THE ECONOMIC HISTORY OF WYOMING DURING THE GREAT DEPRESSION

By

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Abstract

This paper analyzes Wyoming’s response to the Great Depression and the federal aid programs that arose from it. Since Wyoming was already facing a depression for a decade before the rest of the nation followed after the stock market crash in 1929, the Wyoming legislature was already struggling to find new ways to cut costs and raise revenues. From 1929 to 1940, this time-period saw four different governors, the establishment of Grand Teton National Park, the enactment of a sales tax, the decline of Wyoming’s oil industry, and an attempted secession movement. With a more complete picture of Wyoming’s political and economic climate, in conjunction with an econometric analysis of tax revenue impacts nation-wide, this thesis creates a fuller understanding of Wyoming’s specific response to the Great Depression.
Introduction

The 1930’s were a trying time for the nation. Faced with the Great Depression, many states were forced to come up with new ways to increase revenue for aid programs. With FDR’s implementation of New Deal policies and programs, the nation’s economy was able to rebound. Plenty of research exists analyzing the federal aid programs, but there is a surprising lack of studies assessing individual state reactions.

My thesis examines the state of Wyoming, looking at the political and economic climate of the time and analyzing different measures unique to the state. Wyoming was actually facing an economic depression well before the stock market crash in 1929 helped draw the rest of the nation into one. The early 1920’s brought irremediable drought and grass hopper plagues, which was detrimental to the state’s economy, which was heavily reliant on its agricultural and ranching industries. With the onset of the Great Depression, the Wyoming’s economic hardships were augmented, and the state government struggled to pass legislation to increase the state’s revenue.

Despite Wyoming’s undeniable problems, the cowboy mentality of Wyomingites made many apprehensive about government involvement and expansion. Based on a history of deceit and imposition of government interests over local interests, the resentment and reluctance to accept federal aid was understandable. It was not until 1933 that Governor Miller finally accepted aid through New Deal programs, and that was only due to the failure of the legislature to pass bills to increase revenue.

This paper illustrates the political and economic climate of Wyoming using five key issues that arose during the 1930’s. I start with an introduction of the governors that held office during that time, highlighting their successes and failures. I then discuss the thematic struggle between local interests against the federal government in establishing
the Grand Teton National Park. Then, I assess the legislature’s decision in implementing a sales tax. Next, I will examine the impacts of the Depression on the oil industry. I then describe the movement of northern conservatives’ attempt to secede from Wyoming and form the Great State of Absaroka. Finally, I present a regional comparison of Wyoming to other states and run regressions to determine different impacts on tax revenues nationwide.

I. The Governors of Wyoming

Four governors - Frank Emerson, Alonzo Clark, Leslie Miller, and Nels Smith - saw Wyoming through the Great Depression and the New Deal. The only Democrat of the group, Leslie Miller, served during the inception of the New Deal and held office for 6 years, longer than any of the rest. None of them were actually born in Wyoming, and only Leslie Miller was raised in the state. The governors all embodied the self-reliant approach that Wyoming voters supported, and they were reluctant to seek federal aid. As the Great Depression worsened, though, there was a noticeable shift in attitude towards accepting federal aid and participating in aid programs. Each of these governors had very different backgrounds and specialties, from engineering to ranching; therefore, each governor brought something different to the state.

Wyoming’s “Engineer Governor”, Frank Collins Emerson, was born in 1882 in Michigan. After studying engineering at the University of Michigan, Emerson took the advice of a professor and moved to Cora, Wyoming in 1904 (Wyoming Postscripts, 2015). He opened a small shop and served as an assistant post-master, until he took on more engineering jobs. He worked at the State Engineer’s office and held positions at
different construction companies, helping to plan various canal and reservoir projects (Wyoming State Archives, n.d.). He was impassioned by reclamation projects, enough so to run for a state senate position to help push legislation on reclamation (University of Michigan, 1974). He was not successful in getting the Senate seat, but was appointed the State Engineer in 1919 by Robert Carey, the governor at the time. He held that position until 1927, when he became governor (Wyoming Postscripts, 2015).

He took office during a hard time for Wyoming; the state had been hit by an agricultural depression since the early 1920’s, and he was chosen by Republicans to help the state develop. During his time holding political offices, he was an integral member in interstate water rights discussions, helping to negotiate the Colorado River Compact and other negotiations with Nebraska and Colorado (Frank C. Emerson, n.d.). Despite his success in such discussions, he was unable to get legislation passed to increase the state’s income. Proposals for intangible property taxes and sales taxes were denied (Wyoming Postscripts, 2015). He was reelected in 1930 for a second term, but passed away in February, 1931 from influenza (Sandoval, 2006).

Alonzo Clark, born in Indiana in 1868, became acting Governor to complete Emerson’s final term (Wyoming State Archives, n.d.). Clark moved to Wyoming in 1909 as a teacher, and soon became active in government. He was the county clerk, deputy county clerk, and later the district court clerk. In 1926, he was elected the Secretary of State, and served two terms in that position until 1935, with a 2-year pause when he served as acting Governor until 1933 (Alonzo M. Clark, n.d.).

He assumed office in 1931, which was an especially troubling time for Wyoming. One in four citizens were unemployed, towns were on the brink of bankruptcy, and
Wyomingites living in rural homesteads began moving to urban areas. Acting Governor Clark had little support throughout the state due to his economic beliefs. At a time when the people of Wyoming were going through the worst of the Great Depression, Clark remained a steadfast proponent of President Herbert Hoover’s view of state self-reliance, telling the people that government had no place in the economy and to trust in recovery during the business cycle (National Governors Association, n.d.; Roberts, “The 1930s”, n.d.). The National Governors Association (n.d.) also outlines Clark’s support of market cooperatives for agricultural goods and repealing prohibition. He also tried to prevent the sale of crude oil from federally owned land in Wyoming. Illustrated in Figure 1 below, despite his attempts, per-capita income in Wyoming fell 30% during his term, the lowest point during the Great Depression, which cost him support. In fact, he had such limited support, that when he ran for Governor in 1932 he did not even win the Republican primaries. Instead, he returned to his role as Secretary of State until 1935 (National Governors Association, n.d.).

**Figure 1**

![Real Per Capita Income (1930-1940)](image)

(Source: “State Government Dataset”, 2017)
Elected just as President Franklin D. Roosevelt came into office, Leslie Andrew Miller was Wyoming’s governor for the onset of the New Deal. Miller was born in Kansas in 1886 but moved to Wyoming in 1892 (Wyoming State Archives, n.d.). After serving in the Marine Corps, Miller joined the Democratic Party and served in a variety of positions (Wyoming State Archives, n.d.). He was successful in oil production and became the president of Aero Oil Company, which he sold in 1927 before starting another business, Chief Oil Company, two years later (Wyoming Postscripts, 2016). Miller was one of the oilmen that blew the whistle on the Teapot Dome Scandal (Roberts, The Teapot Dome Scandal, n.d.).

Miller ran for Governor in 1930, but lost to incumbent Frank Emerson (National Governors Association, n.d.). When he ran again in 1932 on the platform of economizing in the state without raising taxes, he was successful and inherited a state still going through the worst of the Great Depression. He embodied the changes the state needed by declining to live in the Governor’s Mansion and taking a salary cut., illustrated in the blue region in Figure 2. He then proposed budget cuts and, although initially reluctant himself, brought Wyomingites around to the idea of accepting funding from the federal government and participating in the New Deal aid programs (Wyoming Postscripts, 2016).
During his two terms as Governor, one of his most lasting impacts was the passing of the Emergency Sales Tax Act of 1935 (National Governors Association, n.d.). Although Miller had hoped that the state could find ways to cut its expenditure in order to not raise taxes, Wyoming desperately needed more revenue. Miller originally wanted to restructure Wyoming’s property tax since the agricultural sectors faced the greatest hardships and Miller wanted to spread the tax burden away from only one sector. Many other legislators and other key sectors favored eliminating the property tax, and implementing an income tax instead. There were debates and special sessions in the legislature, though, between those who favored an income tax and those who favored a sales tax to replace or lessen property taxes. Miller made a direct appeal after progress was repeatedly thwarted, and told the legislature that a sales tax would best ensure the state would have an income to meet federal requirements (Wyoming State Archive, n.d.). Finally, in 1935, the Emergency Sales Tax Act of 1935 was enacted, with many
exceptions and under the notion of it only being temporary and meant to expire in 1937 (Roberts, Wyoming Legislators Considered an Income Tax in 1933, n.d.). A more in-depth analysis of this process can be found in Section III.

Under Miller, the state also created the Wyoming Liquor Commission in 1935 that became the wholesale distributor of liquor to help increase revenues (Wyoming Postscripts, 2016). Miller’s suggestions of implementing an income tax and raising the sales tax were not approved, and he lost reelection in 1939 (Roberts, Wyoming Legislators Considered an Income Tax in 1933, n.d.).

Nels Smith, a republican, was born in 1884 in South Dakota. He moved to Wyoming in 1907 and owned a couple of ranches (Wyoming State Archives, n.d.). He was elected to the Wyoming House of Representatives in 1918, and was nominated by the republican party in 1938 to become governor. He won the race and served as governor until 1943 (Wyoming State Archives, n.d.). As governor, Smith wanted to lower gas prices. Thus, he urged the legislature to sign the Interstate Compact for Conservation of Oil and Natural Gas, passed in 1935 by Texas, Oklahoma, Kansas, New Mexico, Illinois, and Colorado to conserve oil and regulate production (Wyoming Postscripts, 2015). Still, Wyoming oilmen did not want to be restricted in their oil production and refused to agree to the compact, therefore prices remained higher than Smith had hoped.

As governor, Smith created a very detailed budget, outlining appropriations for each department and implemented fiscally conservative policies, cutting the budgets of school districts, and lessening highway regulations, all while ensuring that no new taxes were raised. He also proposed abolishing the sales tax and implementing a gross
receipts tax in the hopes of reducing the costs associated with collecting the sales tax (Wyoming Postscripts, 2015). He was a staunch proponent of states’ rights, and abhorred the federal government’s intervention in Wyoming’s oil production and encroachment on Wyoming’s grazing land (Smith, Vanishing States Rights, 1940). He consistently urged the legislature to be wary of federal intervention (Smith, Governor’s Message, 1941).

Despite his work with the budget and developing Wyoming, Smith was not widely supported and was not re-elected in 1942 (Wyoming State Archives, n.d.). He is often written about in the context of his political mishaps. Most notable were his feuds with the University of Wyoming’s president, Arthur G. Crane. Crane was a beloved member of the community, and helped the university not only survive the Great Depression but prosper, as the campus was improved and new buildings were constructed. Smith attempted to get Crane fired by the end of the 1930s, which cost him a great deal of popularity with his constituents. Ironically, Crane became the acting governor of Wyoming two terms after Smith lost when then-governor Lester Hunt resigned. (Roberts, “The 1930s”, n.d.)

Although these men had very distinct governing styles, they typically were pessimistic about federal government intervention, at least up to the point where it became necessary for the people of Wyoming. Since the early 1920’s with the agricultural depression through the Great Depression and into the 1930’s, Wyoming was faced with urgent economic difficulties that the governors had to work very hard to overcome.
II. The Controversy of Grand Teton National Park

The people of Wyoming have maintained a so-called “cowboy” mentality when it comes to their daily lives and their approach to politics. Individualistic and focused on hard work, this mentality led many to reject external aid and harbor animosity for rich outsiders attempting to govern their lands. One such case that exemplifies this mentality in the mid-1900s was the arduous process of establishing the Grand Teton National Park.

In 1872 Yellowstone National Park was established by Congress as the first national park. It took only two years from the original thought to preserve the land for the actual foundation of the park. Originally, various officials had hoped to simply expand the Yellowstone National Park territory southward to encompass the Teton Mountain Range and Jackson Hole in the early 1900’s (Skaggs, 2000). What was hoped to be a similarly easy process as the one for Yellowstone National Park turned into a nearly 50-year process as local interests collided with government plans and east coast money. Throughout the beginning of the 20th century, the region of the Teton Mountain Range and Jackson Hole went through various classification changes. Starting in 1897 President Grover Cleveland created the Federal Teton Forest Reserve, and in 1908 President Theodore Roosevelt expanded it to cover the entire Teton Mountain Range (Hein A., n.d.). These developments were met with little contention, but the real conflict arose in 1919 when a formal proposal to turn the Teton National Forest into a national park passed through the House. Ultimately the bill failed with much of the land remaining under private ownership. Still, this attempt stirred resentment among the locals (Skaggs, 2000).
Although the size of the opposition was modest, they were focused and determined to prevent the land from becoming a national park. As Hein (n.d.) writes, the primary issue the opposition held was in changing hands from the ideology of the Forest Service to that of the National Park Service. The Forest Service promoted conservation but still allowed for some commercialization. The National Park Service, on the other hand, placed much stricter regulations on the land to preserve it in its natural state. While many were accepting of the forest reserve, they were not willing to submit to the restrictions of a national park. (Hein A., n.d.)

Resentment also originated from hostility towards an expanding government. Different groups of the community feared a loss of liberty, including the state government, the Forest Service, and ranchers (Skaggs, 2000). The Wyoming government opposed federal intervention because they would lose tax revenues and revenues from granting grazing permits to ranchers, which they desperately needed during the 1930s. The Forest Service workers opposed a loss of jurisdiction, which was already limited by President Woodrow Wilson’s granting of veto power to the National Park Service over Forest Service plans. Ranchers feared reduced grazing land, being forced to give up their land to the government, and concessioner monopolies. Dude ranchers, an important component of Wyoming’s tourism industry, feared that converting the land could bring commercialization, in the form of improved roads and hotel construction that would jeopardize the integrity and atmosphere of their ranches (Skaggs, 2000).

Development began to accelerate in the area in the early 1920s as more homesteaders continued to settle in the area, and locals were faced with unwanted
construction obstructing the views of the Tetons (The National Park Service, 2016). This was seen in the forms of construction of new cabins, gas stations, dancehalls, billboards, and racetracks. There were also plans to dam outlets of Jenny Lake, Emma Matilda Lake, and Two Ocean Lake. Apprehensive of the new developments and fearful of the potential environmental destruction, locals realized they needed to compromise and work with the government to protect their interests. (The National Park Service, 2016; Skaggs, 2000). In 1923, locals met with Yellowstone Superintendent Horace Albright, who was notorious for his desire to turn the region into a national park. They discussed their concerns over the new developments and their desire to conserve the region’s beauty and integrity. With the locals still staunchly against the formation of a national park, all parties agreed on a plan to find a private buyer to purchase land in Jackson Hole in order to create a sort of private reserve to create a “museum on the hoof” that allowed them to stick to business as usual (Hein, n.d.; Skaggs, 2000).

Still Horace Albright intended to ultimately go against the wishes of the residents and have those private lands given to the federal government to become a national park. When John D. Rockefeller, Jr. visited Wyoming in 1924, and again in 1926, Albright took the opportunity to demonstrate the immense beauty of the area and illustrate the issues with the undesirable developments (Skaggs, 2000). He then explained his fundamental goal of turning the purchased land into a national park, calling it the “greatest conservation project of its kind ever undertaken” (Ernst, 1991). Rockefeller was convinced, and he and Horace set about making plans to procure the necessary land to donate to the government while granting Rockefeller rights to concessions under a 30-year contract (Mohr, 2016). In a letter to Rockefeller, Albright outlines the “Jackson
“Hole Plan” to inquire about purchasing 100,000 acres of land west of Snake River, owned by 402 people and valued at $1 million, at that time (Ernst, 1991). However, he encouraged Rockefeller to maintain discretion to avoid the local opposition, and to keep land prices low (Daughterty, 1999). Thus, the shell company Snake River Land Company was created to discreetly buy land. Within three years, the company acquired over 35,000 acres of land for $1.4 million, or $39.61 per acre at the time (G & L, 2012).

In 1929, Wyoming Senator John Kendrick introduced a bill to establish Grand Teton National Park, which was passed by Congress and signed by President Coolidge. At the time, the park only covered 96,000 acres of the Tetons and a few of the lakes at its base, but none of the lands purchased by Rockefeller were included (Skaggs, 2000). Unsatisfied with what they perceived to be an incomplete park, Albright and Rockefeller continued to purchase land. The public was growing increasingly suspicious of the procurement of so much land (Daughterty, 1999), but they ultimately found some bittersweet relief in selling their land during such hard times (Skaggs, 2000). Once Albright and Rockefeller procured all the land as planned, and out of fear that the public would discover their real intentions, they went public with the plan in 1930 (Daughterty, 1999).

The backlash was immediate, and the animosity in the community was as strong as ever. Residents came out with stories of coercion, saying they were forced into selling their land and received unfair prices (Hein, n.d.). It went as far as Congressional hearings to investigate such claims, as Wyoming Senator Robert Carey came out in support of the locals and claimed that the company burned down houses and fences (Daughterty, 1999). Ultimately, such claims were determined to be unfounded as no
evidence was provided, but then the pressure on the General Land Office was called into question (Daughterty, 1999). As Hein (n.d.) explains, it was common in the times for some homesteaders to not patent their lands within the allotted 5 years, but such situations were generally accepted. During the Snake River Land Co.’s major push to buy up lands in the Jackson Hole area, park service agents, in conjunction with company representatives, pressured the General Land Office to identify and evict residents that had not patented their land. The company was exonerated though, since their actions, although uncommon, were still technically legal (Hein, n.d.).

Despite the exoneration of the Snake River Land Company, the public still greatly opposed the park expansion. Matters became increasingly convoluted throughout the 1930’s as different parties decried the expansion. The opposition culminated in the formation of the Jackson Hole Committee which defended the interests of those against the national park (Skaggs, 2000). In a victory for the opposition, the committee successfully dissuaded Wyoming officials from supporting park expansion bills in 1938. Without support of state officials, the bills were removed from the congressional agenda with little hope of it getting picked up again (Rothman, 1989). The committee also organized armed ranchers to protest expansion through large-scale cattle drives through the federal land (Rothman, 1989).

It was not until 1950 that legislators were able to establish the Grand Teton National Park, to include the original 1929 territory and Rockefeller’s gifted land. This only came to be after a compromise was found. Skaggs (2000) points to five key provisions: protecting grazing rights and stock driveways, reimbursing Teton County for lost tax revenue, allowing for elk hunting (making the park the only one outside of
Alaska to permit hunting), prohibiting the use of presidential proclamations to establish any future national monuments in Wyoming, and allowing certain existing uses and rights to forest lands and inholder properties (Skaggs, 2000; Florence & Nystrom, 2003). The government interests and east coast money eventually won out over local opposition. This fifty year struggle perfectly exemplifies Wyomingites apprehension about government involvement, based on deceit and being directed on their own land. Resisting outside pressure until a fair deal was made embodies the cowboy mentality of Wyomingites, and helps to explain the distrust and reluctance to accept federal aid during this time.

III. “The Emergency Sales Tax of 1935”

In an effort to raise revenue for the state during the worst of the Great Depression, Wyoming lawmakers enacted the Emergency Sales Tax Act of 1935. After much debate and consideration over how to raise additional revenue for relief programs in counties and cities, the legislature ultimately agreed on this measure to tax retail goods by two percent (Wyoming Taxpayers Association, n.d.). Originally, it was meant to be a temporary relief measure, but the tax has remained a part of Wyoming’s tax code through the present day.

Phil Roberts (2004) details the process of Wyoming officials implementing a sales tax in his article, "A History of the Wyoming Sales Tax: How Lawmakers Chose It from Among Severance Taxes, an Income Tax, Gambling and a Lottery.” Wyoming’s revenue in the early 20th century was greatly dependent on property taxes, the burden of which fell most heavily on ranchers. As the Great Depression worsened, the state
government considered various measures to help lessen the reliance on property taxes and ultimately provide relief to ranchers by spreading the tax burden. Different groups backed different relief measures. Many lawmakers wanted to cut government employee wages, while unions and the agriculture industries supported an income tax. Many feared that a sales tax would not provide any changes to the property taxes. A few measures were nearly passed during the 1933 session, such as gambling, which had overwhelming support from the legislature, and a state lottery, but neither received the support of Governor Leslie Miller and were ultimately stopped. (Roberts, 2004).

Previously in the early 1920’s, a severance tax for Wyoming’s minerals and oil had been put to a vote, but the tax did not receive a large enough majority to be fully approved. Despite its popularity, though, a severance tax was not considered in the 1930’s, as mineral prices continued to fall (Gorin, n.d.).

Nearly twenty percent of Wyomingites were receiving aid during the Depression. Funding was critically low, but the legislative session of 1933 brought no solutions. Since the Wyoming legislature only met every two years, and no new fund sources were established, Governor Miller called a special session later that year to address the issues (Roberts, “The 1930s”, n.d.).

Roberts (n.d.) explains how the legislature selected a Committee on Taxation during the special session. Formed by three members of each party, the committee was directed to find ways to make Wyoming more productive and make changes to the tax system. The members decided to ask the Griffenhagen Company, a consulting company, to review state expenditures and make suggestions for improvement. The company made many controversial recommendations, such as removing the governorship as a
government position or confining the legislature into a one house body. Avoiding the more questionable suggestions, the commission did include other advice in their report to the governor, like creating a State Highway Department to be a central entity for road construction and maintenance, combining all the school districts into one, doing away with different government positions (i.e. county assessors and treasurers), and implementing a graduated income tax, while avoiding the use of a sales tax. Griffenhagen estimated that its proposals would save the government $2 million annually. They favored an income tax (flat at 4% for business income and graduated for personal income), estimated to provide the state $1 million in revenue, over a sales tax because they felt a sales tax would be ineffective in evening out the burden of taxation felt through the property tax as well as strain consumers even further. (Roberts, “The 1930s”, n.d.)

Governor Miller did not spend much time discussing the committee’s report, as he wanted them to present the information through new bills for the special session (Roberts, “The 1930s”, n.d.). Instead, he noted his support of an income tax, and since he campaigned on the promise of not raising taxes, it would have to be compensated for by reducing property taxes, or crediting the property taxes against income tax payment. He also noted his support for taxing beer. With prohibition recently repealed, the state had the opportunity to take advantage of new revenue sources (Wyoming Postscripts, 2016).

Despite the governor’s go-ahead, the committee had an arduous time getting any legislation on the table during the special session. The first bill proposed by the committee was for the income tax, despite support from the governor and committee, a
majority of lawmakers did not support an income tax, and the original proposal failed (Roberts, “The 1930s”, n.d.). Opposition to an income tax came primarily from businessmen, while farmers and ranchers were eager to support any legislation to spread the tax base. In response, a bipartisan group of legislators introduced a bill for a privilege tax, a sales and income tax hybrid. Many became frustrated, though, as more amendments and exemptions were added and the debate carried on. Those against the privilege tax argued that the sales tax portion imposes too great a burden on citizens and that imposing just an income tax would be the best option. Those in favor pointed to the inequalities of the property tax and the need to expand the tax base. Despite the long, extensive debates, the bill failed to garner enough support to pass (Roberts, “The 1930s”, n.d.).

Before the end of the special session two additional income tax bills were suggested. One was voted on but did not pass, and the other never made it to a vote. After a month of various proposals and heated debates, the special session was unsuccessful (Roberts, 2004). Wyoming carried on with no new tax, and consequently no additional revenue, until the following year when a new legislature was elected. During the 1934 election Leslie Miller was reelected as governor, and with many more Democrats winning seats in the legislature, he remained hopeful that the state could create an adequate taxing system to help increase revenue. Still, the failure of the special session left Wyoming with no new income, and despite cutting the budget by $300,000, Governor Miller was forced to go back on a campaign promise and accept federal aid (Wyoming Postscripts, 2016) Even with the newly accepted assistance, counties and cities remained in dire need of additional income to provide for their constituents.
During the 1935 session, legislators were cognizant of the consequences from the irresolution of the 1933 session and the special session. Roberts (n.d.) explains that a sales tax had been asked for by the Wyoming Education Association before the legislature started session, and soon a new combined income and sales tax bill was introduced. The opposition groups from before were no longer around, as these legislators failed to win reelection. Instead, business and agriculture groups that originally supported a privilege tax emerged in support of a sales tax. The state allowed representatives from various groups and communities to voice their opinions to the legislature, and soon it became evident that an income tax was not going to be passed. Still, opposition to a sales tax remained and other substitutes were considered, like the lottery and legal gambling (Wyoming Taxpayers Association, n.d.). Again, it seemed the session may result in no new legislation. Worried, Governor Miller officially voiced his support for a sales tax and called on the legislature to pass it to raise money for relief programs and to abide by the federal government’s requirements to continue receiving aid. (Roberts, “The 1930s”, n.d.).

Lawmakers created the “Temporary Emergency Sales Tax Act of 1935,” to raise revenue in order to receive social security and public assistance payments to improve resources for city and country aid programs. To appease opposition, they made it a sales tax of two percent on retail goods and services, but included many exemptions. They also billed it as a temporary measure that would be repealed unless renewed in the next legislative session in 1937 (Sales & Use Tax Exemptions in Wyoming, 2009). By the next session, the legislature renewed the bill, dropping “temporary” from its title. Governor Miller hoped to introduce an income tax as well to form a three-part taxation system,
but strong opposition to income taxes remained after the heated debates and public discontent from the previous legislative sessions (Wyoming Postscripts, 2016). Instead, the sales tax was renewed again in 1939 and became a permanent part of Wyoming’s tax system, simply renamed the “Sales Tax Act of 1939” (Roberts, “The 1930s”, n.d.). Figure 3 below shows increasing gains in revenue, averaging 23% of total tax revenue, from the implementation of the Emergency Sales Tax Act of 1935 to when it became permanent.

![Figure 2](image)

*(Source: “State Government Dataset”, 2017)*

**IV. Wyoming’s Oil Industry During the Great Depression**

Wyoming’s oil industry began to develop in the mid-1800’s, and as Phil Roberts (n.d.), a professor at the University of Wyoming, writes, has continued to cycle through periods of booms and busts ever since. The industry was peaking in the early 1920’s, due to the increased popularity of automobiles and the expansion during WWI (Mackey,
There was also increased production to meet the increased demand with the passage of the Oil and Gas Act of 1920, allowing oil companies to lease federal lands. The passage of the act allowed Wyoming to benefit from the production and through royalties on oil, which was advocated for by Wyoming congressmen to require that the federal government return part of the royalties from the oil produced on federal lands back to the state where it was produced (Roberts, The Oil Business in Wyoming, n.d.).

In fact, the oil industry was doing so well in the 1920’s, that some thought Wyoming could become a taxless state, but that thought quickly changed during the onset of the Great Depression (Work Projects Administration, 1956).

It is important to establish the precedents set up in the 1920’s that led to the condition of the oil industry during the 1930’s. Not only did the passage of the Oil and Gas Act in 1920 lead to increased production, but all over the state both independent and national oil companies were striking big with new oil field discoveries. In fact, Rebecca Hein (n.d.) writes that the Salt Creek Oil Field in Natrona County was one of the most productive fields in the whole nation, and its boom led to a population growth in nearby Casper that surpassed the state’s capital of Cheyenne (Hein R., n.d.). Large companies like Ohio Oil found success in the Oregon Basin, drawing more interested companies to the region (Mackey, 1997). Despite the suffering of the agricultural and ranching industries in Wyoming during the 1920’s, oil was booming and prices peaked in 1920, at a national average of three dollars per 42-gallon barrel (Roberts, n.d.).

Wyoming was also the location of the oil fields involved in the Teapot Dome Scandal in the early 1920’s. An independent oilman, and the future governor of Wyoming, Leslie Miller, helped to uncover the scandal when he and his partners became
interested in leasing land to produce oil in Teapot Dome. He asked John B. Kendrick, a Wyoming Senator, to inquire about the leases from the Secretary of Interior Albert Fall. It was then revealed that Fall secretly allowed leases to his friends Edward Doheny and Harry Sinclair, despite Teapot Dome’s listing as a naval petroleum reserve, only to be used in an emergency (Roberts, The Teapot Dome Scandal, n.d.). Wyoming itself did not face any repercussions as the parties responsible for the scandal were Washington officials. It did, however, illustrate the struggle between independent parties against the combined power of east coast money and government interests that was a theme in Wyoming politics during that time (Mackey, 1997).

The oil industry in Wyoming faced a range of impacts as a result of the Great Depression. Some companies still saw great profits, while others were forced to shut down with their tanks still full of oil. After the prices peaked in 1920, they fell dramatically immediately following the crash of 1929 to as low as 19 cents for a barrel (Peterson, 2015). In fact, Roberts (n.d.) writes that a farmer could trade a chicken for a gallon of gas from a gas station owner, and they would both lose money. Such low prices resulted in oil companies abandoning less productive wells and focus on finding profits through more stable oil fields (Mackey, 1997).

Oil companies producing in Wyoming normally face difficulties in profitability as Wyoming oil is thick, high in sulfur, and has an asphalt base. Gasoline production is a byproduct of refining the black oil that is usually turned into “bunker fuel”, or heavy oil fuel (Mackey, 1997). This creates a limited market for Wyoming oil, but also created a niche for businesses since they can focus on production of materials like asphalt. This was the business plan for newly created Husky Refinery, a company that saw profits in
1938 despite the depression, as they produced asphalt for the growing demand for paved roads (Mackey, 1997). Another company that benefitted despite the limited markets for Wyoming oil was Standard Oil of Indiana, a product of the breakup in 1911 of Rockefeller’s large Standard Oil Company. Standard Oil of Indiana produced oil in Salt Creek, which was very thick. The company teamed up with Ohio Oil in building a new pipeline in the early 1930’s so that the new pipeline would connect Ohio Oil’s production in Lance Creek of lighter oil with the heavier oil in Standard Oil’s Teapot Line. The Teapot Line was a no pump, gravity system so the lighter oil helped increase the flow of crude oil to refineries, allowing for greater production (Mackey, 1997).

Facing overall lowered profits, oil companies sought ways to relieve some of the burdens. Thomas Rea (n.d.) notes that one such way in the 1930s was through new laws, although he does not specify if they were state or federal, allowing individual companies to combine their interests and resources and allow one overarching company to operate a given oil field, which increased productivity. Wyoming companies also worked to weaken competition. One such way they did this was through a pricing system known as “Tulsa-plus” (Rea, n.d.). This system required that companies sold oil, regardless of where it was produced and refined, at the price it would be in Tulsa, Oklahoma, plus the additional transportation costs from Tulsa (Larson, 1978). Wyoming consumers resented this system as they were forced to pay higher prices than what others would pay in states where there is no oil production or refining (Roberts, n.d.). In 1929, the legislature asked Governor Frank Emerson to create a commission to investigate the high retail prices for gas. The committee reported in 1931 that the higher costs of refining did not warrant such high gas prices paid for by consumers (Larson, 1978).
Additionally, producers were still forced to sell their product to refineries for a low price, due to a combination of the crash and Texas’s insistence of flooding the market with its own oil, which forced Wyoming prices to fluctuate between fifty to ninety cents (Mackey, 1997). These low prices reduced royalty payments, and made it difficult for the state to fund schools and highway construction (Larson, 1978). It became so problematic that Acting Governor Alonzo Clark asked President Hoover to limit the sale of crude oil from federal land. Acting Secretary of Interior Joseph Dixon sent a response to Clark stating that Congress did not allow for price fixing on crude oil, per the Oil and Gas Act of 1920. He also went on to recommend that Wyoming solve the crisis through “proration of production and markets” (Larson, 1978).

Gas prices became such a prominent issue in Wyoming that it became a campaign platform, both for Leslie Miller in 1932 and Nels Smith in 1938 (Roberts, Roberts, & Roberts, Wyoming Almanac, 2013). After his election, Miller held a conference with oil company representatives to discuss oil pricing. The meeting did not lead to any substantial changes, nor did the various bills to control pricing that followed. Another example of how the federal government undermined Wyoming officials occurred when the “National Recovery Administration approved gasoline prices which Governor Miller called unfairly high for Wyoming” (Larson, 1978). In response, Miller and his administration filed a lawsuit against the Continental Oil Company in 1933 under the claim that the oil company was discriminating against Wyoming and asked for its state permit to do business in Wyoming to be terminated. Two years later, a district court decided in favor of Continental Oil (Larson, 1978).
When provided an opportunity in 1935 to join the Interstate Compact for Conservation of Oil and Natural Gas with Colorado, Illinois, New Mexico, Oklahoma, Kansas, and Texas, Wyoming oilmen opted out. Although joining the interstate agreement could have provided price stability, they feared that they would be required to limit their production and, typical of the Wyoming cowboy attitude, feared losing their independence in action (Larson, 1978). Their reluctance to cut production can further be illustrated in Figure 4 below, showing that a larger portion of the state’s per capita sales tax revenue is based on gas sales than any other state in the compact.

**Figure 4**

**Per Capita Share of Gas Sales Tax Revenues to Total Sales Tax Revenues (1938)**

- Colorado
- Illinois
- Kansas
- New Mexico
- Oklahoma
- Texas
- Wyoming

(Source: “State Government Dataset”, 2017)

Despite an overall decrease in exploration and expansion (Mackey, 1997), companies still sought to build interstate pipelines to connect oil production to lower-cost refineries. The construction of such pipelines was contested by the public, with many individuals and labor organizations protesting them due to a feared loss of jobs for railroad workers. Oil companies responded, though, that not building the lines would
cause the oil fields would be shut down. This would have put not only the railroad workers out of a job, but many others that work in the oil industry (Larson, 1978).

Ultimately, the effects on the oil industry resulting from the Great Depression vary greatly depending on what aspect one is assessing. Overall, though, great instability led to the successes of some companies and the failures of others. The biggest obstacle was the state government’s inability to serve the interests of their constituents as retail gas prices remained unruly, and it wasn’t until the U.S. joined WWII that the oil industry could stabilize again.

V. The Great State of Absaroka

Born out of regional disdain with state politics, and feeling insignificant in the eyes of the Democratic legislation, northern Wyomingites decided to start a movement to secede from the state and become Absaroka. Its name comes from the nearby Absaroka mountain range, and means “children of the large-beaked bird”, which is the name given to the Crow Indians from their Hidatsa Indian relatives (Jacobs, 2008). The hardships faced by farmers and ranchers in the 1920’s still burdened those in the north, and locals grew frustrated that the federal aid flowing into Wyoming was only being concentrated in the southern half of the state while they suffered through droughts and grasshopper plagues. Although no formal petition was ever submitted for statehood, those advocating secession made detailed plans, creating a state flag, license, and stamp to prove themselves (Work Projects Administration, 1956).

The exact origin of the movement is unknown, but it began to formalize in 1935 when the state government had a Democrat majority in both its houses. Nate Pedersen
(2009) wrote that as the state began to accept federal aid, it was directed to areas with established institutions, like schools, hospitals, and railroads. Locals in the Absaroka region were aware of the influence the Union Pacific Railroad held over the state government, and they were upset at this patronage system that supplied the south with the most aid (Johnson, 2008; Work Projects Administration, 1956). Consequently, ranchers and locals felt left out of the new state government and held great disdain for the lack of republican representation that they felt could have better advocated for them (Jacobs, 2008).

Desiring self-determination from the Democratic majority, northern Wyomingites originally planned to abdicate from Wyoming and join Montana (Jacobs, 2008). After meeting with like-minded South Dakotans and Montanans in the mid-1930’s, the movement grew to form the 49th state of the U.S.A. (Pedersen, 2009). Although the seriousness of the movement is debated, Abe Larsen (2016) reported that it was strong enough that it drew the attention of Congress. At the time, Hawaii was also appealing for statehood, and it was reported that the congressman passionately asserted during a legislative session that “Hawaii is entitled by prior claim to be the 49th state. Let Absaroka be the 50th but Hawaii has claim to the 49th!” (Larsen, 2016).

The exact proposed territory is uncertain, and varies between maps, but it would have generally included northern Wyoming, southeastern Montana, and western South Dakota. Abe Larsen asserts in his report that the territory would appropriate ten counties in Wyoming, four in Montana, and twelve in South Dakota (Larsen, 2016). Maps of the territory vary, however, leaving either Wyoming or South Dakota as the loser of the largest amount of land. See map below for an example from an issue of the
Sheridan Press in 1939. In its description, the paper details how the movement has stemmed from a lack of republican patronage committee appointments in the region (Absaroka, the 49th State, 1939).

Figure 5

Regardless of state, there was, and continues to remain, a large sense of regionalism based on the geography, history, and economic and political interests of the area. Although named after a mountain range, the land is relatively flat, with much of it being prairie land (Jacobs, 2008). The proposed territory would have included key national landmarks: The Black Hills and Badlands, including Mt. Rushmore, of South Dakota, and Devils Tower National Monument, both the Bighorn and Teton mountain
ranges, and Yellowstone National Park of Wyoming. Based on the inclusion of these popular tourist locations, the proposed state nickname was “The Nation’s Playground”, which was promoted on the proposed state’s banner.

Kirk Johnson (2008) attributes the historical regional distinctions to the American Indian Wars of the late 1800’s that afflicted the area. While other parts of the region faced great rates of settlement, allowing for earlier development of industrialization, the region of Absaroka was settled later due to the conflicts discouraging people from living there. This caused the explorative mindset to linger longer in the region compared to those that faced earlier development (Johnson, 2008).

There was not a great deal of urbanization in the region, so inhabitants learned to live off the land. Michael Trinklein, in his book on the lost states of the U.S., argues that there is an “economic logic” to the region (Trinklein, 2010). This is due to the region’s production of grass, with many ranchers and farmers seeing decent success. In addition to grass, the regional economy was previously based on the production of sugar beets and flour milling, before shifting to coalbed methane production and dude ranching (Johnson, 2008). Coal mining was particularly prominent in South Dakota and Montana, and the proposed territory would have included many large mines already in production in both states (Larsen, 2016). Dude ranching was also especially popular in the area. Ranchers needed help with cattle drives, so they capitalized on the mystery of the cowboy lifestyle that intrigued so many city dwellers. People paid between $25 to $80 a week to take part in a cattle-drive to experience the culture of the region (University of Virginia, n.d.; Johnson, 2008).
Based on these defining features of the region, it is easily understood why many residents felt united. The movement for statehood peaked in 1939 when A. R. Swickard, a former minor league baseball player turned Water Commissioner of Sheridan, appointed himself as governor of the state of Absaroka (Pedersen, 2009). In doing so, Sheridan, Wyoming became the would-be capital of Absaroka with a population of around 10,000 people (Wyoming Department of Administration & Information, n.d.).

Development of state plans quickened in 1939, Swickard and other supporters of the movement for statehood held meetings at the Rotary Club of Sheridan, which became the movement’s headquarters (Johnson, 2008). It was during such meetings that the leaders of the movement created the would-be state borders, which Nate Pedersen (2009) describes as having a disregard for physical boundaries like the Missouri River. After establishing the territory of Absaroka, they then undertook the tasks of creating Absaroka State license plates, official stamps, minted coins, and created a state flag (a white flag with a red triangle on the right side with the number “49”) (Trinklein, 2010; Larsen, 2016). They even conducted a Miss Absaroka contest in 1939, with Dorothy Wilmer winning the title for the first and last Miss Absaroka contest (Pedersen, 2009). During the height of the Absaroka movement, the Crown Prince Olav of Norway, future king of Norway, visited the region. Although it is likely he was unaware of the movement, proponents of statehood claimed it was an official state visit and used it as a means of validation for the state of Absaroka (Jacobs, 2008; Pedersen, 2009).

Keeping the movement going, Swickard used the publicity from the contest and visit of the Crown Prince of Norway to his advantage. He began to hold grievance
hearings as a means for locals to express their issues with the Wyoming government. These meetings attracted the attention of the media, which began reporting more on the frustrations in the north (Drake, 2013). State governments in Wyoming and Montana were embarrassed by the desire of their constituents to leave, and started working to address the concerns in the Absaroka region. South Dakotans were not as impassioned as their Wyoming and Montana counterparts since their governor was formerly a rancher and already began to address their grievances (Pedersen, 2009). During this period of heightened publicity, Swickard and Nels Smith, the governor of Wyoming, actually met. Swickard used the opportunity to discuss the movement and explain that “Absarokans are a peace-loving lot” and would not revolt against the state in a violent manner (Larsen, 2016). Despite the fervor of 1939, the movement quickly subsided as legislators began to pay more attention to the regional issues and worked to spread revenues more equally (Jacobs, n.d.; Pedersen, 2009).

Despite the intensive planning and commotion of seceding from Wyoming to create a new state, no official petitions to do so were ever issued (Drake, 2013). Not much information has been published about the ending of the movement, but it was all but silenced after the US joined WWII (Pedersen, 2009). Many now wonder if there was any seriousness behind the movement, or if it was just an outlet for frustrated ranchers to find some entertainment during hardships (Johnson, 2008). Nevertheless, there remain evident distinctions between Absaroka region and the states with which the movement sought to secede from.
Statistical Comparison

To better understand the economic and political implications discussed through the narratives, it is important to put them into context by comparing Wyoming to other states. The federal government lists Wyoming as part of the Mountain Region along with Montana, Idaho, Nevada, Utah, Colorado, Arizona, and New Mexico. While similar in a variety of aspects, these states were also very different and approached the Great Depression in different ways. Figure 6 and Figure 7 below, we can see how these states varied in amount of aid received. On a per-capita basis, Nevada, Montana and Arizona were the top three federal grant recipients during the worst of the Depression, but Wyoming became one of the top three post-1936, just a year after Governor Miller officially accepted federal aid for relief programs. However, these states were some of the least populated in the region. Wyoming really only received about 8% of the total aid that went to the region, second only to Nevada’s 6%.

Figure 6

Regional Per Capita Federal Grants Comparison

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Figure 7

Percentage of Total Federal Grants

(Source: “State Government Dataset”, 2017)
Within Wyoming, only two cities had a population over 10,000, and a majority of counties had no cities or towns with populations above 2,500. However, most aid was going to more developed areas with established institutions. I wanted to see if this trend was occurring on a larger scale, so I looked at the percentage of urban populations, shown in Figure 8, so see how the states’ urban populations corresponded to the levels of aid each state received. It does not appear that the trend was occurring on a regional basis as Utah had the highest urban population percentage, but received 12% of total regional aid, compared to New Mexico with the lowest urban population percentage having received 15% of the aid. It is notable that Montana received almost ¼ of the total regional aid, but held similar urban population trends with Wyoming which received 14% less federal grants.

Figure 8

(Source: “State Government Dataset”, 2017)
Regression Analysis

With a fuller understanding of what was occurring in Wyoming, I wanted to see how factors important to the state affected the nation as a whole. To do this, I ran multiple regressions using a panel data set provided by Dr. Price Fishback with data for thirteen states. Through various models, I ran regressions to determine how state tax revenue is correlated with per capita income, per capita federal spending, per capita Agricultural Adjustment Act (AAA) grants, per capita federal relief grants, per capita farm animal value, percentage of population living in urban areas (populations greater than 2,500 people), percentage of the population that was illiterate, and months of severe or extreme drought per year. I then ran further regressions to control for state fixed effects, time fixed effects, and state specific time trends to control for unchanging state characteristics, national shocks, and deviations from such trends.

Regression Model

\[ \text{PerCapitaStateTaxRev} = \beta_0 + \beta_1 \text{RealPerCapitaIncome} + \beta_2 \text{FedSpending} + \beta_3 \text{AAAGrants} + \beta_4 \text{PerCapitaReliefGrants} + \beta_5 \text{PerCapitaFarmAnimalValue} + \beta_6 \text{PercentUrban} + \beta_7 \text{PercentIlliterate} + \beta_8 \text{Drought} + \text{state} + \text{year} + \text{timetrend} + \epsilon \]

Note: All monetary figures are in real terms measured in 1967 dollars.
Predictions

<table>
<thead>
<tr>
<th>Variable</th>
<th>Predicted Sign</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Per Capita Income</td>
<td>Positive</td>
</tr>
<tr>
<td>Federal Spending</td>
<td>Positive</td>
</tr>
<tr>
<td>AAA Grants</td>
<td>Positive</td>
</tr>
<tr>
<td>Per Capita Relief Grants</td>
<td>Positive</td>
</tr>
<tr>
<td>Per Capita Farm Animal Value</td>
<td>Positive</td>
</tr>
<tr>
<td>Percent Urban</td>
<td>Positive</td>
</tr>
<tr>
<td>Percent Illiterate</td>
<td>Negative</td>
</tr>
<tr>
<td>Drought</td>
<td>Negative</td>
</tr>
</tbody>
</table>

I expected that real per capita income would have a positive correlation with tax revenues. While Wyoming never instituted an income tax, states across the nation were turning to income taxes to raise revenues. Further, many states also had sales taxes, and with increasing incomes, people would be more willing and able to spend more on goods and services that carry a sales tax, which will also result in higher revenues.

The next variable of interest, federal spending, was predicted to be positive. As the federal government spends more in a state, states can then use the money for a variety of purposes that can lead to more jobs while increasing income, and thereby consumption. This results in increased income and sales tax revenues for the states with have them.

Beyond what is already accounted for in federal grants, I predicted that the AAA grants variable would have a positive coefficient. While agriculture was central to many state economies during the Great Depression, I would anticipate the impact to be minimal on state revenues because programs instituted under AAA grants were not always effective. For example, in Wyoming, larger subsidies were given to ranchers who
put more livestock and land out of production, so those who could afford to lose more could actually gain more. Those with little resources could not afford to take as much out of production, and therefore received less federal aid, even though they needed it more (Cassity, 2013).

I also predicted that per capita federal relief grants would have a positive impact in addition to what is already included in federal grants. States could choose to contribute more to what the federal government provides or not. Those in matching programs would have to spend an equal amount on relief, but others could choose use the money for other programs.

I anticipated that per capita value of farm animals would have a positive correlation. The variable is a part of property tax, but may not be fully accounted for due to the nature of the market and the various programs in place that affected ranchers and their livestock. As the value of farm animals increases, so too does the income of a rancher or farmer. This can result in greater revenues from an income tax. It can also affect property values, resulting in more revenue from property taxes.

The percent urban variable is predicted to have a positive impact on state revenue. More people began moving to urban areas for better paying jobs, so states can gain increased revenue from additional income taxes for those that have one in their tax code. Further, more urban areas have greater rates of commercialization and consumption, so states can implement sales and alcohol taxes to raise revenues from the more populated areas.

I predicted that the percent illiterate variable would have a negative impact on state revenues. States with higher illiteracy rates are typically poor and have limited means of generating tax revenues.
The final variable we analyze is months of extreme drought. Considering how dependent states were on agriculture for their economies, droughts would negatively impact the industry. I would expect that droughts would have a negative impact on state revenue as it affects state economic activities, resulting in decreased property values and lower incomes.

Results

Table 1 (Regression Results)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC Income</td>
<td>0.0246*</td>
<td>0.01271</td>
<td>0.0939**</td>
<td>0.0604</td>
<td>0.0305</td>
</tr>
<tr>
<td></td>
<td>(0.0110)</td>
<td>(0.0173)</td>
<td>(0.0326)</td>
<td>(0.0554)</td>
<td>(0.0544)</td>
</tr>
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<td>PC Federal Spending</td>
<td>0.27065***</td>
<td>-0.323*</td>
<td>-0.321*</td>
<td>0.357</td>
<td>0.183</td>
</tr>
<tr>
<td></td>
<td>(0.0741)</td>
<td>(0.152)</td>
<td>(0.149)</td>
<td>(0.313)</td>
<td>(0.303)</td>
</tr>
<tr>
<td>Agri. Adj. Act Grants</td>
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<td>0.463</td>
<td>-0.381</td>
<td>0.479</td>
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<tr>
<td></td>
<td></td>
<td>(0.403)</td>
<td>(0.514)</td>
<td>(0.583)</td>
<td>(0.522)</td>
</tr>
<tr>
<td>Per Capita Fed Relief Grants</td>
<td>1.059***</td>
<td>0.374</td>
<td>-0.129</td>
<td>-0.755</td>
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</tr>
<tr>
<td></td>
<td>(0.252)</td>
<td>(0.264)</td>
<td>(0.491)</td>
<td>(0.442)</td>
<td></td>
</tr>
<tr>
<td>Per Capita Farm Animal Value</td>
<td>N/A</td>
<td>37.65*</td>
<td>73.19</td>
<td>151.6*</td>
<td>108.2*</td>
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<tr>
<td></td>
<td></td>
<td>(15.86)</td>
<td>(49.49)</td>
<td>(61.41)</td>
<td>(51.23)</td>
</tr>
<tr>
<td>Percent Urban</td>
<td>N/A</td>
<td>-0.441</td>
<td>10.32*</td>
<td>6.435</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.403)</td>
<td>(4.510)</td>
<td>(4.835)</td>
<td></td>
</tr>
<tr>
<td>Percent Illiterate</td>
<td>N/A</td>
<td>-3.623**</td>
<td>28.06</td>
<td>17.06</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>(1.095)</td>
<td>(14.42)</td>
<td>(16.20)</td>
<td></td>
</tr>
<tr>
<td>Drought</td>
<td>N/A</td>
<td>-2.449*</td>
<td>-2.216</td>
<td>-2.875*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.232)</td>
<td>(1.199)</td>
<td>(1.270)</td>
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<td>State Fixed Effects</td>
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<tr>
<td>Time Fixed Effects</td>
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<td>YES</td>
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<tr>
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<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>

* p<0.05, ** p<0.01, *** p<0.001
In evaluating the results, we can see that in Model 1, run without any independent variables, both the coefficients of per capita income and federal spending were positive as expected and statistically significant at the 90% and 99% levels respectively. These results indicate that by increasing per capita income by one dollar, per capita state revenue increased by less than three cents. By increasing federal spending by one dollar, state revenue rose by twenty-seven cents.

In Model 2, run with the additional six variables, we come across some interesting results. First, the coefficient of per capita income is no longer statistically significant, and increasing income by one dollar would result in less than a 2-cent increase in state revenue. The per capita federal spending coefficient remains statistically significant, at a 90% level this time, but has a negative sign. The coefficient implies that as federal spending increases by one dollar, state revenue falls by thirty-two cents. This could potentially be explained by the crowding out effect, resulting in states lowering their taxes and using the federal money to cover expenditures instead.

As for the additional independent variables in Model 2, all variables, except for percent urban, had their expected signs. The coefficient of per capita federal relief grants was statistically significant at a 99% level, the percent illiterate coefficient was statistically significant at the 95% level, and both the coefficients of per capita value of farm animals and drought were statistically significant at the 90% level. All of these variables were also economically significant. Taking into account the direct effect of all federal spending (revenue declines by 32 cents per additional dollar in federal aid), a one-percent increase in federal relief grants had the additional effect of raising revenue by 74 cents. Additionally, a 1% increase in the per capita value of farm animals increased state revenue by $37.65, which is larger than I anticipated. A one-percent increase in
percent illiterate and extreme drought conditions decreased state revenues by $3.62 and $2.45 respectively.

Model 5 shows the results of the compete regression, including all variables and fixed effects. This model produces some unexpected results, straying from the previous regressions and predictions. First, most coefficients are no longer significant, except for the coefficients of the value of farm animals (90% level), percent urban (90% level), and percent illiterate (95%). Further, the coefficients of the per capita federal relief grants, percent urban, and extreme drought variables switched signs from what was predicted. As mentioned previously, a negative coefficient for per capita federal relief grants could be a result of lowered taxes, however it is unclear what caused the coefficient of percent urban to have a negative sign and the coefficient of extreme drought conditions to have a positive sign. As for economic significance, the per capita value of farm animals coefficient remains the most significant (a 1% increase results in a revenue increase of $108.20). This is an interesting result because while agriculture was central to many states’ economies, most were focused on crops and not on livestock. Additionally, a 1% increase in both percent urban and percent illiterate lead to decreases of $2.86 and $16.21 respectively.

**Conclusion**

Faced with two decades of economic hardships, the state of Wyoming had to come up with ways to improve its economy. However, the cowboy mindset and self-reliant nature of many Wyomingites, coupled with their distrust of federal involvement in the state, made the legislature reluctant to accept federal aid to fund their relief
programs. It was not until the latter part of the Great Depression that the legislature finally changed tactics and started looking for ways to not only cut expenditures, but to find new sources of revenue. In 1933 Governor Leslie Miller finally accepted federal aid to fund New Deal programs, making Wyoming the last state to do so, and in 1935 he enacted the Temporary Emergency Sales Act of 1935 to provide desperately needed funds for cities and counties.

On a more national level, it appears evident that per capita value of farm animals and the percentage of the population that was illiterate had the most significant impacts on tax revenue. The effects on state tax revenues by per capita income, per capita federal spending, per capita Agricultural Adjustment Act (AAA) grants, per capita federal relief grants, percentage of population living in urban areas, and months of severe or extreme drought per year are hard to determine conclusively. However, not all states have been inputted to the data set so rerunning these regressions in the future can help to explain these results.

It was not until the 1940’s and the start of World War II that the nation truly started to recover. By developing a clear picture of Wyoming’s economic and political climate, conducting a regional comparison, and running an econometric analysis of the impacts on state tax revenues, this thesis has shown what measures, both unique to Wyoming and those that were commonplace, Wyoming took to help its people through the Great Depression. While not every step received widespread support, the Wyoming legislature attempted to make various changes that have had a lasting impact on the state and its people.
Resources

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