, with one Congressman stating

The people of the fourth district are very fortunate. They made a wise selection over thirty years ago of one who was able to properly represent them in Congress. He not only brought honor to his own district but he has brought something that has an enormous value in dollars to this district and the Southwest. The entire Southwest will participate in these dividends and will thank the people of his district for keeping him in office.

The savings in one year in electric power costs because of this dam’s presence will amount to $300,000 – more money than the United States Government has paid to Speaker Rayburn in his more than thirty years in Congress. Let us hope that our good friend will keep in mind that this nation is depending on him more than ever before in the postwar period.205

The dedication of the Denison Dam was a turning point for the citizens of Grayson, not just for the benefits the project provided them, but also because it marked

204 Kennedy, Freedom From Fear, 698-699, 708-709.
205 Dallas Morning News, July 2, 1944, 1, 10 (quote).
the beginning of the end of an era. Since 1939, massive national government expenditures for the Denison Dam, Perrin AAF, and the Denison Army Corps of Engineers provided a significant boost to the county’s economy. The dedication of the Red River project was the first indicator of the forthcoming trend in Grayson of decreased federal activity and funds.

After D-Day, with victory in sight for Allied leaders, the aviation objective of the United States AAF changed in 1944 from “rapid expansion” to “maintaining the forces,” ushering in a state of military strength drawdown and a deactivation of several bases. As would be expected, there were so few War Department construction projects that the Denison District Army Corps of Engineers office was officially closed on April 1, 1945. Then, in October of that year, the 32nd Flying Training Wing at Perrin was deactivated, drastically reducing the number of persons at the field to less than 2,000 by December. Two months later, all basic pilot training at the base was discontinued, replaced by a school to keep flight instructors proficient. Activity at the airfield trailed off until November 30, 1946, when Perrin was deactivated and turned into a storage facility for the AAFs surplus planes, becoming one of the thirty-six Army stations closed that year.206

During World War II, federal government expenditures on war mobilization and production reached unprecedented heights on military infrastructure, personnel, and

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206 Wurth, Perrin Air Force Base, 6; Shaw, Locating AFB Sites, 40, 53; Dallas Morning News, March 28, 1945, 11; February 13, 1946, 7; Sherman Democrat, January 6, 1946, 1; January 24, 1946, 1; January 27, 1946, 8; January 1, 1947, 6.
supplies. Coupled with the millions of servicemen sent overseas, the scarcity of jobs from the Great Depression turned into a surplus. The “economic recovery” objective of the New Deal was exceeded by the end of the war as the United States emerged as the preeminent economic world power.207

The confidence and optimism that was shared by many Americans was not only justifiable, but almost inherent in nearly every type of growth statistic. In Grayson County, from 1941 to 1945, postal receipts, utility meters installations, tax collections and buildings permits showed consecutive gains, albeit with some understandable exceptions. Even more encouraging were the bank statements: out of twenty-three towns in North Texas and Southern Oklahoma, the banks in Sherman and Denison led every year in total deposits, showing consistent increases. In Sherman alone deposits nearly tripled during the war years from $7,471,290 to $22,290,274. By 1945, nearly all traces of the worst economic crisis in the history of the country had vanished in Grayson County. A reporter from the Sherman Democrat perfectly expressed the people’s restored optimism:

Figures talk and they say that 1945 was a record-breaking year for Sherman. It was the biggest 12 months in all things, in all time. Every record in every type of growth statistics was shattered and sometimes shattered again in the year just ended. From bank deposits to marriage licenses, from water meters to postal receipts, the 12 months was a continuous chalking up of all-time new gains.

There was no letup when war ended. The figures show that even now, six months later, the year closed out on a stiff ascending note, and every barometer of the city’s development was still pyramiding the figures.208

207 Kennedy, Freedom From Fear, 363, 782-793.
208 Sherman Democrat, January 1, 1947, 1; January 5, 1947, 3; January 6, 1946, 1 (quote).
CHAPTER VII

EPILOGUE AND CONCLUSION

We are criticized by some in Washington for the millions we are spending, but I see the results of that spending in every village. I see better roads, more lights, better schools, all dedicated to the service of mankind.

- Sam Rayburn

After World War II the United States demilitarized, closing hundreds of bases and discharging millions of troops from the armed services. In Texas, this meant the deactivation of thirty-six Army camps and airfields in 1946, including Perrin AAF. In Grayson County, the effects of the military drawdown, completion of the Denison Dam, and closing of the Denison District Army Engineers office were realized immediately, especially in the two main cities.

For the first time since construction started on the Denison Dam in 1939, both post office receipts and bank deposits declined in 1946. However, the decreases were not enough to assume a permanent downward trend or even anything abnormal, given the departure of so many persons from the area. Although post office receipts fell by almost $22,000 to $150,926, this was still the third highest figure in the county’s history. And, while total deposits for the ten banks in Grayson County declined from around $51,501,000 in 1945 to $48,694,000 in 1946, all reductions were from the four banks in
Sherman and Denison. Because these cities benefitted the most from federal expenditures and activity, it is only natural that they were the most affected when the national government economized after World War II.209

The primary concern of Grayson citizens in 1946 was the lack of maintenance and construction on the existing infrastructure in the county. This was especially true in regards to housing, which was a problem in nearly every town and city in which a military installation was located. As reported by the Sherman Democrat, in early January 1946:

There simply are no houses, no apartments, no rooms. The city is at a dead end in population growth but still they come, and how. Just as critical as residential housing is the lack of business to locations. On top of its worst housing shortage, the city faces the post-war era with a heavy slate of long-lagging municipal needs and a blank plan for taking up the five-year slack. New investors in business, service, and professional fields came to town in considerable numbers during the year, with probably double that number wanting to but finding no place to hang their commercial hats.

Although the closing of Perrin somewhat relived the housing shortage, construction projects were still a necessity. Thus, in 1946 Grayson citizens took advantage of the availability of materials and constructed 223 new residences, bringing total building permits in Sherman to $1,405,153, up from $500,900 the previous year.210

209 Sherman Democrat, January 7, 1940, 5; January 5, 1941, 6; December 22, 1941, 10; January 7, 1944, 5; January 7, 1945, 6; January 1, 1947, 1; January 5, 1947, 3. Figures for post office receipts are as follows: 1939 = $93,503; 1940 = $97,423; 1941 = $98,601; 1942 = $117,660; 1943 = $136,187; 1944 = $162,356; 1945 = $177,165.

210 Sherman Democrat, January 6, 1946, 1 (quote); January 1, 1947, 1, 8.
While the lack of new construction projects and maintenance was largely the result of the scarcity of materials, the consolidation and retrenchment of Grayson’s local governments also played a part. Trying to keep taxes low and paying off the debt at the same time meant cutting the budget, especially on infrastructure upkeep and expansion. Consequently, by 1946 the city of Sherman was facing serious problems with the sewage disposal plant, street maintenance, extensions, and openings, and water and sewer line extensions. According to the city manager, “The time has come when much of this work can no longer be delayed if the original investment in street improvement is to be saved.” As a result, a $360,000 in bond was voted that June, and the tax rate was increased from $2.36 to $2.70. Likewise, the county tax rate, which had been as low as $.55 on the $100 valuation in 1941, was up to $.95 by 1948.211

Despite these minor problems at the close of the war, the years from 1939 to 1945 so totally altered the economic situation in Grayson County that residents had little to complain about and much to be hopeful for. Many persons in the agricultural sector fared well in the half-decade beginning 1940, as the total number of farms shrunk by only .21 percent and the proportion of tenancy fell by almost 24 percent (see Table 2). Furthermore, in terms of value, farm averages in Grayson increased by more than 33 percent, and implements and machinery by 55 percent. The REA also proved its worth

211 Texas Almanac (1949), 395; Sherman Democrat, February 3, 1946, 5 (quote); January 1, 1947, 4. The new mayor of Sherman, Jewel Hardy, was an Army engineer that spent three years during World War II building roads in Iran.
as the number of farms with electricity more than doubled, from 1,062 in 1940 to 2,232 in 1945.\textsuperscript{212}

While farmers were doing markedly better, business interests in Grayson saw even greater gains after 1939. In manufacturing, although the number of establishments and wage earners increases were not remarkable, wages paid and value added were increasing by 259 and 347 percent, respectively from 1939 to 1947. Similarly, despite the decrease in total number of establishments (as mentioned in chapter 6), retail trade flourished in Grayson County with the aggregate payroll increasing by 207 percent and sales by 210 percent. And finally, wholesale trade showed an interesting pattern during this period, with the 282.5 percent increase in sales actually surpassed by the payroll, which was amplified by 400 percent. While these statistics demonstrate that the economy at Grayson County had indeed recovered, the telltale sign that the depression was over comes from the unemployment records. In 1940 there were 2,082 persons on public emergency relief work in Grayson County and 3,100 persons seeking employment. By January 1, 1947, the Sherman office of unemployment services (one of two in the county) had a total of just 633 names on file with 159 of these persons placed on jobs. Thus, the Great Depression was over in Grayson, a welcomed casualty of World War II.\textsuperscript{213}


\textsuperscript{213} Bureau of Census, \textit{Sixteenth Census: Population, Vol. II}, 869; \textit{Texas Almanac (1941)}, 283, 287; \textit{Texas Almanac (1952)}, 292, 294, 308, 309; \textit{Sherman Democrat}, January 6, 1947, 3. Figures for retail trade from 1939 to 1948 are: sales = $17,982,000 to $55,738,000; payroll = $1,500,000 to $4,612,000. Figures for
From 1929 to 1946, the ebbs and flows of Grayson County’s economic state were so closely correlated to federal government expenditures as to leave little doubt to the source of such changes. During the first few years of the Depression, Hoover relied almost entirely on state and local governments and charitable organizations to give relief to the unemployed persons throughout the country. But this economic ideology was by no means limited to the national government. As late as 1935, only one out of thirty-seven state governors said they would be willing “to have the states resume responsibility for relief.” In Grayson County, although officials did provide some relief, their efforts were also tempered by a dedication to an ideology of low taxes, a limited deficit and an inactive government. Thus, when Franklin D. Roosevelt entered office in 1933, the burden of providing relief for the unemployed lay almost entirely on the shoulders of the federal government.214

The good fortune of Grayson County citizens from 1933 to 1946 is truly noteworthy, as there could not have been any way to predict the magnitude of influence their representative in Congress would wield during this time. Beginning with his involvement in securing Roosevelt’s candidacy in 1932, Sam Rayburn’s power in both Congress and White House made him an invaluable asset to Grayson. Myriads examples exist to validate the extent of his influence, which resulted in federal funds for tangible structures, jobs and individual relief in his district. But it is not just this coercive

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strength and resultant pecuniary benefits that made Rayburn so notable during this period. His personal character (which was of course interconnected with his influence) gave him a pragmatism that superseded ideology, allowing him to assess practically the circumstances of the time and act accordingly. Indeed, although he was predisposed to a similar belief system as Grayson officials, Rayburn was responsible for several key New Deal measures, making him a vital element in the creation of the welfare state in America.

During the New Deal the national government spent large sums to bring relief, recovery and reform to the financial system of the United States. In Texas alone, from 1933 to 1938, officials actively sought and received $1,457,320,759 in federal aid, some of which trickled down to Grayson County. While these funds undoubtedly provided relief, they were far short of bringing recovery to the economy. Thus, despite the national debt reaching $40 billion by 1939, the New Deal only carried the citizens of Grayson County through, but not out of, the Great Depression.\(^{215}\)

It was not until 1939 that full economic recovery became a distinct possibility in Grayson, partly due to the impending world war, but also because of Rayburn’s influence. A master of congressional pork-barrel, he was fundamental in attaining the Denison Dam for the county, a project that had proved elusive for nearly forty years. While the dam was important for its prospects as a source of flood control, irrigation and power, the $54 million structure meant the locating of a District engineers office in

the area and more construction projects in the county to accommodate an influx of people. As a result, federal expenditures in Grayson reached an all-time high, providing more individual relief and an opening to full economic recovery.

With complete militarization in preparation for World War II, the United States finally emerged from the Great Depression. While this was partly due to millions of Americans being taken out of the work force and put into the military, the primary impetus came from the massive federal expenditures that made the New Deal sums look paltry. Indeed, the $40 billion debt in 1939 rose to more than $260 billion six years later, stimulating the economy above and beyond all expectations, and pushing the United States to its position as the world’s unrivaled economic and military power. As noted by one observer: “in the Thirties, niggardly voluntary spending failed to produce prosperity. In the Forties, extravagant involuntary spending had produced prosperity.”

In Texas, due to its unique geographical features, army bases and airfields sprung up throughout the state almost overnight, including Perrin Army Air Field in Grayson County. While the $5 million station provided jobs and around 2,500 new consumers for the area annually, increased activity and expenditures at the Denison Army Corps of Engineers and Denison Dam compounded the process of economic recovery. By 1945, the Great Depression was a fading memory in Grayson County.

216 Days of Sadness, 401 (quote).
TABLE I: MANUFACTURING IN GRAYSON COUNTY, DENISON AND SHERMAN (part 1 of 2)

Grayson County\textsuperscript{217}

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Establishments</th>
<th>Wage Earners</th>
<th>Wages ($)</th>
<th>Cost of Materials ($)</th>
<th>Value of Products ($)</th>
<th>Value Added ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>137</td>
<td>2,750</td>
<td>3,118,399</td>
<td>23,930,732</td>
<td>30,612,624</td>
<td>6,681,892</td>
</tr>
<tr>
<td>1929</td>
<td>81 (-40.9%)</td>
<td>2,461 (-10.5%)</td>
<td>2,471,844 (-20%)</td>
<td>16,010,300 (-33.5%)</td>
<td>23,555,945 (-23.1%)</td>
<td>7,545,645 (+12.9%)</td>
</tr>
<tr>
<td>1933</td>
<td>50 (-38.3%)</td>
<td>1,945 (-21%)</td>
<td>14,441,529 (-38.7%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>63 (+26%)</td>
<td>2,137 (+9.9%)</td>
<td>1,399,725 (-43.4%)</td>
<td>17,675,298 (+10.4%)</td>
<td>22,851,573 (+58.2%)</td>
<td>5,176,275 (-31.4%)</td>
</tr>
<tr>
<td>1947</td>
<td>66 (+4.8%)</td>
<td>2,593 (+21.3%)</td>
<td>5,029,000 (+259.3%)</td>
<td></td>
<td></td>
<td>23,182,000 (+347.9)</td>
</tr>
</tbody>
</table>

\textsuperscript{217} Bureau of Census, \textit{Fourteenth Census, State Compendium: Texas}, 223; Bureau of Census, \textit{Fifteenth Census: Manufactures}, 508; Bureau of Census, \textit{Sixteenth Census: Manufactures}, 983; \textit{Texas Almanac (1936)}, 286; \textit{Texas Almanac (1949)}, 303; \textit{Texas Almanac, (1952)}, 249, 259. Figures for all categories for the years 1933 and 1947 were unavailable.
### TABLE I: MANUFACTURING IN GRAYSON COUNTY, DENISON AND SHERMAN (part 2 of 2)

**Denison**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Establishments</th>
<th>Wage Earners</th>
<th>Wages (in dollars)</th>
<th>Cost of Materials (in dollars)</th>
<th>Value of Products (in dollars)</th>
<th>Value Added (in dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>42</td>
<td>1,084</td>
<td>1,580,000</td>
<td>3,027,000</td>
<td>5,077,916</td>
<td>2,051,079</td>
</tr>
<tr>
<td>1929</td>
<td>22</td>
<td>576</td>
<td>551,277</td>
<td>2,491,075</td>
<td>3,793,019</td>
<td>1,301,944</td>
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<tr>
<td>1939</td>
<td>22</td>
<td>419</td>
<td>299,842</td>
<td>5,225,478</td>
<td>6,121,662</td>
<td>896,184</td>
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**Sherman**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Establishments</th>
<th>Wage Earners</th>
<th>Wages (in dollars)</th>
<th>Cost of Materials (in dollars)</th>
<th>Value of Products (in dollars)</th>
<th>Value Added (in dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>53</td>
<td>871</td>
<td>699,000</td>
<td>16,072,000</td>
<td>19,175,558</td>
<td>3,103,442</td>
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<tr>
<td>1929</td>
<td>43</td>
<td>721</td>
<td>839,185</td>
<td>9,507,307</td>
<td>12,965,794</td>
<td>3,458,487</td>
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<tr>
<td>1939</td>
<td>28</td>
<td>802</td>
<td>617,806</td>
<td>10,401,006</td>
<td>13,486,798</td>
<td>3,085,792</td>
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219 Ibid.
### TABLE II: AGRICULTURE CENSUS IN GRAYSON COUNTY\textsuperscript{220}

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Farms</th>
<th>Average Size of Farm (acres)</th>
<th>Value of Farms (land and buildings; in dollars)</th>
<th>Average Value of land and buildings per farm: (in dollars)</th>
<th>Value of implements and machinery: (figures for 1930 and 1940 only; in dollars)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1930</td>
<td>1935</td>
<td>1940</td>
<td>1945</td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td>5,169</td>
<td>5,493 (+6.3%)</td>
<td>4,296 (-21.8%)</td>
<td>4,287 (-21%)</td>
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</tr>
<tr>
<td>1935</td>
<td>5,493 (+6.3%)</td>
<td>99.9(-4.1%)</td>
<td>126.0 (+26.1%)</td>
<td>114.7 (-9%)</td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>4,296 (-21.8%)</td>
<td>126.0 (+26.1%)</td>
<td>21,743,449 (-6.0)</td>
<td>6,746 (+33.3%)</td>
<td></td>
</tr>
<tr>
<td>1945</td>
<td>4,287 (-21%)</td>
<td>114.7 (-9%)</td>
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**Agricultural Census Figures by Color of Operator\textsuperscript{221}**

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<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Non-White</th>
<th>White</th>
<th>Non-White</th>
<th>White</th>
<th>Non-White</th>
<th>White</th>
<th>Non-White</th>
<th>White</th>
<th>Non-White</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>4,918</td>
<td>251</td>
<td>29,142,738</td>
<td>11,797</td>
<td>299,160</td>
<td>236,146</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>5,299 (+7.7%)</td>
<td>194 (-22.7%)</td>
<td>22,827,459 (-21.7%)</td>
<td>7,257 (-38.5)</td>
<td>6,269 (-13.6)</td>
<td>21,507,303 (-5.8%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>4,172 (-21.3%)</td>
<td>124 (-36.1%)</td>
<td>535,224 (-1.2%)</td>
<td>6,269 (-13.6)</td>
<td>236,146 (-21.1%)</td>
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</tbody>
</table>

**Agricultural Census Figures for Tenant Farmers\textsuperscript{222}**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Farms</th>
<th>Proportion of tenancy (in percentages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>3,392</td>
<td>65.6</td>
</tr>
<tr>
<td>1935</td>
<td>3,433 (1.2)</td>
<td>62.5 (-4.7)</td>
</tr>
<tr>
<td>1940</td>
<td>2,442 (-28.9)</td>
<td>56.8 (-9.1)</td>
</tr>
<tr>
<td>1945</td>
<td></td>
<td>43.3 (-23.8%)</td>
</tr>
</tbody>
</table>

\textsuperscript{221} Ibid.
WORKS CITED

Primary Sources

*Dallas Morning News*, 1931-1946.


Secondary Sources


