

THE SOCIAL ECONOMICS
of Agriculture

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Revised Edition

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TO MY WIFE

PREFACE TO THE REVISED EDITION

Much has happened in the social and economic realms of agriculture during the ten years since the first edition of this volume appeared. To bring the materials of the text up to date has resulted in the rewriting of a substantial part of the entire book. However, it is believed that by doing so it has been greatly strengthened both in content and subject-matter presentation. The effort has been made to use statistics as sparingly as possible, an objective which will certainly meet with the approval of the student. Also, a primary concern has been to maintain and improve the interest-carrying power of the book by presenting vital subject matter in a readable and attractive form. It has been found necessary in order not to have too large and expensive a book that several chapters of the original edition be omitted in the revision. In a way this is to be regretted, but it is believed that such care has been exercised in the deletion that the unity and comprehensiveness of the volume have been little impaired as a result.

In the large task involved in the revision of this text the author is greatly indebted first of all to the successive classes of students who have taken his course in *The Social Economics of Agriculture*. They are always a great inspiration to him and have furnished both directly and indirectly many valuable suggestions as to the improvement of the original edition. Next to the author, no one person has done a larger part of the work involved in the preparation of this text than has Miss Ruth Ritchie, Secretary of the Institute for Research in the Social Sciences, who has typed the entire manuscript and helped in innumerable other ways. The author owes her a tremendous debt of gratitude for her very efficient help. To his colleague and former student, Dr. Robert E. Graham, Jr., the author wishes to express deep appreciation for his critical read-

ing of the entire manuscript and his valuable suggestions. He also wishes to express his thanks for the cooperation received from the Division of Economic Information in the Bureau of Agricultural Economics, United States Department of Agriculture, and to the Photo Duplication Service, Library of Congress, in connection with the matter of illustrations. Additionally, he is indebted to a large number of publishing houses for permission to use excerpts from their books; and to the writings of a host of individual authors, too numerous to mention specifically, but to which appropriate recognition has been given in footnotes.

In conclusion, the cordial reception accorded the first edition of this work and the friendly criticisms arising therefrom have been a source of much satisfaction to the author and he hopes that in some measure he is now able to express his appreciation tangibly by providing a still better book for an increasing usefulness.

WILSON GEE

University of Virginia
August 5, 1942

PREFACE TO THE FIRST EDITION

The past few years have forcefully demonstrated the paramount importance of agriculture as a phase of our national life. If we are to prosper as a people, both the farm and the urban industrialized interests must be equally considered, and directed into sound and effective functioning. It is impossible to neglect either of these basic elements in the public concern without the entire economic and social structure seriously suffering as a result.

This nation has during recent years become primarily urban and industrialized. Such a situation presents grave danger of either conscious or unconscious indifference on the part of the majority element to the interests of our farming people. The most effective way of combating such an unfortunate situation is through the process of education. The urban constituency must be informed in terms of the problems of agriculture and their vital relationship to the prosperity and welfare of the city. The rural minority must be educated as to the important bearing of the urban, industrialized interests upon those of the agricultural group. Through such a common understanding mutual sympathy is engendered toward a balanced program of development in the economic and social structure of our civilization.

In order that such a desirable goal may be attained, the economics and sociology of agriculture must receive increasing attention in the colleges and universities throughout the entire nation. Many schools will not be in position to offer more than one course in this field and will desire the cultural emphasis in the approach to the subject. The present text is well adapted to such a purpose.

In determining the content of this volume a thorough canvass has been made of the principal standard texts in agricultural economics and rural sociology. The frequency of the topics was noted,

and upon the basis of such emphasis the chapter divisions were selected. Such a dissection and subsequent synthesis it is believed has included a large part of what is vital in the customary courses in the two disciplines.

There is today a growing tendency toward sharper specialization in the field of rural life studies. On the other hand, many of the outstanding leaders in the social sciences are arguing that we have already too finely drawn lines of demarcation between one social discipline and another, and that the most effective approach toward understanding a problem is through all possible avenues. The term *social economics of agriculture* makes possible such a venture, enabling us to view the agricultural problem not simply as an economic, sociological, historical, or governmental one, but in the combined perspective of all these approaches. Thus the present volume is to be viewed as an effort to synthesize the more pertinent thought in the social economic approach to the problems of agriculture. That the book is a teachable one has been demonstrated by the author's twelve years of experience in handling a course based on the materials included.

The author is indebted to a variety of sources too numerous for individual mention, but appropriate recognition has been made by footnotes. In the second, fourth, fifth, twenty-fourth, and twenty-seventh chapters, he has made liberal use of materials from his earlier volume on *The Place of Agriculture in American Life*, but these have been reworked into the new setting. Frequent and extensive quotations have been cited where they have contributed to a more adequate presentation of the particular topic under consideration. Permissions to use these have generously been granted by the publishers. It is a pleasure to express the appreciation due Miss Ruth Ritchie and Mrs. A. S. Hall on the office staff of the Institute for Research in the Social Sciences at the University of Virginia for the cheerfulness and efficiency with which they have typed the manuscript and helped in other ways to prepare it for the printer.

WILSON GEE

University of Virginia
September, 1932

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PART ONE
THE SETTING OF
THE AGRICULTURAL PROBLEM

CHAPTER I

AGRICULTURE IS FUNDAMENTAL

The fact that the farmer feeds the world makes agriculture basic to the existence of the human race. Striking advance has been made in the field of synthetic chemistry, and a number of organic substances have been compounded in the laboratory. While the composition of the food substances which go to make up our daily diet is fairly well understood by the chemist today, even the most hopeful in the progress of that science would scarcely contend it is likely any time soon that the growing of crops and livestock will be supplanted by huge, smoky manufacturing plants producing the necessities of life now furnished by the farms of this and other countries of the world. The difficulties in this connection have been stated by one of our leading biological chemists, as follows:

If it is true that agriculture utilizes the solar radiation so inefficiently and that labor in agriculture is so little productive, why has not the synthesis of food elements been attempted? To the physiologist and the chemist the reasons are obvious. How completely the simple food elements that the chemist already knows how to produce can be substituted for natural foods has not yet been determined adequately. It is only a few years since it has been known that amino acids may be substituted at least in great part for proteins. Not all the amino acids have as yet been synthesized. Methods for obtaining large quantities of carbonic acid must be devised. The methods of producing simple sugars and fatty acids are laboratory procedures involving many steps and many difficult operations. Probably few of the methods now in use are suitable for large-scale operations. Even if adequate quantities of cheap power were available, it would still be the work of years to translate laboratory practice into large-scale production. It is, however, very doubtful that energy from our common sources of power—coal, oil, water—is at present cheap enough to permit food synthesis to compete with agriculture. Whether the values of agricultural products and of energy from our present sources of power will ever bear such a ratio to one another as to make competition between agriculture and chemical industry fea-

sible, it is, of course, impossible to say. It is more than probable that such competition will not be possible before the advent of some non-biological method for the utilization of the solar radiation.

In view of the great progress in photochemical theory in the last decade, the problem is far from hopeless. No one could venture to predict when the theoretical and experimental problems will be solved. The solutions may be nearer than most men think. What is most probable is that the practical application will wait on economic necessity. The work in pure science is likely to be completed before this necessity arises. The chemist's task may be done before the engineer is set to work. If the problem is not solved earlier, it will boldly confront us with the exhaustion of the world's coal and oil reserves. The solution of the world's food and fuel problem will be the same. When it is achieved, a more profound social revolution must follow than followed the invention of the steam engine, for the importance of land and agriculture will diminish; and it will remove to a far more distant horizon the bounds that now tend to limit the growth of population.¹

The achievements of science have been marvelous, and indications are that in the future they will be greater even than those characterizing the past, but in the face of all this, it seems fairly safe to assert with confidence that the chemist will not likely for a long time to come, if ever, be able to create in the laboratory the richly nutritious beefsteak or the luscious ripe peach with their life- and health-giving qualities. The living organism, plant or animal, carefully bred by the farmer is the only agency known that can build up the elaborately complex substances in varying proportions of proteins, carbohydrates, and fats with their accompanying ferments, vitamins, and similar essentials characterizing the palatable foods we eat from day to day.

Carver in a discussion of the ways in which mankind gets a living classifies them as *uneconomic* and *economic*.

The uneconomic methods of getting a living are sometimes destructive, and include all those occupations in which one's success depends upon one's power to destroy, to injure, or to deceive. War, plunder, robbery, and fraud of all kinds are included in this class. These methods are called "uneconomic," because when one individual secures something by any of these methods no one else is benefited and some one is sure to be injured. Other methods are not positively destructive, but are nevertheless unproductive in the sense of returning to society no real advantage for the living received. Getting rich by marrying or inheriting

¹ Alsberg, Carl L., "Progress in Chemistry and the Theory of Population," *Industrial and Engineering Chemistry*, 1924, Vol. 16, pp. 524-531.

wealth, or through a rise in land values, would come in this class. The economic or productive methods of getting a living are those in which one's success depends upon one's power to produce or to serve. All productive industries and all useful trades and professions belong in this class. They are called economic because, when one individual gets something by any of these methods, no one else is injured and some one is always certain to be benefited. People who make their living by these methods do not impoverish other people, but tend to enrich them. The richer a man gets by any of the productive methods the richer he makes the rest of the world, and in proportion as the whole community or the whole world adopts these methods, in that proportion will the whole community or the whole world prosper, whereas the opposite is true of the uneconomic methods.¹

In carrying this interesting classification further, the traditional course is to divide the economic, or productive, methods of making a living into the *primary industries*, the *secondary industries*, and *personal and professional services*.

First among the primary industries comes farming, and the others of these are mining, lumbering, hunting, and fishing. Agriculture is frequently designated as a *genetic* industry because the farmer *grows* and *breeds* his crops and livestock. Scientific forestry and fish culture for the same reason are also considered genetic industries. Mining, lumbering, hunting, and fishing are known as *extractive* industries because they are concerned in originally deriving from the earth and water various materials and objects already existing in nature. However, under certain conditions agriculture exhibits distinctly *extractive* characteristics. This is the case when farming is done in a manner to exhaust the fertility of the soil, with little or no concern for its permanence as an economic resource. This procedure is sometimes known as *mining* the soil. As a truly genetic industry, agriculture preserves and enhances the fertility and productiveness of the soil, improves breeds of livestock and plant types, and devises new tools and methods of cultivation, thus making possible an advancing and enduring way of life and of making a living. The raw materials used in manufacturing are provided by the primary industries, both *extractive* and *genetic*, and without such a basis there would be no economic striving as we know it.

Agriculture as a primary industry not only feeds the world, but it provides a considerable part of the materials which furnish the

¹ Carver, T. N., *Principles of Rural Economics*, Ginn and Company, Boston, 1911, pp. 2-3.

grist for the turning wheels of manufacturing plants. Agriculture existed long before our forefathers dreamed of great metropolitan industrial centers, and while conditions were primitive in those days, such evidences as are available indicate that they were as satisfied with their conditions of life as we are today with this involved system of ours. But never in all history has it been possible, nor will it be, to have a civilization all urban and industrial.

The secondary industries are those concerned with manufacturing, transporting, and merchandising. In these processes, the wealth created or liberated in the primary industries is elaborated into forms of goods better adapted to the needs of civilized mankind. The farmer in raising a wheat crop produces the primary wealth, which the secondary industry of milling changes into flour. In addition, such goods must be transported to warehouses and merchandising establishments where they become available at the place and time required.

The personal or professional service class consists of the useful offices performed by the teacher in banishing ignorance and diffusing knowledge, the healing and disease-prevention functions of the medical profession, the inspirational and elevating services of the clergy, the governing activities of men and women in public life, the entertaining efforts of those in the theatrical arts, and similar beneficial contributions made to the sum total of human welfare and happiness by those in the various other professions.

And so we see that in the broad scheme of our economic life, agriculture occupies a place that is indispensable. Although since the dawn of urban development, the cities have sheltered classes which consciously and unconsciously have sought, more often than not with distinct success, to exploit the rural classes, nevertheless without the fundamental contribution of the agricultural industry all the rest of the fabric of our civilization would topple into ruins almost overnight.

1. THE PROBLEM IS COMPLEX

Customarily the problem of the farmer is simplified in the mind of the average person. Whether it be the Russian peasant, the Chinese coolie, the English tenant, or the American farmer, our generalizing tendencies make us speak of the agricultural problem in an inclusive sense as if the characteristics, resources, and difficulties

were very much the same with a farmer no matter where he is located. While there are many similarities in the various types of farming, the diversities are perhaps much more striking.

Since a later chapter contrasts the agriculture of the Old and the New Worlds, a consideration of the wide differences among the American farmers alone will serve to make clear the variety of interests which they represent. Broadly speaking, the United States may be separated into an eastern and a western half with the one hundred and third meridian of longitude constituting the approximate dividing line. The East is a humid region, with a sufficient rainfall; much of the West is characterized by an annual amount of rain inadequate to the needs of ordinary farming. The result is that the farmer of the eastern region has an agriculture based upon tilled crops, small grains, and tame hay and pasture. In the West, wild hay and grazing, dry farming, winter crops in certain localities, and irrigation farming in many areas are the rule, with only limited extents of ordinary farming such as are to be found generally in the East.

Again, the East may be subdivided into eight agricultural regions based largely on latitude, temperature, and considerations of the comparative advantages for the production of various crops and livestock; and the West into four regions determined largely by the adequacy of rainfall and the nature of the topography. The subdivisions of the East are in general limited by parallels of latitude, extending east and west; while in the West, mountain ranges are the conditioning factor, causing the areas to assume primarily a north and south direction. The average elevation of the eastern half of the United States is somewhat less than 1,000 feet above sea level; in the West the altitude averages more than 4,000 feet. The accompanying map (see Fig. 1) serves to visualize these factors in a fairly clear way, and a close study of it emphasizes the diversity of agricultural interests, and hence of problems of the farmers within the nation.

The 1930 Census of Agriculture undertook the pioneer task¹ of classifying the farms in the United States by types. The term *type of farming* was used as descriptive of the kind of farming followed on a group of farms having a high degree of uniformity in the kind,

¹ Elliott, Foster F., *Types of Farming in the United States, Fifteenth Census of the United States, Census of Agriculture, Washington, 1933, pp. vi, 225.*

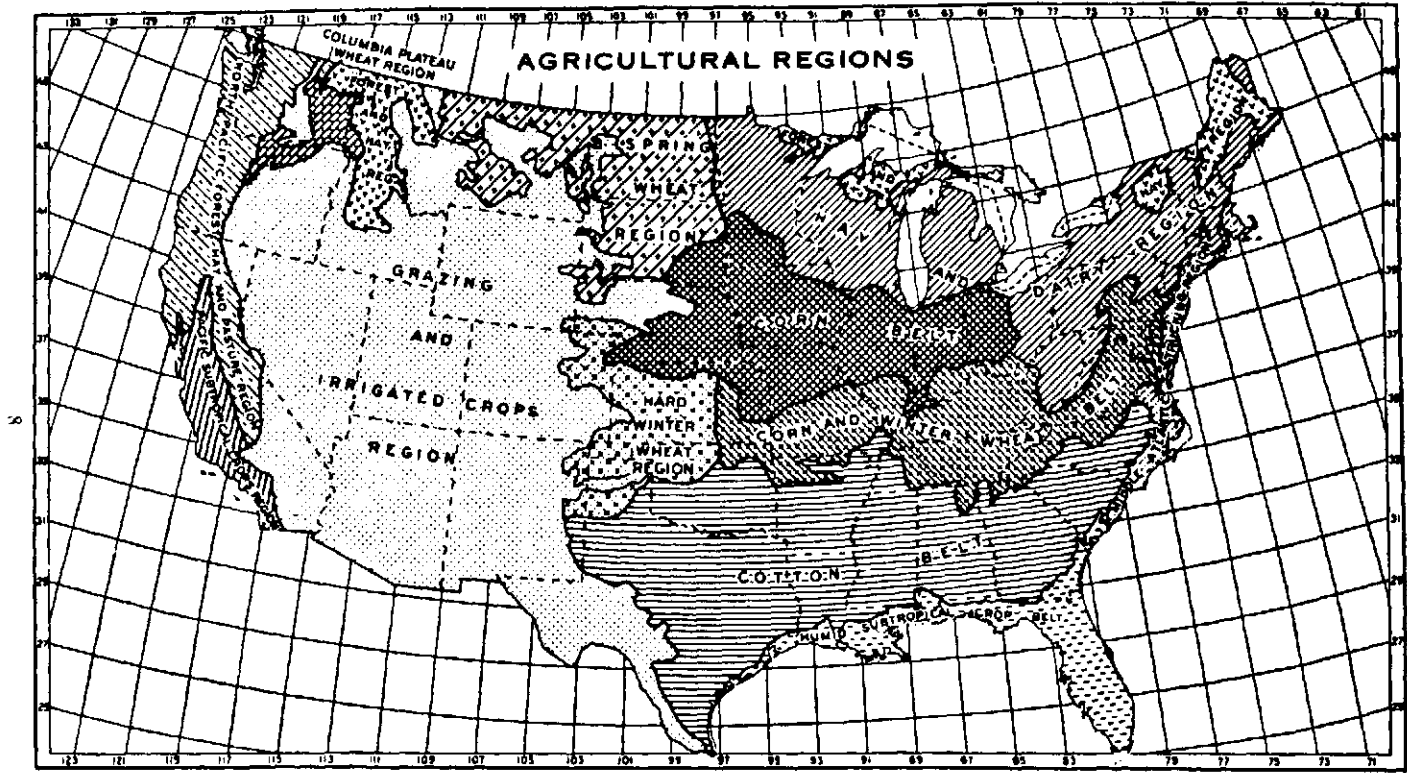


FIGURE 1. Agricultural Regions of the United States. (Source: *1928 Yearbook of Agriculture*, Government Printing Office, Washington, 1929, p. 641.)

relative amount, and proportion of the crops and livestock handled, and in the methods and practices followed in production. The result¹ of the classification was that twelve major types were established as follows:

Cash-grain. Corn, wheat, oats, barley, flax, rye, emmer and spelt, buckwheat, rice, and grain sorghum.

Cotton. Cotton (lint) and cottonseed.

Crop-specialty. Sweet sorghum for sirup, sugar cane, sugar beets, maple sugar and sirup, soybeans, cowpeas, velvet beans, ripe field peas and beans, tobacco, hay, peanuts, potatoes (Irish or white), sweet potatoes, mushrooms, hops, broomcorn, and other field crops.

Fruit. Small fruits, tree fruits, nuts, and grapes.

Truck. All vegetables sold.

Dairy. Milk, cream, butterfat, butter, and dairy cows and calves.

Poultry. Chickens, ducks, geese, turkeys, and eggs.

Animal-specialty and stock-ranch. All classes of meat animals, such as beef cattle, sheep, and hogs; also wool, mohair, and slaughtered animals for both types.

The chief distinction between "stock-ranches" and "animal-specialty" farms lies in the ratio of the pasture land to the crop land. A stock-ranch is a type of organization in which chief emphasis is placed upon the production of livestock by *grazing*, while an animal-specialty farm is one in which more emphasis is placed upon the *production of crops* and *feeding* of livestock.

General. Farms were classified as "general" where the value of products from any one source did not represent as much as 40 per cent or more of the total value of all products of the farm. If the value of products from each of two sources represented 40 per cent or more of the total, the farm was classified as "general," except for specialized combination types, such as cotton-tobacco, fruit-truck, dairy-poultry, and other similar combinations, when it was classified as one or the other of these types, depending upon which was dominant in the locality.

Self-sufficing. Where the value of the farm products used by the family was 50 per cent or more of the total value of all products of the farm it was classified as self-sufficing.

Abnormal. For convenience, farms of unusual types which differed markedly from ordinary farms were designated "abnormal." The abnormal type is subdivided into five subtypes: *Institution or country estate*; *part-time*, where the operator spent 150 days or more at work in 1929 for pay at jobs not connected with his farm, or reported an occupation other than

¹ *Ibid.*, pp. 7-8.

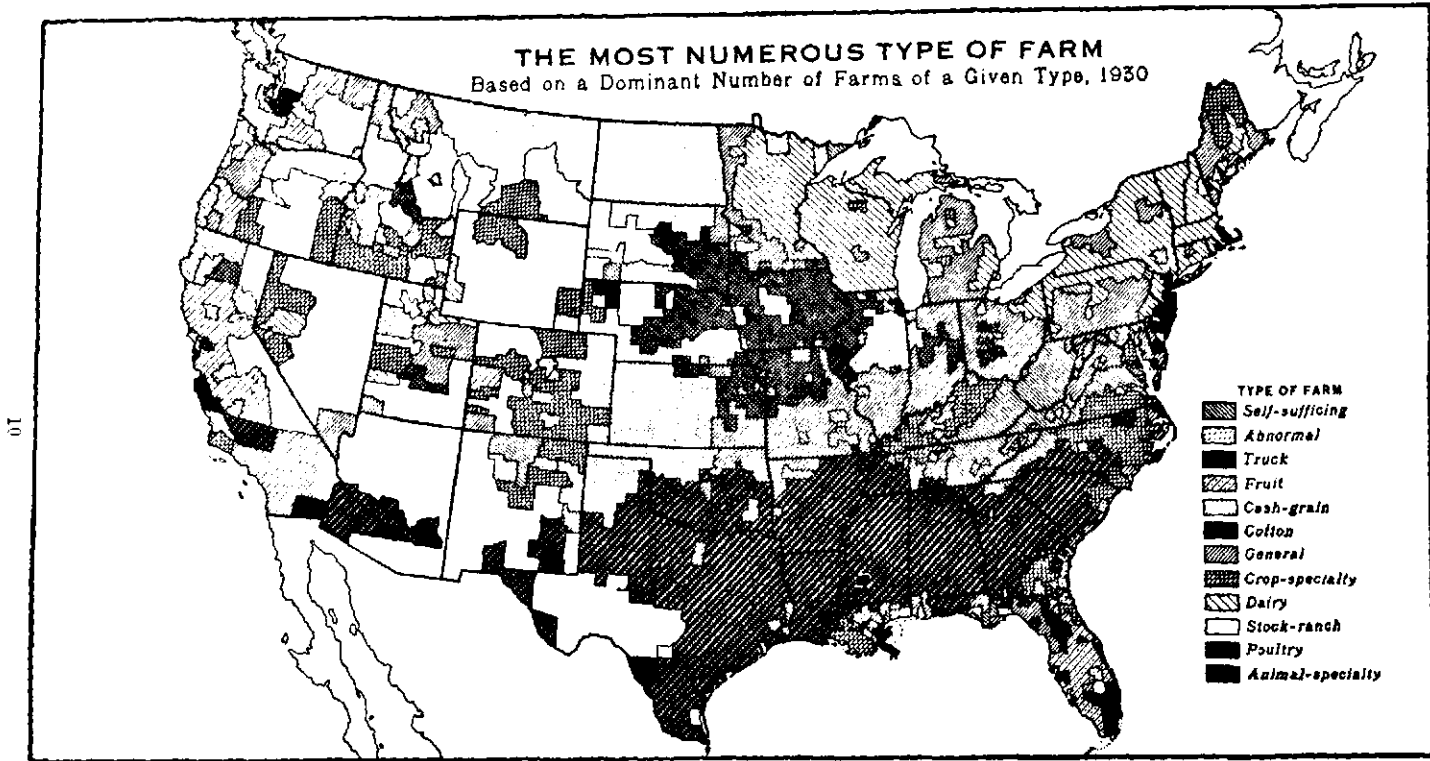


FIGURE 2. Types of Farming in the United States. (Courtesy of the Bureau of Agricultural Economics, U. S. Dept. of Agriculture.)

farmer, provided the value of the products of the farm did not exceed \$750; *boarding and lodging; forest-product; and horse farm, feed lot, or live-stock dealer.*

Unclassified. Where the farm was not operated in 1929, or where there was an incomplete report of the quantity of crops, livestock raised and sold, or where other information was missing or incomplete, the farm was not classified by type.

This wide variety in the types of farming is corroborated by even the most casual observation of the traveler from one part of the country to another. In the main the variations are the outcome of the farmers' efforts to adjust their organizations and practices to their physical and economic environmental conditions. Such factors as variations in soils, in climatic conditions, in distance to market, in crop adaptations, in livestock produced, as well as in many other things, account for the wide differences characterizing the problems of farmers in the several parts of the country. The whole set of phenomena concerned represent an attempt, consciously or unconsciously, on the part of farmers to economize on the resources at their command by producing those crops and livestock which will give them a maximum of return for the resources used. In doing so farmers tend to specialize in the commodities for which they have the greatest comparative advantage, and as a result, necessarily come to depend upon securing from others commodities and services in the production of which they themselves are at a comparative disadvantage. The inevitable consequence is the wide differences in patterns of production from one region of the country to another.

Not only is farming as an industry tremendously varied as to the climate, soil, topography, crops or livestock grown, but it is complex as to the socioeconomic characteristics of the occupation. For example, any occupational work consists roughly of three principal categories: *proprietary*, managerial or independent entrepreneur's work which concerns the ownership, organizing, and control of some enterprise; *qualified employees' work*, dealing with the higher, skilled grades of managerial work more or less under the direction of the proprietary class; and *laborer's work*, of a rather mechanical nature, largely manual in kind, without the exercise of initiative, planning, much serious thought, i.e., distinctly subordinated in character.

To which of these classes does the farmer belong? He is a proprietor par excellence, throughout the world; in the United States in 1940, approximately 61 per cent of the farmers owned the farms they operated. But the fact that a farmer is an owner, planning, controlling, financing, and organizing his enterprise, does not mean that he is not often functioning as well in the sphere of the qualified employee, actively overseeing the work of his "wages hands," tenants, and family labor in the planting, cultivating, harvesting, and certain of the phases of marketing his crops. Also, at times he must "fill in" by performing monotonous, routine work such as characterizes that of the laborer. Thus the average owner-operator of a farm is from the occupational standpoint a sort of multiple personality in that he is his own entrepreneur, overseer, and day laborer all in one individual. Moreover, the tenants, most of them, also cut across the classes which are rather clearly defined in the urban pursuits.

It is customary for the economist to divide the nature and sources of income into *wages and salaries, interest, rents, and profits*. In urban pursuits, generally, wages apply to the laborer, salaries to the qualified employees, interest and profits to the capitalist, and rents to the landlord. But the farmer, operating under favorable conditions, receives wages for his labor, a salary for his management, interest on the capital he invests, rent for his land, and perhaps some profits for the risks of entrepreneurship. In other words, the owner-operator of a farm is both a capitalist and a laborer and in his operations he employs all the factors of production—land, labor, capital, and entrepreneurship—receiving as his total income the distributive shares from each of these several factors.

To be fully successful, a farmer should know the principles of plant and animal breeding, the chemistry of fertilizers, much about soils and climatic factors, what kinds of farm machinery to buy and how to operate them, how to handle labor, how to negotiate credit for his enterprise, and should have a thorough knowledge of the processes of marketing. Simple folk, many of them, are farmers, but they perform these functions in a simple, and relatively imperfect sort of way. Effective, modern farming is an intensely complicated undertaking, in its various ramifications calling for the highest degree of skill in its several parts, and interrelated in so many ways with the various phases of present-day civilization that it is almost bewildering to attempt to chart them.

2. THE ECONOMIC POSITION OF AGRICULTURE

In quantity of agricultural production, the United States leads all countries.¹ This nation, Russia, China, and India are the four leading countries of the world in this particular. Prior to the First World War, the aggregate value of farm products in Russia was only about two-thirds that of the United States. In China, so far as any approach to accuracy can be made, the production of foods and fibers is certainly not more than three-fourths that of our own country, while in India, the agricultural production is less than half that which we total. Even the entire British Commonwealth of Nations, including India, Australia, New Zealand, South Africa, Canada, and the British Isles, has an aggregate farm production only nine-tenths that of the United States.

(1) *Wealth and Income.* Wealth has been defined as consisting of all useful things of a material nature owned by human beings, either individually or collectively. In the light of this definition, the wealth of a nation becomes the exchange value of the total supply of goods of a country expressed in terms of money. Obviously, it is a difficult task to estimate the total wealth of a nation, and one which can be done only in approximate terms. The consequence is that such estimates have been infrequently undertaken by the Federal Government, and the available figures become quickly out of date.

A report (1926) of the Federal Trade Commission on National Wealth and Income estimated the total national wealth in 1922 at \$353,000,000,000. The total farm wealth for the same year was given as \$78,000,000,000, or about 18 per cent of the aggregate figure. One authority lists the physical wealth of the United States as having reached the sum of \$450,108,000,000 in 1929. By 1932, due to the impact of the economic depression, this figure had shrunk 34 per cent, or to the amount of \$290,616,000,000. Since that time, however, there has been a significant increase, but as to just how much has not been indicated, the picture has been changing so rapidly. The three main classes of physical wealth in this country are given² as *fixed real capital*, 49 per cent of the total, *consumption*

¹ Baker, O. E., "A Graphic Summary of American Agriculture," *Yearbook*, U. S. Dept. of Agriculture, Washington, 1921, p. 407.

² Doane, R. R., "The Geographic Distribution of Wealth," *The Annalist*, Nov. 15, 1937, Vol. 46, No. 1191, pp. 676-679.

goods, 44 per cent, and *circulating capital*, 7 per cent. Within these larger categories, there are a number of subclasses, the largest of which is nonfarm dwellings, comprising 22 per cent of the total physical wealth of the nation. Agricultural wealth of all kinds comprised 16 per cent of the total sum; industrial property, 12 per cent; commercial property and merchandise, 11.7 per cent; and personal goods, 11.2 per cent. Utilities other than railroads made up 8.3 per cent of the nation's total physical wealth; railroads, 7.1 per cent; and tax-exempt property, 5.7 per cent. Classifications of still smaller percentages included motor cars, 2.7 per cent; mining property, 2.2 per cent; and highways, 0.84 per cent. Of course, the relative importance of these different classes of wealth varies considerably in different parts of the United States. Thus the total farm wealth of the nation ranks in importance second only to the value of non-farm dwellings.

The national income has been defined "as the *net* volume of goods and services produced by a nation within a given period—a year."¹ The national realized income from production of goods and services in the boom year of 1929 totaled \$79,702,000,000, of which sum agriculture contributed \$8,254,000,000, or 10.4 per cent. Its position in this respect was third, the manufacturing industries ranking first, with \$19,097,000,000, or 24 per cent of the total; and trade, second with \$13,454,000,000, or 16.8 per cent. In 1938, the total national realized income was estimated² at \$62,450,000,000, of which agriculture contributed \$6,140,000,000, or 9.8 per cent. Manufacturing with \$12,208,000,000 realized income represented 19.6 per cent of the total, or exactly twice as great a proportion as agriculture.

Thus both in the proportion of total wealth which it constitutes, and the income derived therefrom, agriculture is one of the economic interests of leading significance, and even from this angle of approach compels respectful consideration. Down to 1880, or at least until sometime between 1880 and 1890, the farm industry of the United States was our principal source of wealth. However, in the Census of 1890, the value of farm products was exceeded by that of manufactured products. In 1900, the net value of agricultural

¹ Leven, Maurice, Harold Glenn Moulton, and Clark Warburton, *America's Capacity to Consume*, Brookings Institution, Washington, 1934, pp. 9 and 152-153.

² The Conference Board, *The Economic Almanac for 1940*, National Industrial Conference Board, New York, 1940, p. 305.

production was \$3,764,177,706, and the corresponding figure for manufactured products, \$5,981,454,234, or on the most conservative evaluation an excess of more than \$2,000,000,000 in favor of the manufactures and mechanical arts.¹ The margin between the industrial pursuits and the agricultural has widened with each passing decade, the United States now having become one of the most highly industrialized nations of the world.

(2) *Forms of Agricultural Wealth and Income.* According to the Census of 1940 the following is the value of all farm lands, buildings, and implements and machinery as of that year for the total of the 6,069,799 farms reporting:

| | |
|--------------------------------|------------------|
| Land and buildings..... | \$33,641,738,726 |
| Land, excluding buildings..... | 23,236,302,930 |
| Buildings..... | 10,405,435,796 |
| Implements and machinery..... | 3,060,187,389 |

The United States Department of Agriculture in *Agricultural Statistics, 1940* gives \$5,181,951,000 as the value of all livestock on farms in that year. Adding this figure to the value of land, buildings, implements, and machinery, the total value of these principal items of farm property amounts to approximately \$42,000,000,000, certainly a significant sum according to any appraisal of its extent.

The table on page 16 gives the total cash income (the value of crops, livestock, and livestock products actually sold off farms) from farm marketings over the period from 1910-39, as well as the cash income per farm and per capita of the farm population over the same period of time. One of the most interesting and significant things about these data is the tremendous fluctuations characterizing them. For example, during the thirty-year period the farm cash income fluctuated from a high in 1919 of \$14,436,000,000, with a per farm income of \$2,231 and a per capita income of \$467, to the low of \$4,682,000,000 total cash income in 1932, with \$717 cash income per farm, and \$151 per capita of the farm population.

Until comparatively recently the portion of the farmer's income derived from crops has been greater than that coming from livestock and livestock products. The Census of 1890 showed 63.6 per cent for crops and 36.4 per cent from animals and animal products. In 1920, the corresponding percentages were 59.7 per cent for crops and 40.3 per cent for livestock. However, in 1930, the gross income

¹ *United States Census of 1900*, Vol. VII, p. liv.

TABLE I

CASH INCOME FROM FARM MARKETINGS, TOTAL, PER FARM, AND PER CAPITA,
UNITED STATES, 1910-39¹

| Year | Cash Income, ^a Million dollars | Number of Farms, January 1, Thousands | Cash Income per Farm Dollars | Farm Population, January 1, Thousands | Cash Income per Capita, Dollars |
|-------------------------|--|--|---------------------------------------|--|--|
| | 1910..... | 5,785 | 6,362 | 909 | 32,077 |
| 1911..... | 5,581 | 6,390 | 873 | 32,110 | 174 |
| 1912..... | 5,966 | 6,420 | 929 | 32,210 | 185 |
| 1913..... | 6,251 | 6,450 | 969 | 32,270 | 194 |
| 1914..... | 6,015 | 6,480 | 928 | 32,320 | 186 |
| 1915..... | 6,391 | 6,520 | 980 | 32,440 | 197 |
| 1916..... | 7,755 | 6,560 | 1,182 | 32,530 | 238 |
| 1917..... | 10,648 | 6,540 | 1,628 | 32,340 | 329 |
| 1918..... | 13,464 | 6,520 | 2,065 | 31,770 | 424 |
| 1919..... | 14,436 | 6,470 | 2,231 | 30,930 | 467 |
| 1920..... | 12,553 | 6,448 | 1,947 | 31,614 | 397 |
| 1921..... | 8,107 | 6,500 | 1,247 | 31,763 | 255 |
| 1922..... | 8,518 | 6,510 | 1,308 | 31,749 | 268 |
| 1923..... | 9,524 | 6,400 | 1,488 | 31,130 | 306 |
| 1924..... | 10,150 | 6,350 | 1,598 | 30,817 | 329 |
| 1925..... | 10,927 | 6,372 | 1,715 | 30,830 | 354 |
| 1926..... | 10,529 | 6,340 | 1,661 | 30,619 | 344 |
| 1927..... | 10,699 | 6,260 | 1,709 | 30,170 | 355 |
| 1928..... | 11,024 | 6,270 | 1,758 | 30,188 | 365 |
| 1929..... | 11,221 | 6,290 | 1,784 | 30,220 | 371 |
| 1930..... | 8,883 | 6,289 | 1,412 | 30,169 | 294 |
| 1931..... | 6,283 | 6,390 | 983 | 30,497 | 206 |
| 1932..... | 4,682 | 6,530 | 717 | 30,971 | 151 |
| 1933..... | 5,278 | 6,720 | 785 | 31,693 | 167 |
| 1934..... | 6,273 | 6,770 | 927 | 31,770 | 197 |
| 1935..... | 6,969 | 6,812 | 1,023 | 31,801 | 219 |
| 1936..... | 8,212 | 6,830 | 1,202 | 31,809 | 258 |
| 1937..... | 8,744 | 6,820 | 1,282 | 31,729 | 276 |
| 1938 ^b | 7,590 | 6,850 | 1,108 | 31,819 | 239 |
| 1939 ^b | 7,733 | 6,920 | 1,117 | 32,059 | 241 |

^a Farm marketings (excludes government payments).^b Preliminary.

from crops was \$4,031,926,000 as compared with \$5,370,013,000 from livestock products. This preponderance has been still greater in recent years. The resulting situation has been due in part to

¹ Source: *Agricultural Statistics, 1940*, U. S. Dept. of Agriculture, Washington, 1940, p. 552.

comparatively low prices for basic crops like corn, wheat, and cotton, and, also, to the increasing importance of dairy products, meat animals, and poultry and eggs.

(3) *Foreign Trade in Agricultural Products.* In the early days of the history of this country, agricultural production was mainly for home consumption. But with the full development of the industrial revolution in the Old World, Europe became the workshop, and the broad acres of the United States were the breadbasket and the leading source of fibers. About four-fifths of the exports from this country between 1830 and 1860 were made up of farm products, mainly cotton, tobacco, cereals, and meat products. In return for these products, Europe shipped us on an ideally reciprocal basis manufactured goods, such as tools, textiles, metals, glassware, earthenware, and most articles of comfort and luxury. As industrial development took root in this country, Europe became a great source of supply for machinery, of steel for railroad building, of capital goods in general, as well as of many raw materials for manufacturing. Our exports of farm products paid for a large part of these resources, as well as caring for the interest payments on a large indebtedness in the form of capital investments. We were a debtor nation, and Europe was the creditor. Agricultural exports rose from about \$297,000,000 in 1870 to more than \$840,000,000 in 1900. American cereals, livestock products, cotton, and tobacco found in Europe an almost unlimited market. However, with the turn of the century, farm exports from this country began to experience a decline, and by 1910, except in cotton, tobacco, and fruit, were down in volume nearly to the level of the 1880's. A considerable part of this decline was due to the marked growth of our own manufacturing, and the decreased market in this country for European goods. Because of the unfavorable balance in its trade with the United States, "Europe was turning elsewhere for agricultural products—to Canada, Argentina, and Russia for grains; to Argentina for meat; and to Australia and New Zealand for sheep and dairy products."¹ The World War of 1914–18 reversed this slump for a few years, because of the unprecedented demand for food by the Allied armies, but after this abnormal situation receded,

¹ Chew, Arthur P., "The Meaning of Foreign Trade for Agriculture," in *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, pp. 566–584.

our agricultural export situation experienced a drastic decline which created surpluses of our major farm commodities that have been exceedingly critical and difficult to adjust. So important to the American farmer is the foreign trade in agricultural products that its satisfactory accommodation is one of our most significant current economic problems. If these foreign markets are not regained, sweeping readjustments will have to be made in the entire farm economy of the nation.

(4) *Relation to Other Interests.* Thus far we have considered agriculture from the standpoint of its indispensable function of food production, its conspicuous position in the total wealth and income of the nation, and how important it is in the matter of foreign trade. There are many other ways¹ in which it is more or less intimately connected with the economic life of almost every individual, institution, and agency in the nation.

The products of American farms furnish more than 40 per cent of the raw materials of industry, and give employment to approximately 33 per cent of the factory workers in these manufacturing plants.

The farming population, around one-fourth of the national total, is the largest group outside the urban boundaries consuming the products of city labor and services. Due to the lower standard of living among farmers than is the case with nonfarmers, the aggregate consumption of farmers is one-eighth instead of one-fourth of the national market.

More than one-fifth of the revenue received by railroads is derived from the transporting of farm products, and labor employed on railroads received about the same proportion of its wages from the same source.

Farmers get, on the average, 40 to 50 per cent of each dollar spent by the consumer on the retail markets, but the urban workers, on the other hand, receive in wages about 60 per cent of what farmers spend for industrial goods and services furnished by urban people.

Agriculture is the nation's best shock absorber in times of depression when economic conditions usually make it provide consumer's goods at less than cost, and cause it to give a temporary haven on

¹ See Bean, Louis H., and A. P. Chew, in *Farmers in a Changing World, 1940 Yearbook of Agriculture*, pp. 343, 378-379.

the land to many thousands of people who have migrated to it from the cities because there was no remunerative employment there for them under depressed conditions.

A recital of such figures as these serves to impress us with the fact that although agriculture does not occupy the position of ascendancy it one time enjoyed in our history there can be no valid argument why the urban classes should not be well informed and keenly interested in terms of an industry so vitally related in many ways to their prosperity and happiness.

3. AN IMPORTANT SOCIAL CONCERN

Some two-thirds of the total population of the world is agricultural. Industry is estimated to account for about 14 per cent of all the people on this globe, commerce for 6 per cent, and the remaining 13 per cent consists of those engaged in transportation, mining, the professions, and domestic occupations. Thus, even in this highly urban, industrialized era, agriculture continues as the occupation of the greater part of mankind.

In only seven countries of the world (the United Kingdom, the United States of America, Germany, Belgium, the Netherlands, Switzerland, and, somewhat surprisingly, Australia), are the numbers engaged in agriculture, fishing, etc., less than those classified as engaged in the manufacturing and extractive industries. In the United Kingdom alone do those occupied in commerce outnumber those in agriculture. In

TABLE II

ESTIMATED POPULATIONS AND ESTIMATED AGRICULTURAL POPULATIONS IN 1930 ¹

| | <i>Total Population, Millions</i> | <i>Agricultural Population, Millions</i> |
|-------------------------------------|---|--|
| Europe (excluding Russia) | 379 | 139 |
| Russia | 161 | 140 |
| North America | 134 | 31 |
| South and Central America | 117 | 76 |
| Africa | 142 | 107 |
| Asia | 1,070 | 805 |
| Oceania | 10 | 3 |
| Total | 2,013 | 1,301 |

¹ Source: *World Agriculture, An International Survey*, Oxford University Press, London, 1932, p. 3.

cies and perplexing problems. To consider the most outstanding of these is one of the important concerns of this volume.

Until the Census of 1920, the rural population of the United States outnumbered the urban. This means, of course, that so far as the total population of the nation that is rural-born is concerned it still outnumbers the urban. Although the city today is the intense focal center of cultural ideals, it is exceedingly doubtful whether the urban influence is greater in the aggregate than the rural. It cannot be questioned that the modes of conveyance, the conveniences of the home, the standards of education and refinement now come out from the cities in a flood tide, and are changing the entire structure of rural civilization. But it must be remembered that this is but reversing the earlier process when the dominant rural influence established firmly its institutions and customs as the foundation upon which the urban superstructure has been erected. It will take a long time for the newly acquired urban majority to outweigh, if it ever does, such basic rural social contributions.

In discussing the basic place which our rural people occupy in the social structure of our national life or well-being, Lynn Smith summarizes the matter as follows:

The rural population is of fundamental importance to the nation and national welfare in a number of ways:

1. Because it makes up nearly one-half of the total population, even in a high industrialized nation like the United States.

2. Because it is the seed bed of national population for the future, the source from which the depleted human resources of the urban centers are replenished, and, now that immigration is largely shut off, practically the only source of urban growth.

3. Because the institutions maintained by the rural population, and especially the rural family, the rural school, and the rural church are the institutions in which the oncoming population of the nation are nourished and trained.

4. Because the farming population constitutes an immense national balance wheel, a stabilizing influence which is necessary to keep the rapidly changing social life of the cities from running amuck and plunging the nation too deeply into the mire of disorders, strikes, revolutions, and other upheavals. A strong and intelligent rural citizenry is the best guarantee that these will never succeed in entering their most extreme stages where civilization itself may be destroyed.

5. Because in times of national peril, the rural population constitutes a huge reservoir of national patriotism and man power, a citizenry largely unaffected by varieties of internationalism and pacifism which

flourish amid the heterogeneous ethnic and cultural hodgepodge that is the city, and which frequently come to be the greatest menace to international good will and peace.

6. Because the natural resistance of rural culture to change serves as a life preserver for many distinctively national cultural traits and complexes which otherwise might be lost in the city's mad rush for the new.

7. Because in rural enterprises of farming there still remains the opportunity to combine the skills of entrepreneur, manager, and laborer in the one individual, thus giving rise to a well-developed type of personality, a citizen fully attuned to the interests of all classes in the society and capable of participating in the democratic process with the least possible class discrimination.¹

In 1940, the total population of the United States was 131,669,275, of which number 74,423,702 were urban and 57,245,573 were rural. In that census year, the rural inhabitants composed 43.5 per cent of the total population, and the urban proportion was 56.5. Only sixty years earlier, in 1880, the rural population made up 71.4 per cent of the aggregate population of the United States.

In a consideration of the relative proportions of rural and urban in the population, it is well to note that between 1920 and 1930, 43.6 per cent of urban growth was derived through migration from the country sections.² The farm families are usually larger than the city families, and indicate much less of a tendency to become smaller than do the city families. It is likely that for a long time yet to come the cities will depend increasingly upon the country for a considerable part of their human contingent.

At the time of the 1930 Census, 21.4 per cent of the total gainfully employed population in the United States were in the agricultural occupation, with 28.9 per cent in the manufacturing and mechanical industries. This reverses the situation of twenty years earlier when the percentage of those in agriculture was 33.2 over against a figure of 27.8 per cent in manufactures.

The fact that a smaller actual number in the later year are employed in agriculture in spite of the increasing population in the nation, particularly in the urban centers, indicates the growing efficiency of the American farmer. This is evidenced by the fact that the crop output per farm worker in this country has about doubled since 1870. Farm machinery is rapidly coming more largely into

¹ Smith, Lynn, *The Sociology of Rural Life*, Harper & Brothers, New York, 1940, p. 61.

² Gillette, J. M., *Rural Sociology*, The Macmillan Company, New York, 1936, p. 204.

use, a wiser selection of high-yielding strains of seeds and animals is made, and a better knowledge of the application of fertilizers and methods of cultivation has come about through the various educational agencies contributing to the objective of better farming. There is no reason for alarm in such a decline of those employed in agriculture. The processes of the manufacturing industries call for a very intensive utilization of human labor. A smaller working force on the farms, if profitable prices are provided for the produce, makes possible higher standards of living, which are the ultimate goal sought in both country and city.

While the matter has already been generally alluded to and is more fully discussed in a later chapter, it is interesting to note here that considering the total number employed in agriculture and manufacturing, about 84 per cent of those in the latter are wage earners as compared with approximately 39 per cent of farm laborers in the agricultural total. Proprietors, firm members, officers, managers, and salaried employees constitute about 16 per cent of the gainfully employed in the manufacturing industries. In the agricultural occupation, owner farmers and farm managers make up 37.5 per cent of those gainfully employed, and tenant farmers, who, as has been pointed out, in large proportion are independent managers of their enterprises, constitute 23.1 per cent.

In view of various of the foregoing considerations, it must have become clear by now that the farm population of the nation is vitally related to most of our matters of significant social policy. It is tremendously important to the welfare of our cities as to how efficiently the rural schools are operating. The illiterate person from the country migrating to the city is poorly fitted for the adjustments which must be made in the transition to a new and widely different environment. He may easily add to the dependent and delinquent classes and become an additional burden upon agencies already taxed in taking care of such cases. On the other hand, the well-equipped rural migrant will adapt himself readily to the new tasks and obligations confronting him. The social and economic institutions of the smaller urban trade centers must be geared to the needs of the outlying rural sections or they will not prosper as they should. The development of highway systems must be so planned as to reach the door of the farmer and in this way bring to him the many advantages of a modern civilization. Such social-

izing agencies as the newspaper, the magazine, and the library function best when they reach both the rural and urban populations. It is exceedingly important to our continuing national welfare that a vigorous social order shall always continue in our rural sections, for as one of the earlier national studies of the agricultural problem pointed out the American farm in the past has been the main source of our free and self-reliant national type, and a radical change in the rural civilization of this country will likely change for the worse the social structure of the future. The same authority continues: "Our farms are more than mere workplaces: they are homes. Agriculture is not merely an industry; in a broad sense it is a social institution. The farm population once disintegrated, is not easily replaceable out of the city, as some European nations have discovered."¹ Such a problem can be met only through an increased understanding between those in the agricultural occupation and the urban, industrial classes, based on a fuller information each of the other's economic and social situation.

4. AGRICULTURE IS POLITICALLY SIGNIFICANT

The farmer has always been an important factor in the political life of the nation. The expression of this influence has not often taken the form of organized farmer parties, but nevertheless it has been a potent one. In the earlier days of our history, the farm population was so thoroughly predominant that those in public position were keenly sensitive to the needs of agriculture. And it must be remembered that it was in those days of rural ascendancy that the fostering influences of the protective tariff grew up about the emerging manufacturing interests. Such a policy received its impetus and sanction largely from the representatives elected by the farm group. In more recent years, the urban industrial groups have gained a marked preponderance, and there has been a growing political inequality between these interests and those of agriculture.

Henry C. Wallace, one of the best equipped men ever to hold the cabinet position of Secretary of Agriculture, calls attention to the resulting situation in these words:

¹ *The Agricultural Problem*, National Industrial Conference Board, New York, 1926, pp. 3-4.

If for no other reason, therefore, than because of its size and latent power, the manner in which the interest and welfare of this group (the agricultural) may be affected by national policies, legislative or administrative, always should be considered. It is not in the national interest to disregard so important a group or to give it merely such attention as will keep it at work. Such an attitude is insufferable and is certain to stimulate a group consciousness which soon develops into group prejudice. As this feeling gathers power, the group attracts smaller discontented elements, and finally compels action much more extreme than would have satisfied it a short time before. Failure to give needed assistance to such a group, whether engaged in farming or any other industry, when it is struggling under economic difficulties, especially when such difficulties are due in part to national policies, is a sure way to breed discontent and resentment not conducive to the national good.¹

Agricultural discontent has been much in the foreground of political consciousness during the post-War presidential campaigns. The development of the McNary-Haugen plan of farm relief, and its passage by the Congress in two successive years, 1927 and 1928, only to be blocked in each instance by the veto of President Calvin Coolidge, shows how a firm persistence of a discontented minority can rally the support of similarly disaffected groups and in the allied strength carry forward its claims. President Herbert Hoover's Federal Farm Board took form in 1929 because, in his campaign in the fall of 1928, he promised the farmers of the nation that he would remove the inequality under which agriculture suffered in comparison with the urban industrial interests. And the failure of the Farm Board to achieve its avowed objectives constituted one of the most important factors contributing to the election of President Franklin D. Roosevelt in the autumn of 1932. His "New Deal" for agriculture represents his efforts to carry his campaign pledges into fulfillment. That the farming interests of the nation cannot be ignored is further evidenced by the development of an aggressive, well-mobilized "farm-bloc" attitude in the Congress toward all matters pertaining to farm welfare. Moreover the South and the Middle West seem to have come, for the time at least, to an understanding of the fact that their predominant agrarian interests necessitate coöperation rather than antagonism if they are to be adequately served. It should be a fundamental axiom in national policy that every significant element must be duly considered and its fair interest

¹ Wallace, Henry C., *Our Debt and Duty to the Farmer*, D. Appleton-Century Company, Inc., New York, 1925, pp. 11-12.

taken care of in a highly complex and delicately interacting framework of civilization if a nation is to continue successfully.

Another phase of the political situation in the rural areas today requires mention even in a brief consideration of the broader phases of the problem. The local government most closely affecting the rural population is that of the county. Close students of political science agree that the prevailing system of administering county affairs is the most inefficient of all our forms of governmental procedure. One authority designates it as the "jungle of American government." It is characterized by others as archaic, obsolete, and woefully inadequate to the needs of the modern era. The "fee system," the selection of public officers on handshaking ability instead of equipment for the financial, educational, engineering, and other duties of position, and the lack of centralization of authority are cardinal defects. Yet the entrenched strength of county courthouse political "rings" makes any reform exceedingly difficult. Some encouraging experiments are going forward along these lines in widely separated parts of the nation, and are being watched with unusual interest as likely to provide the key for hopeful advances towards the improvement of the local government under which the farming interests live and labor today.

5. A GROWING FIELD FOR STUDY

The past few decades have witnessed a marked expansion in our knowledge of all phases of the farm industry. The effective starting point for this is to be found in the establishment of agricultural colleges, experiment stations, and extension services in the several states. Increasing funds for such work from both state and Federal sources have built up staff and equipment for the intensive study of field crops, livestock, including dairying, fruit growing, plant and animal diseases, soils and fertilizers, farm engineering, farm management, agricultural economics, rural sociology, and a number of similarly well-established fields of interest. Consequently, what is known about any one of these topics now amounts to volumes, the most of it consisting of scientifically determined materials.

Among the later fields to develop as organized bodies of knowledge in the field of rural life have been those of *agricultural economics* and *rural sociology*. In the earlier stages in the development of these disciplines, they were viewed almost entirely as applied sciences,

utilizing the theoretical body of knowledge derived from the parent subjects of economics and sociology. However, these new fields have now become so extensive and as a result so increasingly significant in testing and adding to theoretical knowledge that they can no longer be viewed narrowly as simply applied sciences. The more recent emergence of agricultural economics and rural sociology has been due to the fact that the other disciplines mentioned are much more closely allied to the physical sciences. This is a machine age and the subjects providing technical information for industrial and agricultural development until the past few years have received the major emphasis. In manufacturing, the tendency has been marked towards the large mass output of highly standardized products. With agriculture, the slogan has been to make "two blades of grass grow where only one grew before." These objectives in both agriculture and manufacturing have been handsomely achieved.

In the course of an address before the American Economic Association at St. Louis a few years ago ex-Governor Frank O. Lowden of Illinois said:

Our civilization as contrasted with all previous civilizations has been marked by an increasing control of man over the forces of nature and a subjection of them to his own use. I believe we are entering upon a new era in the domain of the social sciences. Just as in the material world man has increased his dominion over the forces of nature, so in the world of men we shall learn more and more how to make the institutions of men respond to the needs of men.¹

It is customary to classify human knowledge quite broadly into three categories: the *humanities and fine arts*, the *natural sciences*, and the *social sciences*. The humanities and fine arts include the classics, particularly Latin and Greek, the modern languages, both English and foreign, painting, drawing, architecture and sculpture (the arts of design), poetry, music, dancing, and dramatic art. The natural sciences may be subdivided into the *physical sciences* including physics, chemistry, mineralogy, geology, astronomy, meteorology, etc., and the *biological sciences*, made up of such subjects as zoölogy, botany, physiology, anatomy, embryology, pathology, and similar fields relating to the living organism, both plant and animal. The

¹ Lowden, Frank O., "The Farm Problem," *Journal of Farm Economics*, 1927, Vol. 9, p. 20.

social sciences in definition and acceptance vary with the authority, but the following are generally considered as embraced under the term: *history, economics, political science, sociology, anthropology, social psychology, jurisprudence*, and some phases of *philosophy*.

The boundaries established between the different social sciences, and among the other subdivisions of the larger classifications of knowledge, are merely brackets for convenient delimitation, largely artificial in nature. The interrelationships between the natural and social sciences are multitudinous; and the scientific method, long characterizing the approach to the physical sciences, is now the dominant influence in shaping the social studies. In the present volume we are mainly concerned with the economic and sociological approaches to the problems of agriculture, but in the search for materials we shall with impunity invade the territory of many of these artificial divisions of the social sciences and go over into the natural sciences and humanities when things from those realms are needed to complete the perspective we wish to attain. It is for this reason that the term *social economics of agriculture* has been chosen, so that in terminology at least we may not be criticized for such a commonsense, though unconventional, way of handling social science as related to farm life.

QUESTIONS

1. Suppose it were found possible to synthesize our food substances instead of growing them from the soil, what do you think would be the rearranging effects upon the present order of human society?
2. Distinguish between *economic* and *uneconomic* methods of getting a living. Tell what is meant by *primary industries, secondary industries, and personal and professional services*.
3. Differentiate between *genetic* and *extractive* primary industries. Discuss agriculture as a primary industry, describing the conditions under which it sometimes deserves to be considered *extractive* rather than *genetic* in nature.
4. Is the problem of the farmer accurately to be characterized as a simple one? Give several reasons for your answer.
5. Compare the East and the West as agricultural regions of the United States.
6. Name the twelve major types and five subtypes of farming in the United States, stating which of these is most characteristic of the

farming area around your home and your reasoning as to why this is the case.

7. Explain what is meant by *animal-specialty* and *stock-ranch*, *general*, *self-sufficing*, and *part-time* farming.
8. How would you classify the farmer as to *proprietary*, *qualified employee*, and *laborer's* status? The nature and sources of his income as to *wages* and *salaries*, *interest*, *rents*, and *profits*?
9. Give the position of the United States in quantity of agricultural production, and name her chief competitors in such a ranking.
10. Discuss the relative position of agriculture in the structure of the national economy from the standpoints of wealth and income.
11. Give several reasons why the following statement is true: "So important to the American farmer is the foreign trade in agricultural products that its satisfactory accommodation is one of our most significant current economic problems. If these foreign markets are not regained, sweeping readjustments will have to be made in the entire farm economy of the nation."
12. Show how agriculture is more or less intimately connected with the economic life of almost every individual, institution, and agency in the nation.
13. What proportion of the total population of the world consists of agricultural people? In what principal countries is this percentage highest? In what seven countries of the world is it lowest?
14. Who has the larger knowledge of the other's life, the farmer or the city man? How accurate do you consider Edwin Markham's picture of "The Man with the Hoe"?
15. What important Commission did President Theodore Roosevelt appoint in 1908? Give his appraisal of the importance of country life.
16. What percentage of the total population of the United States was rural in 1940? How does this compare with the similar situation in 1880? In what census year did the urban population in this country first exceed the rural?
17. Mention several ways in which a vigorous farm population is vitally significant to the economic and social welfare of our cities.
18. Explain why the farmer is and should be an important factor in the political life of the state and nation.
19. Into what three broad categories is human knowledge usually classified? Name the principal subjects included under each of these.
20. Discuss the significance of *agricultural economics* and *rural sociology* as recent developments among the social sciences. What advantages are there in approaching a study of country life from the viewpoint made possible by the term *social economics of agriculture*?

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CHAPTER II

A BRIEF ECONOMIC HISTORY

Two converging sets of influences operating under the whip of stern necessity in an unexcelled and widely varied physical environment were largely responsible for the direction assumed by the development of American agriculture in the colonial period. One of these was the valuable lessons and crops contributed out of the experience of the Indians who inhabited the land at the time of European settlement. The other was the large inheritance from the agriculture then current in the several nations of the Old World which participated in the establishment of the new country.

The London Company which promoted the first successful settlement in this country at Jamestown, Virginia, did so with little idea of developing an agricultural civilization in the New World. The primary interest of these promoters was to discover immediately in the virgin areas great supplies of pitch, tar, soap ashes, resin, flax, cordage, iron, copper, glass, and timber for shipbuilding and other purposes. For many years prior to the permanent settlement at Jamestown, the mother country had been forced, through its own diminished supply, to import these commodities from such uncertain sources as Germany, Poland, Russia, and Sweden. But war and icebound seas made these reservoirs of naval and other stores precarious for the British whose main line of defense has ever been either the wooden or the steel wall established by their navy and merchant ships. Although the first efforts of the early settlers were to discover and deliver such expected supplies, it soon became manifest to leaders like Captain John Smith that the labor supply in the struggling colony was inadequate to such a task. In order that they might survive, it was necessary that the energies of the adventurers should be devoted to the tilling of the soil, and the building of houses and forts.

While the motives back of the settlement of Plymouth, Massachusetts, were not so crassly mercenary, there was the idea of profitable returns from investments.

In the founding of these self-governing Puritan colonies, economic motives cannot, of course, be ignored. New England, like Virginia, could not have developed as it did if large numbers of people had not believed that they could make an easier, or a better, living for themselves in America. Yet, when all is said, it cannot be denied that religion, in the form of Puritanism, played a greater part there than in any other English colonies, with the possible exception of Pennsylvania.¹

The history of these early days in the making of the nation constitutes reading that thrills one, but at the same time its pages are filled with tragedy as well as romance, and the real hardships of life are everywhere apparent. And necessity forced our forefathers, whether they came into the forming nation by way of Jamestown, Virginia, Plymouth, Massachusetts, or Charleston, South Carolina, to become first of all farmers before they became tradesmen. They were remote by long and stormy sea voyages from the home base they had left behind them, and the matter of bread, meat, and shelter early eclipsed all their other interests.

The history of American agriculture is often divided into three periods: first, Colonial Agriculture (1607-1776), covering the years from the settlement at Jamestown to the Declaration of American Independence; second, Agriculture in Transition (1776-1860), extending from the official beginnings of the Republic to the Civil War; and third, The Agricultural Revolution (1860-), during which period changes have taken place which are so momentous in their ramifications and consequences that collectively they have had an effect upon agriculture that has been truly revolutionary in character.

1. COLONIAL AGRICULTURE (1607-1776)

To a much larger degree than we are accustomed to think, the colonists were beneficiaries of the Indians. Notably, the settlers in their early days at Jamestown were saved from starvation by the Indian corn purchased by John Smith, amounting altogether to several hundred bushels. Moreover, this indebtedness was not only

¹ Greene, E. B., *The Foundations of American Nationality*, American Book Company, New York, 1922, pp. 88-89.

true in the matter of actual supplies secured through the barter of hatchets, cloth, beads, and other trinkets, but it was the case in a still larger degree through the adoption of Indian agricultural plants and practices. The European plants were experimented with, and sooner or later many of them became acclimated, but at the outset, the dependence was upon such native crops as Indian corn, potatoes, and tobacco. Small clearings were made, after the custom of the natives, by girdling the trees, or burning around the bases. Sometimes fish were put into the hills for fertilizer. The yields on virgin soil were quick and certain. These primitive methods together with the abundant meats provided from the hunt soon made the settlers safe in the matter of sustenance.

Carver in discussing the contributions which European agriculture has made to that of America gives a good brief characterization of these in the following words:

Our own agricultural history is more closely related to that of Great Britain than to that of any other part of the world. Not only did the American colonists bring with them the rural customs and practices of the mother country, but they continued for a long time, even down almost to the present, to look mainly to England for improvements in almost everything agricultural except farm machinery, in which we have led the rest of the world. New and improved varieties of fruits, grains, and vegetables, and, more especially, superior breeds of livestock, have generally come from England and Scotland. . . .

Though France helped us to win our political independence and gave us some of our best political ideals, she contributed little to our agriculture except the Percheron horse; the French coach horse, which is really not yet an established breed, and owes its best qualities to the English Thoroughbred; and the Rambouillet variety of the Merino sheep, which had in turn been borrowed from Spain. Though the Dutch laid the foundations of our largest city and gave us some of the best features of our system of popular education, their most valuable contributions to our agriculture are buckwheat, white clover, and the Holstein cow. Spain gave us our monetary unit, the dollar, but contributed nothing special to the improvement of our agriculture except the Merino sheep and some of the progenitors of the American mule. Germany and the Scandinavian countries have given us a great many sturdy farmers, and every country is indebted to Germany for certain scientific discoveries which have indirectly benefited agriculture as well as other industries; but aside from the Oldenburg coach horse and a few special varieties of grain and fruit, she has made no significant contributions toward the direct improvement of our agriculture. We have bor-

rowed from many nations in fact, but all of them together have scarcely contributed as much as Great Britain to our agricultural development. From that country we have imported every one of our leading breeds of cattle except the Holstein and the Brown Swiss, all our leading breeds of sheep except the Merino in its different varieties, several of our leading breeds of swine, and a few breeds of poultry. To her we owe the Shire, the Clydesdale, and the Suffolk among draft horses, and the Thoroughbred, which is the foundation of all our saddle and driving horses. In addition we have brought from Great Britain most of the common garden and field crops except those which were indigenous, such as corn, potatoes, and tobacco, and also cotton, which obviously could not have come from so cold a country as England, the common cultivated varieties being imported from the eastern hemisphere, though certain species are native to America.¹

Two economic characteristics² stand out most prominently in colonial agriculture. The first of these was its *extensive character*, that is, the thinness of application of labor and capital on a large extent of land, due to the cheapness and abundance of this factor of production. The second was its *self-sufficiency*, implying by that term not complete isolation from commercial relations, but production, as a rule, for home consumption rather than for sale.

The desire for land was one of the master passions which brought Europeans across the seas in the seventeenth and eighteenth centuries. And, of course, nothing was quite so abundant in the New World in those days. Land was plentiful, but not laborers and equipment, so the soil was lavishly exploited in order to maximize on the use of the limited supplies of labor and capital.

When the North American continent was settled, the feudal system of land tenure generally persisted in Europe. This sort of land system was an intricate one, making difficult and cumbersome the transfer of land, and severely restricting the rights of inheritance and bequest. It was natural and necessary in a new country, where land could be had almost for the asking, that it should come to be held in fee simple title and be transferred as was the case with any kind of property. The theory prevailed rather widely that the title to land in the New World was vested in the crown, and from this

¹ Carver, T. N., *Principles of Rural Economics*, Ginn and Company, Boston, 1911, pp. 48-50.

² Bidwell, Percy W., and John I. Falconer, *History of Agriculture in the Northern United States, 1620-1860*, Carnegie Institution, Washington, 1925, p. 115.

source all subsequent rights were derived.¹ The king granted the land in this country in vast tracts to chartered companies or to proprietors who in turn made it available to individuals.

In Virginia, for example, a private individual might secure land in one of three ways: (1) by the purchase of a share of stock, known as a *bill of adventure*, in the London Company, which entitled the holder to a proportionate share of any profits accruing and title to a tract of land; (2) by meritorious service such as that rendered by ministers, officers in the colony, physicians, and others who through useful services commended themselves for such recognition; and (3) by what was known as *head right*, or the privilege of a shareholder by means of which he was able to secure title to fifty acres of land for every person, bond or free, whom he transported to the colony at his own expense, provided such a person stayed in the colony for at least three years. Beginning around 1618, this method became the widely prevailing one, and the privilege was soon extended to persons who were not shareholders. Subsequently, the administration of lands permitted the issuance of patents to anyone who would pay a fee to the secretary of the colony. During the first few years of settlement, the tracts of land patented averaged around 100 to 150 acres each. Subsequently this area was increased, until in 1695-1700, each grant made averaged as much as 683 acres.

There were public surveyors in different parts of the colony and when a certificate of head right was received, one of these officials "proceeded to make a survey of any unappropriated tract that the patentee had selected. The latter almost invariably selected land adjacent to a river or the sea so long as any such land remained unappropriated. It was the practice of the surveyor to adopt the shore as a base and to measure off on this base a line whose length depended upon the size of the tract to be patented. From either end of this base line, and at right angles to it, a line was run back to the distance of a mile. These two lines, together with the base and back lines, formed the boundaries of the tract to be patented. After all the land adjacent to the waterways was patented, the back line of these tracts was used as a new base for laying the back country off into tracts for new plantations."²

¹ Bogart, E. L., *Economic History of American Agriculture*, Longmans, Green and Company, New York, 1923, pp. 30-33.

² Carver, T. N., "Historical Sketch of American Agriculture," *Cyclopedia of American Agriculture*, The Macmillan Company, New York, 1917, Vol. IV, pp. 40-41.

These steps completed, the title to the land was perfected by what was known as *seating* or settlement, that is, the patentee built a house and cultivated a crop upon the land. Also, he was expected to pay a quit-rent of a shilling for each fifty acres of land, a procedure which was not to go into operation until after the lapse of seven years. This latter provision, however, received little attention on the part of the landholders and insistence upon it by colonial authorities caused widespread dissatisfaction.

The New England system of land tenure was rather different to that prevailing in the more southerly colonies. In exceptional instances, grants were made to a few individuals for meritorious services. The prevailing method of distribution, however, was to make large grants to groups who wished to establish a settlement centering about a town. The individuals received their lands from the towns. "It was the admirable economic land tenure which shaped the early towns; without this, even their religious and political systems might not have established their distinctive system of living. They elected, as it were, certain men and families to church membership, and upon these fell the responsibilities of citizenship."¹ Among the privileges of those admitted to citizenship, was that of receiving a grant of land. Certain tracts of land, or "commons" were held with rights in common by the original families as a town pasture, which in the subsequent growth of the communities led to the distinction between "commoners" and "noncommoners."

The condition of self-sufficiency was a most important feature of the earlier American farm. The farm family produced for themselves shelter, food, clothing, furniture, farm implements, and most of the other things required in their farm and household economy. One of the writers on this phase of our agricultural history has said:

From his feet to his head the farmer stood in vestment produced on his own farm. The leather of his shoes came from the hides of his own cattle. The linen and woolen that he wore were products that he raised. The farmer's wife or daughter braided and sewed the straw hat on his head. His fur cap was made from the skin of a fox he shot. The feathers of wild fowl, in the bed whereon he rested his weary frame by night, were the results acquired in his shooting. The pillow-cases, sheets and blankets, the comfortables, quilts and counterpanes, the towels and table cloth, were home made. His harness and lines he cut from hides

¹ Weeden, W. B., *Social and Economic History of New England, 1620-1789*, Houghton Mifflin Company, Boston, 1890, Vol. 1, pp. 65, 66.

grown on his farm. Everything about his ox yoke except staple and ring he made. His whip, his ox gad, his flail, axe, hoe and fork-handle, were his own work. How little he bought, and much he contrived to supply his wants by home manufacture would astonish this generation.¹

If so much of the household necessities of this nature were provided from the farm, as a matter of course, the food supply was bountifully available. However, this partook of a simple nature, and while the tables "groaned," they groaned in the northern states under the weight of "bean porridge hot and bean porridge cold," brown bread, hominy or hasty pudding and milk, pork, salt beef boiled, salt and fresh fish, succotash, and the more usual of vegetables in season. Sugar was costly, and was rarely used except for company, molasses and honey constituting the sweetening ingredients.

Practically the only articles of diet not provided on the farm were salt, molasses, rum, tea, and coffee. Salt was an absolute necessity, and rum was a customary and popular beverage. These two articles were important in the internal trade of the times. Tea and coffee were little used by farmers in the pre-Revolutionary days, though shortly afterwards their use became widely extended.

Wertenbaker has quite successfully exploded the general impression that the typical Southern farmer of colonial days was one with a large mansion and numerous slaves. His study of rent rolls in a number of Tidewater counties in Virginia indicates clearly that there was a large majority in the yeomanry of the times, and that many of these rose from the estate of indentured servants. While such findings have a disturbing effect upon widely current tradition, they in no wise decrease our estimate of the long-continued stability of our farming classes in extraction and industrious background.²

However, nothing can detract from the luster of the grade of civilization achieved by the old Southern planter. The plantation is the most colorful of all institutions developed in the rural life of America. Thomas Nelson Page in his collection of essays on *The Old South* says:

It has been assumed by the outside world that our people lived a life of idleness and ease, a kind of hammock-swing, "sherb-ert-sipping" ex-

¹ Hedges, Henry P., in Suffolk County, New York, *Bicentennial History*, 1885, p. 42.

² Wertenbaker, T. J., *The Planters of Colonial Virginia*, Princeton University Press, Princeton, N. J., 1922, pp. 260.

istence, fanned by slaves, and in their pride, served on bended knees. No conception could be further from the truth. The ease of the master of a big plantation was about that of the head of any great establishment where numbers of operatives are employed; and to the management of which are added the responsibilities of the care and complete mastership of the liberty of his operatives and their families. Any master who had a successfully conducted plantation was sure to have given it his personal supervision with an unremitting attention which would not have failed to secure success in any other calling. If this was true of the master, it was much more so of the mistress.

These beautiful memories of a day that is now gone are recalled to emphasize the self-sufficiency which characterized our early agriculture. The old plantation in the South was built upon the foundation of such a system of economy. Miss Burwell, a member of a distinguished Southern family, in writing of *A Girl's Life in Virginia*, pictures vividly the environment of her childhood days. The master's residence, known by the Negroes as "the great house," stood in a central position, handsome, attractive, and commodious, the overseer's home, a plainer structure, usually located some distance from it. "Rows of white cabins with gardens attached; Negro men in the fields; Negro women sewing, knitting, spinning, weaving, housekeeping in the cabins; with Negro children dancing, romping, singing, jumping, playing around the doors—these formed the only pictures familiar to my childhood." Bread, meat, milk, vegetables, fruit, and fuel were said to be as plentiful as water in the springs near the cabin door. "Among the Negroes—one hundred—on our plantation, many had been taught different trades; and these were blacksmiths, carpenters, masons, millers, shoemakers, weavers, spinners, all working for themselves. *No article of their handicraft ever being sold from the place, their industry resulted in nothing beyond feeding and clothing themselves.*"¹

The gaunt wolf of possible famine and personal exposure successfully driven from the door, there came recurring recollections of the luxuries of life which the early settlers had experienced or known of in the older civilization upon which they had turned their backs years before. What was there in an agricultural economy which could be provided as an exchange commodity for the silks, satins, laces, broadcloths, the elegant furniture, the massive silver services,

¹ Italics mine.

as well as the less expensive of the accompaniments of higher levels of living?

In the New England states, the less favorable soil and climate led early to the development of fishing, shipbuilding, and commerce. Even there, agriculture continued as the dominant industry, but these additional interests formed the basis of trade with the Old World. In the South, timber and furs had in some measure helped, but the lumber was bulky and shipping space scarce, and the furs soon none too plentiful.

John Rolfe, celebrated as the husband of Pocahontas, is reputed to have been the first to experiment with the cultivation of tobacco. This plant, of course, was widely grown by Indians, but was not of a very superior quality and could not compete with the product of the West Indies. It is said, however, that by 1614, Rolfe had succeeded in growing a tobacco leaf that was as "strong, sweet, and pleasant as any under the sun." The demand for the tobacco weed was large in England, and increasing. The London Company, disappointed in the lack of iron, naval stores, and the like secured from their colony, gladly encouraged the growth of tobacco. The first shipment was made in 1619, singularly enough the same year in which a Dutch privateer brought the first cargo of slaves to this country. By the year 1775, 85,000,000 pounds of tobacco were exported annually, with a value of about \$4,000,000. From the outset, tobacco was the leading article of export from the New World, and during the colonial period between one-fourth and one-half of the total export of North America consisted of this commodity. The type of agriculture thus introduced proved very profitable in the earlier decades of the settlement, but involved wasteful methods which rapidly impoverished the soils.

Next to tobacco in importance in the South was rice, grown principally in South Carolina. In that colony in 1761, with a population of only forty-five thousand, the rice crop was valued at over \$1,500,000. Another commercial crop of great worth in the early days of the same colony was indigo. In the last decade before the Revolution, South Carolina exported on the average a half-million pounds of indigo a year, valued at from 2 to 5 shillings a pound. Later on, following the invention of the saw gin, cotton came into great prominence as an exchange crop, but this was in a

period when the young nation had wrested its independence from a tyrannical parental control.

Since the agriculture of the nation was fundamentally self-sufficient, the trade in these exchange crops brought much wealth and luxury to the colonies. In writing of the resulting situation in South Carolina, William Gilmore Simms tells us that although the smaller farmers in the "Back Country" of South Carolina were having a struggle to get a bare living, the rice and indigo planters who lived in the Low Country had grown very rich and owned large tracts of land and many slaves. In describing the resulting life in the City of Charles Town during this period, he says that

its people were gay, hospitable and fond of display. Their sons, returning from Europe, brought back customs and fashions of the Old World, as well as wasteful habits. Clothes and jewels were brought from the cities of Europe and sold in Charles Town. Almost every family kept horses and carriages. There were concerts, dinners and balls attended by companies of people dressed in the latest European fashions. Horse racing was a great amusement. Theaters were open in which the best actors in America played. Three weekly newspapers were published in the city. There were good bookstores in which the latest books from England could be bought. In the business sections, the city was like a beehive, so busy were its citizens with matters of trade. Its wharves were lined with ships, and its harbor filled with vessels and boats.¹

2. AGRICULTURE IN TRANSITION (1776-1860)

The American Revolution had a significant effect upon the life of the farm people, who made up at that time probably more than eight of every ten in the total population. The social changes set in operation were perhaps more far-reaching than the economic, for blockade runners continued to carry tobacco and rice, the largest items of agricultural export in colonial days, in substantial volume to the Old World, and the legislatures of cotton-growing states encouraged the production of this staple to meet increased needs in this country during the war. Moreover, the agriculture was so largely on a self-sufficing basis, and so small a proportion of the total population was engaged in the fighting at any one time that the economic dislocations, except in the rather limited areas of

¹ Simms, William Gilmore, *The History of South Carolina*, Rev. by Mary C. Simms Oliphant, The State Company, Columbia, S. C., 1917, pp. 94-97.

intensive military activity, were never very severe. It is estimated that the total population of the Colonies at the opening of the Revolution was 2,750,000, of which number about 700,000 were men between the ages of eighteen and sixty. It is stated that at no time during the conflict were more than one-eighth of this number under arms, and during most of the war perhaps not more than one-sixteenth. As to the social effects on the farmers, the roots of the class struggle involved went much deeper into the life of the times. One authority has the following to say in this connection:

It is now generally recognized that the American Revolution was social as well as political. The struggle was waged not only against parliamentary and royal oppression; the enemy included local tyranny as well. Leadership was supplied by merchants and lawyers and planters who had economic as well as ideological differences with England. The driving force of the Revolution, however, was furnished by city laborers and mechanics, small farmers, and backwoodsmen. . . . It can also be understood why the agrarian elements should have been attracted to the Revolutionary cause. The backwoodsmen had several grievances against English policy. . . . Their grievances against the colonial governments were even more immediate. . . . In the back country, from Maine to South Carolina, grew up a distinct society composed of small farmers and trappers with little property but considerable courage and initiative. Their philosophy, so far as it was articulate, was democratic and individualistic; it contested the right of the seaboard to exercise political and economic domination. In Virginia it was the Piedmont against the Tidewater; in Pennsylvania, the western farmers against the wealthy Quakers; and in New England, the frontiersmen versus the wealthy coast townsmen. . . . So far, then, as the small farmers and frontiersmen took up arms in response to their interests, it was a twofold gain that they sought: (1) To strike at imperial control, and (2) to gain a share in local government.¹

Volumes have been written on the land policies in the colonial era of our history, and still others on the public land policies since the establishment of the republic. In order to compress the subject into proper scope the treatment must be brief and sketchy. At the close of the Revolution, the unoccupied or unsold areas of the nation were considered as the property of the individual states. Shortly afterwards, by a series of acts, the greater part of such terri-

¹ Edwards, Everett E., "American Agriculture—The First Three Hundred Years," *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, pp. 191-194.

tory was ceded by these states to the Federal Government. Oppressed by the heavy debt burden of the struggle for independence, the young government was searching eagerly for means to liquidate it. Thus the first land policies sought to settle these areas by sale and convert them into Federal revenues. This attempt was blundering and largely unsuccessful, but soon led to a progressive policy that was social instead of financial in its central motive. The culmination of these efforts was the Homestead Act of 1862 and its modification in 1864. Under the provisions of this measure, an individual who actually lived on and cultivated the land was given without money and without price the title to 160 acres of land. While there were many abuses of these measures by land grabbers, lumber and mining interests, as well as a widespread encouragement of un-economic-sized farms for the type of farming coming to prevail in many areas, there is considerable of truth in the statement made by one of the Federal land commissions to the effect that the Homestead Act "protects the government, it fills the state with homes, it builds up communities and lessens the chances of social and civil disorder by giving ownership of the soil, in small tracts, to the occupants thereof."

Year by year, culture patterns became more firmly established in the older settled portions of the New World social structure, but the more restless spirits were constantly extending the western frontier of the nation. Then, too, new streams of humanity were pouring into the "land of opportunity," and these naturally sought to establish their foothold in the wilderness or semiwilderness where land could be had for the taking. Early in the opening years of the nineteenth century, the acquisition of vast spaces from the French through the Louisiana Purchase made available new lands for settlement. At that time, an embargo had damaged the trade of New England and the competition of the more fertile western soils had started the Yankee tide of emigration across Pennsylvania on into Ohio and farther westward. The impoverished soils of Tidewater Virginia made the citizens there keenly sensitive to the westward urge, and her citizens left her borders by the wholesale. North Carolina backwoodsmen in this same general movement flocked to Indiana, and other southern states contributed large quotas of population as far north in the new area as Michigan and Wisconsin.

According to Turner,¹ up to 1830, except in Ohio and Michigan, the dominant overflow of settlement into the Middle West was Southern, particularly from Kentucky, Virginia, and North Carolina. During the following decade, the influence of the Erie Canal became apparent, and along this highway of transportation, thousands of New Englanders poured into the new country. "Combined with the streams from the East there was a substantial German migration. Between 1830 and 1860, these numbered about one and a half million of people." By the later 'fifties, therefore, the control of the Middle West had passed to its northern zone of population, and this zone included representatives of the Middle States, New England, and Germany as its principal elements. In the struggle between the conflicting types of civilization, slave and antislave, is to be found much of the basis of the Civil War.

The settling of these extensive new areas of the West was greatly stimulated by two other factors—the marked improvement of farm machinery and the development of steam railroad systems, spanning a continent. Carver² is authority for the statement that "in 1833 practically all the work of the farm except plowing and harrowing was done by hand. Though there had been minor improvements in hand tools, and considerable improvement in livestock and crops, particularly in Europe, yet it is safe to say that so far as the general character of the work actually performed by the farmer was concerned, there had been comparatively few changes for four thousand years." The small grains, at that time, were broadcast by hand, and were harvested at best with the cradle, a scythe blade with a frame attached, and often with the primitive sickle. Threshing was done with a flail, or the grain was trodden out by the feet of horses or oxen, as was true in ancient Egypt or Babylonia. It was the practice to cut hay by hand with a scythe, and corn was planted and covered by hand and its cultivation, also, was done with a hoe. It is exceedingly significant that "by 1866 every one of these operations was done by machinery driven by horsepower except in the more backward portions of the country."

Until this marked development in farm machinery, a farmer's tools consisted of crude wooden plows, harrows, hoes, shovels, forks,

¹ Turner, F. J., *The Frontier in American History*, Henry Holt and Company, Inc., New York, 1920.

² Carver, T. N., *op. cit.*, p. 85.

and rakes, poorly made and often constructed on the farm where they were to be used. But labor has always been the most expensive factor in American farming, and it was natural that the inventive genius of our people should be turned to the devising of ways to conserve that element.

An earlier conspicuous example of the influence of machinery upon the economic history of American agriculture was the invention of the cotton gin. A severe limitation in the growth of cotton in the South had been the fact that the lint was separated from the seed by hand and the task was accomplished with the short-fibered variety at the rate of about a pound a day per slave laborer. Credit for the solution of this problem is accorded Eli Whitney, a young graduate of Yale University who had gone South to teach school. His own words in a letter to his father tell the story of this epoch-making invention in the cotton industry:

I went from N. York with the family of the late Major General Greene to Georgia. I went immediately with the family to their Plantation about twelve miles from Savannah with an expectation of spending four or five days and then proceed into Carolina to take the school as I have mentioned in former letters. During this time I heard much said of the extreme difficulty of ginning Cotton, that is, separating it from its seeds. There were a number of very respectable Gentlemen at Mrs. Greene's who all agreed that if a machine could be invented which would clean the cotton with expedition, it would be a great thing both to the Country and to the inventor. I involuntarily happened to be thinking on the subject and struck out a plan of a Machine in my mind, which I communicated to Miller (who is agent to the Executors of Genl. Greene and resides in the family, a man of respectability and property) he was pleased with the Plan and said if I would pursue it and try an experiment to see if it would answer, he would be at the whole expense, I should loose nothing but my time, and if I succeeded we would share the profits. Previous to this I found I was like to be disappointed in my school, that is, instead of a hundred, I found I could get only fifty Guineas a year. I, however, held the refusal of the school untill I tried some experiments. In about ten Days I made a little model, for which I was offered, if I would give up all right and title to it, a Hundred Guineas. I concluded to relinquish my school and turn my attention to perfecting the Machine. I made one before I came away which required the labor of one man to turn it and with which one man will clean ten times as much cotton as he can in any other way before known and also cleanse it much better than in the usual mode. This machine may be turned by water or with a horse, with the greatest ease, and one man

and a horse will do more than fifty men with the old machines. It makes the labor fifty times less, without throwing any class of People out of business.¹

This invention gave tremendous stimulus to the then lagging development of cotton production in the South and was one of the prime factors in fixing slavery as a widespread and profitable institution in the cotton régime. The method of operation of the gin was that of a cylinder equipped "with teeth projecting through strips of metal which drew in the cotton fiber, leaving the seeds behind, and a second roller, equipped with brushes to free the teeth from the lint, revolving in the opposite direction. Operated by hand the machine would clean fifty pounds a day, by water a thousand."² Cotton expanded into the greatest commercial crop of the South, and the largest single item of export from the nation. In 1790, 4,000 bales of cotton of 500 pounds lint each were raised in the United States, but under the stimulus of the new invention the production had reached 73,222 bales in 1800. By 1860, nearly 4,000,000 bales were grown, and in the same year cotton represented in value about 57 per cent of the total exports from this country.

The development of the plow forms an interesting and lengthy chapter in our agricultural history. Its improvement has been a cardinal factor in increasing the productivity of the labor employed in crop production by decreasing the labor requirements per acre and by promoting higher yields through superior tillage. Among those who contributed to the evolution of this basic agricultural implement were Thomas Jefferson and Daniel Webster.

As early as 1788, Thomas Jefferson conceived of a moldboard based on mathematical principles. In 1793, he had several plows made which incorporated his conception of the moldboard, and "became fully satisfied of their practical utility." Jefferson's invention was first given official publicity and recognition abroad, both the French Academy of Sciences and the English Board of Agriculture acknowledging his priority in the application of mathematical principles to the construction of the moldboard. While we have it on good authority that Jefferson's plow had "several very great defects," his contribution to the design of the moldboard cannot very well be overestimated. He not only discovered "one

¹"Correspondence of Eli Whitney" in *American Historical Review*, Vol. III, pp. 99-101.

²Faulkner, H. U., *American Economic History*, Harper & Brothers, New York, 1925, pp. 222-223.

of the many rules that are applicable to the formation of the mold-board," but also demonstrated the value of basing plow construction upon mathematical principles. The persistence of Jefferson's interest, moreover, no doubt stimulated subsequent invention.¹

The first patent in the United States for a cast-iron plow was granted to Charles Newbold of New Jersey in 1797. It was not well accepted by the farmers of his day because of a widespread impression that iron plows poisoned the soil for crop growth. The first of the now famous John Deere steel plows was made in 1837 from an old saw blade. In 1868, James Oliver was granted a patent for hardening cast iron so as to improve greatly its wearing and scouring qualities. From this start, the Oliver chilled-iron plows came into extensive use in the eastern as well as other parts of the country. In this same wave of invention the corn planter originated, as did also the sulky plow.

In 1831 a patent was granted to William Manning for a mowing machine and in 1834, Cyrus McCormick had developed his reaping machine. Obed Hussey in 1833 had taken out a patent for a reaper, but priority is claimed for the McCormick machine because it had been successfully demonstrated in the field as early as 1831, and because it was from the outset more nearly the prototype of the modern reaper and binder. By 1840, the further perfection and consequent success of these farm implements was clearly established, and they began to come quite generally into use. The threshing machine was invented about the same time. The reaper was improved by the addition of the wire binder, and later by the twine.

Some idea of the profound influence of such improvements may be gained from the fact that a good workman can harvest with a sickle an acre of twenty-bushel wheat in twenty hours, cutting, binding, and shocking it.² A reliable authority states that a day's work in cradling grain was about two acres on the average for continued labor. This applied only to the cutting since followers were usually required to bind the grain thus harvested. The first McCormick reapers were warranted to cut fifteen acres a day with ease. Further improvements in self-binding greatly increased

¹ Rogin, Leo, *The Introduction of Farm Machinery in Its Relation to the Productivity of Labor*, University of California Press, Berkeley, Publications in Economics, 1931, Vol. 9, pp. 28-29.

² *Ibid.*, pp. 125-153.

efficiency of operation and markedly reduced human-labor requirements. The effect of such laborsaving machinery was to increase tremendously the production of wheat and corn, later to an extent much out of proportion to our domestic needs.

In succeeding years, more and more of animal power has been replaced by steam, electricity, and gasoline as motive force. It is not unusual on the western plains today to see huge combines, under their own power, cutting the wheat, threshing, and bagging it. Tractors move over these same areas, with a tandem of plows, harrows, and seeders behind them, preparing and planting in their passage at one time a strip as wide as twenty feet.

What seemed at an earlier period unlimited virgin soils of great fertility and a scarcity of man power combined to make for the phenomenal development of farm machinery. Another economic necessity served to hasten the progress of transportation. This resided in the fact that the farms of the newly settled regions produced more abundantly than was represented by the needs of the producers. There was an increasing surplus of farm produce, and the markets for this were on the Atlantic seaboard, or in the urban centers of Europe. The turnpike, the canals, and the riverways had in an earlier age met inadequately enough the transportation needs of a growing nation. In 1803, so slow was the westward movement that Thomas Jefferson said it would take a thousand years to settle that part of the country. The difficulty in transporting troops over a large area was strikingly revealed in the War of 1812. All of these factors and many more gave unusual significance to the development of the steam railroad. After much experimentation on the part of many in different sections, the first railroad in America was opened for traffic in 1830, and by the year 1840, the total trackage in the country amounted to 2,828 miles. The most of these, however, were short, disconnected lines, and only the beginning had been made. Twenty years later, New York was connected with Chicago, and through rail connections linked the eastern seaport with St. Louis.

With this momentum gained, the movement rapidly went forward. On May 10, 1869, at Promontory Point, Utah, the Union Pacific from the east and the Central Pacific from the west, completed their frantic efforts to construct the first transcontinental railroad. Several years later the Atchison, Topeka, and Santa Fe,

the Great Northern, and the Southern Pacific succeeded in connecting the other vast stretches of eastern and western territory. A web of interconnecting lines soon covered a great part of the nation. In 1914, the United States could boast of more railroad mileage than all of Europe, and somewhat more than one-third of that in the entire world.

Thus, many striking changes occurred in this transitional period in American agriculture and the history of the country as a whole from 1776 to 1860. The era has sometimes been characterized as that of the plantation and the frontier, including the great Westward movement of settlement. At the time of the first census in 1790, some 4,000,000 constituted the total population of the country, all of them except about 250,000 inhabiting the thirteen original states. By 1850, there were more than 23,000,000 people and thirty-one states. "The frontier line had leaped the Mississippi River northward into Minnesota and Iowa, and southward into Texas; skipping the Great Plains, it had followed the trail of gold into California. All this had been effected in one lifetime."¹ A new nation had truly been born, wide in extent, unexcelled and varied in natural resources, great in its people and traditions but with conflict between the industrial North and the agricultural South over the issues of slavery and states' rights, and also basically between agrarianism and industrialism, looming dark on the immediate horizon.

3. THE AGRICULTURAL REVOLUTION (1860-)

Perhaps the Civil War was inevitable—even that may be disputed—but in the opinion of the author it was unfortunate and unnecessary. Now that the veterans of the Blue and the Gray have practically all answered the final long roll call, a younger generation has buried all but the faintest traces of animosity and the tragic conflict can be viewed with almost complete detachment and objectivity. Slavery was definitely becoming outlawed by advancing world sentiment. While brother was fighting against brother in civil war in this country, backward Russia was abolishing white serfdom by indemnifying the owners with government bonds and placing upon the former slaves the burden of retiring the indebtedness, a solution which while not perfect was immensely more

¹ Edwards, Everett E., *op. cit.*, p. 198.

intelligent and less wasteful than the path our forefathers chose to ameliorate the problem.

It is the opinion of many that the Civil War would not have resulted as it did had it not been for the railroads and farm machinery. Millions of men were drawn from the farms to the battlefields, and thousands of horses and mules, substitutions for whose productive power had to be made by machines so that food and feed supplies could be furnished the contesting armies.

The increased prices of farm products during and subsequent to the Civil War gave a great stimulus to agricultural production. Many farmers increased the extent of their enterprises, ex-soldiers, tradesmen, and mechanics hastened to take up lands under the special provisions made by the Homestead Act, and farming as an occupation seemed in a "boom stage."

Faulkner thus describes the resulting situation:

All went well until the inflated war prices collapsed. The government's policy of calling in some of the greenbacks and ultimately raising the paper currency to a parity with gold put the farmers at a disadvantage. Unable to meet his interest payments, which continued at the old rate, while prices fell and the value of money increased, the farmer was often forced to see his mortgage foreclosed, and the results of years of labor wiped out, with the option of going into industry, entering the ranks of the tenant farmer or agricultural laborer, or moving to the frontier. He felt strongly that eastern capital was benefiting from his misfortune. The feeling was especially bitter in those sections where the pinch was greatest, notably upon the wheat farms of the northwest.¹

A still more discouraging situation confronted the South. Devastated by the economic depletion of a long war taxing all of its resources, and harassed by the heel of the victorious, a long period of reconstruction was the only alternative. Cotton prices fell and land values declined in many parts of the nation.

This set of conditions led to what has come to be known as *The Agricultural Revolution*, the forces underlying which may be summarized as follows: (1) The settling of the vast public domain aided by the development of rather liberal land policies; (2) the rapid extension of the westward migration, resulting in practically the complete occupation of all available public lands; (3) the marked trend toward mechanized farming due to ingenious invention and

¹ Faulkner, H. U., *op. cit.*, p. 424.

mass production of farm implements and machinery; (4) the marvelous expansion and improvement of transportation, including later the automobile and the motor truck; (5) the growing extent of urbanization and industrial development carrying to the factories much of the manufacturing previously done on the farms, and millions of country boys and girls, as well; (6) the large expansion of domestic markets due to a rapidly increasing population, and a marked increase in the volume of exports of farm products to foreign markets; (7) the formation of various agencies, such as agricultural colleges, extension services, experiment stations, farmers' societies, national, state, and local agricultural fairs, and the Federal Department of Agriculture, to create and disseminate scientific knowledge relating to agriculture; and (8) the growing consciousness on the part of farmers, that working through their farm organizations and their duly elected representatives in state and national offices and legislative bodies, they could effectively make their wishes heeded in the interests of total national welfare.

The nature and result of these forces are in the main subsequently discussed quite fully in several different connections, and are so extensive in their ramifications, that it would constitute unnecessary repetition and undue length to attempt to treat of them at this point. Schmidt neatly summarizes the net result of the agricultural revolution in the following words:

Agriculture was transformed from a simple, pioneer, and largely self-sufficing occupation into a modern business organized on a scientific, capitalistic, and commercial basis; industry definitely underwent the change from hand labor in the home to machine production in the factory; and the local market was transformed into the world market. This threefold revolution in agriculture, industry, and commerce is the key to the study of the recent history of the United States.¹

Thus it is seen that from the primitive self-sufficing type which characterized the early agriculture of the nation, the farming interests have become more and more commercial in nature. Wheat is the product largely of the Northwest; corn and hogs come from the Middle West; the South supplies a good part of the cotton and tobacco produced; California and Florida excel in the citrus fruits—in other words, there has come to be a regional specialization. This

¹ Schmidt, Louis Bernard, "The Agricultural Revolution in the United States, 1860-1930," *Science*, 1930, Vol. 72.

has been a logical and necessary development. On the principle of comparative advantage, those sections best adapted to the economic production of certain commodities should grow those, put them on the market at a fair price in relation to the factor of supply and demand, and buy their needs in other goods from the other sections best fitted to produce them. As a general rule, it is impossible today in so complex and intricate a civilization as that made by railroads, steamboats, automobiles, airplanes, and thousands of wants and desires created by modern manufactures and advertising campaigns for the farmer to practice a self-sufficing agriculture, even if he would. He must have produce to sell to pay his taxes, educate his children, buy his automobile and gasoline, and to do many other things which it requires money to do. Agriculture is still the nation's most important single industry. The farmer has been too slow to realize that the same forces that have been determining the trend in manufactures have also been operative in agriculture. The machine entered the farm industry as an effective force more than a half century ago, and the transformation resulting has been more basic than the farmer in general has been either willing or able to recognize. Efficient transportation, by the same sort of machine influence, has reinforced the effects of power-driven farm machinery. The result is that the modern farmer must, if he is to survive, master the technique of his calling in terms of the machine, and not seek to cling to a type of agriculture that can mean only peasant levels of existence.

QUESTIONS

1. What set of factors determined that the earlier pattern of American civilization should be primarily agricultural?
2. Into what three periods can the history of American agriculture be conveniently divided, and what is the general extent of each?
3. State the more significant of the contributions of the Indians to the life of the early colonists.
4. By which European country was American agriculture most influenced and in what specific ways?
5. Name the two most prominent features of colonial agriculture, and tell why they are to be so considered.
6. Describe the ways in which the individual acquired land in the days of settlement in Virginia.

7. State the relation between land tenure and the town in the settlement of New England.
8. Describe the condition of self-sufficiency on the American farm in the colonial period of our history.
9. Through what means did the luxuries of the Old World become available to the colonists?
10. Discuss the economic and social effects of the American Revolution upon the life of the farm people.
11. Compare the motives in the public-land policies in the early days of the republic with those obtaining under the Homestead Act.
12. Discuss the causes of the westward migration, the comparative rôles of the South and the North in the process, and the fundamental relation of these to the basis of the Civil War.
13. Contrast the farm-machinery situation existing in 1833 with that prevailing in 1866.
14. Using the cotton gin or the reaping machine as an illustration, show the profound effect of improved farm machinery upon the economic history of agriculture.
15. What was Jefferson's contribution to the evolution of the plow? Charles Newbold's? John Deere's? James Oliver's?
16. Give some of the principal factors serving to hasten the progress of railroad transportation, and briefly trace its development from 1830 to 1914.
17. Discuss some of the principal effects of the Civil War upon agriculture.
18. List the forces underlying the Agricultural Revolution in the United States.
19. Characterize in a neat summary the net result of the agricultural revolution in this country.
20. Explain what is meant by the statement that our agriculture is now in the *commercial stage*.

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CHAPTER III

OLD AND NEW WORLD AGRICULTURES

American agriculture is different from European agriculture in a number of ways, but in a large measure it is to be considered as an extension of the methods of farming in the Old World to the pioneer conditions of the New World. In the processes of adaptation, and subsequent development, some of which have been traced in the preceding chapter, the procedure has been very much that described by Turner in discussing the significance of the frontier in American life as follows:

In the settlement of America we have to observe how European life entered the continent, and how America modified and developed that life and reacted on Europe. Our early history is the study of European germs developing in an American environment. The frontier is the line of most rapid and effective Americanization. The wilderness masters the colonist. It finds him a European in dress, industries, tools, modes of travel, and thought. It strips off the garments of civilization and arrays him in the hunting shirt and the moccasin. It puts him in the log cabin of the Cherokee and Iroquois, and runs an Indian palisade around him. Before long he has gone to planting Indian corn and plowing with a sharp stick; he shouts the war cry and takes the scalp in orthodox Indian fashion. In short, at the frontier, the environment is at first too strong for the man. He must accept the conditions which it furnishes, or perish, and so he fits himself into the Indian clearings and follows the Indian trails. Little by little he transforms the wilderness, but the outcome is not the old Europe. The fact is that here is a new product that is American.¹

It is not only a significant undertaking, but also an exceedingly interesting one, to attempt the comparison of the major points of difference between the parent agriculture and its derivative. Most of the crops which we grow were grown for centuries before in Europe and Asia and were rather quickly acclimated to American soils and

¹ Turner, F. J., *The Frontier in American History*, Henry Holt and Company, Inc., New York, 1921, pp. 3-4.

climate. The breeds of animals—dairy and beef cattle, horses, swine, sheep, poultry, etc.—which form the basis of our livestock industry were developed in the Old World, and imported into this country. The principles of cultivation and fertilization are the same, even though methods relating thereto may not be. Thus the most fruitful approach to the topic under consideration is that of contrast. The striking general differences which exist seem to group themselves under (1) the residence in villages; (2) the comparative emphasis upon land and labor; (3) the status of farm women; (4) the standard of living; (5) the extent of coöperative endeavor; and (6) the distinctiveness of culture. It is under these headings that a picture of the differences between Old and New World agricultures will be sought.

1. RESIDENCE IN VILLAGES

The prevailing tendency in Old World agriculture, although not universal, is for the farming population to be grouped in small villages, and to journey back and forth to their daily work on the land surrounding the farm village. This matter of village residence is in striking contrast to the American custom of the farm home being located in the open country, in the midst of the land which the farmer cultivates. Even in the ancient civilization of China, the basis of its agriculture is "a farm system of unfenced scattered plots of land for the most part inherited, difficult of management from the farmsteads which are usually located in villages or hamlets of varying size. These villages and hamlets dot the landscape about as thickly as do the solitary farmsteads in the United States, and this signifies a dense population as well as a rural social system entirely different from that in most western countries." ¹

It is rather well accepted that mankind in his evolutionary development passed first through a stage known as *collectional economy*.² In this stage he may be pictured as wandering over the face of the earth, without clothes, tools, or weapons, accepting the gifts of nature, and acquiescing in her arrangements as to bounty or scarcity of food, and of sunshine or of storm. These earliest men hunted, fished, gathered berries, nuts, wild vegetation of various

¹ Buck, J. L., *Chinese Farm Economy*, University of Chicago Press, Chicago, 1930, p. 422.

² Gras, N. S. B., *An Introduction to Economic History*, Harper & Brothers, New York, 1922, Chap. I, II, III, pp. 1-103.

sorts, seized such small animals as snakes and insects, and dug into the ground for wild bulbs and roots. While the dawn of recorded history finds mankind, as a whole, much advanced beyond a purely collectional stage, early evidence written in stone, bronze, iron, clay, papyrus, parchment, and paper gives numbers of instances of people largely in the collectional economy stage of existence.

Next in his progress upward, man began to cultivate plants of useful types, and to domesticate various kinds of wild animals, still retaining the wandering habits of the nomad. In this *cultural nomadic economy*, "man stored his food from season to season, to provide against a time when nature was most niggard. He fashioned weapons and tools to make himself master of the field. In this new stage he undertook to guide the lives of animals so that they would better serve his needs, to drive them hither and thither to feed, and to protect them at night from devouring enemies. He also undertook to direct the growth of plants, putting some here and some there, fighting their battles with other plants, and with the beasts of the field and the birds of the air." Milk, butter, and cheese became known, and domesticated animals furnished hides for leather, and wool for clothing and tents. Wagons and carts were drawn from place to place by horses and oxen as beasts of burden. People of such habits were the "pastoral nomads," driving their cattle hither and thither for pasturage, while there were other "cultural nomads" who cultivated plants only. Usually in this stage, both plants and animals are supposed to have been domesticated and cultivated. In this stage the concept of property arose, the family, clan, and tribe emerged, and a division of labor resulted, the men caring for the animals, and the women tilling the soil. Today among the Kirghiz of Fergana, the herders drive their animals as high as three miles up the mountain side to graze, while lower down the slope others of the group cultivate wheat, millet, and barley.

In order to increase security in life and property, and to accommodate the needs of an increasing population through more intensive methods of cultivation, the *settled village economy* stage was entered upon. The people of such a village were united by bonds of kinship. This condition of permanent settlement promoted a civilization with elements of stability. Economic production was stimulated, industries were established, trade was engaged in, social intercourse was enriched, religious observance took form, and

government was a logical sequence. These villages were "heap-villages" when the houses lay near to each other without any special arrangement, each with its garden close by, and here and there a path. Or they may have been "round villages," compact and circular in form. There were also "short-street villages" compact and nucleated in arrangement. In the "long-street villages," as the name suggests, the houses were strung along on either side of a long street. The compact form of arrangement was adapted to defense, and usually in the center of such a village was an inclosure for the flocks and herds at night, or in time of attack. In its first phase, this settled village was free from the exclusive property ownership of any nobleman, bishop, or monastery. In the second phase, such an aristocracy had developed, and in its full development, there was no land, no village without a lord.¹

To trace the various stages by which the "manorial system" came into its flower is beyond the purposes of the present discussion. It is well at this point to get a brief picture (see Fig. 3) of the arrangement of a manorial village in mind because of its relation to the existing mode of residence and distribution of landownership in Old World agriculture. In the twelfth and thirteenth centuries in England, the manor as built up by the Normans was about as follows:

There was a village street, and along each side of it the houses of the cultivators of the soil, with little yards around them; as yet there were no scattered farmhouses, such as were to appear later. Stretching away from the village was the arable land, divided usually into three fields, sown one with wheat or rye, one with oats or barley, while one was left fallow. The fields were again subdivided into what were usually called "furlongs," and each furlong into acre or half-acre strips, separated, not by hedges, but by "balks" of unploughed turf; and these strips were distributed among the cultivators in such a way that each man's holding was made up of strips scattered up and down the three fields, and no man held two adjoining pieces. Each individual holder was bound to cultivate his strips in accordance with the rotation of crops observed by his neighbors. Besides the arable fields there were also meadows, inclosed for hay harvest, and divided into portions by lot or rotation or custom, and after hay harvest thrown open again for the cattle to pasture upon. In most cases there was also some permanent pasture or wood, into which the cattle were turned, either "without stint" or in numbers proportioned to the extent of each man's holding.

¹ Gras, N. S. B., *op. cit.*, p. 62.

Supposing such fields and meadows were owned in common by a group of freemen, the condition of things would be what is called the *mark system*. But the manorial system was something very different; for in

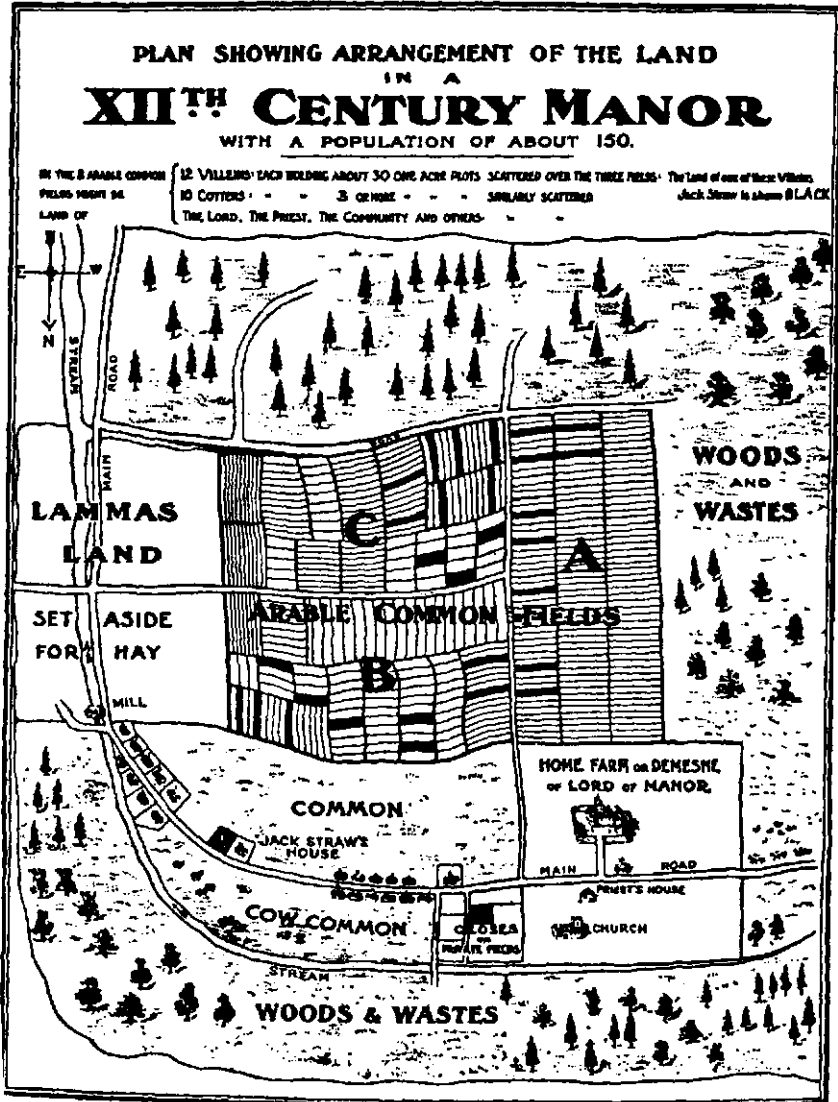


FIGURE 3. The Arrangement of the Land in a Twelfth Century Manor. (Source: *ordham, Montague, A Short History of English Rural Life*, Charles Scribner's Sons, New York, 1919, frontispiece.)

a manor the land was regarded as the property, not of the cultivators, but of a lord.¹

The buildings of a manor of any size would be: The Halls and Barns and other buildings of the Home Farm, the property of the lord of the manor; the Mill, also as a rule his property; the Church, the Priest's House, and the small farmhouses and cottages with their outbuildings that formed the Village.

At its head was the lord, whom Norman law inclined to look upon as the owner of the land as well as a governor of the estate. The lord might be the king, a monastery, or other ecclesiastical institution, a bishop or some other Church dignitary, or a layman, either some Norman noble holding many such estates, or perhaps merely a modest squire, holding a few manors, or one only. Such manors would rarely, if ever, be bought and sold. If they were vested in the Church, they would remain in the hands of the Church, whilst if a manor were in lay hands it would, in the ordinary course, pass from father to son, remaining in the same family for many generations, unless it happened that the manorial lord broke some feudal rule that caused his land to escheat to and become vested in his superior. In such cases it would be re-granted to some new owner to hold on similar feudal terms as his predecessor.²

With the disintegration of the feudal system, the villages remained and today the farmers generally reside in them, going back and forth daily to their outlying farms. For example, in Germany at the present time the *dörfer*, or villages as we call them,

are set thick in the landscape a mile or two apart in all directions. They are groups of substantial farm buildings with terra cotta tile roofs. The gleaming red of the housetops gives them the fresh appearance of new construction, although they may be four or five centuries old, as many of them are. They look at a distance like towns of from fifty to five hundred homes. Commonly they are off the railroads. They are self-sustaining and nearly self-sufficing little farm communities. Everybody in these little villages is a farmer, and the village farms of from ten to twenty acres lie in small patches in various directions in the immediate vicinity. In the early morning and evening hours the men, women, and children can be seen tramping out to their fields and back again—straggling processions of farm workers.³

¹ Ashley, Sir William J., *English Economic History*, Longmans, Green and Company, New York, 1931, Part I, p. 6.

² Fordham, Montague, *A Short History of English Rural Life*, George Allen & Unwin, Ltd., London, 1919, pp. 31-32.

³ Branson, E. C., *Farm Life Abroad*, University of North Carolina Press, Chapel Hill, 1924, p. 10.

And with modifications of architectural detail characteristic of the particular nation, whether France, Russia, Switzerland, or Italy, the same picture holds true.

A good idea of the general arrangement of the houses composing these villages may be secured from the following description of the German farm home:

Throughout almost entire Germany the ground plan of the farmer's home is the same. The buildings are always of brick or stone (the very old houses being made of a frame work of timbers with a rubble plaster filling), and the stables and storehouses are also built of the same lasting and non-combustible material. Roofs are of tile, it now being against the law to use thatch. The house always fronts on the street or road. Built against one wall of this is the storehouse, a continuation of this is used for stables, and from this again continue the sheds for tools, etc. This group of buildings is built up on four sides of a square, forming in the center a large court. On one side of the house is the gate opening into the road, and when this is closed the whole place is secure from trespass. . . . The out-buildings are also substantially built with the second floor supported either by heavy timbers or by iron beams. The storehouse is used for storing the crops from the fields, there being no buildings of any kind on the land. The stables are used for the milch cows and for the beef cattle being fattened, as well as, of course, for the necessary horses. It is one of the peculiar customs of Germany that wherever the soil is rich and is highly cultivated the cows and the hogs and beef cattle are never taken out of the stables after once being put in. They are literally in for life. Green food is brought to them daily, and they are well taken care of. Cattle are chained to their stalls, each with its drinking trough, and they are daily cleaned off and bedded down knee deep in straw. Hogs are kept in the same way. Once in their pens they remain there until sold to the butcher; they eat and sleep and grow, nothing else. This system, while apparently very troublesome, is in vogue for two reasons; first, the land is too valuable for pasturage, as well as being in too small tracts, and secondly, by keeping livestock in this manner every bit of manure is saved, and manure, as one farmer aptly stated, is the life of German agriculture.

The method of saving this manure is an excellent one and is one that could be used to great advantage by our farmers. In the center of the court around which stand the buildings is a large square pit about five feet in depth. On one corner is a runway by means of which a wagon can be run into the pit to facilitate loading. This large pit is for the dry manure, and into it is thrown everything with any fertilizing value.

Between this and the stable is a deep concrete-lined well, much deeper than the dry manure pit, and this is used for collecting the liquid

manure. This well is made water tight, and into it lead drains from all the stables and pens, as well as from the dry-manure pit. The liquid thus collected is pumped from this well into tanks and taken to the fields, where it is sprayed on the land. It can be stated here that this economical, thrifty, and intelligent use of natural fertilizers has made Germany a farming nation which, with a country smaller than the State of Texas, and with one-third of its area covered with forests, produces 95 per cent of its own food products, and its population is around 65,000,000.¹

2. EMPHASIS UPON LAND

The manor declined gradually and early in England, Belgium, and most parts of France, but was abolished late, by edicts or laws, in northeastern Germany (Prussia 1807–21) and in Russia (1861). "Although it would be true to say that the manor declined because it had outlived its usefulness, we should still want to know what actually brought about its destruction. We have two things to keep in mind. One is that the manor and feudalism in a general way go together; the other that the town and a strong national state are or may be closely connected. As the town rose slowly, it affected the manor in two ways. It gave to the manor a brisk market, and offered to discontented tenants a place of security within its walls and of opportunity in the professions, in trade, and, as time went on, especially in manufacture. It seems that we may associate pretty closely manorialism, relatively little trade, and the feudal state on the one hand, with the industrial town, brisk trade at home and abroad, and the strong national state on the other hand. The lot of the peasant has been improved by the opportunities afforded by both the town and the national state."²

Some very interesting holdovers persist from the strip system of determining the land to be worked by the villeins of feudal times. In France³ today a property of 20 to 25 acres of land may be represented by 30, 40, or 50 small patches, scattered in various parts of the surrounding community. In Holland, most farms are under 4 acres in size, very few containing over 10 acres, and these small holdings consist of not one piece of land, but a number of different strips or parcels. The case may be mentioned of a wealthy

¹ Von Engelken, F. J. H., *The German Farmer and Coöperation*, Senate Document 201, 63rd Congress, 1st session, Government Printing Office, Washington, 1913.

² Gras, N. S. B., *A History of Agriculture*, F. S. Crofts & Co., New York, 1925, pp. 95–96.

³ Pratt, E. A., *The Transition in Agriculture*, quoted in Boyle, James E., *Agricultural Economics*, J. B. Lippincott Company, Philadelphia, 1921, p. 35.

farmer who owned as much as 90 acres, but consisting of 78 separate strips of land in different parts of his commune. The following description of the similar situation in Germany vividly shows the persistence of this influence of an earlier age upon the present distribution of land holdings:

It must be borne in mind from the first that Germany is a country, not of farms, or even small farms, but of patches of land. A German farmer may own as high as 100 acres of land, but instead of lying in a body, as with us, and being cultivated in large fields with modern tools, his entire holding will be broken up into innumerable small plots with, perhaps, no two adjoining, and these plots scattered over the country on all sides of the village in which he makes his home. The entire country is therefore divided into small tracts, generally oblong in shape, ranging from 15 to 20 feet wide and from 200 to 400 feet long. These tracts are never separated from each other by fences, for fences are an almost unknown quantity in agricultural Germany. The dividing line between two tracts is marked by a stone set in the ground, and so closely are they planted that if three adjoining tracts were planted in the same grain crop it would be impossible for a stranger to definitely locate any one of the three without hunting up the boundary stone. It is rarely the case, however, that adjoining tracts are planted in the same crops, for they belong to different owners who plant independently and what they wish. In walking through the country it is therefore quite a usual sight to see a plot of land 30 feet in width, and perhaps 300 feet in length, planted in rye, adjoining it one 12 feet in width and of the same length planted in stock beets, then one 20 feet wide of the same length in oats, then one 40 feet wide, same length, in potatoes, then one perhaps 25 feet wide in wheat, and so on through the entire list of various crops grown in that particular section. These tracts may each belong to a different farmer in that community, and each farmer there will own from 20 to perhaps 100 such tracts scattered all over the "Bezirk" or locality in which he lives. In the hay country, for instance, it is a common sight to see what appears to be a field of 40 acres or more of hay, which at first glance would appear to be a very respectable hay field, according to our ideas. A walk into it, however, will show that it is dotted all over with boundary stones showing that it is owned, not by one man, but perhaps by fifty, each of whom when the time comes will cut his little patch out of the field whenever he is ready, and moreover, will cut it with a scythe as his forefathers have done for generations. The value of such land ranges from \$300 to \$1000 per acre.¹

That such a condition means a great deal of waste in human energy must be evident. The problem thus created may be sensed

¹ Von Engelken, F. J. H., *op. cit.*

by the following statement recently made by a German agricultural economist who says that "in Germany the majority of farmers live in villages rather than on the farm. Some of the fields are located at very considerable distances from the buildings, and the fields are frequently small and irregular in shape. Under such conditions it is impossible to make efficient use of labor. In the United States on the other hand the farmer lives on his farm and can so locate his buildings as to reduce travel to and from the field to a minimum. He can in most cases arrange his fields as to size and shape so as to permit of the efficient use of machinery."¹ Another authority on European agriculture says that "the strip system is probably the greatest single handicap to agricultural progress in Europe (northern Europe and particularly Scandinavia excepted). The expense of fencing small plots makes such practice prohibitive. Hence pasturing must be done under the supervision of a herdsman. The cost of modern machinery is not likely to justify its use on acre lots. The burden of farming operations must fall upon hand labor. The loss of time in going from one parcel of land to another is considerable inasmuch as many of the pieces belonging to a single farm may be 1, 2 or 3 miles apart."² The accompanying diagram (see Fig. 4) gives a good idea of the location of the separated strips, and also the results which may be obtained by consolidation. It is sometimes possible to improve this condition in these countries of the Old World by exchanging land with an adjoining farmer, and much sentiment prevails to accomplish this reform. Legal provision exists in Switzerland whereby such a movement is compulsory if two-thirds of the owners occupying at least one-half of the land in a district decide upon such a step. The undertaking has proved an expensive one³ and custom is perhaps an even stronger factor in explaining the slowness of such a development. A considerable part of the land has been for generations in the same family; and an affection has become established about it. Besides, an owner tends

¹ Seedorf, J. J. W., "Human Labor on German Farms," *Proceedings, Second International Conference of Agricultural Economists*, George Banta Publishing Company, Menasha, Wis., 1930, pp. 959-960.

² Hobson, Asher, *Agricultural Survey of Europe: Switzerland*, Technical Bulletin 101, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1929, pp. 4-7.

³ From 1912 to 1924 only 49,818 acres had been consolidated in Switzerland under the law. The cost of this per acre, due to surveying costs in establishing boundaries, etc., amounted to 340 francs—around \$65 per acre.

to believe that his patches of land are just a little better than the plot he would receive as a result of the consolidation process. Such factors and related ones indicate that the reform, however desirable, will come about slowly and painfully.

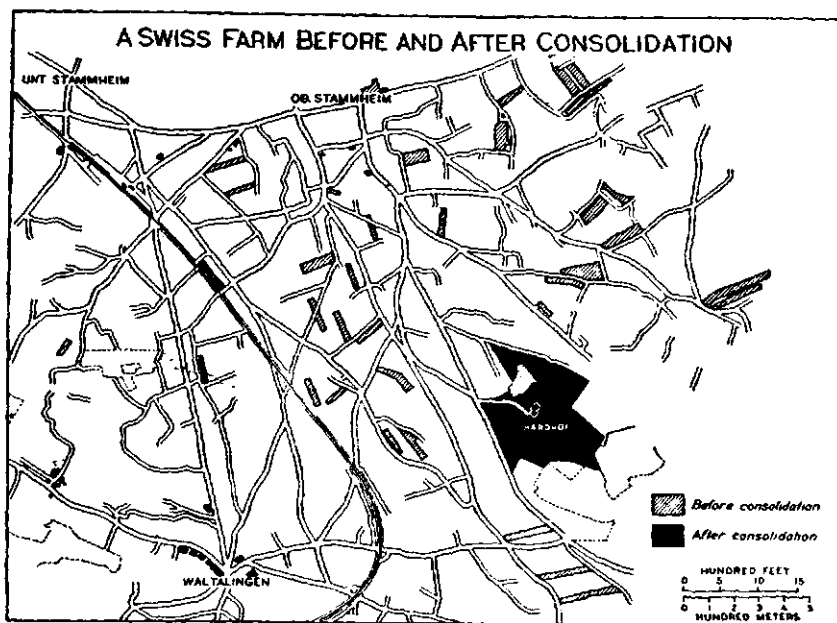


FIGURE 4. This farm covering a total area of 40.2 acres was composed of 39 separate pieces before consolidation. In 1923 exchanges were made and the farm was consolidated into one piece. (Source: Hobson, Asher, *Agricultural Survey of Europe: Switzerland*, Technical Bulletin 101, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1929, p. 12.)

But the most impressive difference between Old and New World agricultures is the intensity of cultivation. In the older civilization, labor is relatively more plentiful and hence cheaper. Land is scarcer and hence labor is lavishly used to secure the maximum production per acre. In this country, labor is the dearer of the factors, and our emphasis is upon the man factor rather than the land factor. As a consequence, our agriculture is noted for its extensive character in contrast with the intensiveness of that in the Old World. In discussing the agricultural labor situation in Switzerland today, Hobson tells us

in a country like Switzerland, the labor cost of production at American wage rates would often amount to more than the total value of the products of the soil. Certainly, it would be an idle recommendation that farmers in the United States hoe their corn by hand when the additional yield resulting from such action would not in all probability defray the added expense of hoeing; nor would it be desirable that United States farmers terrace their hillsides with retaining walls of masonry in order that those hillsides might be converted from pasture lands into orchards and vineyards and tilled fields, when in all probability the added income from the fields would not pay interest charges on the cost of the construction of the retaining walls. Yet it would be impracticable to recommend that the European peasant discard his hand tools and adopt machine methods, when the cost of operating machinery may be greater than the cost of performing the same labor by hand. This is partly due to the rough topography of the country, small-sized farms, and the available supply of family labor. It is impracticable to use mowing machines except in the valleys. It is not unusual to see men taking straw from a thresher and tying it into bundles by hand. This operation gives an idea of the relative values of straw and labor in Europe, as compared with United States conditions. As many as 20 people may harvest grain in a small field. It is doubtful if the receipts from the entire crop would pay for the harvest labor in the United States. Hay is cured on racks in the region of Lake Zurich, which further illustrates the cheapness of labor.¹

It is in the Orient that we find the most lavish use of the labor factor. Several years ago, an eminent American soil physicist visited the farms of Japan, Korea, and China and reported no characteristic of their agriculture that was more striking than the intensity of utilization of land. He states that in Shantung Province in China he talked

with a farmer having twelve in his family and who kept one donkey, one cow, both exclusively laboring animals, and two pigs on 2.5 acres of cultivated land where he grew wheat, millet, sweet potatoes, and beans. The average of seven Chinese holdings which we visited and where we obtained similar data indicates a maintenance capacity for those lands of 1,783 people, 212 cattle or donkeys, and 399 swine—1,995 consumers and 399 rough food transformers per square mile of farm land. These statements for China represent strictly rural population. The rural population of the United States in 1900 was placed at the rate of 61 per square mile of improved farm land and there were thirty horses and mules. In Japan the rural population had a density in 1907 of 1,922 per square mile, and of horses and cattle together 125.

¹ Hobson, Asher, *op. cit.*, pp. 4-7.

There need be little surprise where human population is so densely settled, that "extensive as is the acreage of irrigated rice in China, Korea, and Japan, nearly every spear is transplanted; the largest and best crop possible, rather than the least labor and trouble, as is so often the case with us, determining their methods and practices."¹

The rice plants are grown in nursery beds and in the month preceding transplanting, the wheat, rape, beans, and other crops are harvested, the compost fertilizer made and distributed over the fields, and these flooded and plowed. The turned soil is thoroughly pulverized, leveled, and worked to the consistency of mortar. This process of thorough puddling makes it much easier to set the plants, and insures a good and immediate adaptation of the young plant to its new soil environment.

King thus describes the operation as he observed it on a rice farm in China:

When the fields are ready women repair to the nurseries with their low four-legged bamboo stools, to pull the rice plants, carefully rinsing the soil from the roots, and then tie them into bundles of a size easily handled in transplanting, which are then distributed in the fields.

This work of transplanting may be done by groups of families changing work, a considerable number of them laboring together. Long cords were stretched in the rice field 6 feet apart and each of the seven men were setting 6 rows of rice 1 foot apart, 6 to 8 plants in a hill, and the hills 8 or 9 inches apart in the row. The bundle was held in one hand and deftly, with the other, the desired number of plants were selected with the fingers at the roots, separated from the rest and, with a single thrust, set in place in the row. There was no packing of earth about the roots, each hill being set with a single motion, which followed one another in quick succession, completing one cross row of six hills after another. The men move backward across the field, completing one entire section, tossing the unused plants into the unset field. Then reset the lines to cover another section. We were told that the usual day's work of transplanting, for a man under these conditions, after the field is fitted and the plants are brought to him, is two mow or one-third of an acre. The seven men in this group would thus set two and a third acres per day and, at the wage Mrs. Wu was paying, the cash outlay, if the help was hired, would be nearly 21 cents per acre. This is more cheaply than we are able to set cabbage and tobacco plants with our best machine

¹ King, F. H., *Farmers of Forty Centuries*, Mrs. F. H. King, Madison, Wis., 1911, pp. 1-13; 290-293.

methods. In Japan the women participate in the work of setting the plants more than in China.

After the rice has been transplanted its care, unlike that of our wheat crop, does not cease. It must be hoed, fertilized, and watered. To facilitate the watering all fields have been leveled, canals, ditches, and drains provided, and to aid in fertilizing and hoeing, the setting has been in rows and in hills in the row.

The first working of the rice fields after the transplanting, as we saw it in Japan, consisted in spading between the hills with a four-tined hoe, apparently more for loosening the soil and aëration than for killing weeds. After this treatment the field was gone over again, the man using his bare hands to smooth and level the stirred soil, taking care to eradicate every weed, burying them beneath the mud, and to straighten each hill of rice as it is passed. Sometimes the fingers are armed with bamboo claws to facilitate the weeding.

Enormous expenditures of energy are required, a considerable part of which is human energy used to operate the foot pump customarily employed in lifting the water to the desired level. The task of harvesting is still met with the hand sickle, cutting the rice hill by hill. The threshing is done in the primitive way of drawing by hand the heads of the grain through the teeth of a mounted metal comb. Thus lavishly is human labor utilized in order that the land factor may be productive to the utmost.

3. WOMEN AND FARM LABOR

In the historical development of agriculture, "originally the tilling of the soil and the harvesting fell mainly to the woman. Only when heavy labor, with the plow instead of the hoe, was required, did the man have to participate. In the house work proper, in which textiles take the leading place, the woman alone was involved. Man's work included also hunting, tending domestic animals as far as cattle were concerned—while the small animals were again the woman's province—wood and metal working, and finally before all, war. The woman was a continuous worker, the man an occasional one; only very gradually, with the increasing difficulty and intensity of work, was he led on to continuous labor." ¹

From this original thralldom, the farm women of the Old World in general have never been emancipated. A recent visitor and student of farm life abroad characterizes the French farm woman

¹ Weber, Max, *General Economic History*, Greenberg, Publisher, Inc., New York, 1927, pp. 38-39.

as "a wife and mother, a housewife and cattlekeeper, a fieldworker, draft animal and beast of burden." ¹ This same authority says of the farm women in Germany that

Edwin Markham has sung "The Man with the Hoe," but nobody has yet sung "The Peasant Woman on Her Knees in the Fields." I see the men and older boys doing the heavier work of getting out the winter supply of fuel in the forests, but commonly it is the women and children who drive the ox-team home with the loads—or the cow-teams, for cows in Württemberg are dual-purpose animals, that is, they are both milk animals and work animals. The men swing the scythes in the meadows and clover patches, but the women and children do a man's work pitch-forking the hay into the wagons. It is the men who tie up the vines in the vineyards, but it is the women folk who must lug up the steep slopes the heavy bundles of willow wythes the men use in the process. The men must do the plowing; but here again the women share this hard work with the men. They even do the heavy work of spading the stiff soils of this region—at least, I see them at it in large numbers every day. The weight of work rather than the burden of age warps their frames and makes them old twenty years ahead of time. It is pathetic beyond words.

The lot of farm women in Denmark is one amid conveniences, comforts, and luxuries in the farm home in greater degree than he has ever seen anywhere else in the opinion of Branson. He continues that in Denmark

there is perhaps no happier life for country women and children anywhere else on earth. But the lot of the women and children on the peasant farms of France, like the lot of the peasant women of Germany, offers a sad contrast to the life of the farm homes of Denmark. The women and children on French farms work just as hard as the peasant women and children of Germany. And in every farm region of France they work as I never saw women work even in central and south Germany. For instance, instead of picketing their dairy animals like the Danes and leaving them to graze alone, an old woman or a young girl in France will have charge of two or three cows and follow them about in the pastures and along the roads all day long in any and every kind of weather. I saw literally thousands of women and children stalking the cows, sheep, geese, and goats in a steady downpour of rain that lasted all day long all the way from Strasburg to Paris. No umbrellas, no rain coats, no gum shoes in sight anywhere. Only weather-soaked shawls protected their heads and shoulders. Only wooden shoes or sabots saved their feet from the mud and puddles of water. It made me shiver to look at these drenched figures in their lonely vigils.

¹ Branson, E. C., *op. cit.*, pp. 33, 266-267.

In the little country of Switzerland we find the same sort of picture. Much of the toil of a laboriously intensive agriculture falls to the lot of the frailer members of the family.

While the husband is away, perhaps acting as guide or porter to a group of climbers, or with the cattle on the higher pastures, the wife may be seen toiling in sun or shower in the bit of garden, hoeing, weeding, or, with the help of a younger member of the family, distributing the carefully accumulated manure among the growing crops. Nothing is allowed to go to waste in the sordid economy of the Swiss peasant. The drainings of cow-sheds, pig-sties, and dung-hills, the scatterings of fowl-houses—all are parsimoniously saved, and when the proper time arrives, are carried out in the tubs in which they have been stored to the needy crops.

So much of this kind of work is done by the women that strangers are apt to think that the men must be a lazy lot. But there are numberless duties to keep the men otherwise engaged. The timber needed about the farm, and the wood for firing, have to be got in from the forest. Much of this work belongs to the winter; but as there are then often weeks upon weeks when little or nothing can be done outdoors because of the snow, care has to be taken during the good weather to see that the stock of firing does not run short. Hence, under the broad eaves of every well-conditioned peasant's cottage will be seen a plentiful store of carefully sawn and dried wood ready for the stove. The chief occupation of the men during the open months, however, is with the cattle in the higher pastures.¹

The lot of the American farm women, while far from ideal, is quite in contrast to that of the Old World peasant farm women generally. A report of our Federal Government has given special attention to this matter and summarizes the similar situation here as follows:

The outdoor labor of women on farms has undergone an immense reduction within a generation or two. In 1871, the department of agriculture investigated the subject in all parts of the country and these results were published in the report for that year. At that time reports from the following sections are typical, indicating clearly the reports from all the states. In New England very little regular labor in the fields is performed by women. Canadian women, and occasionally Irish, hire out or work on shares in different parts of New England, though the number employed is not large, and they will undertake nearly all kinds of farm work. Similar customs prevail in New York, comparatively little

¹ Story, A. T., *Swiss Life in Town and Country*, G. P. Putnam's Sons, New York, 1911, pp. 120-121.

outdoor service being rendered by American-born women. In many districts in Pennsylvania very little outdoor employment is undertaken by women, while in others, especially in those less improved, or with a large foreign element in the population, much and various farm work is done by women. Among the poorer classes of whites in some counties in Maryland, the Germans especially, the women assist in such labor as planting, hoeing corn, weeding tobacco and raking grain. Sometimes they obtain men's wages, but usually about three-fourths as much. In such work they are often quite as efficient as men. Negro women have been accustomed to all kinds of farm labor, though generally employed in the lighter branches. Throughout the Southern States a large portion of the females among the negroes were accustomed to general farm labor, most of whom now decline it, appearing to regard it as a relic of slavery and not "suited to ladies." It is stated of some States that not more than a fourth part as many do outdoor work as formerly. Very little farm work is done by native Americans in all the States of the Ohio Valley and the Lakes, that little being casual assistance in emergencies as a matter of convenience and sometimes of necessity, as is reported of all other sections of the country. Gardening and fruit picking are preferred, and hop picking, where hops are grown. Immigrants do more outdoor work, "especially for a few years after coming here. As they become Americanized they work less on the farm."

At the present time about one agricultural laborer in seven is a woman. Her work has been reduced largely to domestic affairs, and even in these activities there seems to be a reduction of work in the manufacture of food, clothing, and supplies. Continuing the same report to which we have alluded, we have the following interesting situation:

With regard to very recent years census statistics of female agricultural labor afford no satisfactory conclusions. A general knowledge of farming conditions throughout the country, past and present, is more definite. The outdoor work of white women on the farms of medium and better sort has very greatly declined from early days, and the decline was more especially marked after the Civil War. Farmers' wives and daughters no longer milk the cows and work in the field and care for the livestock. They do not work in the garden as much as before, nor assist so much in fruit and berry harvest; they are making less butter, and cheese making on the farm has become a lost art. They may care for the poultry and the bees, do housework and gather vegetables for the table, and cook and keep the dwelling in order. Their domestic work is substantially the limit of their work on the farm.

Decline of Household Labor. In farm household matters the situation is acute with regard to the supply of hired labor. Country girls as well as

city girls, no matter how humble their lot in life, regard household labor for hire as unrespectable. Joined with this fact is the other one that the women of the farmer's family are neither able nor willing to repeat the manual labor performance of their grandmother on the farm. Besides this, the farmer's standard of living has risen, certainly on the medium and better sort of farms in the North and West; and in a perceptible degree the women of the farmer's family have engaged in social functions which are beginning to be incompatible with the performance of household labor without the aid of a servant. The social obligations undertaken by them are for the Grange, the woman's clubs, the Maccabees, the Woman's Christian Temperance Union, the local church, the farmers' clubs, a list that might be much extended.

Domestic Industries. The old-time domestic industries are all but forgotten. The women of the farm make no more soap, candles, or lye, and so on with a long list of the domestic products of former days; it is rare that one of the younger of the women knows how to knit. Throughout large areas the pride of the housewife in great stores of preserved, dried and pickled fruits, berries, vegetables exists chiefly in history, and dependence is placed mostly upon the local store for the products of the cannery and the evaporator.¹

4. THE STANDARD OF LIVING

Of the 5,702,752 landowners in France, 4,853,000 possess on the average only 6.4 acres of land.² A similar situation holds in many of the nations of the Old World. The result is that a large fraction of the farming population operate exceedingly modest farms which are designed mainly just to meet the wants of the farm family, and to a very slight extent for a commercial surplus. These small farming units, even as intensively as they are operated, mean comparatively low standards of living for the European peasant farmer.

The fact that the American emphasis is upon the man instead of upon the land results in a much higher standard of living for the American farmer than in the Old World countries. One of the greatest struggles which we confront today is to maintain this superior standard both in industry and in agriculture; for the American industrial worker is the best paid in the world. The greatest dread of the American farmer, and those who champion his cause, next to the "poorhouse" is that he may be reduced to "peasant

¹ Quoted in Boyle, J. E., *Agricultural Economics*, J. B. Lippincott Company, Philadelphia, 1921, pp. 101-103.

² Michael, L. G., *Agricultural Survey of Europe: France*, Technical Bulletin 37, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1928, p. 39.

levels" of existence. What the future holds for him in this regard is by no means clear, but the factors of population congestion and increasing scarcity of land, with a more minute subdivision of holdings, will have to be intensified before such a condition occurs.

It is in such countries as China that the extremes occur in the matter of low living standards. We are told in China, even at the present time, there are several instances on record in the Chinese Government Bureau of Economic Information showing that "a peasant family of five persons can live on 25 Chinese dollars a year, that is, on \$2.08 a month, or on 40 Chinese cents per month per capita. This annual expenditure of \$25 covers not only cash expenses of family but value of food produced on the farm as well."¹ The same authority tells us "as far as clothing is concerned, the summary of various information on hand brings us to an approximate estimate that the rural population of China spends for clothing an average of two dollars per year."

Such conditions as these appear almost unbelievable, and of course they represent the extreme of peasant levels of existence. The typical European conditions are of course nothing like so extreme. And it must be remembered, too, that the richness of living is not always to be measured by the abundance of the things of life, but in the measure of enjoyment of those we have, and particularly in the proportion of the higher things of life to which attention may be given. Numerous instances are available which tell us that though the peasant families of Europe have relatively little in the way of income, they possess in many countries a thrift and cleanliness which may well be emulated by the altogether too wasteful typical American farmer. From Switzerland comes this interesting picture of the Swiss home, and its customary diet:

All who have visited Switzerland must have been struck with the very beautiful and commodious peasant houses to be met with in many parts. In the poorer districts there are some very miserable wooden shanties, little, if at all, better than those existing in the Highlands of Scotland and in Ireland; but in the more fertile valleys of Berne, Lucerne, Unterwalden, and the other Forest Cantons there are dwellings which are not only a picture without, but all that is pleasing and convenient within. In the building of these houses no invariable rule is followed; but in the villages they are generally constructed very solidly

¹ Torgasheff, B. P., "Cost of Living by Masses to Keep Alive," *The Peking Leader*, Peking, China, July 19, 1929.

of stone to a height of 6 or 8 feet. Upon this foundation the upper structure of wood is raised. In the lower part are commodious cellars for storage purposes; above them, in front, are the living- and bed-rooms; behind them are the kitchen, dairy, threshing-floor, stables, etc. On either side of the upper floor is an outer gallery, which in some districts runs quite round the house. The roof in front generally projects very considerably, but to a much less extent at the back and sides. The roof is of tiles in more modern houses, in the older ones of pine-shingles weighted with large stones.

The rooms on the first floor of these houses usually comprise the chief living-room, a small room, or "parlour," and the best bed-room. The parlour is used only on special occasions. In it, of course, are placed the best furniture and such objects as constitute the household treasures. In Catholic families—and in these mountain districts nearly all are such—a crucifix is never wanting. Equally prominent on the panelled walls will be the pictures of one or two saints, interspersed, perhaps, in the better families with a few family portraits. A clock, likely enough made in the Black Forest, is rarely absent; still more rarely the vase of holy water by the door, for here the family assembles for its devotional exercises, as well as for conference on matters of moment. In some villages much attention is given to the external adornment of the houses and to the cultivation of flowers, not only in the garden-space about the house, but on the ledges of the windows. It is rare to see one of these houses without its pear-tree trained up the front, or, in the warmer districts, its vine. The cultivation of fruit, especially apples and pears, is particularly cared for. When ripe, it is the duty of the women to quarter these fruits and dry them for winter use. Every house is provided with a store, which forms an important item in the family provender.

The people in the more pastoral districts generally live very simply. Even in well-to-do families meat is rarely put on the table, save at times of festivity, or on the occasion of friendly visits, when there will not infrequently be a lavish display. Potatoes form a considerable part of the daily fare; with buttermilk and bread they often constitute the midday meal. Milk and its products—butter, cheese, curds, etc.—bulk very largely in the daily dietary of the pastoral districts. Bread is often replaced by dried fruit or by curds. Many delicious dishes are made from cream. In Uri, sweet cheese-curds stewed in cream and afterwards baked with fresh butter are regarded as a great delicacy and much esteemed.¹

Branson warns us that to consider peasantry as synonymous with poverty in many European countries is inaccurate and tells us:

It is safe to say that to most people in America peasants and poverty are merely two words for the same thing. And so they are in Belgium,

¹ Story, A. T., *op. cit.*, pp. 163-165.

England, Scotland, Spain, Portugal, and portions of Italy. The farmers of these countries are mainly tenants and in every land farm tenancy means farm poverty soon or late for tenants and landlords alike. They are not equally poor in these different countries, but in all of them the tenant's outlook is hopeless, and hardly less the owner's. England is at this minute illustrating the ultimate absurdity of farming on a tenancy basis. The farmer who farms by proxy is destined at last to lose his lands. The only successful farming is farming by the man who owns the land he cultivates. And Germany is today a conspicuous illustration of this fundamental fact.

If anybody thinks that peasants and poverty are one and the same thing in Denmark, Holland, France, Switzerland, and Germany—all of them lands of home-owning farmers, or so in the main—then he has a place in Josh Billings's catalogue of "folks who know a surprisin' lot of things most of which aint so."

The German peasant is not poor in purse, possessions, or appearance. The farmer who greeted me in the church yard of Winterbach the other Sunday and ushered me into his seat for worship wore a Prince Albert coat, and a high-top silk hat—of course along with other proper apparel. Most of the older men in the congregation were similarly dressed. It is the regulation farmer rig for church occasions, birthday celebrations, weddings, funerals, and ceremonial events in general. It has been the farmer fashion in Germany for a half century or more.

His farm is small, to be sure—around ten to twenty acres as a rule, and also as a rule it lies in separate tracts or parcels, in various directions out from the farm village. He is bred from childhood days to back-breaking labor. He works in his fields and with his farm animals from daylight to dark, and everybody in his family works, men, women, and children. Nobody in the household is too old or too young to work. The German peasant is a creature of steady-gaited toil. He is never in a hurry—nobody in Germany is in a hurry in any place or in any walk of life—but he is never idle, summer or winter. In this land of grain crops and forage fields, workstock, meat and milk animals, vegetables, fruits, and flowers, vineyards, wine and cider presses, there is something for everybody to do every day of the year, and everybody is busy doing it. He may be and he commonly is slow, dull and heavy—*dummkopf* as the Germans say—but he saves everything and wastes nothing, no inch of land, no minute of time, no bit of food on his table or in his kitchen, no twig or leaf of any tree he cuts for fuel, and nothing else of value on his land or under his roof.

Everything is of value to the German peasant, and the thing of greatest value is manure, liquid manure in particular. It is the gold reserve of his little kingdom. His soil is his bank. In America, we speak of cultivating crops. Cultivating land is what the peasant farmer does, first, last, and all the time, and after a thousand years of cropping his soil is richer than ever. Our children at home say in a familiar game,

What goes up must come down. The peasant says of his soil, What comes out must go back—and something more. His bank-account savings are the increased fertility of his fields. He may be slow-witted but he sees this fundamental fact in farming and sees it stark and whole.¹

5. COÖPERATIVE ENDEAVOR

The European farmer is relatively more socially minded than the American farmer. This situation is a logical outcome of the village mode of residence. The American farmer located more or less apart on his larger farm, in spite of the automobile, radio, and telephone, tends to be relatively more highly individualistic and conservative. On the other hand, the European farmer in his daily operations meets his fellow townsmen, and there is the pleasant interchange of greetings and the casual conversation. Then the proximity of residence makes for a more frequent visiting, and in the shops and restaurants there is the further opportunity for stimulating friendly interest in one another. At church and social gatherings bad roads and inclement weather are not barriers to attendance. All of these things are factors in breaking down suspicion, and in developing a mutual sympathy, confidence, and understanding which are the basis of coöperative endeavor.

Where there is a homogeneous citizenship of high average education and intelligence such as is found in Denmark, the European mode of residence and manner of living makes for an approach to the ideal in the growth and expression of the coöperative spirit. The result is that

the coöperative movement is the thing for which Denmark is most widely known. It is the most pervasive thing in the country. It is of the very texture of the average farmer's life. Through the coöperatives he performs for himself almost all of the functions that in other countries are performed by others for him. He assembles his milk and makes and markets his own butter and cheese. He kills his own hogs in his own slaughter-house and sells them in London through his own export agency. His agents collect his eggs and bring them to his own egg export society where they are candled, graded and made ready for shipment to a foreign market.

He buys food for his cattle in distant lands as well as agricultural machinery, fertilizer and seeds. He manages his own banking, in his own locality and establishes his own credit. Through mutual societies he insures his house and his livestock. He maintains breeding societies of

¹ Branson, E. C., *op. cit.*, pp. 30-32.

pedigreed hogs, cattle and horses and controls societies as to all of his products.

As a consumer he buys at wholesale and sells to himself at retail. He manufactures many things in his own factory and in coöperation with other Scandinavian countries, he maintains an international wholesale purchasing agency. The Danish farmer is almost as self-contained as was his ancestor who lived almost completely from his land two centuries ago.¹

In contrast to this situation, Howe tells us

up to fifty years ago the Danish farmer worked under conditions very like those of the United States. He was enveloped by middlemen who exploited him on the one hand and the consumer on the other. The farmer had to market through hostile agencies. He had no other alternative.

Today the American farmer still produces and sells under these conditions. He produces for an unknown market. He sells to a buyer whose interest is to buy at the lowest price. This is true as to cattle and hogs. It is true of wheat, corn and of oats. It is true of the dairy farmers, the truck farmers, the egg and poultry raisers and of fruit growers as well. Practically every food product passes through the hands of monopoly buyers whose power is maintained through a close identity with the banks, with the railroads, the terminals, and especially the packing plants of Chicago and the West, and the food exchanges of the city, which control slaughtering, cold storage, warehouse and terminal facilities.²

However, throughout the European continent coöperative marketing does not play the same extensive rôle as it does in Denmark. The greatest developments there are in the fields of coöperative rural credit and coöperative consumer societies for the economic purchasing of farm requisites. This situation is occasioned by the small amount of capital possessed by the European peasant. Such coöperative associations as livestock-insurance and stock-breeding societies are widespread. As we know coöperative marketing in the United States, that is, the selling of farm products, dairying is the industry of Europe in which it is most extensively applied.

In Europe, as is proving true in America, the coöperative movement was born of necessity. Its development there has brought about splendid moral gains among the long downtrodden and op-

¹ Howe, F. C., *Denmark, The Coöperative Way*, Coward-McCann, Inc., New York, 1936, pp. 61-62.

² *Ibid.*, pp. 79-80.

pressed peasant farmers. Harvey and Reppien thus splendidly summarize these gains:

Among the indirect, but equally tangible results of coöperation, I should be inclined to put the development of mind and character among those by whom it is practised. The peasant or little farmer, who is a member of one or more of these societies, who helps to build up their success and enjoys their benefits, acquires a new outlook. The jealousies and suspicions which are in most countries so common among those who live by the land fall from him. Feeling that he has a voice in the direction of great affairs he acquires an added value and a healthy importance in his own eyes. He knows also that in his degree and according to his output he is on an equal footing with the largest producer and proportionately is doing as well. There is no longer any fear that because he is a little man he will be browbeaten or forced to accept a worse price for what he has to sell than does his rich and powerful neighbor. The skilled minds which direct his business work as zealously for him as for that important neighbor.

Again, being relieved from all the worry and risk of marketing and sure that whatever he buys from his society, be it seeds or foodstuffs or implements, is the best obtainable at the lowest rate compatible with good quality, he is free to devote himself altogether to the actual business of life. When in any great doubt or difficulty he can rely on the expert advice of his "control society." All the science of the country is in fact at the disposal of the humblest worker. The farmer, who, standing alone, can be broken across the knee of tyranny, extortion or competition, if bound up with a hundred others by the bond of common interest he is able to mock all of them.¹

6. CULTURAL DISTINCTIVENESS

Age lends dignity to a civilization just as it does to the individual who has lived a respectable life. And the rural civilization of America is in its youth as compared with that of the Old World. The atmosphere of venerable tradition pervades and enriches the social life and customs of the European countryside. Then, too, the fact that it centers in the village enhances the development of social virtues and graces for which the European is noted the world over.

It may be questioned whether anywhere in Europe a healthier, more moral life prevails than that which is to be met within the little towns and villages of Germany. The life may be narrow and stinted, the intellectual outlook may be very limited, the ideals may be crude, and

¹ Harvey, W. J., and C. Reppien, *Denmark and the Danes*, James Pott & Co., New York, 1915, p. 146.

unchanging dullness may have claimed such places as its own, yet, if relative happiness, contentment and freedom from anxiety belong to a rational scheme of life, the countryman and not the townsman is the true philosopher. In some districts a state of things exists which might approach an ideal social order.¹

When the meager incomes of European farmers are forgotten, and the picturesqueness and quaintness of their village homes and churches, exterior and interior are recalled, there is something distinctive and beautiful about the way old customs have persisted. Many writers of fiction have found in these folkways marvelous materials for elaboration. The harvest time is a season of expression of these traditional customs, colorful indeed when compared with the American farmer's celebration of Thanksgiving with its table of bounty and friends and relatives about the festive board. Much more is made of the marriage as a social occasion in the Old World, and the various holidays call forth in varied pattern their appropriate celebration of peculiar flavor and distinction.

Dawson narrates interestingly the way in which the German country folk interpret in social custom the harvest season and the marriage event, his account serving to illustrate the persistence of meaningful folkways in the Old World.

The celebration of harvest takes a prominent place in the social amenities of the country. Formerly it was the great festive event of the year, both for peasant and labourer. One or more days were entirely given over to merriment and good cheer, and the farmer and his man met on equal terms at the dance, the game, and the well-spread board, as at no other time in the year. Of late years some of the customs of harvest have fallen into disuse, partly owing to the less friendly relationships which exist between the rural classes, and partly because the labourer is becoming superior to the simple pleasures which were enough for his fathers, yet in the more unsophisticated parts of the country they still continue. In Württemberg these celebrations include ancient customs in which the maid servants of the farms alone take part. One is a race; dressed in short frocks and white bodices, but with naked feet, they scour the countryside, and the winner is held in high honour amongst admiring swains. Another is a pitcher-carrying competition, in which a large vessel, filled to the brim with water must be borne on the head for a certain distance without assistance by the hands. In Alsace farmer and labourer change places for the day. The latter is absolved

¹ Dawson, W. H., *German Life in Town and Country*, G. P. Putnam's Sons, New York, 1901, p. 68.

from service of every kind, and the farmer both waits on his men and does all the necessary farm work. The day is given over to feasting and sports, and ends with a long night of dancing. Dancing is, in fact, the most popular of country amusements, and is carried on to such an extent—as a rule in the village inn—as to have become a source of grave anxiety to those who are concerned for village morality.

The old marriage customs, too, are still popular. The bridal race, which once was common to rural England, is observed in many parts of Germany, doubtless perpetuating the ancient rule which required that a maid should be carried off on horseback. In Prussia the custom was varied, in that the race followed the day of marriage. Husband and wife raced to a given place, after which the bridal-wreath was taken from the wife's head and a *coiffure* of the kind common to her locality was placed thereon instead—in unchivalrous reminder that the time of poetry was over and the time of prose had begun. Throughout Germany the eve before marriage is devoted to festivities in which the relatives and the near friends of the nuptial pair take part, but the name of the festival, *Polterabend*, denotes its descent from a custom of a very different kind. *Polter* means noise (being really the equivalent of the colloquial English "row"), and the explanation of the term is curious but very human. On the day before a marriage it was usual for kind busybodies to canvass the virtues and failings of the bride and bridegroom. Did the virtues clearly preponderate, they signified their good-will by visiting the nuptial house and by means of hideous noises scaring away the evil spirits which were supposed to lurk there. The windows were carefully locked and the door alone left open, for by this lawful way only the uncanny guests were required to depart. From attic to cellar water was sprinkled in every corner of the house, all the walls were beaten with sticks, and ridiculous imprecations were used wherewith to terrorise the unhappy ghosts. If the past careers of the bridal pair gave room for legitimate cavil, this found expression in boisterous demonstrations before the houses of both, something after the manner of the "stang-riding" which is still common to the Yorkshire dales. In rural Germany the original associations of *Polterabend* are still in part retained in all their noisiness, but in the towns the evening is devoted to social intercourse, in which music, theatricals, games and innocent gossip take the chief place.

On the land, where time is no consideration and festivities of the kind happen too seldom to be taken lightly, the wedding parties are often spread over several days, and every body has a share in turn. The following food was actually consumed not long ago during the marriage festivities of a well-to-do farmer on the Weser:—one fat cow, seven pigs, seventeen calves, two hundred and twenty hens, two hundred loaves and cakes, three hundred and seventy gallons of beer, and a large quantity of spirit and wine. Amongst the Black Forest peasantry exists still a peculiar plan (called *Leibgeding* or *Libding*) of transferring a holding from father to son. When an old peasant is no longer capable of heavy work,

or wishes to make way for a son or daughter desiring to marry, he gives up his farm to his heir and successor in consideration of an agreement that he and his wife shall have a place in the house and food enough for the rest of their days. This arrangement is put on paper, and legally attested, for the Black Forest peasant is long-headed, and never believes what he cannot see.¹

With the advent of the automobile, in congested lines crowding the highways, and disturbing the atmosphere with their repeated "honk, honk," and the resulting "rurbanization" of the American countryside, a richer life of social contact may evolve in our farm life, but it will forever destroy the possibility of any such body of quaint cultural expression as occurs in European farm life today. The picturesque costumes of the peasant, tenaciously persisted in, the folk dances and the folk songs, and the love of music and art are the social heritage of the Old World countryman, and it is to be hoped that the rush and tempest of modern civilization may never destroy it. The reverence of the history of a people which it symbolizes, and its inherent love of beauty, are things which American country life may more largely appropriate to its enrichment.

8. SOVIET AGRICULTURE¹

The Old World today is an area of seething change, and far-reaching effects on agriculture not only are indicated for the future, but in a number of instances have already taken place to a striking extent. The most significant of these is the transformation which has occurred in Russia.

Prior to World War I, the great part of Russian agriculture was organized about the *mir*, or communal village. The peasant inhabitants of these villages were known as *muhziks*, and comprised approximately 80 per cent of the total population of the nation. While each family in the village had its allotment of some 10 to 20 acres of land, scattered about the community in usually 20 to 40 or more different strips, control of allotments was in the authority of the village assembly which made frequent redistributions at intervals of only a few years. The farm implements were primitive and the yields were poor. The result of these and related factors was that incomes were low; and so were standards of living in general, as well as educational levels. The more efficient farmers were known as *kulaks*, who operated properties of con-

¹ Dawson, W. H., *op. cit.*, pp. 75-79.

siderable size. Many of this class were nobles, prosperous merchants, bankers, and other professional people, who often owned extensive acreages and spent only a part of the year on their estates.

After the overthrow of the tsaristic régime, the Soviet government expropriated the large landowners and distributed some 375,000,000 acres of their land and buildings to the peasants. But this state of private ownership reduced the efficiency with which the agricultural plant of the nation operated, so in 1927, upon the initiative of Stalin, the Fifteenth Congress of the Communist Party proclaimed a policy of collectivization of the agricultural economy. Two principal types of socialized farms were promoted: first, the *kolkhoz*, or collective farm, consisting usually of a former peasant village of five hundred or more inhabitants, and 1,200 or more acres, in theory representing a producers' coöperative; and second, the *sovkhos*, or state farm, which is owned and managed entirely by the State with the aid of hired labor. The prevailing type of *kolkhoz* involves the collectivization of the land, farm implements, and practically all the livestock, but the farmstead, with a small plot of land for cultivation, is permitted to the individual ownership of the peasant family.

In 1939, 93.5 per cent of the 18,500,000 peasant households, and over 99 per cent of the peasant sowing area were united in less than 250,000 *kolkhozes*, averaging about 1,228 acres. Besides, there were some 4,000 state farms, *sovkhos*es, or large-scale grain and meat-producing units, each representing about 6,676 acres on an average. In 1938, it was reported that there were 483,500 tractors, and 153,500 harvester combines in the U. S. S. R.¹

At the outset, considerable resentment on the part of the *muhziks* accompanied these sweeping rearrangements, and the transition was characterized by a decreased production of crops and a heavy reduction in the number of livestock occasioned by sabotage in the form of the surreptitious slaughter and consumption of these animals. Since that time, however, definite signs of recovery have been indicated. What the net result has been is a matter of controversy, many authorities contending that the losses in human values far outweigh the doubtful gains in the efficiency of operation of the agricultural resources. Hubbard thus appraises the movement:

¹ Mikhailov, Nicholas, *Land of the Soviets, A Handbook of the U. S. S. R.* Lee Furman, Inc., New York, 1939, pp. 50-52.

If we draw up a sort of balance-sheet of success and failure, we are entitled not only to compare conditions today with what they were at the close of the Tsarist régime rather than with conditions at the close of the nineteenth century, but to take into consideration the very reasonable assumption that, had the Tsarist régime continued, economic and social conditions would have continued to improve, as they did during the decade before the War. . . . The Soviet Government has brought elementary education within the reach of all. Illiteracy is rare among the younger generation, but rural schools under the *Zemstvos* were making great headway at the beginning of last century and there is no reason to suppose that, had the Tsarist régime continued, it would not by now have done as much for elementary rural education as have the *Bolsheviks*. . . . The *Bolsheviks* nominally allow religious freedom, but if it be alleged that covert discrimination against sectarians did not cease in Tsarist Russia with the removal of legal disabilities, it cannot be denied that the practice of religious observances in Soviet Russia is frowned upon. The socialist school of thought attaches small importance to religious and intellectual freedom. . . . Economically, the peasant has exchanged comparative liberty for a planned system in which personal initiative is practically excluded. Again, it is possible to argue that the freedom of individual enterprise is incompatible with socialism and therefore bad. . . . If one regards having more to eat and more to wear as the most important things in life, then it is possible that the *kolhoznik* (collectivized peasant) will eventually enjoy a standard of living better than the average independent peasant could have attained, and more nearly approaching that of the factory worker. But in return for these material things he will have lost the spiritual values that differentiate the peasant from the urban proletariat . . . to some minds mere material progress is not the only thing that matters.¹

The ultimate ideal² seems to be that of completely urbanizing agriculture by assimilating the *kolkhozes* into the *sovkhozes*, or state farms, making the latter agro-cities with a town proletariat. Such a process is already under way in the southern part of the Soviet, where stone for building material is cheap, but the ideal seems still very far from realization among the mud huts and thatch of the Ukraine.

QUESTIONS

1. What does Turner mean by the statement that "our early history is the study of European germs developing in an American environment"?

¹ Hubbard, Leonard E., *The Economics of Soviet Agriculture*, Macmillan & Company, Ltd., London, 1939, pp. 273-289.

² Warriner, Doreen, *Economics of Peasant Farming*, Oxford University Press, London, 1939, p. 190.

2. Name six striking general differences between Old World and New World agricultures.
3. Characterize the *collectional economy*, the *cultural nomadic economy*, and the *settled village economy* stages of the history of mankind.
4. Describe the arrangement of a manorial village as built up by the Normans of the twelfth and thirteenth centuries in England.
5. Using the German village as an example, compare the mode and type of residence prevailing among Old World farmers with that characterizing agriculture in the United States.
6. Determine the influence of the "strip system" of land distribution in the feudal manor upon the prevailing situation with landholdings in much of Europe at the present time.
7. Discuss the obstacles in the way of consolidating the widely scattered parcels included in the aggregate of land owned by the average European farmer.
8. Compare the emphasis upon the land and labor factors in Old and New World agricultures, accounting for the differences.
9. Illustrate the importance of land in Oriental agriculture by means of the example of rice culture on a farm in China.
10. Describe the rôle of women in the agriculture of France and Switzerland.
11. How does the lot of the American farm women compare with that of their sisters in the Old World?
12. Why is the American farm standard of living higher than that prevailing in the countries of the Old World?
13. How adequate would you picture the life of a Chinese peasant family of five persons living on 25 Chinese dollars a year—about half that value in the currency of the United States?
14. Conceivably, what tendencies might develop in American agriculture to reduce our farmers to peasant levels of existence?
15. In what ways is there a more natural basis for coöperative effort among European farmers than is the case in the United States?
16. Justify the statement that "the coöperative movement is the thing for which Denmark is most widely known."
17. What effect does the small amount of capital possessed by the European farmer have upon the kinds of coöperative effort in which he principally engages?
18. Contrast the cultural distinctiveness of Old and New World rural life, and account for the situation in that regard.
19. Describe the collectivization of agriculture in Soviet Russia, distinguishing between the *kolkhoz* and the *sovkhaz*.

20. Give your evaluation of this policy of collectivization, including both sides of the argument.

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CHAPTER IV

THE CONDITION OF AMERICAN AGRICULTURE

For well over a hundred years in the history of this Republic the farming industry was in a stage of rapid expansion. And over this same period, too, manufacturing and commerce flourished. Industrial plants were rising at various points throughout the country, railroads were threading their way in almost every direction, and cities and towns were rising and rapidly growing. Nearly every available acre of fertile land was being settled by the farmer, and the great expanses of the West gave rise to the cheapest food in the world. Moreover, there was a great demand for it in this country, in the highly industrialized British Isles and other countries of Europe and Asia. Agriculture had its troubles, and sometimes complained rather loudly about them, but in general it was strong and healthy. For example, it can be said of the period from 1909 to 1914, the years immediately preceding the First World War, that it "represented one of considerable agricultural and industrial stability, with a good balance between the production and the consumption of each product with equilibrium between the purchasing power of city and country, with well-sustained industrial activity, and little unemployment."¹

During the period of World War I agriculture enjoyed a prosperity that was perhaps unprecedented in the previous history of the industry. Marked improvement occurred in the efficiency with which the machinery of production functioned, prices for farm products reached what now seem almost fabulously high levels, standards of living were raised to heights hitherto unexperienced, and the farmer came to the hasty opinion that at last he had come into the triumph of the day to which he had long looked forward. Unfortunately, he was doomed to early and heart-rending disil-

¹ Ezekiel, Mordecai, and Louis H. Bean, *Economic Bases for the Agricultural Adjustment Act*, Government Printing Office, Washington, 1933, p. 28.

lusionment and disappointment. The war came to a close, there was no adequate adjustment made in the processes of production to the changed demands for his products, prices tumbled, a deflation policy was inaugurated, the value of the dollar increased, foreign markets collapsed; and bewildered, the farmer courageously faced the situation, hoping for an early return from the depression to the prosperity he had just learned to enjoy, and hanging tenaciously, but precariously, to the higher standards of living which he was reluctant indeed to relinquish.

Commerce and industry for a brief period experienced a somewhat similar condition of depression, but soon swung back into an era of hectic prosperity. The contrast of business on the peaks of prosperity and agriculture in the trough of depression only served to accentuate in the mind of the farming classes the plight in which they found themselves and to intensify the gloom of the agricultural situation. But business, too, was riding for a fall, and to make confusion worse confounded, the stock-market crash of October 1929 came, and on its heels commerce and industry entered upon a depressed phase in the business cycle which baffled the ingenuity of the best analysts in determining the causes and in making adequate prescription for remedial adjustments. And, when some measure of return toward stability had been arduously achieved, the applecart was almost entirely upset in September 1939 by the outbreak of the Second World War, characterized as it was by the threatened overthrow of the entire structure of almost every cherished phase of existing civilization. While it is true that "misery loves company," there is little solace to the farmer in the fact that the whole nation, and for that matter, the whole world, had become almost hopelessly muddled in a persistent slough of desperate dependence.

1. FACTORS IN ECONOMIC MALADJUSTMENT

There are a number of factors to which the economic maladjustment of agriculture following World War I is to be attributed.¹ Among these are the following:

(1) *The wartime expansion of cultivated crops, including the extensive plowing up of grasslands.*

¹ *Achieving a Balanced Agriculture*, Office of Information, U. S. Dept. of Agriculture, Washington, 1940, p. 5.

In the early days of the war the effect upon agriculture and industry was a depressing one, but with the employment of so much of the man power and economic strength of Europe in military operations, an unprecedented demand arose for the products of American farms and factories. This situation was accentuated by the entry of the United States into the struggle. Special campaigns were put on to increase production, and some 40,000,000 acres of grassland, mainly in the Great Plains, were plowed up for the first time in history.

(2) *There was after the war a concerted effort on the part of European nations to achieve as nearly as possible self-sufficiency in their agricultural production.*

A highly important, if not the deciding, factor in the outcome of the war was the scarcity of food in Germany which was so effectively blockaded by the Allied forces. Besides, the small neutral nations like Holland and the Scandinavian countries suffered severely along these lines. Consequently, with the war over, practically all the countries of Europe beat their swords into ploughshares and set about to produce, as nearly as possible, all of their food and feed requirements within their own borders. They employed devices such as subsidies and tariffs to effect these ends, and were so successful in doing so that they seriously reduced the foreign market outlets of the American farmer.

(3) *There was a fundamental change in the position of the United States from a debtor to a creditor nation, without an accompanying adequate revision in our trade policy.*

For decades prior to World War I the United States was a debtor nation, occasioned by large foreign investments in the railroads, industries, and like concerns of a new and rapidly developing young nation. This debtor status created a situation favorable to export trade, for interest and principal on our debts were liquidated in terms of our farmers' cotton, tobacco, wheat, pork, and lard and such surplus commodities. However, during the war, so heavy were the demands of the Allied armies upon our resources, both agricultural and industrial, that the United States had to make loans of billions of dollars to European nations to bring the war to a successful conclusion. In the process, this country became the greatest creditor nation in the world. This situation might have reacted very favorably had our foreign-trade policies been adjusted so that

the countries owing us could pay us in the only way that was possible—in terms of economic goods which they were more than willing to send to us. But, instead of adjusting our tariff schedules downward to permit this procedure, we heightened these tariff walls and virtually precluded the payment of the vast debts owing to us.

(4) *The unusual demand and prices of the war days had the effect of stimulating an already growing competition with a number of newer nations and colonies.*

The costs of production in such countries as Canada, South America, and Australia stood much in the same relation to those of the farmer in the United States as his costs had to the European producer some two generations before. Many of the lands in these countries were well adapted to the use of large-scale machinery, and this fact, added to the relative cheapness of the land, gave them a decided advantage in competition with our farmers.

(5) *An enormous displacement of horses and mules by automotive power took place during war days and thereafter.*

The estimate is that motor trucks, tractors, automobiles, and other power-driven machinery replaced so many horses and mules that about 35,000,000 acres of land formerly utilized to grow feed for these animals were released for the growing of crops for human consumption. These 35,000,000 acres thus released together with the 40,000,000 new acres of grassland brought into cultivation during the war made a total of some 75,000,000 additional acres available to produce crops for an already overloaded market.

(6) *Laws further restricting immigration were enacted, and rates of population growth in the United States began to show significant decline.*

For many years prior to the war, hundreds of thousands of immigrants were admitted to this country. Also, native population increase in the United States was resurgent. These conditions occasioned a rapidly expanding domestic market for the farmer and the manufacturer. However, following the war anti-immigration laws were enacted which have had the effect of reducing practically to zero the net immigration to this country, in some years, more foreigners actually leaving the country than come into it. Then, too, there is indicated a significant tendency toward stationary population levels among the native born, a factor which operates further to diminish the demand for farm products.

(7) *An increasing mechanization of agriculture has come about, which together with improved cultural practices, contributed to increased ease in volume of production.*

For example, it is estimated that between 1909 and 1919 there was a 21 per cent increase in production per agricultural worker. Constant improvement in breeds of livestock and varieties of staple crops have greatly aided in speeding up production. Tractors, combines, power-driven cultivators, trucks, automobiles, etc. have made possible larger and more efficient farming units. Very considerable progress has been made in the knowledge of soils, fertilizers, cultural methods, and scientific farm management in general.

(8) *Recent decades have witnessed a marked growth in the extent of monopoly and price fixing by corporations.*

Mass-production methods in manufacturing and the resulting corporate organization have made it a comparatively simple matter for large-scale business concerns to study potential markets and regulate production in accord with them. This procedure has the effect of stabilizing prices of such commodities at higher levels than would be the case under conditions of freer competition such as normally prevail among, say, the two million cotton, wheat, or corn and hog growers. This situation has aided in bringing about a too wide disparity between the prices of the commodities which a farmer has to sell and of those that he must buy.

2. LOW PRICE LEVELS OF FARM COMMODITIES

Warren¹ was of the opinion that "the outstanding cause of the agricultural depression is the low price of farm products compared with taxes on farm land, payments of interest, wages, and prices of things that farmers buy." The table on page 91 shows the wide disparity and marked fluctuations which characterize the two sets of prices. It will be observed that only in four of the years (1917-20) listed was the situation favorable to the farmer. As undesirable as the situation is from the standpoint of the farmer, there are a number of factors, some of them inherent in the nature of farming as an industry, which contribute to it and make its amelioration a difficult problem.

¹ Warren, G. F., *The Agricultural Situation*, John Wiley & Sons, Inc., New York, 1924, p. 1.

TABLE III

GENERAL TREND OF PRICES RECEIVED AND PAID¹
(August 1909-July 1914 = 100)

| Year | Index of Prices Received by Farmers | Index of Prices Paid by Farmers | Ratio of Prices Re- ceived to Prices Paid |
|-----------|--|------------------------------------|--|
| 1915..... | 98 | 105 | 93 |
| 1917..... | 175 | 149 | 117 |
| 1918..... | 202 | 176 | 115 |
| 1919..... | 213 | 202 | 105 |
| 1920..... | 211 | 201 | 105 |
| 1921..... | 125 | 152 | 82 |
| 1922..... | 132 | 149 | 89 |
| 1925..... | 156 | 157 | 99 |
| 1929..... | 146 | 153 | 95 |
| 1931..... | 87 | 124 | 70 |
| 1932..... | 65 | 107 | 61 |
| 1933..... | 70 | 109 | 64 |
| 1934..... | 90 | 123 | 70 |
| 1936..... | 114 | 124 | 92 |
| 1937..... | 121 | 130 | 93 |
| 1939..... | 93 | 121 | 77 |
| 1940..... | 98 | 123 | 80 |
| 1941..... | 122 | 133 | 92 |

First, as has been implied in the immediately preceding discussion, agriculture is an industry normally *characterized by a high degree of competition*. As a matter of fact, it is usually referred to as perhaps our best example of a freely competitive industry. There are so many hundreds of thousands of farmers raising wheat, cotton, corn, and hogs that, even with Federal aid, it has been found extremely difficult to control production. In fact, to the farmer, his individual interest seems to run counter in such a matter to that of the group. He argues that if the cotton, wheat, or corn crop as a whole is to be smaller, then prices will be higher and that is the time for him to plant to capacity. On the other hand, in a business like the automobile industry, there are so few firms, as compared with those growing a staple crop, that they are able with reasonable accuracy to anticipate potential demand, gauge their initial production accordingly, and regulate subsequent output so closely in

¹Data compiled from *Agricultural Situation*, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, December 1935, Vol. 19, No. 12, and March 1942, Vol. 26, No. 3.

accord with effective demand that a stable price for a given year's model is maintained throughout the entire season.

Moreover, agriculture is a genetic industry, and what yields are to be secured in a given year come about partly as a *resultant of numerous variables in the factor of weather*. A favorable crop season, with plenty of rain and sunshine, often means that on a smaller acreage than in a previous year of too little rain a much larger crop will result. The manufacturer can move to schedule with his plans, practically independent of the vicissitudes of weather, but no very accurate method has yet been developed of predicting the seasons so vitally affecting the farmer. They may be favorable or they may be the reverse.

Farming is characterized by an unusually *high percentage of fixed costs in relation to variable costs* when compared with most manufacturing industries. An enumeration of the cost items on a specialized wheat farm,¹ classified as to fixed and variable, serves to illustrate this situation.

Fixed Costs

- (a) Rent for land and buildings.
- (b) Interest on investment in equipment, including workstock.
- (c) Obsolescence and that part of the depreciation on buildings and machinery and workstock which does not vary with their use.
- (d) Insurance on buildings and equipment.
- (e) Taxes on real estate and personal property.
- (f) Wages for the operator and other family labor.

Variable Costs

- (a) Current supplies, such as seed and fertilizer.
- (b) Hired labor and other services.
- (c) Current repairs and replacements which vary with the use of buildings and equipment.

Forster gives an excellent compact analysis of this situation in the following words:

Hence, anticipated low prices may not result in any marked change in the farmer's production plans. The reason for this is obvious: The fixed costs will not be greatly affected by normal changes in production, so that the farmer stands to gain if the anticipated returns are greater than

¹ Cooper, M. R., *Production Costs and Returns*, Mimeograph, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington, June, 1939, p. 11.

the direct or variable costs. Or to state it differently, any excess in returns over the variable cost may be applied to the overhead cost. It is because of this relationship between the fixed and variable costs that an anticipated rise in prices may be followed by an increase in farm output, but an anticipated low price may not bring about any material decrease in production. If the total cost should vary directly with production (that is, if all costs were direct costs), any anticipated change in price would immediately result in a corresponding change in production. However, since farm production costs are seldom, if ever, all variable, this kind of response does not occur. The farmer's response, therefore, to anticipated prices will depend on the ratio of his variable to fixed costs. Where the fixed costs constitute a large percentage of the total cost, the farmer will not change his production plans in response to the anticipated changes in prices, unless these prices are likely to be higher than normal. When anticipated prices are likely to be below normal, he may not decrease his output. A marked decrease in output is likely to occur only when anticipated prices are markedly below normal.¹

Additionally, the farmer is a *producer of raw materials*. The prices of such commodities are the first to be affected when a general price decline occurs, and the price fluctuations are more violent. The processor, who is the purchaser of these raw materials, usually stops buying when the market is slack for his manufactured goods. He is able, more or less summarily, to check his output, but not so with the farmer whose crop would be a total loss were he to stop cultivating it.

Then, too, for most of his products the farmer is without benefit of tariff protection, drawbacks, and similar favorable government legislation extended to the manufacturer over a long period of years. The result is that the farmer must sell in an unprotected market, having prices of his product determined by the forces of world competition, and on the other hand, he must buy in a protected market where prices are established by limited competition among producers surrounded by high tariff walls.

This set of factors makes a most difficult barrier to overcome, and as yet the problem of low price levels has not been satisfactorily ameliorated for the farmer on a permanent basis.

3. THE EXPORT OF AGRICULTURAL PRODUCTS

The products of the American farm have at all times constituted a very important proportion of our export trade. For example, even

¹ Forster, G. W., *Farm Organization and Management*, Prentice-Hall, Inc., New York, 1938, pp. 16-17.

in colonial days, the wealth and accompanying culture of the planters of the South was largely derived from the export of tobacco, rice, indigo, and later of cotton. The import trade brought back in exchange the products of the craftsmen of the Old World.

In characterizing the importance of the foreign market to the individual American farmer and to the world Nourse says in part:

The American farmer has long been a significant and striking international figure. To be sure he has been clad in the rough garments of the toiler rather than in the fine raiment of the diplomat. He has sat upon the iron seat of his sulky plow or self-binder rather than in the mahogany swivel chair of the international trader or banker. But notwithstanding his obscure position and his failure even to realize the far-reaching importance of his own performance, the American farmer has played as vital a part in the development of modern industrialism as have those other characters who stand more brilliantly in the spotlight of public attention. He has been no less important than they in the evolution of the international economic organization which modern industrialism implies and has become deeply involved in the intimate life and work of the people of many nations.

The world was not slow to discover how large a dependence it could place on our farmers for food supplies and clothing materials. Thereupon it went about piling up industrial cities and ordering the domestic habits of its people on the basis of that dependence. A wonderful new land was given to agriculture in America during the nineteenth century. Had it not been so swiftly opened up, had it not been so industriously and skillfully developed by our farmers, particularly in the latter half of the century, the rapid and dazzling rise of modern industrial civilization would not have been made possible. This has been the essence of European dependence on the American farm.¹

Europe has always been the chief destination of our agricultural products shipped abroad, though the value of such exports from this country to Asia and South America has significantly increased since the First World War. In the years before 1914, Europe took five-sixths of the total of our exported farm products, though during recent years the proportion has varied between three-fourths and four-fifths. The great bulk of these go to the thickly settled, highly industrialized countries of the United Kingdom, France, Germany, Netherlands, and Belgium, though considerable quantities are shipped to the Scandinavian countries and Italy.

¹ Nourse, E. G., *American Agriculture and the European Market*, McGraw-Hill Book Company, Inc., New York, 1924, pp. 1-2.

Over the period from 1852-56, although agricultural exports were valued at only \$164,895,000, they constituted approximately 81 per cent of all exports. During the days of the First World War and the years immediately thereafter when this country was supplying the combatant Allied armies of Europe with agricultural products, the value of such exports reached in 1919-20 the impressive sum of \$3,849,000,000, and made 48.4 per cent of the total domestic exports in that year. In the prewar period, the United States normally exported 21 per cent of its wheat, 66 per cent of its cotton,

TABLE IV
THE RECORD OF THE CHIEF AGRICULTURAL EXPORTS FROM THE UNITED STATES, 1910-38¹

| <i>Year (average)</i> | <i>Wheat, 1,000 bushels</i> | <i>Cotton, 1,000 bales</i> | <i>Tobacco, 1,000 pounds</i> | <i>Corn, 1,000 bushels</i> | <i>Hogs and Lard, 1,000 pounds</i> |
|-----------------------|-------------------------------------|------------------------------------|--------------------------------------|------------------------------------|--|
| 1910 to 1914... | 156,409 | 9,360 | 390,413 | 43,917 | 941,400 |
| 1915 to 1919... | 218,839 | 5,704 | 484,278 | 39,094 | 1,832,200 |
| 1920 to 1924... | 259,492 | 6,277 | 490,522 | 75,984 | 1,703,200 |
| 1925 to 1929... | 170,077 | 8,575 | 541,949 | 23,233 | 1,136,856 |
| 1930 to 1933... | 86,371 | 8,243 | 473,999 | 5,256 | 810,500 |
| 1933..... | 37,002 | 9,047 | 472,632 | 4,965 | 724,000 |
| 1934..... | 21,532 | 5,066 | 374,658 | 2,324 | 355,072 |
| 1935..... | 15,929 | 6,397 | 432,668 | 816 | 159,103 |
| 1936..... | 21,584 | 5,722 | 416,884 | 77,999 | 168,735 |
| 1937..... | 107,194 | 5,899 | 459,545 | 103,752 | 269,842 |
| 1938..... | 115,784 | 3,605 | 473,758 | 67,021 | 350,372 |

39 per cent of its tobacco, 16 per cent of its corn, and 12 per cent of its hog products. As a result of the World War, the United States was transformed from a debtor nation to a creditor nation, and did not exhibit the necessary foresight in adjusting her tariff policies so that it was possible for the European nations who were her heavy debtors to pay her in the only way that they could—in terms of economic goods shipped to this country. In addition to this impaired ability to pay on the part of the European countries who were the chief importers of our agricultural products, apprehension with regard to military security led these nations to strive for a greater degree of self-sufficiency in their farm production. As a result of these and other factors, including the impact of the general economic depression dating from the stock-market crash in Oc-

tober, 1929, agricultural exports from the United States declined precipitously and there is considerable fear that the change has large elements of permanency in it. Table IV, on page 95, shows the trend in the principal agricultural exports from this country since 1910.

It is significant to note here the mounting figures on agricultural imports. In 1939-40, the imports of agricultural products were valued at \$1,278,485,000, a sum greatly exceeding the similar figure for the agricultural exports from this country. Sugar and minor food products, considerable quantities of vegetable fats and oils, particularly from the Philippines, and practically the entire supply of coffee, tea, cocoa, spices, bananas, silk, and rubber which is used in this country are, for the most part, necessarily imported from countries especially adapted to producing these commodities.

The future of our agricultural export trade is difficult to predict. Former Secretary of Agriculture Henry A. Wallace in discussing this matter, among other things, has the following to say:

Three paths in foreign trade are open to America. We can go nationalistic, and become highly self-sustaining; we can go internationalistic and try to win back our lost foreign trade; or we can take a course perhaps half-way between.

The nationalistic course would lead us toward ultimate self-containment, but it would do so at a cost heavy in terms of economic sacrifice and perhaps extreme regimentation; a cost which, in agriculture alone, would mean the abandonment of about 40 million acres of good crop land. The internationalistic course, on the other hand, might not involve any acreage reduction, but would obligate us to import annually at least \$500,000,000 more of goods than we now import. Only in this way can foreign countries pay interest on their debts to us and at the same time make current purchases of goods and services on a predepression scale. Between these extremes there is a third alternative, a "planned middle course." This would involve the admission annually of perhaps \$200,000,000 more of goods than we now import and at the same time permanent seeding-down or reforestation of some 25 million acres of good plow land, or perhaps 50 million acres of poor land.

None of these courses is easy, none can be taken heedlessly or spasmodically. Each involves some pain. The question is whether we are willing to suffer a little pain now in order to avoid an infinitely greater pain later on. Because the middle course involves perhaps the least

¹ Sources: *America Must Choose Its Course in Foreign Trade*, Circular G-45, Agricultural Adjustment Administration, U. S. Dept. of Agriculture, Washington, 1935, p. 2; and *Agricultural Statistics*, U. S. Dept. of Agriculture, Washington, 1937, 1938, 1939, 1940.

discomfort, I have been inclined to favor that, and to recognize it as our probable choice.¹

In order to restore our declining foreign market for agricultural commodities, the Federal Government is developing reciprocal trade agreements with various foreign countries. The process is a slow one, but thus far it is proving productive. Upon the return of more stable conditions for international amity and trade, and with the increase of population in many foreign countries, a marked improvement is likely to result in the markets abroad for our farm products. Meanwhile, we may be assured that in a nation so great and varied in the extent of agricultural resources as is ours, the export of such products will always be a substantial and important concern in the economic welfare of the country.

4. THE FARMER'S INCOME

While there is considerable disagreement among various authorities and much controversy concerning various technical details of measuring farm income in relation to national income, much validity is to be accorded the generally prevailing impression that farmers as a class do not receive for their basic contributions to the national economy rewards that are commensurate with those accruing to corresponding urban groups. Some go so far as to argue that permanent urban prosperity can be maintained with continuing relative farm poverty. It would seem patent that in a really functioning democracy there is no place for any considerable element of the population's being permanently exploited to their detriment at the hands of other elements, whether overtly or unintentionally. Certainly, if a prosperous urban population is valuable as a thriving market for agricultural commodities, the reverse is true—a farm population with a high purchasing power is a significant factor in keeping a city population profitably employed. Undoubtedly, however, the demand for farm products is more inelastic than that for manufactured goods, and this is a most important factor in limiting the total demand for farm products and hence sets lower limits to the total farm income. This situation becomes acute when population pressure arises in the farm areas as the result of large natural increases without opportunities for the

¹ *Reopening Foreign Markets for Farm Products*, Circular G-27, Agricultural Adjustment Administration, U. S. Dept. of Agriculture, Washington, 1934, p. 1.

surplus people to migrate to the urban areas for profitable employment.

TABLE V
INCOME IN AGRICULTURE, 1799-1938¹

| Year | Farm Population Per Cent of Total Population | Income in Agriculture | |
|------|--|------------------------|--|
| | | Millions of Dollars | Per Cent of Private Production Income |
| 1799 | | 264 | 39.5 |
| 1829 | | 329 | 34.7 |
| 1859 | | 1,264 | 30.8 |
| 1879 | | 1,371 | 20.7 |
| 1900 | | 3,034 | 20.9 |
| 1910 | 34.9 | 5,563 | 21.8 |
| 1920 | 29.9 | 10,569 | 17.3 |
| 1929 | 25.1 | 8,720 | 12.7 |
| 1932 | 25.1 | 3,040 | 8.2 |
| 1934 | 25.8 | 4,661 | 11.6 |
| 1936 | | 6,378 | 12.8 |
| 1938 | | 6,140 | 12.9 |

Examination of the accompanying table on the income in agriculture reveals that about one-fourth of the total population in 1938 received approximately one-eighth of the entire national income from private production. This disproportion is much greater than in 1910, the first year for which farm-population figures are available, when approximately one-third of the nation's population received about one-fifth of the total national income. What these figures indicate is that farmers are receiving on a per capita basis about half the income of the rest of the population.

One must be cautious in making comparisons of reward for labor and management per farm family with wages, salaries, or family income of wage earners in other occupational groups, because it is difficult to compare accurately the significance of a given income to a farm family and to one living in a city. The adequacy of living is likely to be greater on a given income in the country than in the city, due to the production of food and fuel on the farm, the less expensive housing arrangements, and the simpler fashion of agra-

¹Sources: *The Economic Almanac for 1940*, National Industrial Conference Board, New York, p. 220; Martin, Robert F., *Income in Agriculture, 1929-1935*, National Industrial Conference Board, New York, p. 109.

rian life in general. On the other hand, the farmer is usually the manager of his farm and should expect to receive returns for his managerial efforts, which is not customarily true of the industrial worker. Other factors not enumerated also enter to indicate that the several advantages and disadvantages of location of residence are difficult of evaluation in making a comparison of the significance of income to different groups, particularly as related to the standard of living developed out of a given income.

Even bearing the limitations of comparability in mind, the disparities between farm and nonfarm incomes, on both a per capita and a per family basis, as revealed in a study¹ by the Brookings Institution are striking indeed. In 1929, one of the most notably prosperous years of our national history, there were more than thirty million people or approximately 25 per cent of the total population living on farms in the United States. This farm population, including not only farm owner-operators and tenants but also hired hands and managers received a total income from all sources of approximately \$8,260,000,000, or a per capita income of \$273. The other three-quarters of the population received an income which aggregated about \$83,000,000,000, making a per capita income of \$908. Thus, as measured in terms of dollars in 1929, the average per capita nonfarm incomes were more than three times as large as the farm incomes. Wide geographic differences exist in these per capita incomes. For example, in California the per capita farm income was \$1,246 (per capita nonfarm income, \$1,066), or approximately ten times as great as in South Carolina, with \$129 (nonfarm income, \$412 per capita). In twelve states, all in the South, and containing nearly half the entire farm population of the United States, the per capita farm income was below \$200, the average for this group of states being barely \$162.

This same study shows that on a family basis, in 1929, the 21,-674,000 nonfarm families of two or more persons in the United States received an income aggregating \$70,000,000,000, while the income of the corresponding 5,800,000 farm families, including an allowance for rent and farm produce consumed, and including also the earnings from nonfarming activities of all members of the family, amounted to 7.2 billion dollars. On a per family basis, this

¹ Leven, Maurice, H. G. Moulton, and Clark Warburton, *America's Capacity to Consume*, Brookings Institution, Washington, 1934, pp. 44-62.

was an average income of \$1,240 for farm families as compared with \$3,226 for town and urban families. More than 54 per cent of the farm families had incomes less than \$1,000, whereas only about 13 per cent of the nonfarm families had incomes under \$1,000. This 54 per cent of the farm families received about 23 per cent of the total income of the farm group, while the corresponding 13 per cent of nonfarm families accounted for less than 2 per cent of the total income of the nonfarm group. Among the nonfarm population, the 2.9 per cent of the families with incomes of \$10,000 and over received about 31 per cent of the income for that group, while the income classes of \$10,000 and over constituted only 0.07 per cent of the farm families and approximately 0.7 per cent of their income. These facts indicate that although the income of the farm families was not as high in proportion as the nonfarm families it was characterized by a more even distribution.

It is interesting to note that the Brookings Institution, in concluding this comparison of farm and nonfarm incomes, points out that while a given farm income, due to the fact that farm prices for food are figured at about 60 per cent of city prices, carries further than an equal income in the city insofar as food is concerned, if the farm family were to be placed on the same plane of consumption as the city family, many items of its budget would be more expensive than they would in the city.

In line with this analysis, many students, viewing the situation from the standpoint of welfare, contend that the advantages of lower cost of food and shelter on the farm are offset by the larger amount of "free" services accruing to city families in the form of educational, recreational, and cultural facilities. All in all, therefore, it is doubtful if a dollar on the farm is from a consumption standpoint any more effective than a dollar in the city.

5. SOME OTHER CONSIDERATIONS

In addition to the several factors discussed in the preceding sections of this chapter as contributing to the imbalance of agriculture after the First World War, there are a number of others of perhaps as great importance. The most of these are discussed at some length in other connections in subsequent chapters, so only a brief mention of them needs to be made here.

It may be viewed as a natural tendency in the farmer's operations

that during the hectic days of wartime expansion he should have gone heavily into debt. At any rate, this is exactly what happened; for there was a 300 per cent increase in the average mortgage debt per acre of farm land between 1910 and 1928. In the former year total mortgage debt on farm land and buildings amounted to approximately \$3,300,000,000; by 1928 the similar figure had increased to around \$9,500,000,000. To counteract a tendency toward inflation, the Federal Reserve System inaugurated a deflation policy and significantly raised the value of the dollar, making it doubly difficult for the farmer to pay off his staggering load of debt. For example, Warren and Pearson¹ tell us that over the period from 1912 to 1922, the estimated public and private debts in the United States more than doubled, and by 1929, the total debt in this country had trebled. The estimated value of the total wealth in the United States in 1929 was \$362,000,000,000 and the estimated total amount of our debts was \$203,000,000,000, or 56 per cent of the aggregate wealth resources. In the depression year 1932, the national wealth had declined to \$251,000,000,000; the debts for the same year are not known but were viewed by the same authorities² as probably about equal to the wealth. During the period from 1921 to 1932, there was a total of 10,227 bank suspensions in the United States, or approximately one out of every three of the number of banks in 1921. A large part of these were country banks, which crawling under stupendous burdens of frozen assets, toppled like card houses all over the nation, but particularly in the one-crop regions of the cotton and wheat belts, where the absence of any reasonable approach to diversification of agricultural interests made farming more than doubly hazardous.

The protective tariff policy of the United States is one designed primarily to aid the manufacturing interests of this country. This it has done quite effectively by establishing tariff walls high enough to shut out competition from foreign producers. These tariffs are effective because almost any competing products from abroad must pay import duties sufficient to enable the American manufacturer to maintain his advantage in the domestic market. But the major

¹ Warren, G. F., and Frank Pearson, *Prices*, John Wiley & Sons, Inc., New York, 1933, p. 235.

² Warren, G. F., and Frank Pearson, *Gold and Prices*, John Wiley & Sons, Inc., New York, 1935, p. 354.

agricultural commodities of the United States—such as cotton, wheat, corn and hogs, and tobacco—are on an export basis, and hence a tariff on them, from the very nature of a tariff, cannot be effective in elevating their prices which are largely determined competitively in the markets of the world. So, the American farmer is truly said to sell in an unprotected market and to buy in a protected one.

It was on March 3, 1921, the day before he retired from office, that President Woodrow Wilson sent to a hostile House of Representatives a message vetoing the Emergency Tariff Bill, a statement which was strikingly prophetic in its warning:

Changes of a very radical character have taken place. The United States has become a great creditor nation. She has lent certain Governments of Europe more than \$9,000,000,000, and as a result of the enormous excess of our exports there is an additional commercial indebtedness of foreign nations to our own of perhaps not less than \$400,000,000. There are only three ways in which Europe can meet her part of her indebtedness, namely, by the establishment of private credits, by the shipment of gold, or of commodities. It is difficult for Europe to discover the requisite securities as a basis for the necessary credits. Europe is not in a position at the present time to send us the amount of gold which would be needed, and we could not view further large imports of gold into this country without concern. The result, to say the least, would be a larger disarrangement of international exchange and disturbance of international trade.

If we wish to have Europe settle her debts, governmental or commercial, we must be prepared to buy from her, and if we wish to assist Europe and ourselves by the export either of food, of raw materials, or finished products, we must be prepared to welcome commodities which we need and which Europe will be prepared, with no little pain, to send us.

Clearly this is no time for the erection of high trade barriers. It would strike a blow at the large and successful efforts which have been made by many of our great industries to place themselves on an export basis. It would stand in the way of the normal readjustment of business conditions throughout the world, which is as vital to the welfare of this country as to that of all the other nations.¹

But, as is so often the case in American politics, the waves of a popular reaction against the formerly widely acclaimed wartime leader swept over the nation; and on June 27, 1921, a few months

¹ Baker, Ray Stannard, and William E. Dodd, *The Public Papers of Woodrow Wilson—War and Peace*, Harper & Brothers, New York, 1927, Vol. II, pp. 533-534.

after his inauguration, President Warren G. Harding signed the Emergency Tariff measure, superseded the following year by the Fordney-McCumber Tariff Act of 1922. In 1930, during the Hoover administration, still higher tariff schedules were imposed in the Smoot-Hawley Tariff Act. These measures ran directly contrary to the warnings of Woodrow Wilson, and went a long way toward prohibiting the sale of commodities from the debtor nations to the American people, making it virtually impossible for them to pay off their huge war debts in the only manner possible. Moreover, this high-tariff policy was the inciting cause of similar measures throughout almost all the nations of Europe, even England to a larger measure than in many decades abandoning her characteristic free-trade policies. It would be difficult to exaggerate the extent of the adverse influence of these nationalistic measures upon healthful world trade, security, and even peace. Undoubtedly, they were basic factors in destroying a large part of the foreign markets for American farm products, because the nation that would sell abroad must also buy in equal amount from its customers.

Besides, American people formed new habits of eating during war days. In recognition of the truth of such slogans as "Food Will Win the War" emblazoned on posters throughout the nation, patriotism demanded wheatless and meatless days for the civilian population, so that the Allied armies might have abundant supplies of the staffs of life. People ate more foods of the perishable types, and refrigerator cars and trucks moved fresh vegetables into the everyday diets of the average American in larger measure than ever before. The result was permanently salutary from a nutritional standpoint, but upsetting to former balances established in our agriculture as a whole. As illustrative of the extensiveness of these shifts in food habits, the per capita consumption of wheat in the United States which before 1917 was 5.6 bushels annually declined after the war to 4.6 bushels. This was a decrease in domestic demand of more than 100,000,000 bushels of wheat annually, a situation gratifying to the truck grower but devastating to the wheat farmer.

In 1913, the average tax rate was 55 cents on each \$100 of farm real-estate value. The corresponding rate in 1932 had much more than doubled, and was \$1.50, fortunately declining in 1933 to \$1.25.¹ Since that time farm tax rates have decreased further to

¹ Warren and Pearson, *Gold and Prices*, *op. cit.*, p. 368.

\$1.15 per \$100 of value in 1937,¹ but they continue, however, to be a heavy fixed charge on farm operations yielding relatively low incomes.

The total value of farm land and buildings, according to the Federal Bureau of the Census, was \$66,316,000,000 in 1920. By 1930, this figure had declined to \$47,880,000,000, dropping to a low of \$30,724,000,000 in 1933, and rising again to a total of \$33,641,738,000 in 1940.

Although heroic efforts were being made by a national administration sympathetic to the improvement of the plight of the American farmer and many gains were indicated, the outbreak in 1939 of a second World War complicated the situation very greatly. Foreign markets, except to England and South America, in general largely decreased or vanished, and the whole set of emphasis shifted to national defense as the primary concern.

6. THE CONCEPT OF PARITY

That the impact of the factors discussed in the preceding sections combined to work severe maladjustments in American agriculture is today an accepted fact. As the public has become more thoroughly aware of the situation, the sentiment has grown to help the farmer over the difficult places in his road and to give him a fairer share of the national income. But the question arises as to just what is a fair share for the farmer? Former Secretary of Agriculture Henry A. Wallace had the following to say in that connection:

I would like to be able to offer a neat and precise formula, but I can't, and I know of no one who can. We can, however, make some progress by agreeing upon a general definition. . . . That general definition must certainly include some reference to a decent standard of human living, to the maintenance of a balanced flow of production to an adequate or perhaps a maximum consumption, and to the conservation of soil fertility. Having in mind the permanent welfare of our country, we might phrase the definition of "fair share" as follows: Farmers will have a fair share of the national income when their share is sufficient (1) to maintain a flow of production in balance with the needs of a maximum consumption, (2) to provide for decent human living, and (3) to achieve these ends without impoverishing the soil.²

¹ *Agricultural Statistics, 1939*, Government Printing Office, Washington, 1939, p. 510.

² *Agriculture's Share in the National Income*, Circular G-48, Agricultural Adjustment Administration, U. S. Dept. of Agriculture, Washington, October 1935, p. 2.

A more nearly quantitative concept by which to gauge the farmer's economic well-being is that of "parity." This is set forth in the first Agricultural Adjustment Act (1933), in the administration of President Franklin D. Roosevelt, as follows:

Section 2. It is hereby declared to be the policy of Congress—

(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefore, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the prewar period, August 1909—July 1914. In the case of tobacco, the base period shall be the postwar period, August 1919—July 1929.

This parity concept in terms of prices was extended in the Agricultural Adjustment Act of 1938 to include insofar as practicable "parity of income" which was defined in the Act as "that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period from August 1909 to July 1914."

In arriving at this base period, 1909-14, authorities¹ in the United States Department of Agriculture point out that since 1800 there has been a persistent long-time tendency for prices of farm products to rise as compared with the prices of other commodities. This trend had arrived in the period from August 1909 to July 1914 at a point where there was a good balance between the production and consumption of each product with equilibrium between the purchasing power of city and country. It was viewed that the abnormal effects of postwar readjustments disturbed this state of dynamic equilibrium, and that it was only just to attempt to restore this ideal situation through governmental devices so that a bushel of wheat, a bale of cotton, a hundred pounds of pork or of tobacco would buy as many shoes, farm implements, and so on as these commodities could have been exchanged for in the period from 1909 to 1914. Needless to say criticism has been directed against the ideality of this base period, and there are undoubtedly imperfec-

¹ Ezekiel, Mordecai, and L. H. Bean, *op. cit.*, pp. 26-28.

tions in the concept, particularly with regard to the rigidity of the formula and the reasonableness of achieving it. Still it does mark a step forward as establishing a more definite standard, which can and should be modified in both theory and practice as further research and experience determine, toward restoring and maintaining a position more nearly of economic balance or equilibrium of return for agriculture in comparison with the other elements of our national economic structure.

QUESTIONS

1. Describe briefly the general situation existing in American agriculture prior to the First World War.
2. Account for the period of prosperity enjoyed by the American farmer during and immediately following World War I.
3. For what principal reasons were there such severe and prolonged maladjustments in our agriculture following the First World War?
4. Discuss the significance of the statement that there has been a fundamental change in the position of the United States from a debtor to a creditor nation, without an accompanying adequate revision in our trade policy.
5. What has been the effect of the following developments upon American agriculture: (1) changes in immigration policies and declining rates of natural increase among the native-born population; (2) increasing mechanization and the accompanying enormous displacement of horses and mules by automotive power; and (3) growing competition with a number of newer nations and colonies?
6. How does the marked growth in the extent of monopoly and price fixing by corporations in recent decades affect the agricultural situation?
7. In Warren's opinion, what single factor was the principal cause of the depression in agriculture?
8. Enumerate a number of factors, some of them inherent in the nature of farming as an industry, which make the amelioration of the plight of the farmer a difficult problem.
9. Discuss the validity and implications of the statement that agriculture is perhaps our best example of a purely competitive industry.
10. How does farming compare with most manufacturing industries in its percentage of fixed costs in relation to variable costs, and what is the effect of this upon the production plans of the individual farmer?
11. Discuss the importance of the products of the American farm in our export trade. Which agricultural commodities do we normally export

- in considerable quantities? To which foreign countries does the great bulk of these go?
12. What are the principal agricultural products imported into the United States? Do you view with alarm the mounting figures in this respect? Give reasons for your answer.
 13. Name and discuss the three paths in foreign trade which Wallace said were open to the United States. Which of these do you favor and why?
 14. Defend the validity of the statement that farmers as a class do not receive for their basic contribution to the national economy rewards that are commensurate with those accruing to corresponding urban groups.
 15. Why must one be cautious in comparing the significance of a given income to a farm family and to a city family?
 16. What were the specific findings of the Brookings Institution with regard to the disparities between farm and nonfarm incomes on both a per capita and a per family basis?
 17. Describe the debt situation in the United States following the First World War, particularly in relation to the farmer, and the effects of a deflation policy in that connection.
 18. Discuss the unwisdom of the tariff policy pursued in this country after World War I, and its probable repercussions upon our foreign trade in agricultural products as well as upon conditions of general international amity and accord.
 19. What are the criteria suggested by Wallace as essential in determining what constitutes a fairer share of the national income for the American farmer?
 20. Explain fully what is meant by the concept of parity as established in the first Agricultural Adjustment Act, and why August 1909 to July 1914 was chosen as the base period.

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CHAPTER V

FARM-RELIEF MEASURES

There are those in this country who have contended that the farmer is not the victim of national policies discriminatory against him; but that he is himself to blame for the condition in which he finds himself. On such a premise, it is argued that the salvation of the farm industry is in the hands of the farmer himself, and that governmental assistance is actually harmful to his best long-time interests. He is told, no matter how difficult it is to achieve, that he must control his production in proper relation to the demand, that he must lower his costs of production through increased efficiency of operation so that even at low prices he will make a profit, that the submarginal farmer must get off the farm, and that agriculture must develop an efficient marketing machinery whereby the farmer will get his fair share of the consumer's dollar.

The severe economic maladjustments of agriculture since World War I have led others to contend that all of the remedies just mentioned and others like them constitute sound advice, but that the effectiveness generally of coöperative buying and selling is, on a national basis, an ideal now far in advance of the American farmers' current social psychology and one which, if it comes at all, will likely require decades to achieve. The success of the farmers' efforts under their own power to adjust their production to demand has not been very convincing as to their likelihood of doing so unaided. The rigidities of the marketing system do not lend themselves to easy amelioration, and even with the active support of government agencies the progress made has been discouraging. Thus, if the farmer is left to his own devices to solve the agricultural problem, the unfavorable situation will continue to the detriment not only of agriculture, but of the best national interests. They maintain that the manufacturing interests have long been favored with a

protective tariff, of which the farmer has had to pay his full share, and that while ostensibly a tariff has been placed on agricultural products, it is not effective in the main because of the fact that we produce large surpluses of our major agricultural commodities. Since we export these, and do not import them except in limited quantities of special grades, the tariff on such surplus agricultural commodities is largely noneffective. Consequently, some national plan must be projected by Congress in order that the baneful inequalities now existing between agriculture and industry may be eliminated.

Those favoring government aid to the farmer have made a long fight to achieve it, and in the early days of their efforts the progress was discouragingly slow. This chapter will endeavor to review briefly the major plans advanced, from the McNary-Haugen plan to the so-called New Deal program. In doing so, it will be seen how one step in the development has led more or less logically to another.

1. THE McNARY-HAUGEN PLAN

The essential features of the McNary-Haugen plan of farm relief are credited to the authorship of George N. Peek, formerly president of the Moline Plow Company of Moline, Illinois. The plan received the virtual indorsement of Secretary Wallace of the Department of Agriculture in the Harding cabinet. Introduced into Congress on January 16, 1924, it was sponsored by Representative G. N. Haugen of Iowa in the House, and Senator Charles L. McNary of Oregon in the Senate, constituting the first McNary-Haugen bill. With some modifications the measure was passed by Congress on February 17, 1927, with a small majority in the Senate and a substantial victory in the House. The measure was promptly vetoed by President Coolidge. With evidences of greatly increased strength in both branches of the national body, the bill, with considerable modification but containing the "equalization fee," was a second time passed by Congress in May, 1928, again to be vetoed by Mr. Coolidge.

In discussing conditions which necessitate and justify such a measure, Peek said in part:

When a surplus agricultural production was necessary to repay foreign investors in the United States and to pay for our imports, our

national policy of expanding agriculture upon an export basis worked admirably. When our greatest national test came it was our surplus food production that fed the Allies and decided the issue of the World War. But the international balance shifted as a result of the war. We have the gold. The rest of the world owes us. These facts inevitably limit the volume of exports, both industrial and agricultural, from the United States. Our wheat, pork, cotton, and sometimes beef can bring the farmers only the price which foreign buyers will pay for what is left after the domestic need is satisfied. This condition is crucifying agriculture. It is directly due to our past policy of agricultural expansion, and to the development of the American protective system which keeps farm costs on a high domestic plane while farm prices remain relatively low due to the influence of world competition. . . .

The remedy lies in one of two directions. One, repealing all protective measures enacted for the benefit of other groups, thus enabling the farmer to buy as well as sell in a world market; the other, including the farmer in the protective system, by organizing and financing agriculture so that it, too, can adjust supply to demand, and if necessary divert surplus to export as industry does, and is encouraged to do by the Webb-Pomerene and Edge laws.

The first remedy, the repeal of all protective legislation, is legislatively impossible and certainly undesirable, since protection furnishes security for American standards of living against descent to the level of the world at large. Farmers have not advocated this policy. . . .

The second remedy—to include the farmer in the protective system—is no difficult matter. It requires only a mechanism which the producers of the primary surplus crops can use to regulate the movement of their crops to market, with the cost of withholding unneeded supplies, or of diverting small surpluses to export markets, assessed against all the producers of the commodity affected. If you withhold or skim off the surplus which for natural reasons cannot be controlled or prevented in the production stage, the demand can still be satisfied, but at a fair exchange value for the farmer.¹

In its essential features the McNary-Haugen plan would provide for a Federal Farm Board of twelve members appointed by the President of the United States. This Board would be required to keep advised concerning the supply and demand situation with regard to any agricultural commodity, and to advise the farmers of the nation concerning suitable programs of planting or breeding, and to aid in the control of burdensome surpluses. The Board would create advisory "commodity councils" of seven members

¹ Peck, G. N., "Equality of Agriculture with Industry," *Proceedings of the Academy of Political Science*, January, 1927, Vol. XII, No. 2, "Problems of Prosperity," pp. 68-71.

from lists submitted by coöperative marketing associations and farm organizations. Such councils would have as their duty, the advising of the Board with regard to its operations in the particular commodity represented. A revolving fund of a few hundred million dollars would be provided to loan coöperative associations for credit and in marketing the surpluses of the different commodities.

If the extension of credit from this fund to coöperative associations or their subsidiary corporations does not effectively control the surplus through such usual marketing channels, then the Board would be empowered to "arrange for marketing any part of the commodity by means of marketing agreements with coöperative associations engaged in handling the commodity, or corporations created and controlled by one or more such coöperative associations." Such a plan would result in these designated agencies buying up a sufficient portion of the crop, either for storage, or for sale abroad at a loss, in order that the farmer might secure a maximum price for his commodity. Since the policy of withholding from the market is regarded as a precarious one, it is likely that the latter method would usually be employed. Any loss incurred would be borne in the form of an "equalization fee" assessed the farmer in proportion to benefits derived.

In order to make the application of this plan clearer, the following hypothetical example is cited:

Suppose the wheat crop of the United States is 800,000,000 bushels, and the domestic demand is 600,000,000. There would result a 200,000,000 bushel surplus to be handled by the Board through sale abroad at a loss. The tariff on wheat is about 42 cents a bushel, and it is assumed in this instance that the world price is \$1.00 per bushel. The price for the entire crop would be the world price plus the tariff, or \$1.42 per bushel. Buying the surplus at this price and selling it abroad at \$1 per bushel, would incur a loss of \$84,000,000, but the price of wheat in the United States would be increased by 42 cents a bushel. Distributed over the entire crop, the loss would be $10\frac{1}{2}$ cents per bushel. Operating on the principle of the "equalization fee" this sum would be paid by each grower according to the number of bushels sold. Thus the net price which the farmer would receive for his wheat would be \$1.315 per bushel. At an expense of \$84,000,000, the farmers would receive a clear gain of \$252,000,000 on the total wheat crop.

In the second veto message, President Coolidge summarized the "major weaknesses and perils" of the bill under six headings:

1. Its attempted price-fixing fallacy.
2. The tax characteristics of the equalization fee.
3. The widespread bureaucracy which it would set up.
4. Its encouragement to profiteering and wasteful distribution by middlemen.
5. Its stimulation of overproduction.
6. Its aid to our foreign agricultural competitors.

The main objection of President Coolidge seems, however, to have been the price-fixing implications of the bill. In his second veto message on the subject he says: "There is apparently no change in the import of the bill in the resolution to impose upon the farmer and upon the consumers of farm produce a régime of futile, delusive experiments with price fixing, with indirect government buying and selling, and with a nation-wide system of regulatory policing, intolerable espionage, and tax collection on a vast scale."

Able economists differ with this view of Mr. Coolidge. Professor John D. Black of Harvard University is of the opinion that "the equalization plan is price-fixing in exactly the same way that the tariff is price-fixing. It may be argued that whether prices are fixed absolutely or relative to a moving price is inconsequential—it is still price-fixing; but if so, then import duties are price-fixing." Sir Josiah Stamp, a leading British economist, in discussing the measure, says: "The scheme is not a price-fixing one, for it merely creates an addition to a moving world price."¹

Perhaps the most damaging criticism brought against the McNary-Haugen bill is that it will tend to increase greatly the production of the crops benefited. One of the axioms of the law of supply and demand is that high prices tend to increase production, and it is perfectly reasonable to assume that no exception occurs in the case of farm produce. Such a result would mean an intensification of the surplus problem.

2. THE EXPORT DEBENTURE PLAN

The "export debenture plan" of farm relief was first outlined in preliminary form by Professor Charles L. Stewart of the University

¹ Black, J. D., "The Progress of Farm Relief and the McNary-Haugen Movement," *American Economic Review*, June and September, 1928, Vol. XVIII, p. 414.

of Illinois in his lectures in that institution as early as May, 1924. The suggestion for it is said to have come from the import certificate plan in Germany, where it applied to commodities of which that country had a deficit in its domestic production and hence upon which import duties were effective.

Before the duties were levied on wheat in Germany, the producers in eastern Germany exported their wheat through the Baltic ports and received Liverpool prices less costs of transportation. The millers in eastern Germany paid Holland prices plus costs of transportation. When the tariff duty was imposed, prices rose in western Germany by the full amount of the duty, but not so in eastern Germany. This situation was remedied by issuing import certificates on exports of wheat of eastern Germany, which were sold to the importers in western Germany. This had the effect of reestablishing the former set of territorial price relationships within the country.¹

At this point, it is interesting to inquire as to how the export debenture plan is expected to accomplish its purpose of making the tariff effective on agricultural commodities of which we produce in this country an exportable surplus. The *modus operandi* of the plan and the principal arguments in justification of its adoption are set forth in the following quotation from a pamphlet issued by the National Grange in advocacy of this measure for farm relief:

The export debenture plan is a straightforward attempt to bring tariff benefits to those agricultural products at present unable to take advantage of the protective tariff system because of small exportable surpluses which tend to depress domestic prices to the world level. . . .

Since the inequalities resulting from the tariff system are the chief source of difficulty, the logical and sensible thing to do is to apply the remedy at that point. The export debenture or bounty plan is in fact a recognized supplement to the protective tariff system in many nations today and was proposed by Alexander Hamilton as a part of the original tariff system in the United States.

Stated in the simplest terms, the export debenture plan is an arrangement whereby exporters of those agricultural products of which we produce a surplus, receive from the Treasury Department certificates having a face value established by Congress and intended to represent the difference in costs of production between here and abroad, such certificates being negotiable and good for their face value in the payment of import tariffs on any articles later imported.

¹ Black, J. D., "Plans for Raising Prices of Farm Products by Government Action," *Annals, American Academy of Political and Social Science*, March, 1929, Vol. CXLII, No. 231, p. 381.

The farmer, coöperative organization, or commercial exporter may not desire to import directly, but the certificates would be readily negotiable to American importers at a slight discount. Naturally the effect of such an arrangement would be to raise immediately by approximately the amount of the export debenture the prices of those farm products now held down to the foreign level. This would follow because any holder of these products could readily sell his supply in the foreign market at the foreign price and get in addition thereto the value of the export debenture or certificate. He would therefore be able and willing to pay a higher price, and the general price level for these crops in this country would ascend rapidly by approximately the amount of the export debenture.

With the export debenture plan of farm relief no money would be taken out of the United States Treasury, but of course the cash receipts of the treasury would be less since a portion of the import duties would be paid with debentures instead of with cash as at present.

One great advantage of the export debenture plan, as compared with the equalization fee plan, is its extreme simplicity of operation. No complicated machinery is required, no elaborate new boards or commissions, in fact no large appropriation is required, although a modest fund for administration would be needed. The Treasury Department would issue these debentures just as it now issues "drawback" certificates, tobacco revenue stamps, and similar instruments having a recognized value that must be protected. Officials already stationed at export ports are capable of certifying to the amounts of the various crops exported and designating the persons entitled to receive the export debentures.¹

The export debenture plan was first placed before Congress by the late Senator McKinley and Representative Adkins of Illinois in the Senate and House, respectively. The identical measures before these two bodies of the national Congress were referred to the appropriate committees on agriculture for hearings, but the measure did not emerge from the committee. In November, 1926, the National Grange, the oldest and one of the outstanding farmers' organizations of nation-wide scope, at its annual convention indorsed the measure, and since that time uniformly has given its support to it. Early in 1927, toward the close of the Sixty-ninth Congress, Representative Marvin Jones of Texas introduced an export debenture bill for the consideration of that body. During the sessions of the Seventieth Congress, in 1928, Mr. Jones and Representative J. C. Ketcham of Michigan incorporated the provisions

¹ *The Export Debenture Plan*, The National Grange, Washington, 1928, pp. 2-6.

of the export debenture plan in a number of bills introduced before the Congress, which were more fully discussed than previous measures of the same type before the House Committee on Agriculture. An attempt in this committee to substitute for the Haugen bill a revised Ketcham bill, incorporating the debenture plan with many elements of the Haugen bill without the equalization fee, was defeated, and the McNary-Haugen bill was a second time passed by both Senate and House.

In the national campaign of 1928, between Secretary Herbert Hoover and Governor Alfred Smith of New York, the issue of farm relief came distinctly into the foreground of the national consciousness. Under the urge of the Western farm vote, Mr. Smith came out distinctly for the "equalization fee" principle, though not committing himself as to the machinery by which it would be worked out. Mr. Hoover was unequivocally opposed to this idea, and, in this respect as in so many others, held himself committed to the policies of the administration upon the record of which he sought to win the presidency. During the campaign, possibly stimulated by the aggressive stand of Governor Smith in the matter, Mr. Hoover promised, if elected, a special session of Congress shortly after his inauguration to deal with farm legislation. A measure embodying the ideals of the administration, and which led to the establishment of the Federal Farm Board, was introduced in this special session convening on April 15, 1929. The House from the outset was clearly in a majority favoring the measure bearing the stamp of administration approval. The Senate insisted in view of the possible ineffectiveness of the newly proposed measure, the export debenture plan should be written into the law enacted in order that its provisions would become operative to effect the desired purposes. So pronounced was the Senate attitude that on April 20, 1929, President Hoover, in a letter to Senator McNary of Oregon, put himself on record as vigorously opposed to the incorporation of the export debenture plan in the new farm-relief measure. Although the Senate stalled for a while, the protest of the President was effective, and on June 15, 1929, the Agricultural Marketing Act, without the export debenture plan, was approved by Mr. Hoover. Thus the export debenture plan, while it has received prominent attention as a farm-relief measure, has never been passed by either branch of the national Congress.

3. THE DOMESTIC ALLOTMENT PLAN

One of the most damaging criticisms brought against the "equalization fee" and "export bounty" principles of farm relief is that they contain no adequate machinery to regulate production, and, consequently, that the high prices induced as a result will tend to increase the volume of production to a point where the measure becomes ineffective or occasions revenue losses too staggering to be borne. It is in order to get around this difficulty of artificial stimulus to overproduction that the domestic allotment plan was devised. There are two versions of this plan, the "limited debenture" plan of Dr. W. J. Spillman of the Bureau of Agricultural Economics, and the "transferable-rights" plan. The latter plan principally is the one to be considered in its main outlines as best illustrating the method of proposed procedure. This "transferable-rights" version of the domestic allotment plan was published for the first time in a volume by John D. Black. A brief résumé of the domestic allotment principle is available in Black's own statement of it:

The essential principle of the domestic allotment plans is paying producers a price plus the tariff duty for the part of the crop which is consumed in the United States, and a price less the tariff duty for the part of it that is exported, this to be arranged by a system of allotments to individual producers of rights to sell the domestic part of the crop in the domestic market. The object of this arrangement is to remove the stimulus to expansion of production involved in all of the foregoing plans. Any additional production which any grower undertook would have to be sold at the export price level.

Under . . . this plan, no export bounty is paid, but the processors are required to show allotment rights or internal revenue stamps costing the full amount of the tariff duty for all product used in finished product sold in the domestic market. The individual allotments are to be issued before the planting season and in quantity something less than the domestic consumption. . . .

An essential feature of this second plan is the transferability of the allotment rights. The growers may discount them at a local bank as soon as they receive them and thus obtain an advance which may serve as production credit, or the growers may instead hold their rights until they deliver their product to the local buyer. The processors will procure the necessary supply of rights either when they purchase their grain or in the open market for them which will necessarily come into existence. There will thus be product moving through the channels of trade both with and without allotment rights attached, with price levels differing

by the amount of the tariff duty. If the farmer has a crop failure, he will have his rights to sell and this will constitute some measure of insurance. . . . The rights will be re-issued each year. . . . Obviously, the most difficult feature of these plans is the determining of the individual allotments.¹

While there has been no direct application of this plan as outlined in the preceding quotation, the principle involved has for a long time been widely applied in various milk producers' associations where the milk supply is divided into a "basic" portion which is sold to consumers as fluid milk at a higher price than the "surplus" milk which comprises all the milk received beyond the quantity required for basic purposes. The surplus is used in the manufacture of various dairy products, such as butter, evaporated milk, powdered milk, and ice cream, and hence brings a lower price than that sold as fluid milk. Allotments of basic milk are made to individual producers on the basis of the production in a limited number of months of the year. Certain of its features have been applied in the program of the AAA, and from time to time, particularly among the cotton growers in parts of the South, there has been advocacy for its adoption.

4. THE FEDERAL FARM BOARD

A special session of the Congress for effecting farm relief was convened on April 15, 1929 only a few weeks after the inauguration of President Herbert Hoover. This was in fulfillment of his campaign promises. The two important measures enacted in this Seventy-first Congress, first session, were the Agricultural Marketing Act, setting up the Federal Farm Board; and the Smoot-Hawley Tariff Act. Here our concern is with the Federal Farm Board as an agency for farm relief.

In its major features, the bill provided for a Federal Farm Board, advisory commodity committees, a revolving fund of \$500,000,000, and stabilization corporations. The machinery constituted was thus not essentially different to that which had been proposed in the McNary-Haugen bills, the broad objectives were much the same,

¹ Black, J. D., "Plans for Raising Prices of Farm Products by Government Action," *Annals, American Academy of Political and Social Science*, March, 1929, Vol. CXLII, No. 231, pp. 382-383.

but the methods by which it was hoped to arrive at them were quite different.

In a statement from the White House, issued shortly after Hoover signed the bill, the President characterized the legislation as "the most important measure ever passed by Congress in and of a single industry." The Agricultural Marketing Act gave as its purpose that of placing the industry of agriculture upon a basis of economic equality with other industries through promotion of effective merchandising of agricultural commodities in interstate and foreign commerce, and the protection, control, and stabilization of the currents of such commerce in the marketing of agricultural commodities and their food products. These ends were to be accomplished by means of minimizing speculation; by preventing inefficient and wasteful methods of distribution; through encouraging the efforts of producers to organize effective associations or corporations, producer-owned and producer-controlled, for the promotion of greater unity in marketing; and by aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity. A surplus was considered for purposes of the act as "any seasonal or year's total surplus, produced in the United States and either local or national in extent, that is in excess of the requirements for the orderly distribution of the agricultural commodity or is in excess of the domestic requirements for such commodity."

The agency charged with the responsibility of administering the measure was the Federal Farm Board. This body was composed of nine members, eight appointed by the President, by and with the advice and consent of the Senate, and the Secretary of Agriculture, *ex officio*. The salary of each of these officials was \$12,000 annually, one of them designated by the President functioning as chairman. The Board was authorized to set up advisory commodity committees of seven members, selected by the coöperative associations handling the particular commodity. The committees were, as their name implies, advisory groups which furnished the Board counsel upon its procedure in handling the particular commodity under the power vested in them by the act.

The measure demonstrated great faith in the potency of coöperative marketing, and with its accompanying advisory commodity committees, the Board set about the primary task of strengthening and aiding farmers' coöperatives. It was stated as the Board's policy to approve and to support only one national commodity-selling plan and organization, with the idea of bringing a large volume of a particular commodity under the control of one management, and to eliminate the wasteful competition that might develop were there more than one central agency dealing in this commodity. The act designated as a commodity any farm product or group of products whose use and marketing methods are similar. According to this definition, the Board designated the following as commodities: (1) cotton; (2) dairy products, including fluid milk, cream, cheese, condensed milk, butter, ice cream, evaporated milk, whole and skim-milk powder; (3) wheat; (4) rice; (5) livestock, including cattle, hogs, sheep, goats; (6) wool and mohair; (7) tobacco; (8) poultry and eggs; (9) seeds, including alfalfa, clover, timothy, redtop and other field seeds; (10) potatoes; (11) coarse grains, including corn, oats, rye, barley, flax, grain sorghums, and buckwheat; (12) sugar beets and sugar cane. About a half-dozen or more of these commodity classifications, nation-wide organizations embracing local and state-wide coöperative associations in their membership, were established as, for example, The Farmers National Grain Corporation, American Cotton Coöperative Association, National Livestock Marketing Association, and National Wool Marketing Association. Credit was extended to these national agencies from the revolving fund of the Board so that they might enter the markets of their particular commodities and buy in sufficiently large quantities to prevent disastrous declines in prices.

In case the activities of these national agencies were not adequately effective stabilization corporations were authorized in the emergency "to buy and take off the market some considerable portion of the tonnage so as to relieve the low-price pressure and carry the product until some future date with the hope that there will be a more favorable opportunity for disposing of it."¹ It was expected that these stabilization corporations would make profits, and provision was made that annually 75 per cent of these should go into a

¹ *Farmers Build Their Marketing Machinery*, Bulletin 3, Federal Farm Board, December, 1930, pp. 1-5.

merchandising reserve fund. If there was a surplus after providing for the reserve fund, and paying for outstanding loans and accrued interest, a patronage dividend was to be distributed to the stockholders or members. However, in case there were losses of the stabilization corporations which could not be met from reserves, or if the reserves were inadequate, then such losses were paid by the Board as a loan from its revolving fund, no stockholders or members of the corporation being liable to assessment for any losses incurred in the surplus control operations of the corporation.

Early in its development, the Federal Farm Board established two stabilization corporations, the Grain Stabilization Corporation and the Cotton Stabilization Corporation. Although the efforts of the Board to improve prices of wheat and cotton through loans to coöperatives on those commodities at definite levels, and to control surpluses through the purchasing and holding operations of the stabilization corporations undoubtedly exerted a temporarily beneficial effect upon the market, heavy losses were subsequently incurred because production increased and the mounting surpluses were cumulative in their effects. In a report to the Senate on July 29, 1935 from a committee appointed by the Committee on Agriculture and Forestry to make an investigation of the activities and operations of the Federal Farm Board, the following statement was included:

Aside from the financing of price-pegging activities, the money was borrowed by the coöperatives for paying organization and current operating expenses, buying and building storage facilities, creameries, canning, packing, and processing plants, and for the legitimate financing of the current marketing of members' crops.

It can now be seen that the stabilization activities were foredoomed to failure; but the Farm Board made its loans for price-pegging without the benefit of the certainties which experience since has taught. The Board set up its stabilization program in response to urgent public demand; and acted, when it did proceed, on assurance from respected advisers that there was no alternative to price-pegging and no strong likelihood of its failure. . . .

Failure to halt the decline of commodity prices was responsible also for losses incurred in settlement of some of the loans made by the board to the coöperatives. Inexperience, extravagance, avarice, and in a few cases dishonesty, on the part of officials and employees of some of the coöperatives, increased these losses.

At the close of the last fiscal year, June 30, 1935, a little over \$13,-

000,000 had been written off in compromise of loans, in addition to the losses of nearly \$244,000,000 sustained in disposing of wheat and cotton stocks. It was estimated by the Farm Credit Administration as of the same date that of \$125,000,000 then outstanding to the revolving fund in unpaid loan balances, not much more than \$37,000,000 were likely to prove collectible.

On that basis, the actual and prospective losses to the revolving fund, as of the end of the fiscal year last closed, amounted to \$344,900,000; equivalent to 67 per cent of the amount of the fund (principal and interest collected), or equivalent to 69 cents out of every dollar appropriated by the Congress to the principal of the fund.¹

The efforts to promote coöperative marketing on a national scale, as well as to strengthen the local associations which were the constituent members of the national agencies, was perhaps the soundest achievement of the Board. Even these, however, were so closely tied in with the price-pegging and holding operations that this well-intended aid led afterwards to many harmful complications in the financial affairs of the local coöperatives which required a long time to adjust. The ineffectiveness of the Federal Farm Board toward ameliorating the farm situation was a major issue in the presidential campaign in the fall of 1932, and Roosevelt took Hoover severely to task for its incompetency to achieve the objectives announced when it was established. In its dying days, on December 7, 1932, the Board in a special report recommended legislation looking toward the modification of the stabilization sections of the Agricultural Marketing Act "so as to provide some means of elevating the returns to farmers from the production of exportable farm products, in such a way as (a) to pay the costs, if any, on a continuous and self-sustaining basis, and (b) to provide an effective system for regulating acreage or quantities sold, or both." It is quite significant that both of these recommendations represent procedures which were among those to be later applied in the farm-relief plan of the Roosevelt administration. Shortly after his inauguration in March, 1933, President Roosevelt, by executive order effective on May 27, 1933, abolished the Federal Farm Board, transferring its loaning functions to farmers' coöperative associations to the newly created Farm Credit Administration.

¹ *Activities and Operations of the Federal Farm Board*, Senate Report 1456, 74th Congress, 1st session, Government Printing Office, Washington, 1935, p. iv.

5. THE AGRICULTURAL ADJUSTMENT ACT OF 1933

At Topeka, Kansas, in September 1932, Franklin D. Roosevelt, then Governor of New York, said in a campaign speech on farm relief:

We have poverty and want in the midst of abundance. With incomparable natural wealth within the reach of these progressive farmers they struggle with poverty and unbelievably hard times. They try to hold their farms under conditions produced by corn, hogs, cotton, wool, cattle and wheat selling on the farm at prices as low or lower than at any time in the history of the United States. . . . There are six and one-half million families to whom this deepening shadow is a grim reality. . . . But let us not stop at our six and one-half million farm families. Let us remember that fifty million men, women and children within our borders are directly and immediately concerned with the present and the future of agriculture. . . . Our economic life is a seamless web. . . . This nation cannot endure if it is half "boom" and half "broke". . . . We must have, I assert with all possible emphasis, national planning in agriculture. . . . There is the necessity for the refinancing of farm mortgages in order to relieve the burden of excessive interest charges and the grim threat of foreclosure. . . . The second immediate necessity is to provide a means of bringing about, through governmental effort, a substantial reduction in the difference between the prices of the things the farmer sells and the things he buys. One way of attacking this disparity is by restoring international trade through tariff readjustments. . . . Support for the trial of some plan to put the tariff into effect seems to be found everywhere except in the administration at Washington. . . . It will be my purpose, my friends, to compose the conflicting elements of these various plans, to gather the benefit of the long study and consideration of them; to coordinate efforts to the end that agreement may be reached upon the details of a distinct policy, aimed at producing the result to which all these efforts and plans are directed—the restoration of agriculture to economic equality with other industries within the United States. I seek to give to that portion of the crop consumed in the United States a benefit equivalent to a tariff sufficient to give your farmers an adequate price. . . . In determining the details necessary to the solution of so vast a problem it goes without saying that many minds must meet and many persons must work together.

In accord with his campaign promises, on March 8, 1933, a call went out from President Roosevelt for a national conference of representative farmers and leaders of farm organizations. This conference began two days later in Washington with the result that all

the major farm organizations joined in recommending legislation to deal with the emergency existing in agriculture.

These recommendations took form in the first Agricultural Adjustment Act which was approved by the President on May 12, 1933. The measure consisted of three parts: (1) that granting authority to the President, through the Secretary of Agriculture, to take measures to increase agricultural purchasing power by means of raising income; (2) a second, empowering the Farm Credit Administration to take steps toward lightening the load of farm mortgage indebtedness; and (3) the delegating to the President of certain unusual powers with regard to the national currency and credit.

The cardinal objective which the Agricultural Adjustment Administration, the agency set up in the United States Department of Agriculture to carry out the provisions of the new measure, hoped to achieve was that of effectually helping the farmer to adjust his production to the market that actually existed, thereby elevating prices of his commodities and increasing his income and purchasing power. The agricultural plant in this country was viewed as vastly overexpanded ever since war days, and this situation existed in the face of greatly contracted foreign markets. As desirable as it was to recover these export outlets, it was recognized realistically that such ends were to be achieved only by slow and uncertain steps. Thus a policy which smacked to some extent of economic nationalism was considered necessary as practical strategy in meeting the critical situation which existed. In order to make possible this adjustment in production, the Act in Section 8 empowered the Secretary of Agriculture: "To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith or upon part of any basic agricultural commodity required for domestic consumption, in such amount as the Secretary deems fair and reasonable, to be paid out of any moneys available for such payments." Flexibility in the application of the provisions of the Act was provided through power given to the Secretary to issue or abrogate regulations for enforcement, subject only to the approval of the President. The basic agricultural commodities listed in the measure were wheat, cotton, corn, hogs, rice, tobacco, and milk and its products. In 1934, an

amendment to the Act added sugar, beef and dairy cattle, peanuts, rye, flax, barley, and grain sorghums. These commodities were selected because they represented those which had been the ones most seriously affected by accumulated export surpluses and falling world prices, together with the facts that they all must pass through some form of processing before they reach the consumer, and can be controlled at that stage, and that their aggregate value was around 55 per cent of the revenue from American agriculture. The Act provided that all reductions in acreage or in amounts produced for the market in these basic commodities must be effected through arrangements that were voluntary on the part of the farmer—no power was provided in the Act to order such reductions.

A concise statement of the principal features of the first Agricultural Adjustment Act may be given as follows:

1. Through the use of the concept of "parity" prices, there was established in the fight to achieve economic equality for agriculture, a yardstick which sought to define a fair exchange value for farm products.
2. Adjustment of production was made possible with any one or all of the commodities designated in the Act as "basic."
3. Benefit payments were made to farmers who signed contracts agreeing to reduce their acreage of crops or production of livestock.
4. In order to raise funds for financing the program, "processing taxes" were levied in the nature of an excise tax paid by the manufacturers on the first processing of the domestically consumed portion of basic commodities.
5. Provision was made for marketing agreements between the Secretary of Agriculture and associations of processors, and distributors of farm commodities for the purpose of regulating the marketing of these commodities in the interest of increasing producers' incomes.

Critics differ as to the economic soundness and effectiveness of the program as it worked out in actual operation during the crop years 1933, 1934, and 1935. A favorable appraisal, from official sources, is found in the following excerpt:

The Agricultural Adjustment Act of 1933 was a landmark in the history of American agriculture. It embodied the essential lessons learned in two decades of agricultural experience. By helping to protect

the farmer's prices and income, it enabled him at last to reap a larger benefit from the gains in production efficiency he had made with the assistance of agricultural research and extension work. It protected coöperating farmers against those who would not coöperate and in this way approached what previous coöperative marketing efforts had been unable to accomplish—the control of supplies and prices. It included the essential principle of the McNary-Haugen plan—that is, a domestic price higher than the world price by the amount of the processing tax. It provided for the adjustment of production which the Farm Board had held to be necessary in order to maintain prices. It recognized the futility of using a tariff to protect prices of export products and provided instead a "tariff equivalent" in the form of processing taxes and payments to farmers, on the domestically consumed portion of export commodities. . . .

Under the broad provisions of the Agricultural Adjustment Act, farmers immediately launched far-reaching adjustment programs. Surpluses began to grow smaller. Prices improved. Required annual payments on farm mortgages and other debts were reduced, enabling farmers to have more time in which to pay those debts. New farm buying power was soon felt in the cities and was reflected in increased business activity and increased employment. . . .

The adjustment of production was carried out through county associations of farmers organized for the purpose in all parts of the United States. The actual work of operating the program locally was done by county and community committees of farmers, elected by their neighbors who were participating in the program.

Thus farmers for the first time had gained the right and the opportunity to influence the production, marketing and price of their own products.¹

Whatever its merits or demerits, the first Agricultural Adjustment Act came to an abrupt close on January 6, 1936, through an adverse decision of the Supreme Court of the United States. In this opinion with regard to the so-called Hoosac-Mills Case, the majority of the Supreme Court held that the production-control activities which had been carried on by the Agricultural Adjustment Administration by means of contracts with farmers were unconstitutional. Justices Stone, Brandeis, and Cardozo filed a dissenting minority opinion. The following excerpts from the majority opinion give the essential basis upon which the Court arrived at its adverse decision:

¹ *Achieving a Balanced Agriculture*, Office of Information, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1940, pp. 13-14.

Its stated purpose is the control of agricultural production, a purely local activity, in the effort to raise the prices paid the farmer. . . .

We are not now required to ascertain the scope of the phrase "general welfare of the United States" or to determine whether an appropriation in aid of agriculture falls within it. Wholly apart from that question, another principle embedded in our Constitution prohibits the enforcement of the Agricultural Adjustment Act. The act invades the reserved rights of the states. It is a statutory plan to regulate and control agricultural production, a matter beyond the powers delegated to the federal government. The tax, the appropriation of the funds raised, and the direction of their disbursement, are but parts of the plan. They are but means to an unconstitutional end.

From the accepted doctrine that the United States is a government of delegated powers, it follows that those not expressly granted, or reasonably to be implied from such as are conferred, are reserved to the states or to the people. To forestall any suggestion to the contrary, the Tenth Amendment was adopted. [The Tenth Amendment declares: "The powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the States respectively or to the people."] The same proposition, otherwise stated, is that powers not granted are prohibited. None to regulate agricultural production is given, and therefore legislation by Congress for that purpose is forbidden.¹

Certain phases of the Act were not invalidated by the decision: the establishment and enforcement of marketing agreements and orders; surplus-removal operations; loans on agricultural commodities; eradication of diseased animals; and the establishment of quotas for the importation of sugar and the allotment of such quotas. However, the essential production-control features and the processing-tax provisions for financing them were swept away, and the program was temporarily scuttled. Cotton growing, the production of wheat, corn, and hogs, each engaging the attention of approximately two million farmers and knowing no state lines were characterized as "purely local activities," the regulation of which was a matter for the individual states because the framers of the Constitution did not have the foresight to see that some day the Congress might have to legislate with regard to agricultural production on a national basis, and the Supreme Court would be indisposed to see that the amelioration of the distress of the farmer

¹ *Agricultural Adjustment, 1933 to 1935*, Agricultural Adjustment Administration, U. S. Dept. of Agriculture, Washington, 1936, pp. 302-317.

could be construed as decidedly in the general welfare of the United States as a whole.

6. THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

The Supreme Court had chosen a very inconvenient time for its invalidation of the Agricultural Adjustment Act of 1933. The decision was handed down in early January, by which date almost every farmer's plans should have been more or less fully matured for the crop year. In casting about for a substitute measure which would withstand the tests against its constitutionality, it was recalled that there was on the statute books of the Federal Government a measure known as the *Soil Erosion Act* of 1935 in which the expressed policy of the Congress was "to provide for the protection of land resources against soil erosion, and for other purposes." This Act was amended and supplemented "to promote the conservation and profitable use of agricultural land resources," and was approved on February 29, 1936, to be known as the *Soil Conservation and Domestic Allotment Act*.

Specifically, as stated in the act, the purposes of it were:

(1) Preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; (4) the protection of rivers and harbors against the results of soil erosion in aid of maintaining the navigability of waters and water courses and in aid of flood control; and (5) reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the five-year period, August 1909-July 1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio.¹

The powers conferred in the Act were intended to assist voluntary action calculated to bring about the objectives set forth. In order to refute the criticisms of those who had called the philosophy of the original Agricultural Adjustment Act one of an "economics of scarcity," the new measure emphasized that it was not to be used

¹ *An Act to promote the conservation and profitable use of agricultural land resources by temporary Federal aid to farmers and by providing for a permanent policy of Federal aid to States for such purposes.* Public—No. 461—74th Congress, S 3780, February 29, 1936, p. 1.

to discourage the production and maintenance of a continuous and stable supply of agricultural commodities adequate to meet the consumer demand at prices that might be considered fair to both producers and consumers. The Secretary of Agriculture was authorized by the Act to make payments directly to the producers who would agree to carry out the purposes for which it was enacted. The amounts and rates of such payments were conditioned upon: (1) The producers' treatment or use of their land for soil restoration or conservation or prevention of soil erosion; (2) changes in the use of their land; (3) the proportion of their normal production of designated agricultural commodities normally required for domestic consumption; and (4) by any combination that might be used of these factors. An appropriation not to exceed \$500,000,000 was authorized in the bill to finance the operations of the program contemplated.

The emphasis of the original Agricultural Adjustment Administration was upon the control of agricultural production, or what was known as *burdensome surpluses*. The emphasis in the Soil Conservation and Domestic Allotment Act was placed squarely upon the goal of soil conservation as a foundation element of any sound long-time agricultural policy. It was hoped that the inducements offered would be sufficient to bring a large enough proportion of the farmers into line so that there might be an effective control of supplies of farm products so as to keep a proper balance with domestic consumption and foreign market demand, but that this was merely a hope became evident with the enormous crops produced in the harvests of the year 1937. In his report for that year, Secretary of Agriculture Henry A. Wallace, said in this connection: "It is not a production-control program. In the absence of other legislation, normal weather conditions over several seasons again will result in the accumulation of burdensome surpluses."¹

The Federal agency in charge of the agricultural conservation program retained the name and much of the same personnel as the former Agricultural Adjustment Administration. For convenience in accommodating the diversity of agricultural interests in the different sections of the nation, five regions were established as administrative subdivisions. These were known as: (1) The Southern

¹ *Report of the Secretary of Agriculture, 1937*, Government Printing Office, Washington, 1937, pp. 13-14.

Region; (2) The East Central Region; (3) The Northeast Region; (4) The North Central Region; and (5) The Western Region. There was a director put in charge of each of these regions, and in each state there was established a state agricultural conservation committee, consisting of from three to five members, appointed from more or less distinct type-of-farming areas. These committees were both advisory and supervisory in their functions, and were charged with the responsibility for the relative cost, operation, and effectiveness of the programs in their respective states.

Within the counties the organization was similar to that established under the earlier AAA programs. Each county had its county and community committeemen, all of them farmers. These committeemen were elected by their neighbors in each township or other similarly defined area, to assist program participants in executing work sheets and in planning their farming operations in line with conservation standards. Also, the township committeemen helped, at the end of the season, to check performance and to certify the claims of cooperating farmers for Federal grants. Responsibility for supervising and coordinating the work of the various community committeemen, for reviewing program forms and documents, and for making final recommendations for the adjustment of individual "soil-depleting bases" within the prescribed limits for the county, rested with the county committee, which accordingly had authority to investigate local problems. Educational work necessary in the explanation and application of the programs was under the direction of the State agricultural extension services, which also were given large administrative duties in the West and South.

In determining an individual farmer's contribution to the national soil-conservation goal and therefore establishing the amount of his claim upon the grant funds available the starting point was the soil-depleting base. Cropland uses were divided into two major classifications, soil-depleting and soil-conserving. Among the soil-depleting crops may be mentioned corn; small grains harvested for grain or hay, or seeded alone and pastured; annual grasses, pastured or harvested for grain or hay; soybeans, cowpeas, and field beans if harvested for grain; the sorghums, potatoes, commercial truck and vegetable crops, sugar beets, tobacco, and cotton. In the soil-conserving category were included most of the legumes and perennial grasses; soybeans, field beans, cowpeas or field peas, if these crops were turned under as green manure; small-grain crops if turned under as green manure and followed by soil-conserving crops; orchards and vineyards interplanted with winter cover crops; acreages summer-fallowed if followed with soil-conserving crops. The two categories include many crops not here mentioned. Those cited merely illustrate the principle. . . .

Farmers coöperating in the soil-conservation program could qualify in 1936 for either or both of two classes of payments, the class 1 or soil-conserving payment, and the class 2 or soil-building payments. The class 1 payment was available to farmers who diverted a portion of their soil-depleting base acreage to soil-conserving crops or uses. . . . Farmers desiring to qualify for the class 2 or soil-building payment had to adopt certain approved practices calculated to restore soil fertility.¹

Enough has been said to indicate the general lines along which the program under the Soil Conservation and Domestic Allotment Act was developed. To attempt to give details would be impractical within the space limitations available in this text. The Act was tested in the courts, and found to have the criteria of constitutionality. However, due to the annulling of the processing taxes in the demise of the first Agricultural Adjustment Act, the financial support of the measure had to be provided by appropriations from the Treasury. Records show that under the second phase of the triple-A much was done to promote diversification of agriculture through the extension of soil-conserving crops in large areas badly needing such a redirection of customary farm-management operations. But efforts of the Soil Conservation and Domestic Allotment Act to control production of crops characterized by burdensome surpluses met in general with only indifferent success as is evidenced by the fact that in 1937 the aggregate production of the fifty-three leading crops was larger than any in the previous history of the United States.

7. THE AGRICULTURAL ADJUSTMENT ACT OF 1938

The large surpluses of cotton, wheat and other crops which were accumulating under the Soil Conservation and Domestic Allotment Act constituted a menace to farm prices and income similar to that existing in the fall of 1932. Consequently, in order to correct this tendency, a new farm act, known as the *Agricultural Adjustment Act of 1938*, was passed by the Congress and approved by the President on February 16. One part of the Act strengthened and continued the conservation phases of the Act which it succeeded, but the other part concerned provisions for regulating interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent

¹ *Report of the Secretary of Agriculture, 1936*, Government Printing Office, Washington, 1936, pp. 14-16.

necessary to provide an orderly, adequate, and balanced flow of such commodities. All payments were to be conditioned upon participation of the farmer in measures for the conservation of his soil.

The objectives of the Act may be summarized under the following six points:

1. The AAA soil-conservation program is continued and its objectives established as a part of permanent farm policy in the interests of future abundance of food and fiber.

2. National acreage allotments are set at levels to give production ample for domestic consumption, for exports, and for reserve supplies, and payments are made to encourage farmers to produce up to these allotments.

3. Systematic storage of food and feed surpluses from big crop years for use in years of shortage is assisted by loans.

4. Marketing quotas for commercial producers of cotton, wheat, corn, tobacco, and rice, backed by penalties on sales in excess of the quotas can be used, subject to approval of two-thirds of the producers voting, to obtain general participation of farmers in a program designed to hold surplus supplies of the five listed commodities off the market until they are needed.

5. Release of supplies withheld from market under marketing quotas is provided to meet any shortage.

6. Crop insurance for wheat, starting with the 1939 crop, will give wheat producers and bread consumers better protection against crop failure. Gradual accumulations of wheat paid in by farmers as insurance premiums will contribute to the Ever-Normal Granary supplies.¹

Each year national allotments, usually in terms of acres, are established for the five commodities listed in the Act, these allotments being divided among states and counties. The county allotments are apportioned to the individual farmers through the local and county committees. When it appears that unusual surpluses are indicated as likely to occur in a particular commodity, a referendum is held and upon a favorable vote of at least two-thirds of the growers of that commodity, marketing quotas are established. These quotas then become compulsory, and sales in excess thereof carry heavy penalties per pound or per bushel. Thus the operation of this part of the third phase of the AAA is very similar to the production control features of the first AAA. However, the processing taxes were not revived in the Agricultural Marketing Act of 1938,

¹ *The New Farm Act*, General Information Series G-38, Agricultural Adjustment Administration, U. S. Dept. of Agriculture, Washington, 1938, p. 2.

the financial support of the program coming from direct Congressional appropriations for the purpose.

The Act provides for commodity loans on any agricultural product, including dairy products, to be made through the Commodity Credit Corporation, the commodities themselves serving as security for the loans. For example, the Corporation makes loans on corn, wheat, and cotton, when supplies of these commodities mount above specified levels or prices fall below certain levels. Such loans to farmers cooperating in the program of the AAA range from 52 per cent to 75 per cent of parity. This range is devised to make possible loans sufficiently high to put a floor under unduly declining prices, but at the same time not to operate so that these commodities cannot compete in export markets. If noncooperators desire to store that part of their crop that would be subject to penalty under an existing marketing quota, the rate they receive is only 60 per cent of that available to cooperators.

These commodity loans make possible what is designated as the "ever-normal granary." The underlying theory of this is that such loans give producers immediate cash income, and at the same time enable them to store surpluses of bumper crop years for use in years of lean crops. This procedure, it is argued, protects the producers of corn and wheat against the effects of price-depressing surpluses, and at the same time stores up reserves to avoid extreme shortage of domestic supplies in time of drought.

The Act also establishes a Federal Crop Insurance Corporation authorized and empowered, beginning with the crop of 1939, to insure producers of wheat against loss in yields of wheat due to unavoidable causes, including drought, flood, hail, winterkill, lightning, tornado, insect infestation, and plant disease. Payment of premiums on such insurance is made in kind, i.e., in bushels of wheat instead of dollars. Thus the plan is developed for the purpose of protecting the wheat grower against fluctuations of yield, but not of price. The minimum portion of the crop which can be insured is 50 per cent and the maximum is 75 per cent.

The central administration of the AAA, located in Washington in the United States Department of Agriculture, is headed by an official known as the *Administrator*, with his staff of assistants. Responsible to the administrator are six regional directors, supervising the work in as many regional divisions, selected on a geographical

rather than type-of-farming basis, though each does tend to place special emphasis on the major crop or type of farming that is characteristic of the region.

Locally the AAA farm programs are supervised by state, county, and community committees. Every cooperating farmer is a member of what are known as *county agricultural conservation associations*. These associations determine the personnel of both the county and community committees which are limited to three members. The community committees attend to such matters as preparing, checking, and approving forms used in connection with the AAA program; recommending acreage allotments and soil-building goals for farmers in the community; and assisting in checking compliance on the part of farmers. The county committees review forms and other documents filed in connection with the programs; apportion county-acreage allotments among individual farmers; fix soil-building goals; and supervise preparation of applications for payments and loans.

The state committees are composed usually of four farmers, appointed by the Secretary of Agriculture, upon the recommendation of the Administrator of the AAA. The director of the agricultural extension service of the state is always a member of the state committee. The functions of this committee are, within the framework of law and of national AAA policy, to determine state policies and direct the operations of the program in the state, keeping closely in touch with county and community sentiment in performing their task.

Thus the program may be characterized as one of economic democracy. It strives to achieve in the larger national interest the following four objectives: (1) a fair share of the national income for farm families and fair exchange for farm products; (2) the conservation and wise use of agricultural resources; (3) the safeguarding of consumer supplies of food and fiber; and (4) the stability of farm communities and the promotion of national stability.

This chapter has endeavored to recount the steps by which the present farm program has evolved. It shows very clearly how one program has supplied either ideas or experiences, often both, to a succeeding one. Imperfections characterize all human institutions, and hence those devised for farm relief. But, the issue has been joined with, and succeeding years should bring more knowledge

and experience, hence a larger degree of effectiveness in the effort to improve the condition of the American farmer in the national interest.

QUESTIONS

1. Do you think the farmer can, unaided by far-reaching national legislation, achieve economic equality with the rest of the nation? Give reasons for your answer.
2. Why is it that a tariff is ineffective on agricultural commodities of which this country produces an exportable surplus?
3. Explain how it was believed that the McNary-Haugen plan would operate to make the tariff on wheat effective.
4. What was the export debenture plan, and how was it expected to operate in raising the price of an agricultural commodity in the production of which this country is on an export basis?
5. Give the essential principle of the domestic-allotment plan, and the objective of such an arrangement.
6. State the purposes of the Agricultural Marketing Act of 1929, and how it was expected to achieve them.
7. Describe the organization of the Federal Farm Board and the theory as to its operations through national commodity-selling coöperative associations and stabilization corporations to prevent surpluses from causing undue and excessive fluctuations or depressions in prices for agricultural commodities.
8. Do you think President Herbert Hoover was correct in characterizing the Federal Farm Board as "the most important measure ever passed by Congress in and of a single industry"? In answering this question review the activities and operations of the Board.
9. What striking recommendations were made in a special report by the Federal Farm Board in its dying days, and of what significance were they in relation to subsequent farm-relief plans?
10. Give the substance of Franklin D. Roosevelt's campaign speech on the farm problem as delivered at Topeka, Kansas, in September, 1932, including his promises as to what he would do for agriculture if elected.
11. What was the cardinal objective which the first Agricultural Adjustment Administration hoped to achieve, and what powers did the Agricultural Adjustment Act of 1933 confer upon the Secretary of Agriculture to achieve that objective?
12. Make a concise statement enumerating five principal features of the first Agricultural Adjustment Act.
13. Summarize the achievements of the first AAA.

14. On what grounds did the United States Supreme Court on January 6, 1936 declare the Agricultural Adjustment Act of 1933 unconstitutional?
15. What do you think of the validity of the statement of the Court that agricultural production is "a purely local activity"?
16. Give the objectives of the Soil Conservation and Domestic Allotment Act of 1936, and in general how it was sought to achieve them.
17. In what important respects did this second phase of the AAA differ from the first? Discuss particularly their relative capacities to control agricultural production.
18. Enumerate the six major objectives of the Agricultural Adjustment Act of 1938.
19. Explain in this connection what is meant by national acreage allotments, marketing quotas, and commodity loans.
20. Describe the organization of the AAA nationally and locally.

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PART TWO
ECONOMIC ELEMENTS

CHAPTER VI

THE FARM MANAGEMENT PROBLEM

It is well recognized that to a considerable extent in any program of effective farm relief the farmer must largely work out his own salvation. Of course there must be concerted action on the part of individual farmers, but in an ideal system, each farm must be properly organized and managed in accord with certain fairly clearly defined principles of scientific farm management. *Farm management* has been defined ¹ as the utilization of sound principles in the selection, organization, and conduct of an individual farm business for the purpose of obtaining the greatest possible continuing net profit. The management of a farm is at the same time an art, a science, and a business. Investigations into this rapidly growing subject focus upon the determination of facts and principles which will aid individual farmers in working out the most profitable organization of their farms. Two points ² of view are outstanding in this connection, the first being how to organize the most profitable business on a particular farm without changing the area, and the second how to organize the most profitable farm business for a particular farmer assuming that he can change the area of his farm or move to a more desirable farm if the possibilities of his present business are too limited.

A thorough treatment of farm management involves such matters ³ as the principles and factors involved in selecting farming as a business to enter, the specific type of farming to engage upon, selecting the farm, securing capital and credit, and organizing the business for operation, as well as equipping the enterprise. Also, it

¹ Adams, R. L., *Farm Management*, McGraw-Hill Book Company, Inc., New York, 1921, p. 1.

² Myers, W. I., "The Results of Farm Management Research in the Northeastern United States," *Proceedings*, Second International Conference of Agricultural Economists, George Banta Publishing Company, Menasha, Wis., 1930, pp. 841-863.

³ Adams, R. L., *op. cit.*, p. 3.

includes directing crop and livestock enterprises so as to obtain the greatest possible continuous net profits, handling farm labor, keeping accurate accounts of the venture, and efficient sale of the resulting products. Some phases of this field of agricultural economics are considered in other chapters and it is not necessary to discuss them here. It must be apparent that only high points with regard to the other phases of farm management may be briefly touched upon within the space available. However, the succeeding sections will point to the importance of an adequate understanding of the science of farm management for the one who would be a really successful farmer.

1. FARMING AS AN OCCUPATION

The vocational choice of an individual is one of the most important decisions in life. Vocational guidance today is in a very imperfect stage, but its objectives are soundly based. As complete knowledge as possible should accompany and determine the choice of one's occupation. In American life there is a wide opportunity for selection, and every young man in making his choice has fewer restrictions except such as are self-imposed than is true of any other country in the world. Some sage advice along these lines is offered by Warren, who says in part:

Each person should choose the occupation in which he will be of most use in the world. Even from the selfish standpoint, this is usually best. The ultimate rewards in money and in pleasure are usually largest when one is doing the work that he can best do. . . .

The high salaries paid in cities are misleading. They sound much larger than they really are, when the cost of living is considered.

If one is sure that he prefers some other occupation and that he has a fair chance for success in it, he should certainly not be a farmer. But, in many instances, the dislike of farming is merely a "case of the blues." Periods of discouragement come to every one regardless of his occupation; a change of occupation will not prevent them. There is no occupation that looks good when one is considering all its disadvantages. Unfortunately, human nature is such that we are likely to see the bright side of the other man's work and the dull side of ours. If one is to succeed in any occupation, he must learn to work when he had rather not, and to keep at it even if he is tired.

Farming is not an easy task. It is worth while. It is worthy of a man. It combines physical labor with thought, so that it calls for an all-around development. . . .

It is not advised that any young man be a farmer. It may be very much better for him to leave the farm, but before leaving the farm, he should consider both sides of the question.¹

In recent years, the tendency has been too much for everyone who could get away from the farm to do so. If the advantages of farming and the certainty and stability of farming as a business and a mode of life are weighed against the uncertainty and tenuousness of much that the city seems to offer, it is believed that many who leave the farm so quickly would find in it a more satisfactory life than at first they would seem to think. Such a point of view is emphasized at a time when millions of those in the cities are unemployed, and dependent upon charity for their very existence. Some of the principal advantages² of farming may be stated as follows:

(1) Farming as an occupation offers larger opportunities proportionately than any other for a man's being his own boss, in other words, for the independent owner-operatorship of his own business.

(2) A farmer never has to worry about where to invest his money; there are always ample opportunities for its employment on his farm, in both large and small amounts.

(3) A well-managed farm affords year in and year out maximum opportunities for employment. Logically, there should be no unemployment on the farm.

(4) In contrast with the high degree of specialization and close indoor confinement of work in mass-production industries of the urban areas, the work of the farmer varies from day to day, and season to season, and is out of doors.

(5) Both farm men and women have been shown to live significantly longer than similar groups in the cities.

(6) Wealth is more equally distributed on the farm than in the city, and there is a strong probability that, on the average, a city person will die poorer than the farm dweller. In the cities, possibly 90 per cent of the population own less than 10 per cent of the total city property. On the other hand, 80 per cent of the farmers own 45 per cent of the total farm property. These facts indicate that

¹ Warren, G. F., *Farm Management*, The Macmillan Company, New York, 1919, pp. 41-42.

² Adams, R. L., *op. cit.*, p. 19; and *Do We Want to Be Farmers?* General Information Series G-66, Agricultural Adjustment Administration, U. S. Dept. of Agriculture, Washington, April, 1937, pp. 3-6.

there is more chance for the average man to succeed on the farm than in the city.

(7) The farmer enjoys better food than the city dweller. Studies made in the United States Department of Agriculture show that farm families consume about 50 per cent more protein, 50 per cent more calcium, 40 per cent more phosphorus, and 30 per cent more iron than the standard ration required for good nutrition, as compared with barely enough protein in the diets of the workingmen's families, with deficiencies of 16 per cent in calcium, 10 per cent in phosphorus, and 15 per cent in iron. The farm families ate from about 40 to 100 per cent more meat, eggs, fruits, and vegetables than was the case with the workingmen's families, which relied more upon cereals.

(8) Farming as an occupation seems able to suffer more abuse through unintelligent operation than almost any other business, and yet return a living.

(9) Life in the country is characterized by closer personal relationships, and tends to result in the development of a larger proportion of true friends rather than mere acquaintances than is the case in the city.

(10) There tends to be a stronger family unity on the farm, and it also seems to be a better place to have and raise large families of future citizens for both farm and city.

(11) The farm is much kinder to old age than the city. This is a corollary of the higher percentage of independent ownership and greater strength and persistence of family ties in the country over the similar situations in the city.

But there are also disadvantages in country life, well known to those who have been brought up on a farm but not likely to be so readily appreciated by the city family looking for a simple way of escaping the disappointments and disillusionments of urban life. One writer has well said in this connection that "many a wreck has been the result of taking the family to the country, and afterwards having part or all of it become thoroughly dissatisfied. There are so many rough realities in a life of this kind that it takes the poetry out of the visions of joy, peace, contentment and success that arise in the minds of many."¹ There is much of social isolation, hard

¹ Wiley, Harvey W., *The Lure of the Land*, D. Appleton-Century Company, Inc., New York, 1915, 368 pp.

manual labor, uncertainties of weather and of prices, and often a great scarcity of such city conveniences as electric power, hard-surfaced streets, and modern plumbing on the farm and in the farm home. Moreover, it is an occupation requiring skill and technical knowledge which can be acquired only through actual experience and careful study on the part of the city dweller who would make a success of it. An American humorist, Bill Nye, once classified farmers as "agriculturists," or those who made their money in town and spent it on their farms, and "farmers," or those who made their money on the farm and spent it in town. The city dweller considering farm life should fully recognize that while it has numerous advantages, it also has many disadvantages; and, perhaps above all, that an inexperienced person can quickly spend a small fortune on a farm with very little left to show for it.

2. SELECTING A FARM

Quite often the selection of the farm is decided upon when the determination is made to enter farming as a life undertaking. But such an important matter should not be left to chance nor should the selection be made in a haphazard manner. Usually when an individual selects the farm he will operate, particularly when he is to own the farm, he selects the spot and the community in which he is to spend his entire life. This fact makes the decision a much more important one than merely that of choosing a good investment, with the likelihood of enhancement in value as the years go by.

To achieve success in the farming enterprise, it is essential to take cognizance of the following three vitally important factors:¹ (1) opportunity for a paying size or volume of business; (2) a type of soil that will yield returns that more than cover the cost of production; and (3) suitable conditions, both as to natural resources and environment and as to markets, to permit the development of a dependable organization of diversified activities. Such factors of course must be determined in relation to the capital available, whether the individual wishes to own or to rent the farm, social conditions in the community, the future of the region, the healthfulness of the climate and water supply, the topography and soil

¹ Thomson, E. H., *Selecting a Farm*, Farmers' Bulletin 1088, U. S. Dept. of Agriculture, Washington, 1922, p. 6.

adaptations, the adequacy, location, and condition of all farm buildings, as well as personal preferences and other factors.

The Federal Government has prepared a suggestive score card by which the different farms under consideration may be rated as to their particular merits and adaptations to the purposes in mind. While it is not intended to be all inclusive, to reproduce it here will serve in condensed form to indicate the numerous factors which must be weighed in this important concern of the person who would farm successfully.

BLANK FORM FOR USE IN SELECTING A FARM¹

- Location of farm.
- Owner.
- Address.
- Distance to shipping station. ; to trading center.
- Condition of roads. ; in winter. ; in spring.
- Distance to schools and churches. ; to nearest neighbor.
- Is telephone available? R.F.D.?
- Electric current for lighting. ; for power.
- Total area of farm. ; acres in crops. ; acres that can be used for crops. ; acres in pasture. ; acres in woods. ; acres in waste land. ; in roads, buildings, lots, swamps, lakes, etc. ; acres in stump or brush land. ; Kind of timber. ; ease in getting out timber or wood.
- Topography as regards economy of cultivation. irrigation. ; danger from erosion or sliding. ; flooding.
- Natural fertility as evidenced by kind of forest growth and native vegetation.
- Present condition of fertility as evidenced by growth of crops or weeds.
- Physical condition of the soil. ; adaptability to legumes. ; adaptability to all kinds of crops.
- Natural drainage. Artificial drainage.
- Depth of soil. Kind of surface soil.
- Kind of subsoil.
- Water supply: Source. ; quantity in dry summer months or during winter months. ; cost of upkeep. ; supply in pastures.
- Buildings as suited to kind of farming. ; adaptability to another type of farming. ; cost of upkeep.

¹ *Ibid.*, pp. 24-25.

| | |
|--|---|
|; arrangement for economy of work..... | desirability of dwelling as a home..... |
|; kind as regards cost of upkeep..... | farm highways..... |
|; shape of field..... | nearness to farmstead..... |
| Kind of orchards..... | condition..... |
| Adequacy of trees for home use..... | |
| Climate: as to growing season..... | days available for farm work..... |
| Neighborhood: character of people..... | available labor supply..... |
| Possibility of increase or decrease in value of land..... | |
| Possibility of selling farm..... | |
| Possibility of renting farm..... | |
| Desirability of farm as a strictly business investment..... | |
| Desirability of farm as a home or place to retire..... | |
| Adaptability of farm to changing economic conditions necessitating change of type..... | |
| Adaptability of farm for enlargement of business..... | |
| Adaptability of farm for diversification or improved organization of the business..... | |
| Adaptability of the farm for high yields of crops and desirability for livestock production..... | |
| Sureness of market for major crops grown..... | |
| History of farm as regards management of land with respect to keeping up fertility..... | |
| History of region as to development and speculation in lands as affecting present price..... | |
| Number of other well-developed farms in immediate vicinity which are successful..... | How long have they been farmed?..... |
| What are some of the operators' difficulties?..... | |
| How soon can the farm be made a going concern?..... | |
| | |

It is generally considered that a really good farm is a sound investment at any time, and there is much truth to this point of view, particularly if complete payment is made in cash at the time of purchase on the basis of sound appraisal. But, one must be especially careful when he buys either in part or wholly on credit, as is usually the case with the bona fide farmer. In discussing this situation, Warren and Pearson had the following to say:

Farming is not incorporated. It is a personal business. A man enters it at a certain time because he was born at a certain time. If he happens to enter just before a great decline in prices occurs, he is likely to lose all his

savings unless he is one of the very few who enter without heavy debts. If a farmer happens to sell his farm in a period of high prices, he is likely to move to town and take his money with him so that it is removed from agriculture. If he dies in a period of high prices, one of his sons may take the farm and buy out the other heirs. With falling prices his inheritance is likely to be lost entirely.¹

While this is a gloomy picture, it sounds a note of caution that is thoroughly justified. A considerable part of the calamity of agriculture following the First World War was occasioned by many persons having bought farm lands on credit in a period of high prices and an inflated currency, and endeavoring unsuccessfully to pay off the mortgages at a higher value of the dollar and one much more difficult to get. Also, a significant factor to investigate is the tax rate prevailing in the area where the farm is located. These rates vary widely and the amount of good government secured in return is not always directly proportionate. Moreover, taxes are a continuing fixed charge which imperatively must be met each recurring year.

3. ORGANIZATION AND MANAGEMENT

One of the important matters to be determined in entering upon the occupation of a farmer is the *type of farming* to be pursued. To a considerable extent this will relate to the prevailing type in the community where the particular farm is located. The established types of farming and methods of operation are valuable as a general guide to those most profitable for a given area, but it by no means follows that traditional practices are always best. However, the individual farmer, new to the area, must view this matter with thorough objectivity, remembering that, as a rule, radical departures from prevailing practices should be embarked upon with exceeding caution, and even then at first to a limited extent as an experiment.

A type of farming is defined as "the kind of farming followed on a group of farms having a high degree of uniformity in the kind, relative amount, and proportion of the crops and livestock handled, and in the methods and practices followed in production."² The

¹ Warren, G. F., and F. A. Pearson, *The Agricultural Situation*, John Wiley & Sons, Inc., New York, 1924, p. 41.

² Elliott, F. F., *Types of Farming in the United States*, Bureau of the Census, U. S. Dept. of Commerce, Washington, 1933, p. 1.

concept of *farm organization* is related to that of type of farming, but more specifically it refers to the physical arrangement of the various factors of production—land, labor, and capital—and to the proportions in which these various factors are combined in the production process. Organization is the expression of the entrepreneurship, or higher grade, management factor of production. Every farmer, either consciously or unconsciously, is endeavoring to economize on the resources at his command by producing those crop or livestock enterprises which will maximize the profits accruing from the most effective utilization of those resources. By a *farm enterprise* is meant any crop, kind of livestock, manufacturing process, or other distinct part of the farm business as a whole. Thus an individual farm unit may consist of cotton, wheat, corn, hogs, poultry, and a small dairy herd as separate enterprises.

There is a great variety of types and subtypes of farming in the several parts of the United States, making for a variegated pattern in the totality of its agricultural interests. This prevailing geographic distribution is in part the result of such physical factors as differences in soil, climate, and topography, and in part of such general economic differences as those of location, price, cost factors, urban development, transportation facilities, freight-rate structures and the like. One of the most important principles of economics underlies this *specialization* on individual farms according to broad regional patterns. It is known as the principle or *law of comparative advantage*, and applies not only to the individual farm or region, but also to a nation in its international trade relationships.

The universality in the application of this principle is well illustrated in the variety of the forms in which it is stated. For example, Forster tells us that the selection of enterprises on an *individual farm* will in general be governed by the law of comparative advantage, and states the law as follows: "*A farmer, in order to use his available resources to the best advantage, will produce those crops or classes of livestock for which his farm has a comparative advantage.*"¹ Holmes, in formulating the principle designates it as the *law of comparative costs*, and gives it in the following words: "*The producers of every locality tend to use their resources in the production of those goods in which their costs are comparatively lowest and to buy with the proceeds of*

¹ Forster, G. W., *Farm Organization and Management*, Prentice-Hall, Inc., New York, 1938, p. 63.

this production such of the goods of other producers as they may desire for the satisfaction of their own wants."¹ Black tells us that "each area tends to produce those products for which its ratio of advantage is greatest as compared with other areas, or its ratio of disadvantage is least, up to the point where the land may be needed by some products less advantaged in the area in order to meet the demand for them at such prices as will come to prevail under such circumstances."² Or to express the similar situation among nations, Taylor is quoted to this effect: "Broadly speaking, in order to make the exchange of two commodities between two countries profitable it is only necessary that the comparative cost of the commodity exported by either of the two countries should be less in that country than in the importing country."³ Thus it becomes clear that the principle of comparative advantage applies to the phenomena of specialization in the case of the individual, the region, and the nation. A statement comprising all of these points of view from the standpoint of agriculture would be something like this: *Each individual farm, each type of farming area, or each nation, in order to achieve the most efficient use of its economic resources, tends to produce those crop and livestock products in which it has the greatest comparative advantage, or the least comparative disadvantage, and to exchange these products for such of the goods and services of other producers as it may desire for the satisfaction of its own wants.*

By way of illustration, in the South, cotton, corn, hogs, and many other crops and livestock can be grown. In the Middle West, corn, pork, wheat, and a number of other crops and livestock can be grown. However, because of the shorter growing season and the lack of sufficient heat units, cotton does not grow in the Middle West. Then as between the South and Middle West, the comparative advantage in the growing of cotton is with the warmer southern area. Since the Middle West is not suited to the growing of cotton, the logical inference is that the South should grow cotton, and in considerable measure buy from the Middle West its corn and pork with the returns from the sale of its cotton. Reciprocally, the Middle West, growing corn and pork, sells these products and purchases cotton goods originating from southern fields. Each

¹ Holmes, C. L., *Economics of Farm Organization and Management*, D. C. Heath and Company, Boston, 1928, p. 47.

² Black, J. D., *Production Economics*, Henry Holt and Company, Inc., New York, 1926, p. 137.

³ Taylor, F. M., *Principles of Economics*, 9th ed., The Ronald Press Company, New York, 1925, p. 224.

region will specialize in the crops and livestock for which it has the greatest comparative advantage.

Or, explaining the operation of the principle in a different way, the following hypothetical situation is assumed:

| | <i>Beef (pounds)</i> | <i>Wheat (bushels)</i> |
|--|----------------------|------------------------|
| Great Plains, using three units of labor and capital | 48,000 | 2,400 |
| Wheat Belt, using three units of labor and capital | 24,000 | 4,800 |

Under such assumed conditions, the eastern part of the Great Plains has a 2:1 advantage over the Wheat Belt in the production of beef, while the Wheat Belt has a 2:1 advantage over the Great Plains in the production of wheat. The Great Plains can produce 20 pounds in output of beef with the same input of labor and capital it requires to produce an output of a bushel of wheat. However, in the Wheat Belt the same input of labor and capital which will produce an output of a bushel of wheat will produce an output of only 5 pounds of beef. Obviously, it is to the advantage of the Wheat Belt to specialize in the production of wheat, in which case three units of labor and capital will produce 9,600 bushels of that commodity, and a similar specialization in beef in the Great Plains would produce 96,000 pounds of that product. It would be advantageous for the Wheat Belt to exchange wheat with the Great Plains on the basis of even 6 pounds of beef per bushel, or for the Great Plains to exchange beef with the Wheat Belt on the basis of 19 pounds of beef per bushel of wheat. Suppose they agree to trade on the basis of 10 pounds of beef per bushel of wheat. Then the Wheat Belt by exchanging with the Great Plains would secure 48,000 pounds of beef in return for 4,800 bushels of wheat. Under such an arrangement the distribution would be:

| | <i>Beef (pounds)</i> | <i>Wheat (bushels)</i> |
|------------------------|----------------------|------------------------|
| Great Plains | 48,000 | 4,800 |
| Wheat Belt | 48,000 | 4,800 |

The processes of specialization and exchange in this instance would put both regions on an equal basis in quantity of product, thereby,

with the use of the same aggregate units of labor and capital increasing the Great Plains' supply of wheat by 2,400 bushels, and the Wheat Belt's supply of beef by 24,000 pounds.

But the situation is not so simple as the illustrations cited would seem to make it, because on the individual farm as well as with the region and the nation, usually the greatest comparative advantage is derived from the combination of a number of enterprises rather than from a single one. For example, Brazil has become a formidable competitor of the Cotton Belt of the United States in the production of cotton. However, Brazil is the world's largest producer of coffee. The South has long been the world's leading producer of cotton, but it also specializes heavily in the production of tobacco. In viewing the competition between these two regions in the production of cotton a whole series of ratios of advantage must be considered. It is generally considered that Brazil can grow cotton more cheaply per pound than the southern states, but even if this were not the case, after Brazil had supplied the markets of the world with coffee, the next most profitable employment of her land and other resources might well be in the growing of cotton. On the other hand, the South evidently finds cotton making the chief claim on its productive resources, with, let us assume, tobacco standing second in its ratio of advantage. Even if Brazil can produce cotton more cheaply than the South, since cotton offers to that region the opportunity for the most profitable combination of its economic resources, the South will continue to produce cotton so long as it can market it more profitably than any other crop and livestock enterprise adapted to the region.

A neat expression of the principle involved furnishes a further clarification of this important matter, as follows:

The comparison is not made between the cost of production of a given commodity in one area and that of the same commodity in all other possible producing areas, but rather on the basis of comparing the cost of producing a given value of the commodity in a given area with the cost of producing an equal value of any other commodity in the same region or on the same farm. It is not a question of whether or not the cost of producing wheat in Canada is less than that of producing wheat in Kansas, but a question of whether the resources used in producing a bushel of wheat in Kansas would be as fully used and would give as high or higher returns if used in Kansas or on the same farm in the production of corn or some other adapted commodity. By trial, error, and

experience, farmers select those commodities that give them the highest net profit and weave them into their production plans, thus making up a type of farm business.¹

Another significant set of factors entering into the selection of the farm enterprises determining the type of farming in a given area is concerned with the effect of transportation on production in relation to the two characteristics, *specific value*, or the relation between value and mass, or volume, and degree of *perishability*. The elaboration of these considerations was made in 1826 by Heinrich von Thünen in his treatise on *The Isolated State. Von Thünen's Law* may be stated in two parts as follows:

1. Goods which are of low specific value tend to be produced adjacent to the marketing or consuming center; while those of higher specific value are produced at greater distances; and those with the maximum specific value, at maximum distances from the market.
2. Goods of a high degree of perishability tend to be produced adjacent to the market; those of a less degree of perishability, at a greater distance; and those which are of high durability, at the maximum distance from market.²

The general validity of these generalizations is borne out by the facts. The great trucking areas are usually clustered around the large consuming centers, because garden truck and vegetables are highly perishable and rather bulky in relation to value. However, the absoluteness of this generalization is greatly modified by the invention of refrigerator cars and motor trucks, which have made possible the development of great trucking areas in Florida and California, quite remote from the larger metropolitan areas. Farther out from the city, the tendency is for agricultural production to take the form of whole milk, chickens, and eggs, and still farther away, butter, cheese, condensed milk, grain growing and pork production, while on the more remote fringes livestock grazing occurs. Transportation costs greatly affect the comparative advantage of farm enterprises, and it is well known that prices of commodities such as wheat, corn, hay, potatoes, hogs, milk, and butterfat are lowest at points most distant from the best markets, and higher as the distance from the important marketing centers decreases.

¹ Boss, Andrew, Harold K. Wilson, and William E. Petersen, *Agriculture*, Webb Book Publishing Company, St. Paul, Minn., 1939, Vol. I, p. 42.

² *Ibid.*, p. 43.

In determining upon the crop and livestock interests which are to engage the attention of the individual farmer, it is well to bear in mind that the several lines of production vary in their demands upon the resources of the farmer. Such crops as tobacco and cotton make labor demands throughout a good part of the year, while others like wheat and hay are much more limited in the time required for planting and harvesting. Those crops which call for attention at the same time of the year are known as *competing crops*. On the contrary, those for which the labor, horses, and machinery of the farm do not seriously conflict, are known as *supplementary*. For example, corn, cotton, tobacco, sugar beets, and potatoes may be cited as competitive in nature because their proper cultivation and harvesting seriously conflict in their demands for attention. Corn and oats may be cited as examples of supplementary crops. Corn calls especially for cultivation in spring and early summer, and then again for harvesting in the fall. Oats may be planted in the fall at a time not conflicting with the harvesting of corn, or when seeded in the spring, this work may be done before time to plant corn. In harvesting, the labor on the grain may be made to fit in conveniently with the schedule of cultivation of the corn. Again, different farming interests evidence a *complementary* relationship when, as in the case of crops and livestock, they make a definite contribution to each other.

Crops and livestock are frequently mutually complementary, as crops furnish feed for livestock, and livestock in turn furnish fertility for the crops. Complementary relations are evident between legumes and other crops included in a rotation. The legumes help to build up the soil for the production of other crops in a rotation and the legumes receive protection from small grains when used as a nurse crop. Such a relationship is not subject to exact measurement, but it must be given proper consideration in determining what enterprises to include in a farming system to secure the greatest long-time returns.¹

It is in these supplementary and complementary relationships of different enterprises possible for the given farmer that the arguments for diversified farming in considerable measure find their justification. Specialized farming pays when it finds employment for men, horses, and equipment throughout the year, or when extra

¹ Taylor, H. C., *Outlines of Agricultural Economics*, The Macmillan Company, New York, 1931, p. 39.

labor is not difficult to secure. In special instances a product may be limited in the amount available for the market in which case the farmer may secure more net returns from a part of the year's work in growing that crop instead of others which might call for attention throughout the entire year. However, a number of considerations apply which make it better that the vast majority of farmers should grow several important products. Warren ¹ points out that diversification of interests on a farm is of advantage because: (1) it makes possible the *rotation of crops*. Different crops make differing demands upon soil fertility, and also they vary in their contributions to soil fertility. By a well-planned rotation this important factor of the soil may best be conserved. (2) Diversified farming *reduces the risk of total failure*. If all of the farmer's land is in cotton, and the year is a bad one for the production of cotton or the market price is such as to occasion a loss, then "all of the farmer's eggs are in one basket," and they are spilled as a result of unfavorable circumstances. The same would hold true of the farmer who relied too largely upon wheat, tobacco, apples, or any other one crop. (3) *It distributes the income throughout the year*. Not all of the farmer's bills can most advantageously be made to fall due at one season of the year, and if such is the case it is best that his income should be distributed throughout the year so that these may be met when due without carrying heavy and often unreasonable interest charges. (4) Diversified farming usually provides *a better distribution of labor demands throughout the year*. To have men, horses, and machinery idle through extended or even numerous short periods in the year means to lose returns which in the aggregate are considerable. An intelligent diversification of farming interests substantially overcomes any such disadvantage.

These few of the more significant considerations entering into the planning and operation of the individual farm serve to illustrate the basic importance of the factors which the farmer who would be successful must weigh carefully in embarking upon his venture. It is now possible to summarize the principles which must be followed by the farmer in selecting those enterprises which will bring him the greatest continuous net profits. These are well and simply stated as follows:

¹ Warren, G. F., *op. cit.*, pp. 107-109.

1. From each group of competing enterprises, select that enterprise which promises the greatest net return for the farm as a whole.
2. Combine with the main enterprises whatever complementary enterprises are needed to provide outlets for crops or to furnish sources of materials or services needed by either livestock or crops.
3. Finally, in order that any labor or other resource which is not being fully used by these enterprises can be made to contribute to the income, select as a supplementary enterprise some enterprise which will utilize it.¹

Thus the objective which every farmer should strive for is that of the most complete and effective utilization of all his resources—land, labor, capital, and management—in order to achieve a maximization of his net profits.

4. SIZE OF FARM

The size of farm which can be operated is contingent in considerable degree upon three principal factors: the amount of capital which the farmer may command, the amount of labor which is available, and the managerial ability of the individual farmer. In this country, land is not usually a severely limiting factor, for if the farmer has enough capital at his command, he can secure the land he requires. The same situation in general is true with regard to labor. There are times and localities in which labor is limited, but customarily if the farmer is willing and able to pay high enough wages he may secure the labor which his extending farming interests require. In the matter of managerial ability we have a much more restrictive factor. It has often been true that farmers who did well on smaller farms, and were thoroughly capable of managing them, have met with disaster in the attempts to manage larger farms. Another way of expressing this matter is that the managerial ability of the farmer is the fixed factor in determining the size of farm profitable for him to operate, and land, labor, and capital are the variable factors, the application of which operate on the entrepreneurship factor according to the principle of diminishing returns.

Viewed from the standpoint of the individual farm operator, the best size of farm is that which he can manage most efficiently. As the matter has worked out in this country, this is a one- or two-man farm with the vast majority of our farmers. This is what is

¹ Hopkins, John A., *Elements of Farm Management*, rev. ed., Prentice-Hall, Inc., New York, 1940, p. 57.

commonly known as the *family farm*, or one of such size that the members of the farm family do practically all of the farm work, assisted by some hired labor when necessary.) Thus the typical farm in American rural life today is rather generally characterized as the family farm. Naturally, such farms, expressed in acres, vary in size in the different portions of the United States, due largely to the differing types of farming which prevail. It was the opinion of Spillman¹ that the small size of the average farm is due principally to the limited amount of capital at the disposal of the young farmer, a situation which, because of the small average profits made in farming, tends to become chronic and to prevent his increasing the size of his farm through the occasional purchase of additional increments of land. Coupled with this factor, altogether too generally, is the farmers' limited knowledge of the principles of scientific farm management. The forces of tradition and social inertia lead them to accept the size of the farm they have inherited or the prevailing customs in that regard in a given locality just as a matter of course without experimentation in the way of extending by means of rental or purchase the area of the farms which they operate.

A few years ago, more than at the present time, a great deal was heard about the delights of farming on a few acres. Undoubtedly, remarkable things have and can be done by unusually thrifty and resourceful people on a few acres of land, particularly if it is fertile ground. But the canny view with regard to the matter is well expressed by Warren, who says:

Such interesting titles as "Three Acres and Liberty," "Ten Acres Enough," and "Five Acres Too Much," have appeared, and now we have a "Little Farm Magazine." Five acres is enough for some types of farming. It might even be too much if it were all in greenhouses. But the cases where so small an area is enough for a good business are cases in which as much capital is usually invested as is common on a 200-acre farm. Such books are nearly always written by some one who has a comfortable income from some other source than the farm. Three acres is a very delightful place for a home, when one has a sure income, but three acres as a business proposition is different. The same idea has even broken out in poetry about a "Little-farm-well-tilled." There may be less poetry, but there is a better living, in a large farm well man-

¹ Spillman, W. J., *Farm Management*, Orange Judd Publishing Company, Inc., New York, 1923, pp. 305-306.

aged. . . . The farmer is interested in profit per man, not profit per acre. The country will also prosper in proportion to the profit per worker.¹

Any such tendency coming to prevail widely in our system of agriculture would lead to peasant levels of existence characteristic of the small farms of Europe and the Orient. In some sections of the nation, particularly on the small share-cropper cotton and tobacco farms of the South, a near approach to this situation already exists. There are many who see in such a tendency toward peasant levels of living a real peril to the future of American agriculture. Quite in contrast to this point of view is that held by those who contend that the farm of tomorrow will assume the proportions of large agricultural corporations, applying the methods of modern giant business concerns to the tasks of farming and that in the process, the fine influences of the rural community made up of owner-operator farms will be permanently lost. In spite of a number of studies² of the situation which indicate that such fears are premature, to say the least, that really large-scale farming still is a negligible factor in the social organization of rural communities, and that it is doubtful whether corporation-operated, large-scale farms ever will seriously encroach upon the medium or family-sized farming units, a brief consideration of the arguments for and against such a development has more than mere academic significance.

There are several forms which large-scale farming assumes, and it is well, so far as possible, to differentiate among these. By *corporation farming* is meant usually, though not always, a large-scale farm, which is legally incorporated and hence is operated under the financial responsibility of the several stockholders. *Chain farming* is a term used to characterize the arrangement where an individual or a concern own a number of farms, in the same or different localities, and exercise complete supervision and control over them. A good illustration of the chain-farming type of organization is that of the Southern planter who owns a number of cotton plantations, having an overseer on each but complete financial and supervisory control residing in the planter himself. Or a bank, insurance, or

¹ Warren, G. F., *op. cit.*, p. 242.

² See *Large-Scale and Corporation Farming*, Agricultural Economics Bibliography 69, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington, April, 1937.

other farm-credit institution, after coming into the possession of a number of farms through foreclosure of mortgages, have employed chain farming as a convenient form of management.

Group farming is customarily used to designate the situation where a number of farms, independently owned and financed, are under the supervisory direction of a jointly employed manager or of a farm management service. This idea of professional farm managers, operating through rural service departments of banks, as independent agencies, or as a feature of local branches of certain farmers' organizations, has taken form in comparatively recent years in the Middle West and only to a limited extent. These forms of group farming, in view of the fact that they do not disturb the individual ownership of the farms served by the jointly financed manager or as a result of fees paid the professional farm management service, are scarcely to be viewed as large-scale farming. The acid tests ¹ of a large-scale farm seem to be: (1) a large farm business, five to eight times larger than the average farm business for a given type of farming in the same locality; (2) a close or tight control and supervision over the entire property; and (3) an ownership or control of resources by a single individual or concern.

Some of our highly successful businessmen have been very much attracted to the idea of corporation farming as a means of hastening "the present slow and harrowing process of agricultural regeneration," to use the words of the late Robert S. Brookings, an outstanding citizen of St. Louis for whom the Brookings Institution of Washington is named, who was an enthusiastic student of the possibilities of agricultural corporations.² He advocated following the method pursued by the United States Steel Corporation, in which the most inefficient farms, which as are now operated are worth less than nothing, would be paid for in safe bonds of the "Agricultural Corporation" with some regard for their potential value; and the most efficient farms would receive their full present value in the same bonds, their successful managers becoming the departmental heads of the corporation. In his opinion, such an arrangement would combine the advantages of large unit farming

¹ Mumford, D. Curtis, *Large-Scale Farming in the United States*, mimeograph, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington, April, 1933, p. 6.

² Brookings, Robert S., *Agricultural Corporations*, Judd and Detweiler Press, Washington, 1928, pp. 7-8.

with the additional advantages of efficient management, and that the net result would be to lower greatly the present low cost of production of the most efficient farmers. The securities of such corporations would as a consequence become extensive and safe forms of investment inviting the capital of investors throughout this and other countries, just as is now true of the large manufacturing concerns.

Henry Ford is another advocate of the same idea in a somewhat different form. He advocates decentralization of industries, locating units of the larger parent industry in small towns, and coördinating farm and factory labor, so that the small farmer may have continuous employment with good results in both factory and farm. At Northville, Mr. Ford has turned an old mill into a valve shop, and he says of the experiment: "We have not drawn men from the farms,—we have added industry to farming—we give any man a leave of absence to work on his farm, but with the aid of machinery these farmers are out of the shops a surprising short while."¹

In speaking of the application of such a method to his own farm at Dearborn, Mr. Ford says: "In plowing time we string fifty or sixty tractors in a line. They are run by men taken out of factories and paid the usual factory wage. All the essential operations of the farm are done in this fashion, and altogether we do about fifteen days' work a year—and keep the land in a high state of productivity."² The view taken by Mr. Ford, based on these experiments and his long experience in handling the affairs of gigantic business concerns, is that "the moment the farmer considers himself as an industrialist, with a horror of waste, either in material or in men, then we are going to have farm products so low-priced that all will have enough to eat, and the profits will be so satisfactory that farming will be considered as among the least hazardous and most profitable of occupations."³

There is little doubt in the minds of any careful observer of farming operations that a considerable proportion of American farms are far from the most effective units in size. Some farm operators could well manage to advantage much larger farms if only they had them.

¹ Ford, Henry, *Today and Tomorrow*, Doubleday, Doran & Company, Inc., New York, 1926, pp. 141-142.

² *Ibid.*, p. 219.

³ Ford, Henry, *My Life and Work*, Doubleday, Doran & Company, Inc., New York, 1923, pp. 15-16.

Many tenants and share-croppers seek to make a living for themselves and their usually large families from entirely too limited acreages. It would seem reasonable to expect that if all farms were efficiently operated from the standpoint of management, as is contemplated in the corporation type of farming, the other factors of land, labor, and capital could also, no doubt, be combined more effectively toward lowering costs of production and increasing net profits, that is, if the separate units of management were not developed on too large a scale so as to run contrary to the favorable operation of the law of diminishing returns. Supplies could be purchased more economically, marketing might be done in a more orderly and intelligent manner, and it should be possible to negotiate credit at more advantageous rates. More scientific planning could be projected with regard to the several farm enterprises in the light of forecasted demand, both domestic and foreign.

However, there seems to be something inherent in the nature of farming which does not work out the expected way, and to show that, in general, it does not lend itself very readily to large-scale operations such as those characterizing mass production in modern manufacturing. For example, a careful study of the financial success of 1,116 large-scale farms, 1,846 medium farms, and 619 small farms led to the conclusion, "it cannot be said that large-scale farms in general have been any more successful from a financial point of view than the small farms, or vice versa. It can, however, be said that, judging from the evidence, the medium-sized farms in general seem to have been more often successful financially than either the small or the large-scale farms."¹ Such results would seem to favor the widely existing tendency toward the increase of the family farm to a larger and more efficient size.

A good summary of the situation with regard to these new forms of farm management is provided in the following excerpt:

Corporation farming certainly is not generally applicable to a wide area or to all types of farming. It is much better adapted to conditions which permit specialization in production and the employment of large amounts of capital than to small farm units characterized by diversification. Chain farming appears to have arisen out of peculiar conditions which developed during the post war period in which a large number of small owner-operators found themselves in financial difficulties because

¹ Mumford, D. Curtis, *op. cit.*, p. 49.

of unwise credit arrangements made during the War. It is hardly conceivable that this form of management would have developed among owner-operators free from serious financial embarrassment and not confronted with the condition of rapidly declining net incomes. The success of group farming appears to depend primarily on the development of leadership outside of the farmers themselves, at least in the experimental stages of this form of management. . . . Nor is it probable that professional farm managers will, at least in the near future, be available to farmers generally. It appears then that in most cases the individual farmer must depend on his own managerial ability for success and cannot depend, certainly to any large extent, on either corporation, chain, or group farming, or professional farm management service to supplement his own management.¹

Two especially valid criticisms seem to stand out against widespread development of factorylike farms in the United States, one of them predominantly economic and the other mainly social. In general, a diversified, in the sense of a balanced type of farming, combining several farm enterprises and including both crops and livestock in supplementary relationships, employs farm labor more uniformly throughout the entire year, and the other factors of land, equipment, and management to better advantage, as well. Moreover, such a farming system usually conserves the soil, a matter which has become increasingly necessary to the American farmer in practically every part of the nation. But factory farms require marked specialization in crop or livestock enterprises, and a degree of standardization of agricultural operations both of which are rather impracticable in a balanced system of farming. And, corporation farming, partaking of a highly specialized nature, invites to an unusual degree the disasters to which specialized farming is heir. In a year of good seasons and prices the business is indeed a bonanza; but in a bad year, the losses are so great as to require several good years, if indeed it can be done at all, to retrieve the losses of a singularly adverse season. Because of such facts as these, one agricultural economist has stated that such large-scale agricultural corporations can be divided into two classes, those that have failed and those that will fail.

Perhaps the principal social disadvantage of factorylike farms is that inevitably they change the pattern of farm life from one of a high percentage of independent owner-operators to that of hired

¹ Forster, G. W., *op. cit.*, pp. 359-360.

workers, some of them of managerial status, but the most of them occupying the rôle of the ordinary farm laborer. It is easy to imagine, in times of economic stress and maladjustment, wholesale strikes of farm labor unions tying up the production of vital commodities such as milk, wheat, cotton, corn, and fruit, as well as vast unemployment levels and actual bread lines in the country. If American farming were to become in considerable measure of the large-scale corporation type, the self-reliant, individualistic spirit now characterizing it would have to vanish except among the few, and the resulting type of society would be like that of the city with its marked social stratification and uneven distribution of wealth. The proponents of the idea argue that the price of food to the consuming public would be materially lowered, but even if it were, the achievement would be at the expense of a high-grade rural population from which the city continually recruits a large proportion of its citizenship. Thus we may conclude from the opinions of a number of careful students of the problem that the large-scale plan of corporation farming, except in restricted areas, is not a practicable proposition, and even though it were, such a transformation of American rural life is not desirable from the viewpoint of our national social well-being.

5. ANALYZING THE FARM BUSINESS

Every farmer carries in mind, more or less definitely, some conception of whether he is getting ahead financially or losing money in his farming enterprise. Such crude methods of accounting, however, logically should belong to an earlier stage of our struggle towards increased agricultural efficiency. As a matter of fact, though, the bulk of our farmers today are exceedingly backward in the matter of farm bookkeeping. Really such a careful accounting of the farm enterprise as a whole, and with regard to its constituent parts, is a matter of necessity for the good farmer just as it is imperative with the businessman generally who would stay out of the hands of the receiver. Our Federal Department of Agriculture and the several state agricultural colleges in recent years have devoted much attention to the matter of devising forms for keeping farm accounts which are sufficiently simple and yet sufficiently accurate to enable the farmer to tell about where he stands financially at the close of each year's operations.

Farm accounts customarily are grouped into two classes:¹ (1) those which pertain to the farm business as a whole, or what are known as *financial accounts*, and (2) those which concern the separate enterprises, commonly known as *cost accounts*. For an intelligent understanding of the farm business both of these classes of accounts should be kept, because it may be that the entire business collectively is making profit, but that some phase or phases of it are netting serious losses. By eliminating these and concentrating upon the profitable enterprises, financial soundness and progress may be more certainly attained.

A thorough inventory of the amount and value of all farm property should be made both at the beginning and at the end of the year. An interesting story, in nontechnical language, illustrating the significance of the farm inventory, is told as follows:

Does it pay to make a farm inventory each year?

**A Banker Tells
This One**

Well, here's a partial answer. Some years ago a banker friend was telling of an experience he had. At the beginning of the year he had made a loan to a young farmer who was starting out just about from scratch. At the end of the year the young man came in showing very plainly that he was badly discouraged. Because of drouth he had not made the crops he expected to make, and he could make only a partial payment on the note. It would soon be time to make arrangements for next year and he felt he was worse off now than when he started. Frankly, the young man was ready to give up.

"Wait just a minute," said the banker as he reached for the record that was made out and filed when the loan was made. "How many cows do you have now? How many calves?" On completing the check-up they found the young man had more livestock than he had when the loan was made, more corn in the crib, more hay in the loft, and he still had the mule and implements he had bought with a part of the money obtained through the loan. He had been building up his *capital!*

"Why, young man, you are a better credit risk now than you were a year ago," announced the banker. "Your net worth is greater. The increase in value of livestock, feed, and equipment far exceeds the unpaid balance of your note."

A very much relieved young man left the office of the banker, all because of a few minutes work with a lead pencil. Why not try this plan around New Year's? Nothing will pay better the next rainy day.²

¹ Dixon, H. M., and H. W. Hawthorne, *A Method of Analyzing the Farm Business*, Farmers Bulletin 1139, U. S. Dept. of Agriculture, Washington, 1925, pp. 2, 14, 15.

² *The Progressive Farmer*, Raleigh, N. C., January, 1941, Vol. 56, No. 1, p. 5.

Also, an accurate record must be kept of all farm expenses including the value of family labor utilized on the farm. An equally accurate account must be kept of all receipts from the farm business. To enter into the technical details of such procedures is beyond the scope of the present discussion. By closing the accounts concerning the entire farming enterprise, it is possible to determine:

(1) *Farm Income*. This item is secured by subtracting the total expenses from the total receipts (gross farm income), including the produce supplied the family directly from the farm. It is customary in such a calculation to consider as a part of the expenses the value of the family labor other than that of the farm operator himself.

(2) *Labor Income*. By subtracting the interest at the current rate on the capital investment of the farm from the farm income, the labor income is arrived at, a figure representing the returns to the farm operator for his own labor and managerial effort.

(3) *Net Worth*. This represents the difference between the resources, which include all property owned by the farmer and owing to him, and the liabilities, which include all of the amounts owed by the farmer to someone else. The net worth figure shows the value of all the farmer's property and indicates how much financial progress he made during the year.

(4) *Amount Available¹ for Family and Personal Expenses, Payment of Debts, and for Savings*. This figure is made up of the labor income, the remuneration for the family's time spent on the farm, and the interest on the capital invested in the farm business.

Such accounts as these are distinctly revealing as to the financial condition of the farm business as a whole. There should be added to them a system of "cost accounts" similar to those which large manufacturing concerns keep concerning the returns upon the various products in which they deal. In a system of diversified farming, for example, the farmer needs to know whether it is his corn, his wheat, cotton, tobacco, hogs, dairy cattle, orchards, etc., which are netting him worth-while returns so that he may intelligently rearrange the plan of his farming business to derive the best returns from his managerial ability, labor, and capital investment. Such cost accounts have been made sufficiently clear in

¹ McMurry, K. F., and P. E. McNall, *Farm Accounting*, A. W. Shaw Company, New York, 1926, p. 289.

procedure so that any intelligent farmer may apply them to his business.

QUESTIONS

1. Define farm management and name some of the matters with which it is specifically concerned.
2. Discuss Warren's philosophy regarding the choice of a vocation in life, emphasizing its value as to guiding principles in deciding to make farming one's life work.
3. Enumerate the advantages of farming as an occupation.
4. What are some of the disadvantages of farm life which should be borne in mind by the city person who is considering becoming a farmer?
5. Of what three vitally important factors is it essential to take cognizance in order to achieve success in the farming enterprise?
6. Discuss some of the principal considerations involved in the wise selection and purchase of a farm.
7. Define the following terms: (1) type of farming; (2) farm organization; and (3) farm enterprise.
8. State the law of comparative advantage.
9. Illustrate by specific examples how this principle of comparative advantage operates in determining the type of farming for a given region.
10. State Von Thünen's Law, and in this connection discuss the importance of transportation as it affects the selection of farm enterprises in a given area.
11. Explain what is meant by competing, supplementary, and complementary relationships among farm-crop and livestock enterprises.
12. Give the four principal advantages of a diversified system of farming.
13. Summarize the principles which must be followed by the farmer in selecting those enterprises which will bring him the largest continuous net profits.
14. Discuss the relative importance of the three principal factors upon which the size of farm that can be operated is contingent.
15. What is meant by the statement that the family farm is the typical farm in the United States, and to what causes do you attribute this fact?
16. Point out the limitations of such slogans as "Three Acres and Liberty," "Ten Acres Enough," "Five Acres Too Much," and a "Little-farm-well-tilled."
17. Give three criteria of a large-scale farm, and differentiate among

- corporation-farming, chain-farming, group-farming, and farm-management services.
18. Discuss the comparative advantages and disadvantages of the large-scale corporation or factory farm as a pattern for American agriculture.
 19. State the need for a farmer's keeping accounts of his business, citing as an example in this connection the value of an annual farm inventory.
 20. Define the following terms used as measures of success in analyzing the farm business: (1) farm income; (2) labor income; (3) net worth; and (4) amount available for family and personal expenses, payment of debts, and for savings.

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CHAPTER VII

LAND AND ITS UTILIZATION

The process of production is essentially social in nature. Fundamentally, man in coöperation with the forces of nature which he brings to his aid is the *producer* in the economic sense of the term. Agriculture as a primary industry furnishes much of the raw materials of the manufacturing world. However, the farmer does not create these materials. For example, the cotton farmer plants the cotton seed, plows and hoes the resulting plant, and finally harvests and gins the locks constituting the fruitage of the plant thus developed. Had it not been for the efforts of the farmer, the cotton would not have been produced, at least so extensively and in so highly cultivated a form. The farmer working in varying degrees of efficiency with the forces of nature *produces* the supply of cotton. In a strikingly similar way, the manufacturer who spins the fiber into thread, or who makes the thread into cloth, or the cloth into garments, is also a producer; yet he actually creates no material, his is simply a transforming process.

The process of production ¹ may be characterized by four principal phases: *appreciation* in value, *expenditure of human energy*, *depreciation*, and *form-losing*. Any change in a commodity which increases its utility in the satisfaction of human wants causes it to appreciate, or to increase in value. Such changes are, except in unusual cases, brought about as a result of the expenditure of human energy in some form or other, physical or mental. This human energy is converted into appreciation and thus enters in a different form into the enhanced value of the product. Whether the change is effected by the employment of manual labor, the use of tools and machines, or a combination of both, these elements are used up,

¹ Black, J. D., and A. G. Black, *Production Organization*, Henry Holt and Company, Inc., New York, 1929, pp. 24-30.

or depreciate, in the process, being converted into form or substance changes in the resulting product. The process of production also is characterized by a losing of form, as in the consumption of coal or electricity to furnish power, in the change of wheat into flour, the transformation of corn into pork and lard, and the elaboration of raw cotton into textile goods.

While production assumes a variety of forms, they can all be grouped into three classes: *commodity production*, *service production*, and *exchange production*. By commodity production is meant changes brought about in material goods, as in the manufacture of cotton and woolen goods, steel rails, automobiles, and airplanes. Service production applies to changes to persons, such as the services of the barber, bootblack, surgeon, minister, or teacher. Exchange production consists of buying and selling activities, either of goods or services, thus changing the ownership relation of persons to things.

1. THE FACTORS OF PRODUCTION

Customarily the factors of production are designated as *land*, *labor*, *capital*, and *entrepreneurship* or *management*. Land, while in some form or other indispensable in all production, is especially important to the farmer, and is usually the most valuable of all farm resources. But in the economic sense, land has a much broader significance than the farmer attaches to it, for it applies also to all natural resources and productive powers, the control of which goes along with the possession of the earth's surface. In line with this definition, the principal ways in which land is useful to man for productive purposes may be classified¹ as follows: (1) it forms a solid basis for foothold, homes, factories, means of communication, and similar development; (2) the fertility of the soil makes possible all agricultural development; (3) according to location and topography it is a determining factor in the climatic environment; (4) it contains the varied mineral resources of continents; (5) without it we would have no natural vegetation, including our timber supply; (6) game is found upon the land, and fish in the streams flowing through the land; and (7) land feeds and otherwise supports natural streams and waterfalls which furnish water power. These natural resources and productive powers included in the concept of land all have the three following characteristics: they are all

¹ Bye, R. T., *Principles of Economics*, Alfred A. Knopf, New York, 1924, pp. 103-105.

limited in quantity; as to location, they all are relatively immobile; and since they are gifts of nature, they are not capable of being reproduced.

The economist does not restrict the definition of labor to physical effort on the part of the human individual, but also includes all mental effort employed in the process of production. In the economic sense, the human effort of the scientist, the musician, the inventor, the minister, the teacher, or the actor is productive in creating utilities, as well as the physical effort of the day laborer on the farm, the machinist, or the wielder of pick and shovel on the public highways.

By capital is meant the accumulated store of man-made wealth, in the form of either goods, such as machines, fertilizers, feeds, livestock, buildings, fences, or in the form of money, which is being used to further the process of production.

But all of these three factors—land, labor, and capital—lie idle or are uneconomically utilized without the stimulation and guidance which comes from intelligent management. These elements of vision, resourcefulness, business sense, and the sort of courage which, fortified by a kind of canniness or keen intelligence, is willing to take risks, characterize the fourth factor of production, known as *entrepreneurship*, or *management*.

In such discussions as these, the question is often raised as to whether land is capital? For all practical purposes to the farmer it is, and it is so figured in the farm inventory and other farm accounts. Moreover, in order to come into the possession of a farm, most persons have to pay for the equity involved. Sometimes the inheritance is outright, but more often, in order to secure control of the farm, one member of the family must buy the shares of the other heirs, and rural families as a rule are relatively large. So, it is perfectly natural for the farmer to figure his land as so much capital invested as a part of his total fund of wealth. But if the concept of capital is to be limited to man-made, or produced goods, which is customary in economic discussion, then land is not capital. Even in this sense, however, the efforts of the intelligent farmer operate to make fertile soil out of poor and swampy areas, and still richer land out of fertile tracts. Land is properly characterized though as fundamentally a gift of nature, and hence nonreproducible, limited in quantity, and fixed in location. Customarily the re-

turns for the use of land are spoken of as *rent*, and the payments for the use of capital as *interest*.

2. CHIEF ECONOMIC RESOURCE

The Physiocratic School of economic thought considered that in the natural order created for the economic affairs of man, God endowed the human race with land, which alone possessed the peculiar property of being able to produce a surplus beyond what was expended in the process of cultivating it. Those engaged in manufacturing, trade, and the professions were unproductive because they simply mixed, combined, and fashioned already existing materials, adding nothing to them, or rendered various professional services to their fellowmen. All of these groups were parasitic upon agriculture and the *extractive* industries, subsisting upon the *net product* originating only from the land. While the logic of this position was demonstrated by the later development of economic thought to be untenable and the other classes of the population were to be considered productive in essentially the same sense as the farmers—all of them, working in coöperation with the forces of nature to produce utilities as characteristics of economic goods—yet the Physiocrats were correct in the basic place accorded land among the resources for production. Someone has very beautifully said in describing the fundamental greatness of the land:

From the soil all things come; and into it all things at last return; and yet it is always new and fresh and clean, and always ready for new generations. This soft, thin crust of the earth—so infinitesimally thin that it cannot be shown in proper scale on any globe or chart—supports all the countless myriads of men and animals and plants, and has supported them for countless cycles and will yet support for other countless cycles. In view of all this achievement, it is not strange that we do not yet know the soil and understand it; and we are in mood to be patient with our shortcomings.¹

Until comparatively recent times, perhaps the dominant factor in American economic life has been the vastness in the extent of our land resources. A wasteful and exploitative policy has characterized the use of this land, the emphasis practically always being on the short-run consideration of the greatest immediate profit without

¹ Bailey, Liberty Hyde, ed., *Cyclopedia of American Agriculture*, The Macmillan Company, New York, 1917, Vol. I, p. 323.

regard for consequences to future generations. But this reckless policy of complete *laissez faire* with regard to land use has created such a critical situation that national sentiment and policy are now being rapidly crystallized to check and restore the disastrous losses in productivity. It is pertinent at this juncture to inquire as to what is the general extent of these land resources, and the broader categories of their present use.

The United States—with an area ¹ of 3,027,000 square miles including inland waterways—is one of the largest countries in the world, but not the largest. Soviet Russia, with an area of 8,176,000 square miles is the largest, followed by Canada (3,684,000 square miles), China (3,380,000 square miles), Brazil (3,286,000 square miles), and the United States.

The land area ² of continental United States is approximately 1,903,000,000 acres. Somewhat more than half of this area, or 987,000,000 acres, was in farms in 1930. The principal agricultural uses of land are for crops, pasture, forest, as well as for sites of farm buildings, yards, and lanes. In the 1929 crop year, 38 per cent of all land in farms was in crops, 37 per cent was in pasture, excluding woodland pasture, and 15 per cent was in woodland. The remaining 10 per cent consisted of crop land lying idle, farmsteads, lanes, and waste land. In addition to the pasture land in farms, there is a still greater acreage of pasture outside of farms, the most of it in the western half of the country, and consisting of range, mostly native, short-grass and bunch-grass vegetation adapted to the semiarid or arid conditions of that region. About 70 per cent of this range area is publicly owned and 30 per cent of it is private property.

The leading nonagricultural uses of land are for cities and villages, highways, railroads, cemeteries, and for parks and other recreational purposes. There was in 1930, 53,000,000 acres devoted to such nonagricultural purposes, but while the area is relatively small, its value is great, particularly in the case of urban land. Besides, there is in these United States, particularly in its western half, 77,000,000 acres of absolute desert, bare rock, marsh lands,

¹ *The Economic Almanac for 1940*, National Industrial Conference Board, New York, 1940, pp. 192-193.

² *Report of the Land Planning Committee*, National Resources Board, Washington, 1934, Part II, p. 108.

and coastal beaches which have very little value except for wild life and recreational purposes.

It would seem reasonable to assume that future estimated increases in population will operate to increase the land planted to crops, accompanied by a decrease in pasture land and of farm land in forests. However, it is predicted ¹ that there will be an increase of forest not in farms, a large proportion of which seems likely to pass into public ownership, and a marked increase in the areas set aside for recreational purposes.

The Land Planning Committee of the National Resources Board has made a preliminary physical classification ² of the productivity of the total land resources of the United States, grouping them into five grades. Grade 1 is described as excellent land for the staple crops climatically adapted to the region in which it is located; grade 2, as good for similar purposes; grade 3, as fair; grade 4, as poor; and grade 5, as essentially incapable of tillage. The distribution of these several grades is as follows:

| | <i>Acres</i> | <i>Per Cent</i> |
|--------------|--------------|-----------------|
| Grade 1..... | 101,037,573 | 5.3 |
| Grade 2..... | 210,934,728 | 11.1 |
| Grade 3..... | 345,871,800 | 18.1 |
| Grade 4..... | 362,559,173 | 19.1 |
| Grade 5..... | 881,735,414 | 46.4 |

These figures indicate the great extent of the acreage in the United States which can, under desirable conditions, be devoted to the production of crops. Obviously, the first three grades listed above, totaling approximately 667,000,000 acres, have the greatest potentialities, although some land in Grade 4 would come into use under favorable economic conditions such as proximity to markets or increased demand and the accompanying price changes in relation to costs of production. The extremely favorable position of the United States in this respect is more apparent when one recalls ³ that while only a relatively small proportion of the soil resources of the nation is employed in crop production, approximately three

¹ *Ibid.*, p. 108.

² *Ibid.*, pp. 126-127.

³ Boss, Andrew, and others, *Agriculture I*, World Publishing Company, St. Paul, Minn., 1939, p. 5.

acres of crop land are harvested annually per person in the United States, in comparison with one acre in Germany, one-half acre in China, and one-quarter acre in Japan.

3. THE MEANING OF LAND UTILIZATION

In a classification of land, the economist is accustomed to use the terms *submarginal*, *marginal*, and *supermarginal*. *Marginal land* is defined as that on which the farmer barely meets expenses, i.e., "breaks even." *Submarginal land* is that which returns to the farmer less than costs of operation, i.e., he "loses." *Supermarginal land* is that which returns a profit above expenses, i.e., the farmer "gains" in its utilization. It is obvious that any definition of this type is arbitrary, because of the wide variation in efficiency of individual farmers and the changes in the factors operating to determine prices of farm commodities at different times. What is submarginal or marginal land under one set of conditions, may be supermarginal land with another.

Succinctly stated the problem of land utilization is either to decrease the use of submarginal lands or to transform their use into one that makes them profitable in their operation. No one would deny that there are millions of acres today that are planted to crops which had better be in forests or pasture, and similarly that there are some acres in pastures and forest which might more advantageously be in crops. Also, the types of farming followed in many areas of the nation should be changed to those better adapted to the particular region.

In no phase of the widespread wastefulness characterizing the use of the enormous, varied, and seemingly unlimited, resources of a vast new country has there been exhibited a greater apparent lack of concern than with regard to the soil. Such prodigality in exploitation, beginning early in the Colonial period and extending to the present day, has led to one of our most critical current economic problems. The seriousness of the situation becomes evident from the statement that based on numbers of erosion surveys, soil surveys, and other measurements of soil losses, a total of approximately 282,000,000 acres has already been ruined or seriously impoverished by erosion in the United States. On an additional 775,000,000 acres, the effects of erosion are evident in the varying proportions to which the fertile topsoil has been washed away. If attention is

directed to cropland alone, soil erosion has rendered 50,000,000 acres unfit for further practical cultivation. Approximately 50,000,000 additional acres of cropland have been found to be in nearly the same condition. Nearly 100,000,000 acres more, most of which are still being cultivated, have lost from one-half to all of the topsoil, and on approximately another 100,000,000 acres of cropland, the processes of erosion are beginning to get actively under way.

The difficulty of replacing washed away topsoil is understood better when it is noted that approximately 1,000 tons of soil are required to cover a single acre of ground to a depth of 7 inches, and that under the most favorable conditions, including a good cover of trees, grass, or other protective vegetation, it takes nature from 300 to 1,000 years to build a single inch of topsoil. In monetary terms, the annual loss of soil productivity as a result of erosion in the United States is estimated at \$400,000,000. The aggregate damage already done is put at approximately \$10,000,000,000, and if present trends are not reversed, within another 50 years the cost may extend to \$30,000,000,000 or more.

A leading authority on soil conservation has the following to say concerning the manner in which this situation has developed:

Accelerated erosion of the soil is not a recent threat to human security; it is as old as agriculture. In all probability, it began when the first rain struck the first furrow turned by a crude implement in the hands of prehistoric man. . . . In Europe, excluding Russia, there is approximately the same number of acres of cropland as in the United States, but only 65 million acres is devoted to row crops, as compared with 150 million acres in this country. In other words, the United States, with about the same area of cultivated land as western Europe, exposes two and a half times as many acres to the more serious forms of erosion. Moreover, the rains over much of Europe do not come in such sudden, dashing downpours as over most of that part of the United States where clean tillage is practiced. This combination of dashing rains and vast acreages in row crops in the United States is largely responsible for the present terrific erosion damage.

In short, little has been left undone to accentuate the gravity of the erosion problem over a large portion of continental United States. The plain truth is that Americans, as a people, have never learned to love the land and to regard it as an enduring resource. They have seen it only as a field for exploitation and a source of immediate financial return. In the days of expanding frontier it was customary, when land was washed, cropped, or grazed to a condition of impoverishment, to pull up stakes

and move on to fresher fields and greener pastures. Today such easy migration is no longer possible. The country has expanded to the full limits of its boundaries, and erosion is causing a progressive shrinkage of the tillable area. The early frontier psychology of land treatment must be abandoned once and for all. In its place a new frontier has appeared. A restricted area of land—an indispensable area, subject to still further restriction by the inroads of uncontrolled erosion—has taken the place of a former abundance of land. Now, man must move rapidly over this diminishing area in order to clear away not trees or prairie grasses, but old methods of wasteful land use and substitute therefor new methods of conservation that will provide security for the soil and for those living by the soil.¹

An increasing national consciousness of the seriousness of this problem led in 1935 to the establishment of the Soil Conservation Service in the United States Department of Agriculture to deal with it through research, education, and direct action along several lines. A satisfactory program² of erosion-control and moisture-conservation is viewed as consisting of the following practices:

- (1) The rotation of crops, supplemented by the use of cover crops, in order to resist erosion and to conserve soil fertility.
- (2) Wherever practical, the employment of contour farming, i.e., level rows, around the hill, which act as miniature terraces to hold rain water where it falls and prevent the rapid runoff that causes the fertile topsoil to wash away.
- (3) The practice of strip cropping, or a method of farming that alternates contour strips of dense-growing legumes, small grains, and grasses with strips of row- or clean-tilled crops in order that the speed of the runoff water from the latter may be checked, the soil particles filtered out, and much of the moisture absorbed in the ground.
- (4) The widespread construction of terraces on cultivated lands of reasonable slope with the provision of accompanying outlets for the proper disposal of the water that often tends to collect above them. Such terraces have their greatest usefulness on fields where contour farming and strip cropping are unable alone to control erosion.
- (5) The use to a maximum extent of natural vegetation, cover crops, and woody plantings for the protection of areas easily eroded.
- (6) Protective measures against fires in woodlands and grasslands.
- (7) Systematic pasture management to prevent overgrazing or burning

¹ Bennett, H. H., *Soil Conservation*, McGraw-Hill Book Company, Inc., New York, 1939, pp. 12-13.

² Soil Conservation Service, *Our Soil: Its Wastage—Its Preservation*, U. S. Dept. of Agriculture, Washington, 1938, p. 10.

and the incident erosion occasioned by such destruction of the vegetative cover.

- (8) A definite control of gullies, through the use of such devices as check dams, and the planting of trees, shrubs, and grass on gullied areas to check erosion.
- (9) The retirement of badly eroded land from cultivation and putting such areas to use for pasture, meadow, woodland, and wild life.
- (10) The location and construction of farm ponds and reservoirs for the purpose of impounding surplus runoff water from fields, pastures, and woodlands.

Through the use of these measures singly or combined, each applied in that area to which it is best adapted, a maximum conservation of both soil and water should be the beneficial result.

A wise utilization of the land is being fostered throughout the nation by the formation of community and county land-use planning committees. County land-use planning is viewed as a coöperative effort on the part of representative farmers, related agencies of the United States Department of Agriculture, the land-grant agricultural colleges, and various state and local agencies to develop plans and policies which will (1) operate to coördinate various agricultural programs into a well-balanced unit, (2) make them work more effectively toward long-time as well as emergency objectives, and (3) lead to the development of such new programs as may be needed. In order to achieve these objectives these county and community land-use planning committees find it necessary to make an area analysis and classification study which will give them a picture of the land resources in the county, the present use of these resources, the existing land-use problems, and the adjustments or changes in land-use practices which give most promise of improving undesirable conditions. The following account of this significant movement is illuminating:

(1) Subdividing the county and community maps into a number of local land use areas, each of which is somewhat alike throughout in physical features, present land use and land use problems, and briefly describing the important characteristics of each area and the land use problems there.

(2) Classifying the land in each of these areas in terms of present and proposed uses.

(3) Deciding what adjustments in land use and agricultural practices are needed in each area, and recommending the policies or measures that will help to bring about these adjustments.

(4) Preparing usable maps and a report based on the findings and recommendations for each county, and making these available to farmers, and to interested local, State, and Federal agencies.

On the basis of this work, the recommended adjustments are developed more fully in the unified-program phase of county planning, and at this stage of the process the plans are converted into action to form a well-rounded treatment of the problems of the county. Such treatment may require action by individuals, by groups, or by agencies of the National, State, or local governments, and often the combined efforts of each bring about the most effective results.

In some instances, the committees obtain the desired adjustments by pointing out ways in which existing agencies may work together more closely. In others, the goal may be reached by redirecting the emphasis of public programs to fit them to local situations. In still other cases, the development of new lines of action, usually under existing authority, is the best approach to a problem.

In all cases, an attempt is made to use every available device in carrying out the aims of the land use planning committee so that the benefits of united effort may be realized fully.¹

Under the sponsorship of the Soil Conservation Service land-use demonstrations have been set up to educate farmers as to better land-use practices, and soil-conservation districts have been promoted as a device through which farmers and ranchers may pool their resources to deal with larger land-use problems requiring action on a community basis. Also, an attack on the problem is made through the purchase of submarginal lands by the Federal Government, and the development of these for purposes of forestry, grazing, or wild-life conservation. However, the emphasis is wisely placed upon educating the farmer to meet his land-use problems as intelligently as possible on his individual farm.

4. THE LAW OF DIMINISHING RETURNS

Every farmer knows that he cannot continue indefinitely to apply successive units of labor and capital to a given acreage of land and find it profitable to do so. The great English classical economist, John Stuart Mill, said in this connection:

After a certain, and not very advanced, stage in the progress of agriculture, it is the law of production from the land, that in any given state of agricultural skill and knowledge, by increasing the labor, the produce is not increased in an equal degree; doubling the labor does not

¹ *Land Use Planning Under Way*, U. S. Dept. of Agriculture, Washington, 1940, p. 11.

double the produce; or, to express the same thing in other words, every increase of produce is obtained by a more than proportional increase in the application of labor to the land. This general law of agricultural industry is the most important proposition in political economy.¹

Alfred Marshall, in his famous *Principles of Economics*, thus phrased this law of or statement of tendency to diminishing return: "An increase in the capital and labor applied in the cultivation of land causes in general a less than proportional increase in the amount of produce raised unless it happens to coincide with an improvement in the arts of agriculture."² And in his subsequent discussion of this principle, he tells us that "Wherever the right to cultivate land is much in request, we may be sure that the tendency to a diminishing return is in full operation. Were it not for this tendency every farmer could save nearly the whole of his rent by giving up all but a small piece of his land, and bestowing all his capital and labor on that."³ This principle is also known as the law of diminishing productivity, the law of increasing costs, and the law of variable proportions.

A customary statement of the law would be: *In a given state of the arts of production, the application of successive units of any variable factor of production to another fixed factor (or fixed combination of factors) will up to a certain point yield an additional physical output more than proportionate to the input of the variable factor but after that point of diminishing returns is reached, the yield will be less than proportionate.* It is well to recognize that this is a strictly static law and that in accord with it productivity depends on the proportions of the factors of production in conjunction with the methods of production, involving both the scale of operation and the state of the arts of production. There are really three distinct phases⁴ in the operation of this law, which is symmetrical in nature:

(1) The first phase is characterized by an increase in the total physical output, for a while at an increasing and then at a decreasing absolute rate, but always at a rate proportionately greater than the rate of increase of the variable factor, until the final point

¹ Mill, John Stuart, *Principles of Political Economy*, Longmans, Green and Company, New York, 1936, p. 177.

² Marshall, Alfred, *Principles of Economics*, Macmillan & Company, Ltd., London, 1930, p. 150.

³ *Ibid.*, p. 151.

⁴ Cassels, John M., "On the Law of Variable Proportions," in *Explorations in Economics*, McGraw-Hill Book Company, Inc., New York, 1936, Chap. II, pp. 223-227.

is reached in this phase where the rate of increase in the total physical output exactly equals the rate of increase of the variable factor.

(2) The second phase is characterized by a continuing increase of the total physical output, but at a decreasing absolute rate and at a proportionate rate uniformly less than that of the variable factor, until the maximum physical output is attained, this point being the final one of this phase.

(3) A decrease in total physical output occurs throughout the entire third phase, possibly for a time at an increasing absolute rate but probably through most of this phase at a decreasing rate, the final point constituting the one where the product is reduced to zero.

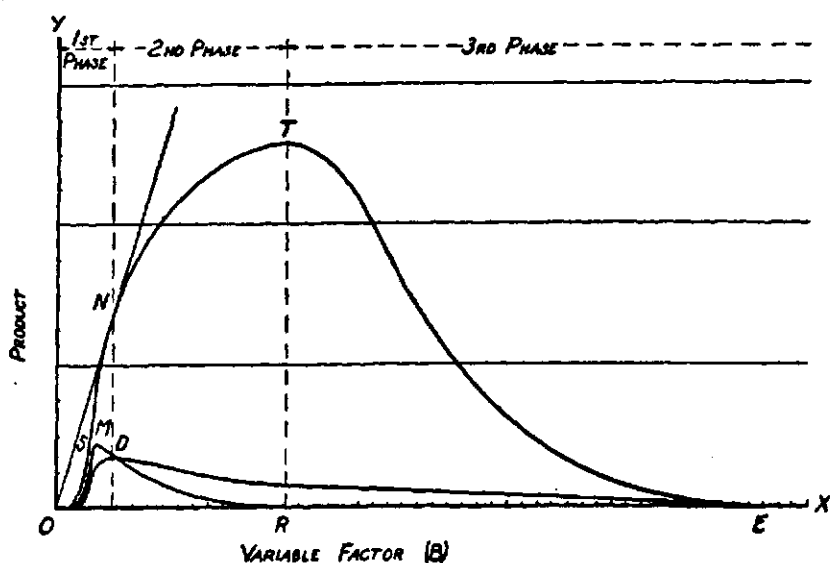


FIGURE 5. The Curves of Total Output, Marginal Output, and Average Output for Two Factors. (Adapted from Cassels, John M., "On the Law of Variable Proportions," in *Explorations in Economics*, McGraw-Hill Book Company, Inc., New York, 1936, p. 228.)

The accompanying Fig. 5 represents these phases graphically. In it a fixed factor A is assumed, while successive equal increases or "doses" of a variable factor B are measured along the horizontal axis (abscissa) OX , and the units of output are measured along the vertical axis (ordinate) OY . It is to be noted that none of the curves begins at the origin, but at some point on OX to the right of it,

because before the ratio of the excessive factor to the deficient one becomes infinite (as it is at the origin) the product is reduced to zero. The curve S is the curve of total output. The curve M represents the curve of the additional output per unit of input of the variable factor, and is known as the *marginal curve*. The curve D is the curve of average output per unit of input. All three curves rise at the beginning. The point M is where the marginal curve reaches its maximum. Up to the point S on the total-output curve, this curve rises at an increasing rate, and beyond it only at a decreasing rate. The average output curve reaches its highest point at D and is intersected here by the marginal curve. Directly above D on the total-output curve is a point N , and it is to be noted that a tangent to that curve drawn through N passes through the origin. The first phase in the operation of the law terminates at a vertical line drawn through D and N , which also marks the beginning of the second phase. The highest total output is reached at a point T , and immediately below this point the marginal-output curve intersects the axis OX at the point R . The vertical line RT marks the end of the second phase. It is somewhere in this second phase, when cost figures are introduced, that marginal revenues equal marginal costs, and what is known as the *highest profit combination* occurs. The average-output curve declines much more slowly than the marginal-output curve, both descending continuously from the line RT until they meet on the axis OX at E , where the total product is reduced to zero.

An illustration of the operation of the law is afforded by data from an actual experiment (see Table VI), the objective of which was to determine the effect on returns from cotton when the attempt was made to increase production by means of applying successive units of fertilizer. Evidently the land used had been previously brought to a high state of fertilization, for 500 pounds of lint cotton per acre is a relatively large yield even with the use of fertilizer, and in this case such was the product with no fertilizer. In this instance the highest point on the marginal curve is reached quickly, with the application of 100 pounds of fertilizer and a \$11.50 value of additional cotton produced. The point where the marginal curve cuts the OX axis would in these data be with the application of 1,400 pounds of fertilizer. It is at this combination that the cost of the marginal unit of input of fertilizer, the variable factor, exactly

equals the marginal returns from the additional output of cotton. Also it is at this point that the highest profit combination occurs.

TABLE VI¹

THE EFFECT ON RETURNS FROM COTTON WHEN AN ATTEMPT IS MADE TO INCREASE PRODUCTION BY THE APPLICATION OF FERTILIZER²

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------------------------------|---------------------------------------|---------------------------------------|----------------------------|------------------------------------|-------------------------------|---|------------------------------|
| Inputs of Fertilizer (Unit 100 lb.) | Outputs of Lint Cotton per Acre (lb.) | Value of Output at 10 cents per Pound | Additional Value of Cotton | Cost of Fertilizer at \$40 per Ton | Additional Cost of Fertilizer | Value of Cotton Less the Cost of Fertilizer (3-5) | Successive Net Returns (4-6) |
| 0 | 500.0 | \$50.00 | \$50.00 | \$0.00 | \$0.00 | \$50.00 | |
| 1 | 615.0 | 61.50 | 11.50 | 2.00 | 2.00 | 59.50 | \$9.50 |
| 2 | 719.0 | 71.90 | 10.40 | 4.00 | 2.00 | 67.90 | 8.40 |
| 3 | 812.5 | 81.25 | 9.35 | 6.00 | 2.00 | 75.25 | 7.35 |
| 4 | 895.5 | 89.55 | 8.30 | 8.00 | 2.00 | 81.55 | 6.30 |
| 5 | 969.5 | 96.95 | 7.40 | 10.00 | 2.00 | 86.95 | 5.40 |
| 6 | 1,037.0 | 103.70 | 6.75 | 12.00 | 2.00 | 91.70 | 4.75 |
| 7 | 1,096.0 | 109.60 | 5.90 | 14.00 | 2.00 | 95.60 | 3.90 |
| 8 | 1,148.5 | 114.85 | 5.25 | 16.00 | 2.00 | 98.85 | 3.25 |
| 9 | 1,195.0 | 119.50 | 4.65 | 18.00 | 2.00 | 101.50 | 2.65 |
| 10 | 1,235.0 | 123.50 | 4.00 | 20.00 | 2.00 | 103.50 | 2.00 |
| 11 | 1,269.5 | 126.95 | 3.45 | 22.00 | 2.00 | 104.95 | 1.45 |
| 12 | 1,299.0 | 129.90 | 2.95 | 24.00 | 2.00 | 105.90 | .95 |
| 13 | 1,324.0 | 132.40 | 2.50 | 26.00 | 2.00 | 106.40 | .50 |
| 14 | 1,344.0 | 134.40 | 2.00 | 28.00 | 2.00 | 106.40 | .00 |
| 15 | 1,360.0 | 136.00 | 1.60 | 30.00 | 2.00 | 106.00 | -.40 |
| 16 | 1,372.0 | 137.20 | 1.20 | 32.00 | 2.00 | 105.20 | -.80 |

But the highest total output does not occur at this point, total production increasing even with 1,600 pounds of fertilizer.

While this law is physical in the nature of its application, nevertheless it does form an economic characteristic of land. Nor is it limited to land; it applies to all of the factors of production. Manufacturers have discovered that they may enlarge their plants with decreasing costs per unit produced, but beyond a certain point the increased production is secured only at an increased cost per unit. However, in general the point of diminishing returns is reached sooner in agriculture than in most types of manufacturing. Suc-

¹ Forster, G. W., *Farm Organization and Management*, Prentice-Hall, Inc., New York, 1938, p. 87.

² Adapted from South Carolina Experiment Station Bulletin 219.

cessful farming, in considerable measure, is conditioned upon a conscious or unconscious conformity with this principle of diminishing returns.

If the successful farmer is the one who operates most closely in accord with the law of diminishing returns, how is it practical for him to learn the most favorable proportions of the factors of production? Of course he must be critically observant of his own farming operations, even to the details of them, and he must experiment with varying combinations of his economic resources. However, a large amount of information along these lines has been amassed by state and Federal agricultural experiment stations, and through extension services is more and more being made available to farmers generally. Another good beginning point is for the farmer to observe the operations of the best farmers in the community, and from that basis intelligently to conduct his own experiments.

5. RENT

In the practical affairs of everyday life, the term *rent* is used with a variety of meanings. It may apply to the consideration paid for the use of any tangible object, such as a farm, a house, an automobile, a dress suit, or a typewriter. However, strict economic usage limits its application to the hire of land, and in this sense it may be defined as *the payment for the use of land*. Alfred Marshall tells us that the full rent of a farm in a country which has been settled for some time "is made up of three elements: the first being due to the value of the soil as it was made by nature; the second to improvements made in it by man; and the third, which is often the most important of all, to the growth of a dense and rich population, and to facilities of communication by public roads, railroads, etc."¹ But he goes on to point out that it is impossible to discover just what was the original state of the land before it was first cultivated, and that results of man's work, both for good and evil, fixed in the land can be distinguished from nature's work only more or less arbitrarily. David Ricardo, the distinguished English classical economist, who is the starting point of any modern discussion of rent theory, stated, "Rent is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers

¹ Marshall, Alfred, *op. cit.*, p. 156.

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¹ Marshall, Alfred, *op. cit.*, p. 156.

of the soil.”¹ However, this definition is conceded to be very laxly worded and inadequate to express the Ricardian Theory of Rent, because his was a differential theory of rent, such a payment being made only for powers exceeding those of the land *just* worth cultivation.

If we consider that rent is a payment for the use of land, then we must distinguish between *economic rent* and *contractual rent*. By economic rent is meant the net income which derives from the use of the productive powers of the soil alone, as distinct from all income deriving from the use of any other of the factors of production. Contractual rent refers to the actual sum paid by the tenant to the landlord for the control of the economic rent, and it may be in amount more or less than the economic rent, though obviously it could not long exceed it, since the theory requires that in the long run the two tend to approximate each other. Another distinction is often made between *implicit rent*, or that imputed to the landlord from the use of his own land, and *explicit rent*, which is simply contractual rent as defined above, i.e., the consideration which the landlord receives from his tenants.

A number of explanations have been advanced to account for the phenomenon of rent. One of the earliest and most famous is that of Ricardo, who expressed his conception in part as follows:

On the first settling of a country, in which there is an abundance of rich and fertile land, a very small proportion of which is required to be cultivated for the support of the actual population, or indeed can be cultivated with the capital which the population can command, there will be no rent; for no one would pay for the use of land, when there was an abundant quantity not yet appropriated, and, therefore, at the disposal of whosoever might choose to cultivate it. . . .
 . . . If all land had the same properties, if it were unlimited in quantity, and uniform in quality, no charge could be made for its use, unless where it possessed peculiar advantages of situation. It is only, then, because land is not unlimited in quantity and uniform in quality, and because in the progress of population, land of an inferior quality, or less advantageously situated, is called into cultivation, that rent is ever paid for the use of it. When in the progress of society, land of the second degree of fertility is taken into cultivation, rent immediately commences on that of the first quality, and the amount of that rent will depend on the difference in the quality of these two portions of land.

¹ Ricardo, David, *Principles of Political Economy and Taxation*, ed. by E. C. K. Gonner, George Bell & Sons, Ltd., London, 1932, p. 44.

When land of the third quality is taken into cultivation, rent immediately commences on the second, and it is regulated as before, by the difference in their productive powers. At the same time, the rent of the first quality will rise, for that must always be above the rent of the second, by the difference between the produce which they yield with a given quantity of capital and labour. With every step in the progress of population, which shall oblige a country to have recourse to land of a worse quality, to enable it to raise its supply of food, rent, on all the more fertile land, will rise.¹

This explanation of Ricardo may perhaps be made clearer by presenting a hypothetical example expressed in tabular form. In this example it is assumed that if only six grades of land are required to produce the needed market supply, competition among these

TABLE VII

| | <i>Gross Product</i> | <i>Ricardian Rent</i> |
|--|----------------------|-----------------------|
| On first-grade land | \$1,000 | \$500 |
| On second-grade land | 900 | 400 |
| On third-grade land | 800 | 300 |
| On fourth-grade land | 700 | 200 |
| On fifth-grade land | 600 | 100 |
| On sixth-grade or no-rent land | 500 | 000 |

grades will operate to make the rent on fifth-grade land \$100, on fourth-grade land \$200, that of third-grade land \$300, on second-grade \$400, and that of first-grade land \$500. The argument for this is that the farmer can just as well pay the rent as to operate the sixth-grade or no-rent land.

The Ricardian theory of rent revealed the differential character of rent, and also viewed it as in the nature of an economic surplus. But Ricardo assumed the operation of perfect competition in the development of his theory, and did not give sufficient consideration to the effects of permanent improvements in the land, separating the returns to these from those of the "original and indestructible powers of the soil." Much criticism has been made as to these and other elements in the theory, particularly since in so many instances they were remote to the realities of rent situations determined to a considerable degree by traditional usage or custom. However, modern economic theory of rent still starts with Ricardo, although

¹ Ricardo, David, *op. cit.*, pp. 46-47.

the form it has assumed is radically different in many important respects.

Rent is commonly considered as a *producer's surplus*, and it originates through the operation of the law of diminishing returns discussed in the preceding section of this chapter. Where land is the fixed factor and labor and capital the variable factors, it has been seen that the highest profit combination of these factors is the combination in which the cost of the additional, or marginal, input of the variable factor exactly equals the net price of the resulting additional, or marginal, output. At this point, all preceding units of output were produced at a cost less than that of the marginal unit, and hence a profit is realized on each of these. The aggregate profit on all of these units is the *economic* or *producer's surplus*, and represents the amount of the economic rent because it is attributable to physical laws which determine that man's exploitation of natural resources proceeds according to the principle of diminishing returns.

When all land is in use, if people want more of the product than can be produced at the least cost combination, they will have to pay a price for it which is equal to marginal cost. Each producer will expand output to the point where price is equal to marginal cost. But at this output average total unit cost will be less than the price of the product and total revenue will be greater than total cost. Here is a surplus return over costs. Each firm will be in equilibrium because marginal revenue (under pure competition the same as price) is equal to marginal cost. The *industry* will be in equilibrium because no new firms can enter to take advantage of the surplus, since there is no more land for them to use. This surplus is economic rent of land. The owner can earn this economic rent by using the land himself in the production of the product. If the landlord does not care to use the land himself, he can offer it for lease to others. Competitive bidding for the use of land will then force whoever does obtain the use of the land to pay the full amount of the economic rent for it.¹

Ricardo did not consider rent as a cost of production. In answer to the contention of business and political leaders of his day to the effect that the then prevailing high prices of grain were due to the high rents charged by landlords, his reply was: "Corn is not high because a rent is paid, but a rent is paid because corn is high." In the light of the analysis in the immediately preceding para-

¹ Meyers, Albert L., *Elements of Modern Economics*, Prentice-Hall, Inc., New York, 1939, pp. 227-228.

graphs, it can be seen how the position of Ricardo is theoretically justified. However, from the viewpoint of the *individual firm* which leases land from others, the cost payment of the rent is obvious as a cost. Even if the firm owned the land it used, it will figure in its costs, the *opportunity cost* which exists because of the sum it could have received if the land had been leased to others.

Two other terms need to be considered in this connection, the *intensive* and the *extensive margin of cultivation*. By the *margin of cultivation* is meant that point of utilization where the cost of the marginal unit of input equals the revenue derived from the marginal unit of output. When a given area of land is exploited to the stage where marginal costs equal marginal revenues this point is the *intensive margin of cultivation*, and represents the highest profit combination of the factors of production. In contrast, the *extensive margin of cultivation* is reached when additional grades of soil are brought into use up to the point where a unit of expenditure yields a return equal to the amount spent. At both the intensive and extensive margins of cultivation no economic rent arises, since at those points marginal cost equals market price. An increase in the selling price of the product raises the intensive margin of all lands under cultivation, and pushes out to still poorer grades of land the extensive margin of cultivation. A decrease in selling price, on the other hand, serves to lower the intensive margin on all lands, and narrows the extensive margin by making it unprofitable to use the poorest grades of land employed when a higher price prevailed.

It has been stated that the term *rent* is often used to designate the payment for a house, a piano, a sewing machine, or other durable capital goods. The return from these is often quite analogous to the rent of land. Marshall sanctions this usage when the income is regarded from the point of view of the individual trader. But, he says "the balance of advantage seems to lie in favor of reserving the term *Rent* for the income derived from the free gifts of nature, whenever the discussion of business affairs passes from the point of view of the individual to that of society at large. And for that reason, the term *Quasi-rent* will be used . . . for the income derived from machines and other appliances for production made by man."¹ Under certain conditions, particularly in short periods, he also viewed the income derived from such improvements to land as

¹ Marshall, Alfred, *op. cit.*, p. 74.

artificial manures, the use of clod-crushing machines, etc., as in the nature of quasi-rents which depend on the price of the produce.

QUESTIONS

1. Describe the process of production, including a characterization of its four principal phases, and the three classes of forms which it assumes.
2. Name the factors of production and tell briefly what is meant by each.
3. How does the economist define land, in what ways is it useful to man, and what three characteristics are involved in the concept?
4. Explain why land is usually considered as a factor of production separate from capital.
5. Why may land be designated as our chief economic resource?
6. Give the total area of the United States, name the countries which are larger, and the proportion of our area which is land in farms.
7. Name the principal uses of agricultural land and the leading non-agricultural uses.
8. Discuss the results of the physical classification of the productivity of the total land resources of the United States as made by the Land Planning Committee of the National Resources Board, and the predictions of that Committee as to future trends with regard to land use in this country.
9. Define *submarginal land*, *marginal land*, and *supermarginal land*, in this connection giving a succinct statement of the problem of land utilization.
10. Cite a number of basic facts which support the following statement: "The plain truth is that Americans, as a people, have never learned to love the land and to regard it as an enduring resource. They have seen it only as a field for exploitation and a source of immediate financial return."
11. Give the principal practices which are considered necessary in a satisfactory program of erosion control and moisture conservation.
12. Explain what is meant by county and community land-use planning committees and the work they are designed to perform.
13. How important did John Stuart Mill consider the law of diminishing returns, and how did Alfred Marshall define it?
14. Give the customary statement of the law of diminishing returns as set forth in this textbook.
15. Describe by the use of a diagram the three phases of the law.
16. Discuss the practical importance of the law to the farmer, and tell how in general the intelligent farmer comes to operate in accord with it.

17. What is the highest profit combination, and at what point does it occur?
18. Give Ricardo's conception of rent.
19. Explain clearly what is meant by the statement that rent is to be considered as a producer's surplus.
20. Explain what is meant by the *intensive* and the *extensive* margins of cultivation.

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CHAPTER VIII

FARM OWNERSHIP AND TENANCY

It is generally conceded that a system of land tenure approximating that in which every man owns the farm on which he lives and works is the ideal to be sought. A certain amount of tenancy is inevitable in all settled countries. In the pioneer stages of American agriculture, land was to be had for the asking or the taking, and the condition of almost complete owner-operatorship was the result. Quite early, however, those without land who preferred to stay within the area of established settlement rather than enter the unsettled frontier regions had to rent land from those who owned it more abundantly than they could work. Except in the South, especially among the colored farmers, though in too large extent also among the white tenants of that region, this country has not developed a permanent tenant class. In that part of the nation, a serious situation exists, but in general in the United States, tenancy functions to a great degree as a convenient steppingstone towards ownership.

In embarking upon the enterprise of farming, land is the factor of production required to a dominant extent. Many young farmers, and older ones as well, cannot afford the purchase of the land they would operate. The capital-goods they require for a sensible beginning scale of operation, very often they do possess, or can acquire on available credit, and the labor they provide themselves. Through the savings from efficient operation of rented farms, the purchase of the land they would operate may be consummated. High prices for land, particularly inflated ones, obviously tend to lengthen such a process.

Where tenancy serves such a fundamental purpose there is nothing vicious about the institution. However, when, as throughout the South and many foreign countries, there tends to be established

a permanent tenant class, economic poverty and social backwardness accompany the condition. Since the advantages and disadvantages of farm tenancy are considered in succeeding sections of this chapter, it is pertinent in these introductory paragraphs to emphasize mainly two additional points of view which relate to the problem of farm ownership and tenancy in a general sort of way.

Branson, who gave a large part of his life to a consideration of the problem in the South believed that there is a certain magic about the ownership of land. He said that

the ownership of land tethers a man to law and order better than all the laws of the statute books. It breeds in him a sense of personal worth and family pride. It identifies him with the community he lives in and gives him a proprietary interest in the church, the school, and other organizations and enterprises of his home town or home community. It enables him to hold his family together, makes him a better father, a better neighbor, and a better citizen mainly because it makes him a stable, responsible member of society.¹

The distinguished American diplomat and man of letters, Walter H. Page, was keenly interested in improving the lot of the tenant farmer in the South, classing him among the "forgotten men" in our civilization. About this class of humankind he reminds us:

In making an estimate of a civilization it is the neglected and forgotten man more than any other that must be taken into account. When you build a house, you make the foundation the strongest part of it, and the house, however ornate its architecture, can be no stronger than the foundation. In considering the level of the life of any community, you must not give undue value to any class of men. A community is not rich because it contains a few rich men, it is not healthful because it contains a few strong men, it is not intelligent because it contains a few men of learning, nor is it of good morals because it contains good women—if the rest of the population also be not well-to-do, or healthful, or intelligent, or of good morals. The common people is the class most to be considered in the structure of civilization. Moreover, in proportion as any community in the organization of its society or in the development of its institutions lays emphasis on its few rich men, or its few cultivated men, it is likely to forget and to neglect its very foundations. It is not these small classes that really make the community what it is, that determine the condition of its health, the soundness of its social structure, its economic value and its level of life. The security and the sound-

¹ Branson, E. C., quoted in *University of Virginia News Letter*, Feb. 15, 1927, Vol. III, No. 10.

ness of the whole body are measured at last by the condition of its weakest part.

So much, if you please, to get the proper point of view. If you have been in the habit in your social studies of dividing men into classes and of considering some more important in possibilities to the common weal than others, your studies are not in keeping with the dominant democracy of our country and of our race. In any scheme of man-culture one man must be regarded as of as great importance as another. The doctrine of equality of opportunity is at the bottom of social progress, for you can never judge a man's capacity except as he has opportunity to develop it. When we make a social study, we must come face to face with all the men who make up the social body, seeing them as they are, and not through the medium of our traditions, nor by their estimates of themselves. ¹

1. ADVANTAGES OF FARM TENANCY

Many writers on farm tenancy convey the impression that it is an unmitigated evil. It is not difficult to refute such an attitude since there are a number of advantages to agriculture in the institution of farm tenancy. The most important of these will be briefly considered in succeeding paragraphs.

(1) *Tenancy is a steppingstone to independent owner-operatorship.* The term "agricultural ladder" is used to describe the steps by which the farm worker establishes his relation with the land. The theory of the agricultural ladder postulates that the typical farmer begins his career as a farm laborer, working for wages on his father's or someone else's farm; that after he has saved enough working capital to operate his own farm, he takes the next step on the agricultural ladder, and becomes a farm tenant; and that successfully operating as a tenant he acquires sufficient capital to buy his own farm, then stepping up to the estate of a farm owner. In the process he serves a sort of apprenticeship as it were, gaining desirable experience in handling a farm.

(2) *In some instances to rent a farm is more desirable than to buy it.* In areas where the prices of land are rather prohibitory from a sound purchase point of view, rental rates are often comparatively much more reasonable. Then, too, a farmer can through rental of additional acreage more easily extend his farming business to such an area as will represent the most profitable size of farm for operation

¹ Page, W. H., *Rebuilding Old Commonwealths*, Doubleday, Doran & Company, Inc., New York, 1926, pp. 2-5.

in a particular locality. Also, in this same connection it is interesting to note the fact that the average size of the tenant farm in Ohio, Indiana, Illinois, and Iowa is considerably larger than that of the owner farm in the same areas.

(3) *Tenancy enables the prospective farmer safely to determine whether farming is an occupation in which he may happily spend his life, and also to test whether or not a particular farm is the one which he should buy.* A much smaller investment makes these preliminary explorations practicable. If the experiments are successful, the tenant may deepen his stake in the venture through acquiring the particular farm.

(4) *Tenancy provides a greater mobility of population, which among a high-grade tenant class as in the West, really functions as a mitigant of provincialism and localism.* Of course, with too large a percentage of a community thus mobile, the result is bad, but for those in process of climbing the rungs of the agricultural ladder the diversity of contacts and variations in farming experience are valuable when the estate of farm ownership is reached.

2. DISADVANTAGES OF FARM TENANCY

The disadvantages of farm tenancy are numerous, and are most apparent in the community where tenancy is most prevalent. These evils of tenancy may be separated into the economic ones, and the resulting social consequences. Among the principal economic ones are to be found:

A. ECONOMIC DISADVANTAGES

(1) *The steady impoverishment of the soil, or what we are accustomed to call soil mining.* It was Arthur Young, one of the earliest of our agricultural economists who said in his *Travels in France* that "the magic of property turns sand to gold. Give a man the secure possession of a bleak rock, and he will turn it into a garden; give him a nine year's lease of a garden and he will convert it into a desert." The aim of the tenant under our existing system of leases in the United States is to rent the best farm available at the lowest rental rate possible, to mine its soil fertility effectually, and then to move to more preferable areas, treating them likewise. One has only to travel through extensive areas in the South where large percentages of tenancy prevail in order to see the results of such a process continued over a number of years.

(2) *Low incomes and resulting low standards of living.* In high-percentage tenancy areas, emphasis is placed upon land as a factor of production and tenant farms are substantially smaller than owner farms. It has been proved over and over again that the size of farm is one of the most important elements in successful farm management. This and related factors, by preventing the most profitable combination of the tenant's resources, results in low incomes, and low incomes produce low levels of living. The President's Committee on Farm Tenancy stated the situation as follows:

Large families of tenants or croppers, or hired farm laborers, are living in houses of two or three rooms. The buildings are frequently of poor construction, out of alinement, weather-beaten, and unsightly. The doors and windows are rarely screened. Often the roofs are leaky. The surroundings of such houses are bleak and unattractive. Many have even no outside toilet, or if one is available, it is highly unsanitary.

Many of these families are chronically undernourished. They are readily subject to diseases. Pellagra, malaria, and the hookworm and other parasites exact heavy toll in life and energy. Suitable provision for maintaining health and treating disease among these families is lacking or inadequate in many localities.

Clothing is often scarcely sufficient to afford protection to the body, much less to help maintain self-respect.¹

This is a sharp statement, and of course does not apply to all tenants by any manner of means. Yet, it does characterize the situation of a significant proportion of them, particularly in the South.

(3) *Poor farming methods are likely to result.* It is on the tenant farms in the South that we find the excessive development of the one-crop system of cotton and tobacco, with all of its numerous accompanying ills. Due to ignorance, low educational levels, the hampering demands of the landlord, and a general prejudice against progress, it is this tenant class of the farm population which the farm demonstration agent has greatest difficulty in influencing. As a consequence backwardness in methods in a scientific age for agriculture exists, and accompanying the condition ill-balanced systems of farming prevail over wide areas.

(4) *A concentration of landownership tends to result in such areas, often developing into "absentee ownership."* Such a situation develops a per-

¹ National Resources Committee, *Farm Tenancy, Report of the President's Committee*, Government Printing Office, Washington, 1937, p. 7.

manent tenant class, among which due to low incomes and low living standards, ideals of ownership status are stifled.

As serious and blighting as are the economic results of large percentages of farm tenancy, the social consequences are still more significant in the lowering of community life in general.

B. SOCIAL DISADVANTAGES

(1) *A permanent tenant class tends to develop with its accompanying social stratification.* To an appalling extent, the children of tenant farmers tend themselves to become tenants. Two significant generalizations may be made in this connection: "First, decade by decade, it is becoming increasingly difficult for farmers to climb the so-called agricultural ladder onto the ownership rung. Second, there is developing a permanent tenant class, from which relatively few emerge into ownership. In the South this class, formerly composed largely of negroes, has been augmented rapidly by recruits from white farmers."¹

While educational levels are improving among the population generally, rural schools still lag as compared with city educational facilities. Moreover, the elements of the population who have the greatest relative need for education are often the very ones who seem most reluctant to avail themselves of the facilities at their command. The result is that, on the average, owners of farms and their children are much better educated than tenant farmers and their children. This lack of adequate educational training and the narrow outlook on life resulting therefrom constitute serious retarding factors in the ease with which the increasingly difficult agricultural ladder is climbed. Unusual drive is required to step up the scale from tenant to owner, particularly in a period of distressed agricultural conditions, and character, education, and vision are important personality traits in effecting the transition.

(2) *Too great a mobility of the farm population.* Most of the ills assigned to tenancy in one way or another grow out of this shifting or instability of the tenant farmer. Pertinent figures, collected several years ago but representing much the situation existing at the present time, show that for the United States as a whole 27 per cent of the tenants changed farms annually, or somewhat more than one out of each four. For the South, the corresponding figure was 32 per

¹ *Ibid.*, p. 54.

cent on the average, or approximately one out of each three tenant farms. In the West, the tenant population was more stable, only 17 per cent of the tenants shifting, while in the North, the similar situation was 18 per cent.¹

This greater instability of the tenant farmer as compared with the owner is attributable to the fact that a considerable proportion of the tenants each year step up to the class of owners. Then, too, in the tenant class is a large proportion of the incompetent, thriftless, restless, and migratory element, lacking in the stability of character to achieve ownership or to stay put anywhere for long at a time. The shifting of the tenant from farm to farm is made easier by the fact that he has small amounts of property to move and no stake in the land.

(3) *Institutional instability* is the result of the frequent shifts of a considerable proportion of the population. In areas of high tenancy percentages, school populations are uncertain and changeable, and compulsory education laws difficult of enforcement. The tenant classes, because of illiteracy and social distinctions, feel ill at ease in church and Sunday school, and hence attend irregularly or not at all, contributing but slightly to the finances of the organization. Every basic institution in the social life of a community feels the blighting effects of this migratory, instable element of the population.

(4) Such a situation leads to a *lack of community consciousness and community spirit*, resulting in a backwardness or disintegration of community life for owners as well as tenants. Small amounts of tenancy, largely looking towards ownership as a goal, and consisting in considerable degree of sons and sons-in-law of owners in the community, produce no such social stratification as results in most communities of the South where a permanent tenant class exists. Community organizations are stifled, basic institutions languish, wealth levels are lowered, living standards are inadequate, and human individuals lose the respect of themselves and others in these high tenancy communities.

3. THE EXTENT OF FARM TENANCY

The Federal Census of 1880 was the first to take cognizance of farm tenancy in the United States. In that year 25.6 per cent of all

¹ Gray, L. C., and others, "Farm Ownership and Tenancy," *1923 Yearbook of Agriculture*, Government Printing Office, Washington, 1923, pp. 589-590.

farms in this country were operated by tenants. The high point in this ratio was reached in 1930, when 42.4 per cent tenancy was revealed by the census of that year. Many students of the problem had for several years become increasingly concerned about the situation, and agricultural economists and rural sociologists had accumulated considerable data concerning the matter, both in the various parts of this country and abroad. The 1935 Census of Agriculture reported 42.1 per cent of all farms in the United States operated by tenants, and an additional 10 per cent of the farmers as part owners and part tenants. In 1936, President Franklin D. Roosevelt gave direct focus to the matter by appointing a special committee to study the situation. On February 16, 1937, he transmitted the Report of the President's Committee on Farm Tenancy to Congress, the accompanying message including among other things the following statement of the extent and seriousness of the situation:

The facts presented in this report reveal a grave problem of great magnitude and complexity. The American dream of the family-size farm, owned by the family which operates it, has become more and more remote. The agricultural ladder, on which an energetic young man might ascend from hired man to tenant to independent owner, is no longer serving its purpose.

Half a century ago one of every four farmers was a tenant. Today, two of every five are tenants, and on some of our best farm lands seven of every ten farmers are tenants. All told, they operate land and buildings valued at \$11,000,000,000.

For the past 10 years, the number of new tenants every year has been about 40,000. Many tenants change farms every 2 or 3 years, and apparently one out of three changes farms every year. The agricultural ladder, for these American citizens, has become a treadmill.

At the same time, owners of family-size farms have been slipping down. Thousands of farmers commonly considered owners are as insecure as tenants. The farm owner-operator's equity in his property is, on the average, 42 per cent, and in some of our best farming sections is as little as one-fifth.

When fully half the total farm population of the United States no longer can feel secure, when millions of our people have lost their roots in the soil, action to provide security is imperative, and will be generally approved.¹

In 1940, of the 6,096,799 farms in the United States, 2,361,271

¹ *Farm Tenancy, Report of the President's Committee, op. cit.*, pp. 25-26.

were operated by tenants. Thus, the proportion of tenant-operated farms declined from 42.4 per cent in 1930 to 38.7 per cent in 1940. The most significant decreases occurred in the high-tenancy cotton and tobacco areas of the South, and particularly among the sharecroppers. The number of sharecroppers, a type of tenant occurring primarily in the South, was 776,278 in 1930 and 541,291 in 1940, a decrease of approximately 30 per cent. Some of the land operated by these sharecroppers and other classes of tenants is now in farms of operating owners, who are using cash-wages laborers more largely than before. However, tenancy increased during the decade in many states outside of the South, the most notable gains occurring in North and South Dakota, Nebraska, Kansas, and Colorado of the Great Plains area. In general, the rate of tenancy is much lower among the white than among the nonwhite operators, the southern states as a group showing 40.5 per cent tenancy among the whites as against 74.5 per cent for the nonwhites.

In a few countries of the world even higher tenancy ratios exist than in the United States. However, in viewing these figures it

| <i>Year</i> | <i>Country</i> | <i>Percentage of Farm Tenancy</i> |
|-------------|-------------------|-----------------------------------|
| 1921 | England and Wales | 83 |
| 1935 | Scotland | 76 |
| 1937 | Ireland | 0 |
| 1929 | Denmark | 6 |
| 1932 | Sweden | 19 |
| 1930 | Netherlands | 49 |
| 1929 | Belgium | 34 |
| 1929 | Switzerland | 25 |
| 1929 | France | 25 |
| 1933 | Germany | 12 |
| 1930 | Italy | 41 |
| 1937 | Japan | 70 |

must be borne in mind that tenancy systems vary from country to country, thus seriously vitiating the comparability of the data.¹

Spiegel, in writing on the difference in appreciation of tenancy

¹ These data were supplied by Paul V. Maris of the Farm Security Administration of the U. S. Dept. of Agriculture. The percentages represent approximations which are not wholly comparable. The figure for Germany relates to the year 1933 and is based on the total area of agricultural and forest holdings, excluding the Saar Territory.

in Europe as over against that prevailing in the United States, says:

A striking difference exists in the social esteem in which tenancy is held in the United States and in Europe. In this country where the institution of home and farm ownership plays such an important role, tenancy is regarded by many as a social disease. This attitude is deeply rooted in the American tradition. . . . In many European countries, farm tenancy has been the pacemaker of agricultural progress and is regarded as a sound and necessary component of the tenure system. It has been recognized that in times of depression the position of the tenant is often superior to that of an owner-operator. Especially in England the function of the landlord as a shock absorber is generally acknowledged. In other countries the most striking instances of poor tenancy conditions were improved by the various agricultural reforms after the World War. At the present time there are no farm economists in Europe who would generally and unconditionally condemn farm tenancy.¹

How a high-tenancy rate may be transformed into a desirable state of affairs is well illustrated by Denmark. As late as 1850, 42.5 per cent of the farmers in that country were tenants. In 1929, the date of the latest survey of this situation, only 6 per cent of farm tenancy existed; and it is stated that today farm tenancy is in effect at an end.² This change came about largely from the awakening of the peasants themselves, and their demand that an intelligent, social-minded policy be developed by the government so that they might acquire a stake in the land they were working.

It is significant to view the farm-tenancy situation according to its geographical distribution. In this connection it is to be noted that there are striking differences among the several major sections of the United States.

(1) *The South.* In 1940, of 2,956,001 farmers in the fourteen states of the South—Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas—1,435,358 (930,752 white tenants and 504,606 nonwhite), or 48.6 per cent, were tenants. This is a larger proportion than in any other major section. In fact, the South has within its borders about 61

¹ Spiegel, Henry William, *Land Tenure Policies at Home and Abroad*, University of North Carolina Press, Chapel Hill, 1941, pp. 59-62.

² Howe, Frederic C., *Denmark, The Coöperative Way*, Coward-McCann, Inc., New York, 1936, pp. 179-180.

per cent of all the tenants in the United States. Mississippi, with 66.2 per cent tenancy, has the highest proportion of her farms operated by tenants. Three-fifths of all farmers in Georgia are tenants; and in South Carolina, Alabama, Arkansas, Louisiana, and Okla-

TABLE VIII
PERCENTAGE OF FARM TENANCY BY CENSUS DIVISIONS: 1880-1940

| Division | Percentage of Tenancy | | Relative Percentage Increase or Decrease: 1880-1940 |
|------------------------------|-----------------------|------|---|
| | 1880 | 1940 | |
| United States | 25.6 | 38.7 | 13.1 |
| New England | 8.5 | 7.4 | - 1.1 * |
| Middle Atlantic | 19.2 | 14.6 | - 4.6 |
| East North Central | 20.5 | 27.9 | 7.4 |
| West North Central | 20.5 | 42.4 | 21.9 |
| South Atlantic | 36.1 | 42.2 | 6.1 |
| East South Central | 36.8 | 50.1 | 13.3 |
| West South Central | 35.2 | 52.6 | 17.4 |
| Mountain | 7.4 | 24.6 | 17.2 |
| Pacific | 16.8 | 18.5 | 1.7 |

* - Denotes decrease.

homa between 50 and 60 per cent of farm tenancy prevails. There are some counties in the South, principally in the rich alluvial lands along the lower Mississippi River, where around 80 per cent of tenancy has been found to exist.

The abolition of slavery, and the reconstituting of the plantation system after the War between the States, are mainly responsible for the large tenancy showing in the Southland. Soon after the slaves had been emancipated, it was found that labor was much less reliable and less easily controlled than under a system of slavery. In order to keep labor from leaving the South at this period, when it was so greatly needed, and to reduce somewhat the expense and trouble of watching the laborer's every movement, the plan was followed of giving him some kind of a share in the crop in return for his labor. In many states this arrangement in certain widely prevalent forms of tenancy is held to be in effect a method of working for wages and not a form of tenancy. But it has been the policy of the Bureau of the Census to count such tenants and their farms as tenant farms, and this, of course, has greatly increased the tenancy count for the South.

TABLE IX
 PERCENTAGE OF FARMS OPERATED BY TENANTS IN THE
 SEVERAL STATES: 1880-1940¹

| States | 1940 | 1930 | 1920 | 1910 | 1900 | 1890 | 1880 |
|----------------------|------|------|------|------|------|------|------|
| United States, total | 38.7 | 42.4 | 38.1 | 37.0 | 35.3 | 28.4 | 25.6 |
| Maine | 6.5 | 4.5 | 4.2 | 4.3 | 4.7 | 5.4 | 4.3 |
| New Hampshire | 6.4 | 5.3 | 6.7 | 6.9 | 7.5 | 8.0 | 8.1 |
| Vermont | 9.9 | 9.7 | 11.6 | 12.3 | 14.6 | 14.6 | 13.4 |
| Massachusetts | 7.1 | 5.6 | 7.1 | 8.1 | 9.6 | 9.3 | 8.2 |
| Rhode Island | 10.3 | 12.5 | 15.5 | 18.0 | 20.2 | 18.7 | 19.9 |
| Connecticut | 7.2 | 6.2 | 8.5 | 9.8 | 12.9 | 11.5 | 10.2 |
| New York | 12.8 | 13.2 | 19.2 | 20.8 | 23.9 | 20.2 | 16.5 |
| New Jersey | 15.6 | 15.6 | 23.0 | 24.8 | 29.9 | 27.2 | 24.6 |
| Pennsylvania | 16.0 | 15.9 | 21.9 | 23.3 | 26.0 | 23.3 | 21.2 |
| Ohio | 26.3 | 26.3 | 29.5 | 28.4 | 27.4 | 22.9 | 19.3 |
| Indiana | 28.3 | 30.1 | 32.0 | 30.0 | 28.6 | 25.4 | 23.7 |
| Illinois | 43.1 | 43.1 | 42.7 | 41.4 | 39.3 | 34.0 | 31.4 |
| Michigan | 17.0 | 15.5 | 17.7 | 15.8 | 15.8 | 14.0 | 10.0 |
| Wisconsin | 23.0 | 18.2 | 14.4 | 13.9 | 13.5 | 11.4 | 9.1 |
| Minnesota | 32.3 | 31.1 | 24.7 | 21.0 | 17.3 | 12.9 | 9.1 |
| Iowa | 47.6 | 47.3 | 41.7 | 37.8 | 34.9 | 28.1 | 23.8 |
| Missouri | 35.6 | 34.8 | 28.8 | 29.9 | 30.5 | 26.8 | 27.3 |
| North Dakota | 45.1 | 35.1 | 25.6 | 14.3 | 8.5 | 6.9 | 2.1 |
| South Dakota | 53.0 | 44.6 | 34.9 | 24.8 | 21.8 | 13.2 | 4.4 |
| Nebraska | 52.8 | 47.1 | 42.9 | 38.1 | 36.9 | 24.7 | 18.0 |
| Kansas | 44.9 | 42.4 | 40.4 | 36.8 | 35.2 | 28.2 | 16.3 |
| Delaware | 32.6 | 33.8 | 39.3 | 41.9 | 50.3 | 46.9 | 42.4 |
| Maryland | 26.1 | 26.5 | 28.9 | 29.5 | 33.6 | 31.0 | 30.9 |
| District of Columbia | 18.5 | 23.1 | 41.7 | 38.7 | 43.1 | 36.6 | 38.2 |
| Virginia | 26.9 | 28.1 | 25.6 | 26.5 | 30.7 | 26.9 | 29.5 |
| West Virginia | 22.7 | 18.6 | 16.2 | 20.5 | 21.8 | 17.7 | 19.1 |
| North Carolina | 44.4 | 49.2 | 43.5 | 42.3 | 41.4 | 34.1 | 33.5 |
| South Carolina | 56.1 | 65.1 | 64.5 | 63.0 | 61.1 | 55.3 | 50.3 |
| Georgia | 60.1 | 68.2 | 66.6 | 65.6 | 59.9 | 53.5 | 44.9 |
| Florida | 25.2 | 28.4 | 25.3 | 26.7 | 26.5 | 23.6 | 30.9 |
| Kentucky | 33.1 | 35.9 | 33.4 | 33.9 | 32.8 | 25.0 | 26.5 |
| Tennessee | 40.3 | 46.2 | 41.1 | 41.1 | 40.6 | 30.8 | 34.5 |
| Alabama | 58.8 | 64.7 | 57.9 | 60.2 | 57.7 | 48.6 | 46.8 |
| Mississippi | 66.2 | 72.2 | 66.1 | 66.1 | 62.4 | 52.8 | 43.8 |
| Arkansas | 53.3 | 63.0 | 51.3 | 50.0 | 45.4 | 32.1 | 30.9 |

¹ Source: *United States Census* publications, 1880-1940.

TABLE IX (continued)
 PERCENTAGE OF FARMS OPERATED BY TENANTS IN THE
 SEVERAL STATES: 1880-1940

| States | 1940 | 1930 | 1920 | 1910 | 1900 | 1890 | 1880 |
|-----------------|------|------|------|------|------|------|------|
| Louisiana..... | 59.4 | 66.6 | 57.1 | 55.3 | 58.0 | 44.4 | 35.2 |
| Oklahoma..... | 54.4 | 61.5 | 51.0 | 54.8 | 43.8 | 0.7 | ... |
| Texas..... | 48.9 | 60.9 | 53.3 | 52.6 | 49.7 | 41.9 | 37.6 |
| Montana..... | 27.8 | 24.5 | 11.3 | 8.9 | 9.2 | 4.8 | 5.3 |
| Idaho..... | 25.5 | 25.3 | 15.9 | 10.3 | 8.8 | 4.6 | 4.7 |
| Wyoming..... | 24.2 | 22.0 | 12.5 | 8.2 | 7.6 | 4.2 | 2.8 |
| Colorado..... | 37.2 | 34.5 | 23.0 | 18.2 | 22.6 | 11.2 | 13.0 |
| New Mexico..... | 17.0 | 20.2 | 12.2 | 5.5 | 9.4 | 4.5 | 8.1 |
| Arizona..... | 11.6 | 16.4 | 18.1 | 9.3 | 8.4 | 7.9 | 13.2 |
| Utah..... | 13.3 | 12.2 | 10.9 | 7.9 | 8.8 | 5.2 | 4.6 |
| Nevada..... | 14.4 | 12.9 | 9.4 | 12.4 | 11.4 | 7.5 | 9.7 |
| Washington..... | 17.7 | 17.0 | 18.7 | 13.7 | 14.4 | 8.5 | 7.2 |
| Oregon..... | 18.2 | 17.8 | 18.8 | 15.1 | 17.8 | 12.6 | 14.1 |
| California..... | 19.1 | 18.0 | 21.4 | 20.6 | 23.1 | 17.8 | 19.8 |

(2) *The New England and Middle Atlantic States.* New England is the region where the percentage of tenancy is the smallest of any in the United States. The proportion of tenancy in this division of states decreased from 8.5 per cent in 1880 to 7.4 per cent in 1940. Over this period there has been a decrease in tenancy in every state in the division except in Maine, and in this state in 1940 the percentage of farm tenancy was only 6.5 per cent.

These states are characterized by a great deal of rugged and rocky land, and the profits from these lands will not sustain both an owner and a tenant. Consequently, land is relatively cheap, and aided by a low rate of interest, tenants can more easily secure their own farms than in many other sections. Other factors here are the effects of the marked industrial expansion of this region, and the great migration of New Englanders, during several decades following the opening of the Erie Canal in 1825, to settle and develop the western states.

While the percentages of farm tenancy for 1940 in New York (12.8 per cent), New Jersey (15.6 per cent), and Pennsylvania (16.0 per cent), constituting the Middle Atlantic states, are somewhat higher than in New England, there is, in general, a rather healthy situation existing in this area with regard to the problem. In every

one of these three states there has been a substantial decline in the percentage of farm tenancy from 1880 to 1940. A rather well-diversified agriculture characterizes the Middle Atlantic region, accompanied by a considerable attention to the production of hay and dairying, all of which factors are not very conducive to high tenancy ratios.

(3) *The Corn Belt.* In nearly all newly settled regions there is a period when practically all farmers are landowners. This was made possible in the earlier days of the settlement of the West by the national policy of disposing of public lands which made it easy to acquire a farm. But, after the country became settled, tenancy made its appearance, and now the Corn Belt ranks next in the proportion of tenancy to the South.

All of the states in both the East North Central and the West North Central divisions show increases in tenancy over the period from 1880 to 1940. In the latter year, Iowa had 47.6 per cent of all its farms operated by tenants; Nebraska, 52.8 per cent; Illinois, 43.1 per cent; Kansas, 44.9 per cent; Missouri, 35.6 per cent; and Ohio, 26.3 per cent. There are a few counties in this area where as many as 60 per cent of the farms are tenant operated, and still wider areas where from 40 to 60 per cent of all farmers are tenants.

A partial explanation of this increase is the rapid increase in the price of land. It is too high for the tenant to buy; and, on the other hand, it has been a great field for speculative investors, who, of course, depend on the tenants to farm it until they can sell with a comfortable profit.

(4) *The West.* As compared with the South and the Corn Belt, for example, there is relatively little tenant farming in most parts of the eleven western states—Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. However, in many areas of this region where cash crops are predominant, tenancy ratios have reached levels as high as those for the nation as a whole.

Among a total of 509,670 farmers in these states as reported by the 1940 Census, 108,552, or 21.2 per cent were tenants. The highest percentage for any state in this area was in Colorado, where 37.2 per cent of all farms were operated by tenants. In 1940, Montana, Idaho, and Wyoming recorded between 20 and 30 per cent of farm tenancy; and, at that time, Oregon, California, New

Mexico, Arizona, Utah, Nevada, and Washington had less than 20 per cent of their farms operated by tenants.

Factors influencing this situation in the West are the extensive leasing of grazing lands by ranchmen; the presence of farming corporations as large renters of areas for specialized cash-crop farming with migratory agricultural laborers; and state legislation prohibiting ownership of land by Orientals, thus forcing them to operate as tenants.

4. TYPES OF FARM TENANCY

A close relationship is to be observed between the prevailing type of farming and the percentage of farm tenancy in that community. The data in Table X, on page 203, illustrate the situation to a striking extent. It is to be noted from these data that the farms whose chief products are cash crops, often involving a relatively small investment in working capital and providing a relatively rapid turnover, have the highest percentages of tenancy.

Of all tenants in the United States in 1935, almost two-thirds (65 per cent) centered in the cotton, tobacco, and corn regions, although these regions held only 48 per cent of all farmers in the United States. Tenants number about 65 per cent of all farmers in the cotton region, approximately 48 per cent in the tobacco region, and 45 per cent in the corn region. Tenancy is also high (42.1 per cent) in the wheat region, but the total number of farmers, and hence the number of tenant farmers, is relatively small. . . . In the various type-of-farming areas tenant farms differ in size both among themselves and as compared with owner farms. The wheat, dairy, corn, and general farms in the North are considerably larger in acreage, both for owners and for tenants, than the cotton and tobacco farms, located principally in the South. All types of tenant farms in the North, except the small grain farms, are larger than owner-operated farms of the same types, while in the South tenant-operated cotton, tobacco, rice, and sugar-cane farms are smaller than owner-operated farms of the same types. Corresponding to and partly as a consequence of these variations in the size of tenant farms in different regions, are important differences in the economic and social status of tenants.¹

Another striking relationship is exhibited between the prices of farm lands per acre and the percentage of tenancy. In discussing this situation, Goldenweiser and Truesdell comment in part that

¹ *Farm Tenancy, Report of the President's Committee, op. cit.*, pp. 37-38.

TABLE X

NUMBER AND PROPORTION OF TENANT FARMERS IN THE IMPORTANT
TYPE-OF-FARMING¹ REGIONS OF THE UNITED STATES IN 1935²

| Type-of-Farming Regions | Number of All Farmers | Tenant Farmers | | |
|--------------------------------|--------------------------|----------------|--------------------------------------|----------------------------|
| | | Number | Per Cent of All Tenant Farmers | Per Cent of All Farmers |
| United States, total | 6,812,350 | 2,865,155 | 100.0 | 42.1 |
| Cotton | 1,824,034 | 1,186,643 | 41.4 | 65.1 |
| Corn | 928,416 | 416,764 | 14.6 | 44.9 |
| Tobacco | 534,672 | 254,540 | 8.9 | 47.6 |
| General farming | 746,211 | 220,448 | 7.7 | 29.5 |
| Dairy | 799,221 | 149,467 | 5.2 | 18.7 |
| Wheat | 350,010 | 147,458 | 5.1 | 42.1 |
| Rice | 33,861 | 19,867 | .7 | 58.7 |
| Sugarcane | 11,715 | 5,329 | .2 | 45.5 |
| Other | 1,584,210 | 464,639 | 16.2 | 29.3 |

even a casual examination of the statistics of tenancy and farm values brings out the fact that a high price of farm land per acre and a high percentage of tenancy are frequently associated, as in the State of Iowa, and that, conversely, areas of low-priced land are very often of infrequent tenancy, as in the case of New Hampshire or Montana. Further, it is a generally accepted theory that high-priced land and a high rate of tenancy usually or always go together. In explanation of the relationship it is stated that the high price of the land (with the consequent difficulty of purchase), on the one hand, makes tenancy necessary, while the high productive value of the land, on the other hand, makes tenancy possible, for a farm in order to be rentable must produce sufficient income to enable the tenant to pay his rent and make his own living besides. In fact, the statement has frequently been made that in order to be a tenant farm a farm must be capable of supporting two families—that of the tenant and that of the landlord. This is an overstatement, to be sure, since few landlords depend for their whole income upon the rent of a single farm; but it gives effective expression to the idea that a tenant farm must produce decidedly more than what is required for the support of the operator's family.³

¹ The areas in each of the type-of-farming regions include all counties where the particular type of agriculture predominates from which the type-of-farming region gets its name.

² Source: National Resources Committee, *Farm Tenancy, Report of the President's Committee*, *op. cit.*, p. 38.

³ Goldenweiser, E. A., and L. E. Truesdell, *Farm Tenancy in the United States*, Census Monograph IV, U. S. Dept. of Commerce, Washington, 1924, p. 54.

The Federal Census of 1940 classifies farm tenants as follows:

A *tenant*, in general, is defined as one who operates hired or rented land only.

Cash tenants. Those who pay a cash rental, as \$4.50 per acre for cropland or \$500 for the use of the whole farm.

Share-cash tenants. This kind of tenant pays a part of his rental in cash and part as a share of crops or livestock production.

Share tenants. This class of tenants pay their rental only in the form of a share of either the crops or livestock production or both.

Croppers. This type of tenant is defined as share tenants to whom their landlords furnish all of the work animals or tractor power in lieu of work animals.

Other tenants. In this group are included those whose rental agreement was unspecified and those who did not fall definitely into one of the other subclasses.

Of a total of 2,361,271 tenant farms in the United States in 1940, 514,438 were cash tenants, and 1,635,695 consisted of croppers and other types of share tenants. The South contained by far the greater proportion of these share tenants and croppers, or a total of 1,049,752 in that region coming under this classification. The chart ¹ on page 205 shows the relationships of the landlord and the tenant in the Yazoo-Mississippi Delta region, and serves to indicate the situation in general for the South with regard to the three forms of tenancy represented.

In these cases of the "cropper" system of farming, the supervision of the landlord is very complete, and the result is that the status of the tenant represents a close approach to that of a farm laborer in that there is little independence of operation of the farm. A sharecropper is practically assured of average wages for his work, but he rarely makes a large income. From the standpoint of care of the land, such a system under intelligent supervision may avoid the excesses in soil depletion characterizing farming by cash tenants and other types of share tenants than croppers.

The various forms which the land contracts assume in different sections of the nation are too extensive for discussion in brief compass. The following account of the six different methods of renting land in the wheat areas of North and South Dakota, Ne-

¹ Goldenweiser, E. A., and L. E. Truesdell, *op. cit.*, p. 131.

| | <i>Share Cropping</i> | <i>Share Renting</i> | <i>Cash Renting</i> |
|--------------------|--|--|---|
| Landlord furnishes | Land House or cabin Fuel Tools Work stock Feed for work stock Seed One-half of fertilizer | Land House or cabin Fuel One-fourth or one-third of fertilizer | Land House or cabin Fuel |
| Tenant furnishes | Labor One-half of fertilizer | Labor Work stock Feed for work stock Tools Seed Three-fourths or two-thirds of fertilizer | Labor Work stock Feed for work stock Tools Seed Fertilizer |
| Landlord receives | One-half of the crop | One-fourth or one-third of the crop | Fixed amount in cash or lint cotton |
| Tenant receives | One-half of the crop | Three-fourths or two-thirds of the crop | Entire crop less fixed amount |

braska, Kansas, Oklahoma, Minnesota, Idaho, and Missouri is illustrative of the wide variations which occur:

The first method is called the "one-third share" method, under which the landlord receives one-third of the grain and furnishes land, dwelling, barn and other farm structures, fences, material for repairs, skilled help for making repairs, and grass seed, and also pays the real estate and road taxes. The tenant furnishes labor, work stock, machinery and tools, and seed grain, and pays for the twine and the expense for threshing.

The second method is called the "one-half share" method, where the landlord receives one-half of the crop and, in addition to furnishing what he does under the one-third share system, supplies all the stock and seed grain, pays one-half of the threshing-machine bill, and sometimes pays for half of the twine.

The third method is called the "two-fifths share" method, where the landlord receives two-fifths of the crop and both the landlord and the tenant contribute the same as under the system in which the landlord receives one-third; that is, the only difference between this method and

the one-third share method is that the landlord receives a larger share of the products. The reason for this better bargain is probably that the land is more productive.

Another method is designated "one-half share of both crops and stock," when the crops and stock are divided equally between the landlord and tenant. The landlord in addition to what he contributes under the system in which he receives one-third, owns one-half of the productive stock except poultry, and bears one-half of the general farm expenses, except those for labor and repairs to machinery, while the tenant supplies all labor, owns all the work stock and farm machinery, keeps the machinery in repair, and owns one-half of the productive stock. Under this system each of the contracting parties gets one-half of all farm sales, except those from poultry or work stock, all of which go to the tenant. When farms are rented for a share of crops and stock, the lease provides whether the tenant's work stock may or may not be fed from the grain and hay owned in common and used to feed the other stock.

Another method is the "two-thirds share" method, where the landlord receives two-thirds of the crop and supplies everything but man labor, that being the tenant's only contribution. Under this system the tenant receives one-third of the grain only, while the landlord receives two-thirds of the proceeds from the sale of grain and all the proceeds from the sale of stock.

A few of the farms in the wheat belt are rented for cash, the cash rent system thus forming a sixth class or method of renting. In addition to these six types of tenancy, there are many modifications and exceptions which increase the complexity of the system.¹

5. AMELIORATING THE FARM-TENANCY SITUATION

There are many limiting factors in the translation of a tenant into an owner farmer. A principal one is the lack of ambition, or the possession of sufficient education and ideals of ownership on the part of the tenant himself. In many instances his parents were themselves tenants, and he accepts the status of tenancy as a matter of course. With a condition of unprofitableness in agriculture and rising land values, the road from tenancy to ownership is not an easy one, unless it is by the route of inheritance of farm property or assets convertible into land, buildings, and equipment. Particularly, in times of agricultural depression, a tenant farmer must be an unusually efficient operator to save sufficiently to enter the

¹Boeger, E. A., *Land Contracts in Typical Counties of the Wheat Belt*, Bulletin 850, U. S. Dept. of Agriculture, Washington, 1917, as summarized in Goldenweiser, E. A., and L. E. Truesdell, *op. cit.*, pp. 129-130.

estate of an owner. In such times, however, he has the advantage of lower land values. Many farmers, also, are tenants, it must be remembered, because they were unsuccessful or unfortunate owner-operators; and, in many instances, because they are individuals incapable of managing their own enterprise without some element of supervision. This is especially the case with a large proportion of the sharecropper farmers of the South. In general, if the tenant is to constitute a good risk as an owner, he must have, in his status as a tenant, displayed thrift and farming skill as evidenced in the accumulation of a sufficient amount of capital to meet a part of the initial payment on the farm he would buy.

In order that tenancy may be reduced, ownership facilitated, and the status of those who remain tenants improved, it is necessary that several situations should be ameliorated, important among which are the ones treated in the following paragraphs. The first need is that of more *education*, and particularly *as to ideals of ownership* on the part of our citizenship generally, especially among tenant farmers and their children. And, of course, such a development is made especially difficult where such a high mobility of tenants exists as is true in the southern states, among both whites and Negroes. In the educational process, the advantages of ownership should be stressed, and the steps by which this is to be accomplished should be more completely understood. The necessity of thrift and efficiency in farming, as well as other business undertakings, should be emphasized. Such a task as this must devolve largely upon the shoulders of the teacher, the minister, and the county agent, since the selfish interests of the landlord are not likely to lead him to persuade a good tenant to leave him for independent owner-operatorship.

Agriculture as an industry must be made profitable. No system of Federal aid can be operated on a secure basis if farming is not a paying occupation on at least a reasonable basis. If year after year, the tenant farmer considers himself lucky if he barely makes ends meet, there is no basis for his getting ahead toward ownership. Moreover, an unprofitable agriculture causes many owners to lose their holdings, thereby forcing them into the ranks of the tenant farmers.

One of the most fruitful ways of mitigating the blighting effects of farm tenancy, upon both the land and the people concerned, is

through the *improvement of lease contracts and landlord-tenant relationships*. For example, England has one of the highest percentages of farm tenancy to be found anywhere in the world, but the severity of its impact is mitigated to a considerable degree by long leases, many of them for a lifetime, and compensation to the tenants for improvements made by them on the landlord's property. Such arrangements serve to give greater security to the tenant, and also to maintain and even improve the fertility of the land and the condition of the buildings upon it. Landlord-tenant relationships in the United States, as well as elsewhere, are deeply rooted in custom and hence changes will likely come with slowness and difficulty. In connection with this matter, the President's Committee on Farm Tenancy had the following to say in its report:

It is recommended, therefore, that the several States give consideration to legislation which might well include provisions such as the following: (a) Agricultural leases shall be written; (b) all improvements made by the tenant and capable of removal shall be removable by him at the termination of the lease; (c) the landlord shall compensate the tenant for specified unexhausted improvements which he does not remove at the time of quitting the holding, provided that for certain types of improvements the prior consent of the landlord be obtained; (d) the tenant shall compensate the landlord for any deterioration or damage due to factors over which the tenant has control, and the landlord shall be empowered to prevent continuance of serious wastage; (e) adequate records shall be kept of outlays for which either party will claim compensation; (f) agricultural leases shall be terminable by either party only after due notice given at least 6 months in advance; (g) after the first year payment shall be made for inconvenience or loss sustained by the other party by reason of termination of the lease without due cause; (h) the landlord's lien shall be limited during emergencies such as a serious crop failure or sudden fall of prices where rental payments are not based upon a sliding scale; (i) renting a farm on which the dwelling does not meet certain minimum housing and sanitary standards shall be a misdemeanor, though such requirements should be extremely moderate and limited to things primarily connected with health and sanitation, such as sanitary outside toilets, screens, tight roofs, and other reasonable stipulations; (j) landlord and tenant differences shall be settled by local boards of arbitration, composed of reasonable representatives of both landlords and tenants, whose decisions shall be subject to court review when considerable sums of money or problems of legal interpretation are involved.¹

¹ *Farm Tenancy, Report of the President's Committee, op. cit.*, pp. 17-18.

National and state policies discouraging tenancy and encouraging ownership are necessary. The very successful experience of countries like Ireland and Denmark in establishing national policies, which have to all practical purposes abolished tenancy, has had its influence upon the situation in the United States. After many years of agitation for the development of a comprehensive policy in this country, in 1937 the Congress passed the Bankhead-Jones Farm Tenant Act. This measure established a Farmers' Home Corporation within the United States Department of Agriculture under the general supervision of the Secretary of Agriculture. The management of the corporation is vested in a board of directors, consisting of three persons employed in the Department of Agriculture and designated by the Secretary of Agriculture. For its farm tenancy provisions, the bill carried an appropriation of \$10,000,000 for the fiscal year ending June 30, 1938, \$25,000,000 for 1939, and not to exceed \$50,000,000 for each fiscal year thereafter. The beneficiaries of the measure are to be only farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who recently obtained, the major portion of their income from farming operations. Preference is given to persons who are married, those who have dependent families, and wherever practicable, to those who have shown sufficient thrift as evidenced by their ability to make an initial down payment or their possession of the necessary livestock and farm implements to carry on farming operations. The selection of those to whom the benefits of the act are to be extended is made by a county committee of three farmers residing in the county, acting in close advisement with the county farm-demonstration agent. Loans are made to such certified applicants in sufficient amounts to secure at a reasonable price farms of sufficient size to constitute an efficient farm-management unit for a diligent farm family to carry on successfully the type of farming characterizing the area in which the farm is situated. The loans are to be made for the purchase of the land and for necessary repairs and improvements thereon, and are to be secured by a first mortgage or deed of trust on the farm. Repayments are to be made on an amortization basis within an agreed period of not more than forty years from the making of the loan, and the interest rate on the unpaid balance of the loan is to be 3 per cent. The provision is made that upon the borrower's assigning, selling, or otherwise transferring the farm or any interest therein,

without the consent of the Secretary, or failing to comply with the provisions of the loan, the Secretary may declare the amount unpaid immediately due and payable. The distribution of the total annual appropriation is to be made equitably among the several states and territories on the basis of farm population and the prevalence of tenancy.

With so large an amount of tenancy, the sums appropriated at the outset will scarcely make a dent upon the surface of the problem, but it is perhaps well that the beginnings should be slow and secure so that every step can be thoroughly tested. With the procedure soundly developed, appropriations can be increased to the point where ultimately tenancy ratios in this country will significantly decline.

QUESTIONS

1. Is it too idealistic to hope for a system of land tenure in which every man owns the farm on which he lives and works?
2. Why is a certain amount of tenancy inevitable?
3. For what reasons does Branson say that there is a certain magic about the ownership of land?
4. Explain what Walter Hines Page meant by the "forgotten man," and discuss the validity of the argument which he presents in that connection.
5. Enumerate the principal advantages of farm tenancy and tell why they may be considered as such.
6. Give the meaning of the term *agricultural ladder*.
7. What are the principal economic disadvantages of farm tenancy?
8. Discuss the four main blighting social consequences of large percentages of farm tenancy in a community.
9. Trace the growth of farm tenancy in the United States from 1880 through 1940.
10. Compare the wholesomeness of farm tenancy as an institution in the West and in the South.
11. Which European countries have the highest percentages of farm tenancy?
12. Why do you suppose farm tenancy has been decreasing in Denmark and Ireland and increasing in the United States?
13. Discuss the comparative extent of farm tenancy in the geographic divisions of the United States, calling attention to the regions where it is greatest and where it is least.

14. Consult Table IX in the text and determine the six states having the highest percentages of farm tenancy, and the six states with the lowest. Note the figure for your home state.
15. What types of farming show high percentages of farm tenancy and how do you account for the fact?
16. Discuss the validity of the theory that high-priced land and a high rate of tenancy usually go together.
17. Name and define the principal classes of tenants recognized by the United States Census.
18. Give the landlord and tenant relationships in sharecropping, share renting, and cash renting as they exist in the Yazoo-Mississippi Delta region.
19. What social and economic handicaps make the way from farm tenancy to farm ownership a difficult one?
20. Name four or five ways in which farm ownership may be facilitated for the tenant, and explain the manner in which each way would contribute to the desired goal.

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CHAPTER IX

FARM LABOR AND WAGES

Labor as a factor in agricultural production is characterized by a number of distinct elements. Since the family farm is typical of American agriculture, the great preponderance in the supply of labor on farms in this country is that of the members of the farm family, of which the farmer's son is perhaps the most important. Brought up on a farm, he knows little else besides how to farm, and in his idle time on his father's farm, he seeks employment as a *hired hand*, working for cash wages with a neighbor. Frequently, he removes to other communities, near or more distant, to find work for longer periods of time in the status of hired laborer. A considerable part of such laborers, particularly in the North and West, are in the process of taking the first step up the agricultural ladder, next becoming a tenant, and then climbing to the status of farm owner. A source of *casual* and *seasonal* farm labor is found among the population of cities and towns located in the midst of the surrounding farm districts. This supply of labor furnishes much of the crop-season and day-labor demands for the peak loads during the summer and fall, in many localities meeting the entire seasonal labor needs of the farm. The sharecroppers and other classes of tenants in the South, both Negro and white, as a rule work by the day during their "spare time" on the farms of their landlords or other farms in the vicinity.

The harvest seasons in the various parts of the nation are the ones in which the seasonal demands for labor are the heaviest. Laborsaving machinery is applied to the cultivation of crops quite extensively and rather generally except in the more backward parts of the country. But many of the harvesting operations are still performed by hand and backbreaking labor, and usually must be done in a severely limited period of time for best results. This is

particularly the case with fruits and vegetables where often a day's delay is a serious matter. Interestingly enough, this need for large amounts of casual labor to carry out such operations has led to the development of streams of migratory labor and their numerous concomitant problems of housing, sustenance, law, and order. The three principal ones of these streams are the *Atlantic Coast Stream*, starting early in the year with the harvesting of the winter crop of vegetables in Florida, and moving northward by steps through the truck growing sections along the Atlantic coast way up into Connecticut and Massachusetts and western New York, vanishing there to reappear again in Florida the next spring; the *Plains Region Stream*, beginning in Texas and Oklahoma with the wheat harvest in late May and early June, flowing northward into Kansas and Nebraska and from there by successive stages clear up into the important wheat growing provinces of western Canada; and the *Pacific Coast Stream*, starting early in the season with the maturing of truck crops in the southern part of California and following the harvesting season for small grains, fruits, and vegetables along the entire Pacific Coast, finally terminating in the grain fields of central Washington.

During the past several decades, there has been a tendency for the amount of farm labor to decrease relatively. The reasons advanced for this by Warren ¹ are as follows:

1. More emphasis is placed upon education today, and children remain in school much longer. In former years, children began farm work as soon as they were old enough, and continued to work on the family farm until they were of age, going to school for only a few months in the winter. Now, in some of the typical agricultural states, as large a proportion as one-third of the population is in school.

2. Farm families of today are probably smaller than formerly, and hence furnish less of a supply of farm labor.

3. There has been a decided tendency for the number of women doing farm work to decrease.

4. Tenancy is on the increase in about the same proportion as the decrease in hired men. Many men who might otherwise have sought work in such a capacity now become tenants.

¹ Warren, G. F., *Farm Management*, The Macmillan Company, New York, 1922, pp. 330-331.

5. The extensive industrialization and urbanization of the nation, with the prosperity in that phase of our national life, has made for a stampede of young men from the farms to the cities. How such a migration may be checked is illustrated by the recent business depression and the resulting acute unemployment situation in the urban centers.

6. The increasing mechanization of farming has made fewer laborers necessary on the farms of the nation. Disastrous overproduction is one of the chief problems with which the farm industry of today must contend.

7. There has been a curtailment of foreign immigration, and those which we have do not go to farms as much as formerly, because machine methods of farming present conditions with which the European is unfamiliar. Probably 95 per cent of American farming today calls for the use of machinery.

It is clear that farm labor available for hire has become appreciably scarcer in recent decades. Moreover, the relative unprofitableness of farming as an industry makes it difficult for the farmer to compete in wages paid by the various adjacent urban, industrial enterprises. Undoubtedly, a part of this scarcity has been due to the farmer's attitude with regard to the wages he will offer, stubbornly refusing to recognize the competition he must meet in order to keep labor on the farms and holding to the view that the laborer should be glad to have work at any wage the farmer may be willing to offer. However, with the economic depression of 1929 and the resulting slow recovery in the manufacturing and commerce of the urban centers, surplus population accumulated in large numbers on the farms in all sections of the nation, and served, for the time at least, to ease the problem of scarcity of farm labor. But many farm areas are again facing an acute shortage of labor as a result of the Second World War, with its unusual demands on the man power of the nation for both the armed forces and war industries.

1. THE FARMER'S LABOR NEEDS

Farming as an industry is not uniform in its labor demands in the various sections of the country. The farmer's needs in this regard tend to fall into three general classes¹ somewhat as follows:

¹ Adams, R. L., *Farm Management*, McGraw-Hill Book Company, Inc., New York, 1921, pp. 525-526.

(1) *Experienced, unskilled help.* Farming requires a great many workers who are experienced, but who are classed as unskilled, to do the tedious, backbreaking work required in such operations as cotton chopping, cotton picking, asparagus cutting, tobacco harvesting, digging potatoes, cantaloupe picking, and such work. (2) *Experienced, skilled help,* to do with little direction such work as milking, driving teams, operating mowers, binders, harvesters, tractors, engines, and pruning and spraying trees. (3) *Unskilled, inexperienced help,* to perform the more simple operations such as picking fruits which require little judgment in the process, cultivating many growing crops, hoeing weeds, and similar tasks. When farm labor is scarce, the principal difficulty resides in securing the first class of these labor requirements and the least stress is experienced in providing for the work which the unskilled, inexperienced help can do.

These varying labor needs give rise to a number of different classes of hired laborers. Some of these, particularly the overseer, manager, or bookkeeper, may be employed by the year on a salary basis. However, the bulk of them are paid wages by the month for year-round or seasonal work, or they are employed on a daily basis. With certain types of work, such as picking or chopping cotton, the hire is often so much per 100 pounds for picking or per acre for hoeing.

The seasonal fluctuations in the demand for farm labor, while not unique in comparison with some forms of industrial and urban enterprise, are sufficiently general to create difficult problems. The situation must be largely met by using the labor of the operator himself and of his family in meeting the more or less constant year-round labor demands, and hiring extra hands by the day, month, or piecework during the peak seasons. This situation is well illustrated by the following discussion of the labor requirements in wheat farming, in cotton growing, in the Corn Belt, and in special types of agriculture.

It is obvious that some types of farming do not provide steady employment for farm labor. The laborer who secures a job for the summer months is invariably compelled to move in the autumn and seek work elsewhere for the winter period. In regions adjacent to lumbering camps it was formerly the practice of many to work on the farm in summer and then spend the winter lumbering. This may be true to a limited extent at the present time in a few districts. In some cases the seasonal farm

laborer may be in a position to turn to other occupations for the winter months. Irregularity of employment is a factor which has a tendency to make it difficult for the average farmer to secure the necessary labor at a time when farm work is pressing.

Labor Required in Wheat Farming

Labor for the Wheat Belt is largely seasonal in character. The preparation of the land and the seeding of wheat can be done by calling for little if any outside assistance. These operations are performed almost solely by the farm operator and his family and such regular labor as may be employed on farms in the district. At the harvest season much surplus labor is required. Naturally this labor is transitory in character. The greater part of the harvesting is done within a comparatively short period. The wheat harvest begins the early part of May or early in June in southern Texas and proceeds in a northerly direction through Oklahoma, Kansas, Nebraska, the Dakotas, and Minnesota. To a certain extent it is possible to accommodate a part of this surplus labor by moving it from one district to another as the season progresses. This does not provide steady work on one farm, but means that the laborer must move from one region to another and throughout the harvest season he would be employed on several farms. Such a system undoubtedly has a tendency to develop a roving disposition, and it cannot be expected that this condition will lend stability to the labor problem. It has been stated that the surplus labor required in handling the wheat harvest is drawn quite largely from territory immediately adjacent to the Wheat Belt. Just how far the farm labor problem in the Wheat Belt has modified the type of farming it is not possible to state in the light of existing facts.

Labor Required in Cotton Farming

In the cotton belt there are two seasons when there is strong demand for labor. One of these periods occurs during the cotton chopping period when the thinning must be done. The second period comes with the maturity of the crop. Since cotton ripens or opens continuously from September to November in many districts, harvesting cannot be completed with one picking. It has therefore been a difficult matter to develop and use mechanical pickers. As a matter of fact, implements of this character have been developed, but they have not come to be used extensively. Cotton picking is done almost exclusively by hand. The acreage of cotton that can be grown on any farm is dependent upon the amount of labor that is available to do the picking. The cropper or tenant may operate one, two, or more plows, which is an indication of the acreage he can handle with the aid of his family. In the Cotton Belt quite a large proportion of this work is done by Negro labor. The fact that this class of labor has been most extensively used in the production of cotton has prevented any immediate departure from the one-crop system of

farming common to the Cotton Belt. Attempts that have been made to curtail the acreage and total yield of cotton have been unsuccessful in the past, and this failure has been due quite largely to the inability of croppers and operators to change the type of farming with which they have been associated for many years. It is undoubtedly true that the class of labor which is found in cotton-growing districts has had a tendency to retard improvements in the development of more profitable types of farming. This is obviously one region where the character of the labor has exercised a controlling influence over the prevailing systems of farming.

Labor Required in the Corn Belt

Agriculture is perhaps somewhat more diversified in the Corn Belt than in the Wheat or Cotton Belts. Corn is grown in rotation with oats and clover. Oat seeding precedes the preparation of the land for corn. Hay and oat harvest occur approximately at the same time, or immediately after the cultivation of corn. This means fairly steady employment for man labor during the growing period. When corn harvest comes additional help is necessary to do the shucking. This may coincide in part with the demand for labor during the wheat harvest. However, the corn-picking season is comparable in a measure to cotton picking, and it is not necessary to do the work within a week or ten days. In other words the harvest period for corn extends through several weeks and there is not the usual insistent demand for a large amount of surplus labor within a prescribed period. Livestock farming has become an important enterprise in many parts of the Corn Belt, and this has added to and has given a more uniform distribution of labor throughout the year, thereby providing steady employment for more men and assisting in a solution of the farm labor problem for this general region. Indirectly this problem has had considerable influence upon the types of farming in the Corn Belt.

Labor for Special Types

In the hay and pasture belt where mixed farming and dairy farming have been developed, the farm program includes a fairly even distribution of labor from the beginning of January to the end of December. Regular employment can therefore be given to the large number of men who engage for work on these farms. Much more satisfactory relationships can be worked out in such regions where the labor demands are well distributed throughout the year. The dairy farm has often been mentioned as a type which not only affords continuous employment for labor, but also provides a regular monthly income thereby enabling the farm operator to pay his labor and other bills promptly. In cases where crop or other enterprises are carried along with the dairy enterprise,

there will be periods during the summer season when extra labor must be employed in order to handle the peak loads which occur either in planting, cultivating, or in harvesting the special crops that have been included for the purpose of securing additional cash income. Under such circumstances, plans will have to be made in advance for the month or day labor required during these rush periods. Difficulties in securing the necessary labor may cause modifications in the type of farming in some regions. There are also special types of farming which call for assistance during the harvest period, such as fruit picking, harvesting tomatoes, picking potatoes, harvesting truck crops, etc. In such cases a supply of transient labor must be found in nearby cities and urban districts.¹

This largely seasonal demand for labor on the farm, with the resulting condition of unsteadiness of employment, has made the job of the hired laborer so uncertain and uninviting in comparison with similar opportunities in the city that it has operated to draw the labor off the farms to the manufacturing plants, public works, or construction jobs in the urban centers. Moreover, in former days, the farm laborer could aspire more readily to climb the agricultural ladder through the stages of tenant to landowner, but today this is much more difficult. One of the big problems in farm management at the present time is so to plan the operation of the farm that it can profitably, with the use of machinery, utilize the hired laborer throughout the year. In this manner, a much better grade of labor can be secured.

2. WAGES OF FARM LABOR

Wages have been defined as the payment for the services of labor. In a theoretical consideration of the problem of wages, the social significance of the services of any laborer in any group tends to conform to the services of the marginal laborer in that group. The product of this marginal laborer constitutes the maximum claim that any laborer can make on the income from industry, and this amount is what is known as the *economic* or *imputed wage*. While the economic wage enters into a determination of the *contractual wage*, these two concepts are different. However, it is obvious that the latter could not and does not exceed the former over any considerable length of time, or else the industry would go on the rocks.

¹ Moorhouse, L. A., *The Management of the Farm*, D. Appleton-Century Company, Inc., New York, 1925, pp. 64-73. .

Theoretically under conditions of perfect competition and mobility of labor, the contractual wage tends to equal the economic wage.

In considering the problem of the wages of farm labor another distinction must be taken into consideration. The *money wages*, or *cash wages* are often not the same as the *real wages* because so often many perquisites in the way of meals, lodging, laundry, and other services are afforded the farm laborer in addition to the money wage. And, what is equally to the point, the purchasing power of the dollar varies from time to time, so that the same amount of wages will not necessarily buy at different periods the same amount of food, clothing, and shelter. Thus if money wages tend to rise more slowly than the prices of the goods and services the laborer must buy, then his real wages have declined. The employer is interested in the money wages he must pay to secure the labor he needs, and compares these with the product; the laborer's primary interest is in the real wages, and he compares the money he receives with the expenses he and his family must incur in their living.

In England, it is the custom in discussing farm wages to set the total wage first, and to determine the cash wages by deducting the value of the various perquisites provided. In the United States, the reverse process is used, which would seem less sensible and comprehensive. A study¹ by the Federal Bureau of Agricultural Economics demonstrates that the simple quoting of wage rates with or without board does not give an accurate story of total values of remuneration of farm laborers. Among the perquisites given noncasual hired farm laborers were board, lodging, dairy and poultry products, meats or meat products, flour or meal, vegetables and fruit, miscellaneous foods, privilege of keeping some kind of livestock, feed for livestock, pasturage or range for livestock, garden space, garage space, use of employers' horses or mules, use of tools and vehicles, and a number of miscellaneous items. The casual farm laborers also receive a number of perquisites of a similar nature. There is to be noted a distinct difference between the perquisites afforded married and unmarried laborers. The addition of these perquisite values to the wage rates of the several thousand instances comprehended in the study raised the figures for total remuneration of boarded noncasual laborers to 179 per cent, and of those not

¹ Folsom, J. C., *Perquisites and Wages of Hired Farm Laborers*, Technical Bulletin 213, U. S. Dept. of Agriculture, Washington, 1931, pp. 1, 52-55.

boarded, to 151 per cent of the money-wage averages. The respective percentages for the casual laborers were found to be 141 and 108. The same study "also shows that real wages of American farm laborers are higher than are commonly quoted or believed, even when perquisites are reckoned at farm values. Real farm wages are shown to equal or to exceed the average full-time and actual earnings of common laborers in some representative industries." And if in reckoning their values, the farm perquisites were based on city values of similar goods and services, the comparative showing of real farm wages would be decidedly better.

As we have noted, labor is one of the principal factors of production. Resolving production into its simplest terms, it may be said to be carried on by man and nature. Three types of service are performed by labor in the scheme of production: (1) labor, meaning thereby any human activity that results in the production of economic goods or services. In this connection attention should be directed to the fact that mental effort is considered by the economist to be as truly labor as is physical effort. (2) Entrepreneurship, or the assumption of the responsibility for carrying on and controlling individual business enterprise and, indirectly, all productive activity in society. (3) Saving, which makes possible capital equipment for use in the production of consumers' goods. It is this human characteristic of saving which enables labor and entrepreneurship in conjunction with natural resources to produce capital goods. In farming, the labor and entrepreneurship functions of labor as a factor of production are usually less sharply separated than in manufacturing. The individual farm operator, more often than not, combines the functions of owner, operator, and laborer.

It has been stated that the productivity of the marginal laborer constitutes the maximum claim that any laborer can make on the income from industry. Thus, the demand of the farmer for labor depends upon the marginal productivity of that labor. The aim of the farmer is to produce goods to sell, and he endeavors to produce them as cheaply as possible. Consequently, he is constantly on the alert to utilize the combination of the factors of production which will enable him to reduce his costs. Under conditions of perfect competition, each farmer, and under dynamic conditions, the marginal, or typical farmer, will so combine the cheaper and more expensive agents of production as to give him the lowest average unit

cost for his crop and livestock products. If labor is abundant and cheap and capital costs are high, he will use more labor and less capital equipment; but, if wages are high, he will substitute machinery for human hands and hence employ fewer laborers.

This marginal productivity theory of wages is the currently accepted one. A good statement of it for the purposes of the present discussion is as follows:

We may suppose that the employer begins by adding labor to a given amount of capital and land. As he adds unit after unit of labor, the total returns from the factors will increase. At first, if the amount of capital and land is very great, the percentage increase in the total returns will be greater than the percentage increase in the number of labor units employed; that is, an increase of 10 per cent in the number of laborers will be accompanied by an increase of more than 10 per cent in the product. But long before the combination approaches the point of lowest unit cost the added product resulting from another laborer will have begun to decline. With wages at a given figure, the employer will add labor until the last unit just pays for itself. By the phrase "just pays for itself" we mean that the added product from the last unit of labor will sell in the market for just enough to pay the wage required to obtain that laborer's services. . . .

If we pass from the demand of a single employer to the demand of all the employers in society, the same explanation will hold. All employers will add labor up to the point where the last additional laborer adds only enough to compensate them for his wages; further than this they will not go. If all the workers who want jobs are not taken on when this point has been reached, there must be unemployment. And unless the unemployed are supported by their unions or public funds, those who have no work will compete with those who have, and wages will tend to fall. The price of labor will continue to go down until all the workers can be employed. But, as we have seen, this point will be reached when the marginal workers throughout industry add just enough to the common product of labor, land, capital, and entrepreneurship to warrant their employment at the going wage.

To complete the explanation, assume that when the last available worker has been employed the wage paid him is less than the added product which accompanies his accession to the combination; that is, he and all other laborers are paid less than their marginal product. Under this condition the employers individually will fall short of the highest-profit combination; hence any one of them can increase the gains from his fixed factors of production if he raises wages a little and by this means adds to his labor force. But this is a resource open to all employers, and all will use it. Competition therefore will force wages up

to the point where the last unit of labor receives a wage equal to labor's marginal product.¹

The marginal productivity theory of wages is much more cheerful in its outlook for labor than was the *subsistence theory of wages* which it supplanted. The subsistence theory was predicated upon the Malthusian theory of population as set forth by Thomas R. Malthus, an English socioeconomist, in his *Essay on Population* which first appeared in 1798. In that essay, Malthus painted a dark picture as to the future of the laboring classes. He pointed out that population tends to increase at a rate far out of proportion to that of its means of subsistence. The only checks to this tendency were to be found in starvation, the ravages of pestilent disease, the slaughter occasioned by war, delayed marriage, and restraint in marriage from having children. The last two factors he inclined to evaluate as minor ones. Consequently, according to David Ricardo in his "iron law of wages," if there was an increase in the wages fund which was available for labor, the families of the laborers would increase to the point that none of them would ever have more than a mere subsistence wage. This point of view of the classical economists was so gloomy in its prediction for the future that it gave to economics the soubriquet of "the dismal science." It has since been proved that the fundamental assumptions contained in it were not sound. Restraints on human increase have become so general today in many countries of the world that their populations are stabilized, nearly so, or actually declining. Moreover, the technical improvement of methods of production in both agriculture and manufacturing has been so great as to banish all fear in progressive nations of population outrunning food supply. Naturally as production has increased per worker, wages and resulting standards of living have improved, and offer the promise of improving still more in the economic society of the future.

3. SUPERVISION OF FARM LABOR

The successful supervision of farm labor is an exceedingly important phase of the farming industry. The matter is considerably simplified when the labor to be managed is that of the farm family,

¹ Garver, F. B. and A. H. Hansen, *Principles of Economics*, Ginn and Company, Boston, 1937, pp. 384-385.

but even here a considerate and tactful approach to the matter is desirable. To drive young people to the work which they must perform is one of the most certain ways to establish a deep-seated antipathy to farming, and anything that savors of it. Rather to develop in them the sense of partnership is the way to arouse their best capacities and interest in the enterprise. Many parents deny their children the opportunity of making even the comparatively small amounts of spending money which give to them the self-respect to which they are entitled in their social relationships with the other young people of the community. It denotes wisdom on the part of parents to make the lives of their young sons and daughters as happy as possible on the farm; and it is a good business policy to do so, even though there were not more worthy arguments in favor of such an attitude.

Where hired labor is employed, the problem becomes much more complex. If the hired man is a single young man of good habits, and race extractions do not conflict, the situation is often accommodated by taking him into the home, and virtually making him a member of the family. However, when he does not come of a compatible element for such treatment, no such simple formula is possible. The matter of proper housing is a most important one; for the operator who treats his labor best is usually the one who secures the best labor. The peculiarities of Negro labor, of Mexican labor, of Japanese, and other nationalities must be understood if one is to get along well with them, and to secure efficient results from them. The Northerner who moves South to farm can learn much worth while from the long experience of the Southerner in handling Negro labor; as can the Southerner learn indispensable lessons from the Far Westerner in handling labor of Oriental extraction. Where any considerable amount of labor is hired in the farming enterprise, one of the most important elements in the profitableness of the venture is the successful handling of labor, which it must be remembered is the expensive factor in American farming.

One authority on this matter says in this connection:

The supervision of labor is one of the most important duties of the manager. This means seeing that each task is performed in the best way available. No laborer, if left alone, can be expected to work with maximum efficiency or to perform tasks to the best of his ability at all times.

Even if he could be expected to do this, supervision is important as a method of teaching new techniques and of training inexperienced help.

It is recognized that labor is more effective when individual initiative is developed and when management maintains the good will, the coöperation, and the respect of the labor force. The best work is not to be had from slave labor, no matter how able the workers nor how close the supervision. Neither is the best work to be had from free labor, since there is no initiative to efficiency. Perhaps the system of wages is the best method of developing initiative, at least in urban industry, where bonuses, piece rate, profit sharing, and so forth, are common methods of inciting initiative. In farming, such methods are, as a rule, rare, time rates being more common. Labor may be released before profits are known; thus, profit sharing and bonuses are not applicable to farming. Lack of standardization makes piece-rate wages not universally adaptable. Some operations, such as corn husking and cotton picking, are paid for on this basis, but generally speaking the method is not used.

Development of initiative, then, falls in a class with the others. In order to develop all these feelings it is necessary to establish in the mind of labor a confidence in organization and management and a belief that the interests of labor are not lost sight of in view of the more prominent interests of the business as a whole. This can be done on the farm by the exercise of tact and strategy in all dealings with labor. Labor must be made to feel that it is equal in some respects to management; nevertheless, it must recognize the final authority of management in all operations on the farm. The fact that management works alongside of labor, becomes labor, as it were, for the time being, helps to create a feeling of equality, but only confidence created by wise decisions can establish respect and initiative. The good manager will be able to make decisions wisely, yet to handle labor so as to develop good will and coöperation through continuous personal contact.¹

It is very important from the standpoint of labor, as well as of the most profitable farm business, that just as far as is practical productive work should be provided throughout the year. This calls for careful advance planning of the operations and enterprises of the farming unit, so as to cut the losses of slack seasons to a minimum. In this connection, Spillman says that

farm work, at least on the average for a series of years, pays only ordinary wages for work actually done. It is therefore necessary that farmers following the usual types of farming find something profitable to do the year round in order to make a decent living. But field crops, for the most part, give occupation only during the summer. The farmer

¹ Forster, G. W., *Farm Organization and Management*, Prentice-Hall, Inc., New York, 1938, pp. 334-335.

must find other means of employment in winter. This is undoubtedly one of the reasons for the great prominence of the dairy industry along our northern border and in the northern half of the country generally. In the Corn Belt many farmers feed beef cattle, hogs, or sheep, primarily for winter employment, though the necessity of producing manure to keep the land productive is also a consideration. In the South, where the winters are mild, and where farmers can work most of the year in the field, livestock enterprises are much less common, and are not generally adopted where profitable crop enterprises are feasible. The more nearly it is possible to devise a system affording an even distribution of both men and horse labor throughout the year by the introduction of enterprises that are well adapted to local conditions, the greater will be the advantage from doing so.¹

4. MECHANIZATION OF AGRICULTURE

By the term *mechanization* as applied to agriculture is usually meant the adoption of machinery, generally motor-driven, to replace human labor or animal power. In this element of substitution resides both the advantage and the problem of mechanization: the advantage because of the possibilities of increased production and lower unit costs for a commodity in demand, and the problem because of the human considerations of extensive displacement of farm labor. The liberal use of machinery has in general accompanied a high degree of commercialization in agriculture. However, the process of adapting machinery to farm operations has not always been a simple one, and has required extensive experimentation. In cultivation and harvesting, the machine must present itself to the individual plant with the same effectiveness as the man has formerly done. Moreover, since the soil over which it must travel is often loose in texture, the machine must combine durability with a weight which is not too heavy. Yet, when the economic motive is strong enough for the perfection of a particular type of machine, one by one, these difficulties have been met and ironed out.

The period since the First World War has been notable in the trend toward mechanization in the agriculture of this and several other countries of the world. Perhaps in no other agricultural region of the United States has this tendency been more striking than in the Great Plains—the vast expanse of country extending from the panhandles of Texas and Oklahoma to North Dakota and Mon-

¹ Spillman, W. J., *Farm Management*, Orange Judd Publishing Co., Inc., New York, 1923, pp. 378, 380.

tana.¹ Prior to 1910, horses and mules were about the only source of motive power used, and the daily capacity of individual workers and the types of implements employed were largely dependent upon the size of the teams to pull them. After that date, tractors and trucks increasingly came into use; and in 1918, a practical type of combined harvester-thresher came on the market. Studies of the resulting situation in Kansas show that an average man-labor requirement of 6.6 hours was necessary for producing an acre of winter wheat entirely with horses under the old methods, whereas on farms operating entirely with mechanical power, and using a 20-foot combine, only 1.34 man-hours were required.

The increasing accomplishments per man are also well illustrated in the development of farm mechanization in the Corn Belt, where there is a fortunate combination of gentle topography, fertile soils, and a climate favorable to a number of crops. For example, plowing 4.5 acres per day with five horses is to be compared with 7 acres that can be plowed with a 2-plow tractor, and 11 acres plowed with a 3-plow unit. Planting corn by means of a fast-walking team averaged usually but 14 acres per day, while the use of a 4-row power planter makes possible an average of 33 acres. With regard to the cultivation of corn, the use of 4-row cultivators drawn by tractors enables one man to cover 40 acres per day, as compared with the former 6 to 8 acres for single row and 12 to 14 acres per day for 2-row, animal-drawn implements. A 2-row mechanical corn picker and two men can harvest 10 acres of corn a day, whereas the same two men could husk only 2.8 acres by hand. It is reported that the entire set of operations in growing an acre of corn requires under modern conditions of mechanization but 7 to 8 hours of man labor per acre in contrast with 15 hours of man labor under the older methods.

Milking machines and trucks have greatly increased in the dairy regions in the various sections of the nation. It is estimated that where milking is done by hand, the process requires about one-half of all the labor on a specialized dairy herd. Under such conditions, the number of cows kept per worker is limited to ten or twelve. However, where the milking machine is used, cases of one man milking thirty cows or two men milking sixty cows are not unusual.

¹ "Farm Mechanization," *1932 Yearbook of Agriculture*, Government Printing Office, Washington, 1932, pp. 411-455.

The Cotton Belt is the region which has been most resistant to mechanization. In considerable measure this has been due to the sharecropper system of land tenure, which makes for small-sized farms and intensive methods of hand cultivation, particularly in the chopping and picking processes. This has been particularly true in the eastern part of the cotton-growing area, due in part to the rougher topography of the hill country, but it is also still largely the case in the flat lands of the great Mississippi Delta. The western part of the Cotton Belt, in the panhandles of Texas and Oklahoma, uses mechanical power extensively in preparation of the lands, in planting, cultivation, and even in picking according to a method known as *sledding*. The result is that in those areas, the operator alone takes care of 100 acres of crops, except during harvest. With mules as the source of motive power, the hill-section operator and his family can handle only 25 to 40 acres of crops, and the plantation-cropper family about 15 acres of cotton, together with a few acres of field crops. Yet, all over the Cotton Belt, especially on the larger plantation units, a greatly increasing use is being made of tractors, trucks, 2-row and 4-row cultivators. Heroic efforts are being put forth, with more or less success, to develop mechanical cotton pickers, but as yet the degree of perfection attained in their operation has not made them economical to use. It may well be, however, that the focus of attention on this matter will sooner or later produce a cotton picker that will replace by machinery the expensive, backbreaking labor of picking cotton by hand. The acreage of cotton that can be cared for by one man is now limited, over a great part of the Cotton Belt, by the amount he can chop and pick; so the development of efficient machinery for these strategic processes in cotton production will greatly reduce unit costs through the use of less labor, and until other employment can be found for the displaced labor, will occasion dislocations of a serious nature. However, by increasing the acreage of cotton which can be tended by a farm family, the income and the standard of living of these families can be raised.

QUESTIONS

1. Name some of the principal elements entering into the farm labor supply in the United States.

2. Discuss the significance of the fact that a considerable part of the farm labor in this country consists of the sons of farm operators, either owners or tenants.
3. What sort of problem is created in a number of sections of this nation by the unusual demand for casual labor in the harvesting season, and how is the situation met in the trucking and fruit areas of the Atlantic and Pacific coasts and the grain areas of the Middle West?
4. Give several reasons why there has been a tendency for farm labor to decrease during the past several decades.
5. Explain the nature of the farmer's demand for *experienced, unskilled help*; *experienced, skilled help*; and *unskilled, inexperienced help*.
6. Depending upon the region of the country from which you come, characterize the special labor requirements for the one of the following agricultural interests most closely affecting the economic life of your area: wheat farming, cotton farming, corn and hog farming, and special types of farming.
7. Distinguish between the *economic or imputed wage* and the *contractual wage*; between *money or cash wages* and *real wages*.
8. Contrast the methods of determining the cash wages to be paid farm laborers in England and the United States. Which do you consider better and why?
9. Name and describe briefly the three types of service performed by labor in the scheme of production.
10. Explain the *marginal productivity theory of wages*.
11. Why is the *marginal productivity theory of wages* more cheerful in its outlook for labor than the *subsistence theory of wages* which it supplanted?
12. Give the essential points of the Malthusian theory of population, and the factors which make it invalid today in most parts of the world.
13. Cite several reasons why the successful handling of farm labor is an exceedingly important phase of the farming business.
14. Show why a considerate and tactful approach is necessary in the supervision of the labor of the farm family.
15. Explain what is meant by the following statement: "It is recognized that labor is more effective when individual initiative is developed and when management maintains the good will, the coöperation, and the respect of the labor force."
16. Discuss the desirability from the standpoint of labor, as well as from that of the most profitable farm business, that just as far as is practical productive work should be provided throughout the year.

17. What is the meaning of the term *mechanization of agriculture*, and what are some of its principal implications?
18. Discuss the trend since the First World War toward mechanization of agriculture in the Great Plains region of the United States.
19. State some of the principal accomplishments of farm mechanization in recent years in the Corn Belt.
20. Justify the statement that the Cotton Belt is the region which has been most resistant to mechanization of its agriculture, and trace some of the progress along such lines in this area.

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CHAPTER X

FARM FINANCE

There has long been wide variation and much controversy among economists concerning the definition of the term *capital*. A considerable number of them, however, are of the opinion that anything to be classified as capital must meet the following three requirements: (1) it must have been produced by man; (2) it must be wealth, which has already been defined as consisting of all useful things of a material nature owned by human beings; and (3) it must be set aside or used for the production or acquiring of other wealth. A widely accepted definition meeting the above specifications is to the effect that *capital is all of the savings from the past production of man set aside or used in the further production of goods intended for the satisfaction of future wants*. According to this definition land, because it is not produced by man (a statement which is subject to some qualification), is not capital.

However, such a distinction to the farmer, businessman, or legislator is artificial, and often remote to reality. A distinguished economist, who is a specialist in land economics, justifies their point of view concisely and authoritatively as follows:

Capital may be defined as *that part of wealth which is used in the further production of goods intended to satisfy future wants*, including our varied natural resources and man-made wealth so set aside. Its general function is to enable the final volume of production to be increased. It differs from wealth, a more inclusive concept, in that its segregation for the purpose of future production implies abstinence from present consumption by its owners, a characteristic which ordinarily compels payment for its use.

We may distinguish between two general types of capital on the basis of relative durability in form—*fixed capital*, composed of durable goods such as land, buildings, and machinery, which change form and enter the final product chiefly through depreciation and obsolescence, and which require more or less outlay for maintenance or replacement; and

circulating capital, consisting of material goods moving through or used up within the productive process, such as raw materials, goods-in-process, or finished goods in the hands of manufacturers, wholesalers, or retailers.

The term "capital" covers land, when so used as to satisfy the definition of capital adopted above. Many economists distinguish land from capital on the ground that its distinctive features (comparative indestructibility and the fact that land as "standing room" is a gift of nature) are so fundamental that they should be emphasized by different terms. But business and legal phraseology have not recognized this difference in practice; on the contrary, the funds tied up in land are usually regarded by the businessman and legislator as a primary form of capital. The owner of land may refrain from using it for his own satisfaction, may devote it to production and the indirect or future satisfaction of human wants, or he may render it practically worthless. Land thus satisfies the definition of capital as given above. The features or qualities which distinguish land from other categories or forms of capital are important; but they can be recognized as completely when land is treated as a special category of capital as when it is excluded from capital. The persistent refusal of law and business to recognize the distinction which some economists have made between land and capital reflects the truth that land and other forms of capital are in many fundamentals essentially alike. These resemblances are in the aggregate more important than the differences.¹

Produced capital, when applied to the further production of economic goods, is often known as *production goods* or *producers' goods* in distinction to *consumption goods* or *consumers' goods*, which are those in the possession of the final consumer for the direct satisfaction of his wants. Considered from the viewpoint of the farmer, the following are some of the forms of the man-made, or produced, capital used in the further production of economic goods: (1) buildings used for productive purposes; (2) machinery and tools; (3) raw materials; (4) farm and draft animals; (5) permanent improvements in the physical environment; (6) transportation and communication facilities; (7) finished goods in the possession of dealers; and (8) money.²

In this grouping it will be noted that land is not included, because all of the above listed forms of capital are man-made, while land is often designated as "natural capital," or the gift of nature. While this is true in general, when man clears land, drains or ir-

¹ Ely, Richard T., *Outlines of Economics*, 6th ed., The Macmillan Company, New York, 1937, pp. 100-101.

² Kieckhofer, William H., *Economic Principles, Problems and Policies*, D. Appleton-Century Company, Inc., New York, 1936, pp. 44-49.

rigates it, reclaims it from bodies of water and operates it in accord with scientific farm management principles so as to increase its inherent fertility, he adds greatly to its productive capacity. Land also tends to be fixed in quantity, while other forms of capital may usually be increased almost indefinitely. Moreover, land may be considered as immovable in contrast with the relative mobility of other capital.

Commonly the businessman and the farmer conceive of capital as money or credit, through use of which they may secure control of the physical means of production. According to this viewpoint,¹ the farmer's capital may be separated into *funds*, meaning thereby money and credit; *equipment*, or what the economist designates as *fixed capital*, including machinery, permanent improvements of the farm such as buildings, fences, and water systems, and livestock used for repeated processes of production, as in the case of work stock, breeding stock and dairy cows; and *materials*, which the economist includes in *circulating capital*, such as supplies of feed, seed, and fertilizers which are consumed usually in a single productive process.

Of course, in an exchange economy where money is the medium of exchange, all capital values tend inevitably to be expressed in terms of money. In everyday thinking, more or less careless and loose in nature, this fact is interpreted to mean that capital consists entirely of money. While money answers to the definition of capital as a result of the past production of man used for further productive processes, and hence constitutes a part of the total capital, it is only a relatively small part and quite different in many ways from other forms of capital.

It has been pointed out in earlier chapters that land and labor yield returns in terms of rent and wages which are determined by marginal productivity. Capital, also, receives a return which like rent and wages is a share in the common product of all the factors. This return to capital is usually called "interest," but it must be noted that a part of the total return to capital goods is in the form of replacement of the original investment made by the owner of the goods. A concise statement of the economic principles involved here is as follows:

¹ Holmes, C. L., *Economics of Farm Organization and Management*, D. C. Heath and Company, Boston, 1928, pp. 85-87.

Capital, as a physical agent of production, yields a return based on its marginal productivity. That is, a machine is a factor of production as much as the labor that tends it or the land on which it stands. Like that of the other factors, its return is governed by marginal productivity. The marginal entrepreneur discovers the productivity of capital, just as he discovers the productivity of land or labor, by varying the proportions of all three factors until he obtains the combination that will produce goods at the lowest unit cost. If marginal entrepreneurs find that they can profitably substitute labor for capital, then there will probably be a surplus of the latter: its marginal productivity and price will decline, and old capital will be revalued. With this fall in price more capital will be employed, a resubstitution will occur, and finally the total supply will be taken into industry at prices that correspond to the productivity of capital.

Unless the price paid for capital covers its cost, its supply will be contracted and its marginal productivity will rise. Hence there is a relation between the cost of capital and its earnings. But this relationship is very complex. In the first place, it should be noted that the entrepreneur makes a different calculation for the machine from the calculation he makes for labor. The product of labor is work, and for that the entrepreneur pays wages. He does not buy the laborer; he does buy the machine. Having invested a sum of money in it, he must look forward to replacing it when wear and tear and the progress of technique have rendered it unproductive. He does not need to make any such provision for labor. Moreover, he buys the services of labor and, within a short time, turns these services into goods, which he sells. But when he buys the machine, ordinarily he must wait for his return and must take risks that come with decisions in respect to future events.

In buying a machine the entrepreneur must first estimate its marginal productivity, which he then translates into its annual earnings throughout its life of usefulness. From these earnings he then must deduct an annual amount which, when accumulated during the life of the machine, will return to him the original investment. This accumulation is called the replacement fund or, in accounting terminology, the reserve for depreciation. If the machine does not earn this amount, it is clearly an unprofitable investment. And it must earn something more than this if the entrepreneur is to receive any interest on his savings invested in it. For example, a machine that cost \$1000 and which wore out in one year would need to earn at least \$1000 during the year before the entrepreneur owning it could recover his original outlay. If it earned \$1060, and if the going rate of interest was 6 per cent, then its marginal net product of \$60 would exactly equal the interest charge for that time. To put it another way, a machine that would earn \$1060 gross would be worth \$1000.

If men were willing to exchange *present* goods (goods whose money value or consumers service can be had *now*) for an equal amount of

future goods of the same sort, then the producer of a capital good could sell it for the sum of its marginal gross products. And such capital goods would be multiplied until their costs and the marginal products were equal. But, as a rule, no exchange between present and future goods takes place unless the future goods have first been scaled down in value or discounted at the going rate of interest.¹

By *credit* is meant the purchasing of goods, money, or services in the present based upon the promise to pay for them at some time in the future. As it commonly operates in the economic order of the present day credit is extended to the farmer by banks or other financial institutions, in which case it is known as *bank credit*, or from manufacturers, wholesalers, and retailers, from which source it is known as *commercial credit*.

The farmer, like other businessmen, uses credit extensively in carrying on his farming enterprise. Due to the many risks to which he is subject, both in the uncertainty of weather and plant and animal diseases, and in the matter of disastrous fluctuations from year to year in the prices he receives for his products, it would be much better if he operated his farm more nearly on a cash basis. As a matter of fact, it is the exceptional farmer who has enough cash reserves to do this, and since this is an age of credit, the American farmer produces his crop each year largely upon resources made available to him through the instrumentalities of credit.

By credit is meant a relationship which involves both a creditor and a debtor. The concrete example may be cited of a Western farmer who needs a combine which his sound business judgment tells him he can use to profitable advantage. He borrows the necessary money to buy the machinery, let us say from a commercial bank, leaving with the bank in the form of a note his promise to pay at a certain time. In this instance the bank which lends the money is the creditor, and the farmer to whom the money is loaned is the debtor. The farmer finds his combine a great saving in labor and time, his costs of production are lowered and his profits thereby increased, and he takes up his note at the bank, paying the accumulated interest when he does so. This closes the particular transaction, and places the bank in position to lend again to the same or another individual.

¹ Garver, F. B. and A. H. Hansen, *Principles of Economics*, Ginn and Company, Boston, 1937, pp. 441-443.

The question logically arises as to whether credit increases the amount of wealth existent at the time the credit negotiation is made. The answer is that it does not since credit is merely an instrumentality by means of which the wealth accumulations, usually in the form of money, of individuals who do not desire to use these themselves are made available to other individuals who would like to use these resources as they believe in a profitable way. In the case of the farmer and the combine just cited, the farmer uses the credit extended in a manner which creates additional values and the credit thus utilized is the instrumentality through which the aggregate of wealth in society is enhanced. If the farmer had found the purchase of the combine unwarranted and had sustained heavy losses as a result of the investment, the credit extended might have represented in large measure annihilated wealth. Thus credit may be either wise or unwise depending upon the particular instance. However, the institution of credit has had a number of safeguards built up around it so that through adequate security the position of the creditor may be protected in the loan.

1. CLASSES OF FARM CREDIT

In practically all discussions of farm credit, it is divided into three main classes. When viewed from the standpoint of (1) the length of time for which the credit is extended it is classified as (a) *short-term* or "short-time" credit, covering periods from one day to six months; (b) *intermediate credit*, or that extending over periods from six months to three years; and (c) *long-term* or "long-time" credit, ranging from three to forty years or more. (2) A second classification of rural credit is that made according to the purpose for which it may be secured.¹ According to such a category, farm credit is to be designated as (a) *land-purchase credit*, (b) *development and equipment credit*, and (c) *production and marketing credit*, depending upon the purposes for which it is needed. (3) A third classification is with regard to the form of security offered with the loan. Under such a classification, rural credit may be designated as (a) *farm-mortgage credit* and (b) *personal and collateral credit*. These classifications, as is true of nearly all efforts to systematize a set of phenomena, are by no

¹ See Olsen, Nils A., and others, "Farm Credit, Farm Insurance, and Farm Taxation," 1924 *Yearbook of Agriculture*, Government Printing Office, Washington, 1924, pp. 185-238.

means mutually exclusive. Thus long-term credit is usually land-purchase and farm-mortgage credit, as well. Farm-mortgage credit also applies to development and equipment credit which usually is intermediate credit. Similarly, production and marketing credit may be short-term or intermediate credit secured as personal and collateral credit.

Short-term credit is estimated to amount to between 30 and 35 per cent of the outstanding credit extended to farmers. This is the form of credit which the farmer commonly uses in the production and marketing of his crop. It is obtained by the farmer from a number of sources. Principal among these are the commercial banks, primarily country banks, but large amounts of short-term credit are extended by local merchants, implement dealers, livestock and produce commission firms, canning factories, fertilizer companies, cotton factories, livestock loan companies and private lenders. Increasing quantities of short-term credit are being made available to farmers through the production credit associations which constitute a part of the federally established Farm Credit Administration.

Intermediate credit, covering periods of from six months to three years, is principally designed for development and equipment credit, or for production and marketing credit not provided for in the range of short-term credit. The production and marketing of livestock often calls for credit extensions from one to three years in extent. If a farmer is developing an orchard, or draining a piece of land, building fences for pasture lands and like operations, the returns are usually not sufficiently quick to come under the customary accommodations of short-term credit. Special provision has been made for such credit by the establishment of Federal intermediate credit banks which are rediscounting agencies for intermediate credit paper of individuals handled through coöperative marketing associations, livestock loan companies, and similar organizations, and state and national banks. However, a large part of the intermediate loans to individual farmers is still handled as short-term loans, renewed from time to time in order to extend over the desired period.

Long-term credit is the most widely used of all the forms of rural credit. It is applied mainly to the purchase of land or to make permanent improvements on farm property. The farm mortgage is

the security usually offered for long-term credit. The total mortgage debt on the farms of the United States was estimated by the Federal Department of Agriculture to be \$7,100,000,000 on January 1, 1938. The bulk of this long-term credit was extended by the Federal Land Banks and commercial banks, both state and national. Other important agencies supplying long-term credit to farmers include life insurance companies, many of which are large investors in first mortgages on farms, farm-mortgage companies, owners of land, and private investors.

2. COUNTRY BANKS

The striking changes which have taken place since 1920 in the banking situation in the United States have had a significant effect upon the rôle of country banks in the financing of agriculture. Due to the growing importance of the Federal Land Banks, and to the lessons in sound banking policies learned from the agricultural depression beginning in the fall of 1920, the long-term credit extended by country banks has dwindled enormously. These institutions have suffered, too, in the matter of short-term credit, but they continue to be the leading source of such credit for farmers.

The volume of short-term loans made by banks to farmers in the aggregate is large throughout the several sections of the nation, and particularly so in the states of the Middle West, a number of the southern states, and in California.¹ The farm owners are the ones to whom such loans are made in largest percentage, though a substantial amount of such credit is advanced to tenant farmers. The interest rates on these short-time bank loans vary with the section of the country, depending in considerable measure upon the factors of the demand for capital in relation to the supply and the element of risk. Around two-thirds of these short-time bank loans to farmers are made on the basis of a personal security, and about one-third are secured by collateral of one form or another. In the year 1923, it is estimated that three-fourths of the short-term bank loans to farmers were for periods of six months or less. The short term for which banks make loans to farmers has justly been considered a weakness in the service of these institutions. The business of the commercial bank is based upon its deposits, and a short-term type of business is necessary for proper security. The turnover in com-

¹ Olsen, Nils A., and others, *op. cit.*, pp. 219-228.

mercial enterprises, of the merchant and the manufacturer for example, is much more rapid than characterizes agriculture. Consequently, commercial banks are

not as well suited to the needs of agriculture as to industry. The periods for which farmers need credit with which to produce and market their crops are usually much longer than in industry. In the past farmers have depended largely upon obtaining renewals of their short-time bank loans. In periods of good yields and good prices the practice of renewing loans has not worked a hardship to either banker or farmer. It is a policy which has its advantages to the banker, since it enables him to evaluate from time to time the security for his loans. On the other hand, the dependence upon the renewal of bank loans has not always operated in the interest of the farmer.¹

Prior to the establishment of the Federal Reserve System in 1913, the disadvantages of short-term loans for farmers through country banks were much more severe than since the liberalizing effect of the Federal reserve banks upon the sources of short-term credit for agriculture. These institutions are permitted to discount notes, drafts, and bills of exchange issued or drawn for agricultural purposes and having a maturity of nine months. This privilege to agricultural paper is quite in contrast to the 90-day limit of commercial paper. Consequently, the country banks which are members of the Federal Reserve System have an important channel through which they may obtain additional funds by rediscounting agricultural paper. All national banks are required by law to be members of the system. Membership is optional with state banks, and these institutions have been too slow in availing themselves of valuable privileges. Country banks have in recent years revealed that they were perhaps the weakest part of our present agricultural credit system. The long-continued depression of the farm industry converted resources that were considered "frozen assets" into distinct liabilities, and policies found to work with a fair degree of satisfaction in normal times were disastrous, particularly in the highly specialized farming areas of the nation like the Cotton and Wheat Belts. During the period from 1921 through 1936, there were 12,378 suspensions of banks in agricultural communities under 10,000 in population, representing a reduction of 50 per cent in the number of banks in such communities as of June 30, 1920.

¹ *Ibid.*, p. 225.

The experience of the last decade and a half emphasizes the need for a continuing source of credit for farmers. If agriculture is to function efficiently, it is desirable, of course, that credit facilities should be available at all times to permit the development of the most effective program of agricultural operations. The large number of bank suspensions and waves of deposit withdrawals from 1920 to 1933 indicated the inadequacy of individual country banks, during this period, as a continuous source of credit for farmers. In looking toward the future we are obviously concerned with the development of credit facilities which will assure the carrying out of agricultural production programs unhampered by credit difficulties.

Fortunately, several developments have already taken place which should minimize in the future, the possibility of serious credit disturbances such as occurred from 1920 to 1933. Through operation of the Federal Deposit Insurance Corporation depositors are given insurance coverage which should tend to prevent the breaking down of country bank facilities by abnormal deposit withdrawals. The existence of a system of production credit associations sponsored by the Farm Credit Administration gives a greater flexibility to the entire agricultural financing structure, so that if country banks are confronted by an abnormally extended position, a part of this load may be shifted to the credit associations. As the result of the reduction, by over one-half, in the number of banks serving agricultural communities, those that now remain in operation should tend to be financially stronger, because of larger average resources, than the average bank of the 20's. At the same time, the average management of existing institutions is likely to be of higher caliber than in the earlier period because of the elimination of the weaker elements in the management of country banks resulting from the large number of bank suspensions. In the rapid expansion in the number of banks from 1900 to 1920, when the number of such institutions increased from 10,382 to 30,139, it is obvious that it was difficult to staff the new institutions with seasoned, trained personnel. As a consequence, the management of a large proportion of our country banks at the beginning of the difficult period that followed 1920 was in the hands of personnel who had gained their banking experience in a period of almost continuous advancing price levels. In the years ahead it is probable that the number of banking institutions will show only a slow growth, making it possible to draw upon personnel who have been trained to realize the implications of unstable economic conditions in relation to the solvency of commercial banks.

With considerable added protection against a recurrence of the major difficulties which, in the past, accounted for the curtailment of credit facilities for farmers, we may turn to a consideration of the functioning of the country bank in meeting agricultural financing needs.

Country banks are, and will likely continue to be, the most important institutional source of short-term credit for farmers. In providing check-

ing-account services, savings facilities, and other incidental financial services, the country bank is usually in close touch with the affairs of its farmer customers. The close personal relationship which characterizes this situation makes the procedure of securing credit accommodation a comparatively simple one. With its close knowledge of individual borrowers, the country bank is in a position to make a large proportion of its loans on an unsecured basis. At the end of 1934, 43 per cent of the personal and collateral loans made to farmers by commercial banks were unsecured.

The importance of the country bank as a source of agricultural credit is emphasized by the limited market which is available to the farmer in seeking a loan. The large corporate borrower, in addition to bank loans has recourse to a wide range of methods for obtaining financing, such as the issuance of common stock, preferred stock, bonds, commercial paper, and acceptance credits. The individual farmer, on the other hand, although he may have, proportionately, the security and credit rating that would justify an interest rate as low as that obtained by the large corporation in the central money market, is limited, with certain exceptions, to the lending resources within his own community. Because the individual farmer's loan requirements are usually small and because he is not known beyond his own community, outside lenders, other than those federally sponsored agencies which have been established to finance specific types of credit needs, ordinarily are not equipped to make loans at a reasonable cost to the farmer.¹

The severe ordeal through which the country banks have passed has not been without some beneficial effects. Some of its lessons now finding their way into application are recognition of the need for higher capitalization, meaning fewer but stronger banks; greater emphasis upon short-term credit functions, with less attention to long-term, real-estate loans; a higher calibered, more experienced personnel; the Federal insurance of deposits; a wiser diversification of loans; and more rigid supervision of banks by both state and Federal examiners.

The problems of country banks, while distinctive in many particulars are, however, held largely in common with all commercial banks. The nature of some of these problems is expressed dynamically in the following quotation:

It should be clear, from our discussion thus far, that the problems of commercial banking have not all been solved, by any manner of means. Specifically, at least two important problems remain. The first is

¹ Wall, Norman J., "The Place of Commercial Banks in Agricultural Finance," *Journal of Farm Economics*, February, 1938, Vol. XX, No. 1, pp. 284-285.

whether we can hope for controlled elasticity, and safety for depositors, so long as we have a separate system of commercial banking for each state, side by side with the Federal Reserve System for member banks all over the country. With forty-eight state banking systems, each operating under its own banking laws, and with the state-chartered banks largely beyond the reach of Federal control, effective regulation of commercial banking as a whole seems impossible of achievement. The second problem is whether, regardless of the organization of the banking system, our commercial banks can provide safety for depositors so long as these banks have the power to create demand deposits on the basis of fractional reserves. As long as banks can expand deposits to huge proportions, when compared with the amount of money into which the deposits are supposed to be convertible upon demand, is there not some danger at least that they will be unable, in time of emergency, to pay all legitimate claims outstanding against them?

To questions such as these, the students of banking problems have given many and varying answers. Some, convinced of the impracticability and injustice of commercial banks being operated by private individuals for profit, urge that banking should be conducted as a government monopoly. They would have one Bank of the United States, with as many branches as might be necessary, and with full control (albeit political control) over elasticity and safety. Others feel that the actual business of dealing in commercial credit should be left to private bankers, but that the government should control the total amount of credit and assure safety for the depositors by keeping on hand an amount of money as large as the total of deposits. These proposals are interesting now, and may be important in the future. It appears probable, however, that most Americans would favor a final attempt to make our commercial banking system genuinely workable, before deciding that it must be taken out of private hands and completely socialized.¹

Some of the means suggested for accomplishing the improvement of our existing banking system are branch banking, which would enable a healthier diversification of banking loans; compulsory membership in the Federal Reserve System, thereby making for more uniform banking policy and hence more effective supervision; a still sharper separation of the commercial and investment phases of banking, insuring a higher degree of liquidity in all operations; and the development of bankers who will regard their profession as a kind of public trust instead of a business conducted for private profit.

¹ Gemmill, Paul F., and Ralph H. Blodgett, *Current Economic Problems*, Harper & Brothers, New York, 1939, pp. 171-172.

3. MERCHANT OR STORE CREDIT

In some parts of the nation, especially among tenant farmers in the South, an unhealthfully large amount of the production credit, including supplies for family living, are secured on time-prices from supply merchants. The security accepted for this is customarily a chattel mortgage on all crops, livestock, and equipment. A recent study ¹ of farm credit in cotton sections of Arkansas reports 83 per cent of the mercantile credit extended to farmers as being secured in this manner. Poe ² regards this system as being the "greatest curse of the agricultural South," and states that it is a curse alike to landowners, tenants, merchants, bankers, professional men, and to county and state as units of government. Investigations made in 1915 and again in 1924 by the same authority reveal that the average supply-merchant charges are from 15 to 22 per cent more for an article sold "on time" than when sold for cash. The average is around 20 per cent extra as a rule for a credit item running six months in the territory from North Carolina to Texas, inclusive. Figured on an annual basis this is an interest charge of 40 per cent, and the rate is often even higher. "No business on earth can succeed if it must pay at the rate of 40 per cent to 60 per cent a year for its operating capital, and for the tenant farmer to have to pay such rates foredooms him to poverty and failure."

Such a situation tends to destroy thrift and ambition in individuals, and is blighting to progress and prosperity in rural communities where it prevails to any considerable extent. The system of "charge it" is a temptation to buy all the tenant can pay for, and at these exorbitant rates, he often buys more than he can afford.

So the time-prices system becomes a perpetual conspiracy against thrift, a greased runway to debt and poverty. In countless cases the tenant family has not only lost all ambition to save up and eventually own a home, but has even lost any ambition to finance itself for a year; so when any surplus money is left at the end of the crop season, it is spent for some unnecessary purpose instead of being saved for getting the next year's fertilizer or supplies (or part of them at least) at cash prices and thereby making a start toward independence.³

¹ Gile, B. M., and A. N. Moore, *Farm Credit in Cotton Districts in Arkansas*, University of Arkansas, Agricultural Experiment Station, Fayetteville, 1928, p. 39.

² Poe, Clarence, "How Can We Escape Time Prices Usury?" *Progressive Farmer*, Raleigh, N. C., January 19, 1929.

³ *Ibid.*

Moreover, the merchant who would appear to be the one to profit by the system, makes little profit, because his victim makes little. The tenant farmer who operates under this system has no reserves, and in years of crop failure not only is he engulfed, but the supply merchant is left with the bag to hold.

Some valuable suggestions have been made as to how these conditions may be remedied:

There are three important ways to change Southern merchandising from a time-prices to a cash or nearly cash basis; three ways whereby almost any man of character and industry can change from a store-account farmer to a bank-account farmer as follows:—

1. *We should change our farming system so as to make each farm feed itself—produce approximately enough food for its people and feed for its stock.*

2. *We should change our farming system so as to have at least two important sources of cash income from crops or plant production and at least one important source of cash income from some form of animal production—hogs, cows, or poultry.* By this policy we can (1) distribute the dangers of weather and insects and have some cash coming in all the year round instead of (2) concentrating weather risks and insect risks on one crop and having only one pay day a year.

3. We can find out on what terms and by what policies businessmen are able to borrow money from banks at 6 or 8 per cent per annum, and ourselves learn to borrow on such terms and buy at cash prices instead of paying at the rate of 40 to 60 per cent a year for time-prices credit.

Four Ways Businessmen Get Bank Loans—and How Farmers Can

One of the leading bankers of the South, a man reared on a cotton farm and still largely interested in farming, pointed out that banks are just as ready to lend money to farmers as to businessmen, but that in order to get loans, farmers must do four things which all businessmen are themselves required to do in order to get bank credit. These four things are:—

1. *Farmers must learn “the religion of the due date,”* as the French say. Every businessman knows that if his note comes due January 22, he must pay it or see about it *on or before* January 22. Thousands of farmers have lost their own standing at the banks and hurt the standing of other farmers by acting as if “on or before” a certain date meant “on or after” that date. “The religion of the due date” is something all farmers need to observe.

2. *Farmers must learn to keep fair average balances in banks from which they borrow.* A farmer who wishes to become a bank borrower in the spring should become a bank depositor in the fall and winter. A man who carries a good balance in the fall and winter may borrow in spring and

summer and leave little in the bank during that period. But if a man borrows during the spring and summer and does not carry a good balance at other periods of the year, he should borrow enough extra to keep 20 per cent of his loan in the bank, and so advise the banker when applying for the loan.

3. *The financial statements which banks require businessmen to fill out promptly and definitely, must also be filled out promptly and definitely by the farmer.* "Some farmers are offended when asked for a financial statement, and then answer everything in round numbers," our banker-friend told our group. "His land is \$50 per acre; he owes \$2,000; his taxes were \$200, etc.—everything guessed at in round numbers. A businessman would soon lose standing if he answered a bank in that way, and so will a farmer."

4. Every businessman keeps books so he can tell whether he is making money or losing money and where; and while no bank expects farmers to keep books in the elaborate way merchants and manufacturers do, it does expect the farmer *to keep records and inventories in the simple ways provided in standard farm account books.*¹

A modified form of merchant or store credit is that of the commissary or supply store maintained by the landlord on his cotton, tobacco, sugar-cane, or other type of plantation. From this he advances consumers goods to his sharecroppers on much the same basis as the country merchant. While he has been much criticized as exploiting his tenants, his situation is about as hazardous as that of the supply merchant, and both of them would be in a much better financial position if they could operate on a cash basis.

4. FARM CREDIT ADMINISTRATION

For many years in Europe mortgage credit organized into a special system of banking has existed. The most widely known of such institutions are the *Landschaften* of Germany and the *Crédit Foncier* of France. Students of rural credit in the United States had for many years prior to the establishment of our Federal Farm Loan System been observing the operation of these foreign mortgage institutions and at one time a special commission on the problem was created by our government. As a result of such influences, in 1916, the Federal Farm Loan Act became a law enacted by the Congress of the United States. It contained many features of the previously existing European systems, but also included many other provisions adapting it to conditions in this country. Through sup-

¹ Poc, Clarence, *op. cit.*

plementary legislation at various times a comprehensive system has now been developed, providing not only for long-term credit needs of the farmer, but also for short-term and intermediate credit.

The general purposes of the Federal Farm Loan Act were stated to be: (1) to lower and equalize interest rates on first-mortgage farm loans; (2) to provide long-term loans with the privilege of repayment in installments, through a long or short period of years at the borrower's option; (3) to assemble the farm credits of the nation to be used as security for money to be employed in farm development; (4) to stimulate coöperative action among farmers; (5) to make it easier for the landless to get land; and (6) to provide safe and sound long-term investments for the thrifty.

The Farm Credit Administration has the status of a somewhat autonomous agency in the United States Department of Agriculture under the general supervision of the Secretary of Agriculture. The administrative head of the FCA is known as the *governor*, who is assisted by three deputy governors, one general counsel, and four commissioners: the land bank commissioner, the coöperative bank commissioner, the intermediate credit commissioner, and the production credit commissioner.

There are twelve district offices of the FCA, the locations of which and the territory served by each are as follows: Springfield, Massachusetts—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, and New Jersey; Baltimore, Maryland—Pennsylvania, West Virginia, Virginia, Delaware, Maryland, and the District of Columbia; Columbia, South Carolina—North Carolina, South Carolina, Georgia, and Florida; Louisville, Kentucky—Tennessee, Kentucky, Indiana, and Ohio; New Orleans, Louisiana—Louisiana, Mississippi, and Alabama; St. Louis, Missouri—Illinois, Missouri, and Arkansas; St. Paul, Minnesota—North Dakota, Minnesota, Wisconsin, and Michigan; Omaha, Nebraska—South Dakota, Wyoming, Nebraska, and Iowa; Wichita, Kansas—Kansas, Oklahoma, Colorado, and New Mexico; Houston, Texas—Texas; Oakland, California—California, Nevada, Utah, and Arizona; Spokane, Washington—Washington, Montana, Oregon, and Idaho.

In each of these twelve district offices are the following four major credit units, located in one central office: (1) a *Federal Land Bank*, which makes long-term mortgage loans, usually through the na-

tional farm-loan associations; (2) a *production credit corporation*, which establishes and supervises the production credit associations in the district; (3) a *district bank for coöperatives*, which makes loans to farmers' coöperative organizations; and (4) a *Federal Intermediate Credit Bank*, a bank of discount for relatively short-term agricultural paper from production credit associations, farmers' coöperatives, banks, and similar institutions.

(1) *Federal Land Banks*. The operations of the land banks may be better understood by describing the negotiation of a loan to an individual who, to be eligible, must be engaged in farming or about to become engaged in farming or livestock raising, or derive the principal part of his income from farming or livestock raising. Where there is a national farm-loan association in his section, the farmer would make application to the secretary-treasurer, a bonded officer of this organization. Loans cannot exceed 50 per cent of the appraised value of his land plus 20 per cent of the value of his permanent insured improvements, in an aggregate not greater than \$50,000. The local association has a loan committee of three members who pass upon the valuation of the property, and the approved application is sent to the Federal Land Bank of the particular district. A Federal appraiser appointed by the Farm Credit Administration is then sent to the farm and checks and modifies as necessary this valuation of the local loan committee.

Federal Land Bank loans are made for the following uses: (a) To buy land for farming purposes; (b) to construct farm buildings or to make improvements of farm lands; (c) to provide equipment, fertilizers, and livestock necessary for the efficient operation of the farm unit; (d) to refinance indebtedness of the borrower incurred for agricultural purposes; and (e) to furnish the borrower with funds for general agricultural purposes.

The contract rate of interest as of May, 1939, was 4 per cent on loans made through most national farm-loan associations. Loans made directly through the Federal Land Bank are 0.5 per cent higher. Land-bank loans are secured by first-mortgage paper and are made over a period of not less than five years nor more than forty years. These loans are repaid on the "amortization" principle, which signifies the process of paying off an indebtedness by installments of a fixed amount, including interest and a part of the principal over a period of years. For example, as indicated in the

accompanying table, a loan of \$1,000, bearing an interest rate of 4 per cent, would be amortized over a period of thirty-five years by a semiannual payment of \$26.67.

TABLE XI¹

SEMIANNUAL INSTALLMENTS INCLUDING INTEREST AND AMORTIZATION PAYMENTS ON THE STANDARD EQUAL PAYMENT PLAN FOR A LOAN OF \$1,000²

| Number of Years to Repay | Rate of interest | | | | | |
|-----------------------------|------------------|-------------|------------|-------------|------------|-------------|
| | 3 per cent | 3½ per cent | 4 per cent | 4½ per cent | 5 per cent | 5½ per cent |
| 5 years..... | \$108.43 | \$109.88 | \$111.33 | \$112.79 | \$114.26 | \$115.74 |
| 10 years..... | 58.25 | 59.69 | 61.16 | 62.64 | 64.15 | 65.67 |
| 15 years..... | 41.64 | 43.13 | 44.65 | 46.20 | 47.78 | 49.38 |
| 20 years..... | 33.43 | 34.97 | 36.56 | 38.18 | 39.84 | 41.53 |
| 25 years..... | 28.57 | 30.17 | 31.82 | 33.52 | 35.26 | 37.04 |
| 30 years..... | 25.39 | 27.05 | 28.77 | 30.54 | 32.35 | 34.22 |
| 35 years..... | 23.17 | 24.89 | 26.67 | 28.50 | 30.40 | 32.34 |
| 40 years..... | 21.55 | 23.32 | 25.16 | 27.06 | 29.03 | 31.04 |

Each bank was organized originally with a capital stock of only \$750,000. However, this stock has been gradually retired and the total stock automatically increased by 5 per cent of each loan that is in effect. When a loan is made this proportion is deducted, each borrower becoming a stockholder in the bank. Of course, when his loan is paid he is returned the value of his stock. If safe banking practice permits a loan of twenty times the capital stock, such a 5 per cent increase automatically extends the lending capacity of the bank to an additional amount equal to each loan made. Also, in theory at least, the borrowers are supposed to own practically all of the stock of these banks, though it has been considered neces-

¹ Source: Robinson, James L., *The Profitable Use of Farm Credit*, Circular E-4, Farm Credit Administration, Washington, October, 1939, p. 29.

² An amortization payment is a sum added to each periodic interest charge to be applied on the principal of the loan. The amounts for principal payment are relatively small for each \$1,000 of indebtedness if the loan is for a long term such as thirty years or more, but the size of the principal payment increases as the term of the loan is shortened. Since interest is charged only on the unpaid balance of the principal the shorter the term of the loan and the larger the principal payment the smaller becomes the total interest cost during the period of the mortgage. Under one method of making these payments a fixed amount is paid on the principal each year. The reduction in the principal remaining unpaid lessens the annual interest charge and consequently reduces the total yearly payment. Another plan is to pay periodically uniform installments on the loan, with the part necessary to satisfy the interest becoming smaller each year and the part to apply on the principal becoming larger.

sary for the Federal Government to subscribe large amounts to capital stock in times of emergency.

In the process of assembling the farm credits of the nation to be used as security for money to be employed in farm development, Federal farm loan bonds occupy an important place. Based on the first-mortgage security, bonds are issued under the supervision of the government. Such attractive investment possibilities cannot be issued until the government authorities have passed upon the securities and satisfied themselves that each dollar of bonds issued is secured by at least \$2 worth of land. These bonds are not strictly government bonds, but are issued under careful Federal supervision. These securities are free from all forms of taxation, except inheritance taxes, including the exemption of interest on them from income taxes. The sale of these bonds makes available further resources for lending by the land banks. These bonds customarily bear around a 3 per cent interest rate, and the rate charged borrowers of land bank funds is governed by the rate at which these banks can sell bonds. A margin of 1 per cent is allowed between the rate at which the bonds sell, and the rate at which the loan is made to the farmer so that operating expenses of the system may be covered and a surety provided against possible loss, as well as to permit a steady return to the borrower-stockholders in the form of dividends.

These land banks have met with some difficult sailing during the protracted stress which agriculture has had to undergo. Errors have been made in appraisals, in view of the unpredictable slump in land values. Many claim that the land banks have been too quick in foreclosing, and especially in forcing the land thus secured on the market, thereby incurring losses that were heavier than necessary, and also reacting to depress unduly the land market. A regrettably small proportion of the loans have been used by the landless to secure land. There are those who contend that these land banks have made it too easy for the farmer to get credit, and made possible in recent years an unwise encroachment upon his capital as expressed in the value of his farm real-estate holdings. In spite of these criticisms, a part of which undoubtedly are valid, the Federal Farm Loan System is one of the finest rural-credit structures yet devised. In profiting by its errors, it will greatly strengthen its important place in our national economy.

The Federal Farm Loan Act of 1916 also authorized the establishment of joint-stock land banks, but the functioning of these was not very satisfactory so the Federal Land Bank Commissioner was given orders to liquidate them. This Commissioner also has as one of his duties the supervision of Commissioner's loans, which are viewed as of an emergency nature, may not exceed \$7,500 in the amount extended each farmer, and may be made for as much as 75 per cent of the appraised normal value of the property, with even a second mortgage as security.

(2) *The Federal Intermediate Credit Banks.* The rediscount privileges for agricultural paper afforded member banks and their correspondents through the Federal Reserve System did much to liberalize the rural-credit situation. However, agitation with regard to the farm depression following upon the heels of the First World War, led among other measures to the passage of the Agricultural Credits Act in 1923, creating the Federal Intermediate Credit System. This legislation was designed to extend the period of turnover of many agricultural-credit transactions, as well as to relieve the Federal reserve banks and country banks in general of the burden of paper from six months to three years. Under the provisions of this act, twelve intermediate credit banks were established and located in the same places as the Federal Land Banks. The capital stock of each of these banks was put at \$5,000,000 to be subscribed by the Federal Treasury. By means of the sale of debentures, each of these intermediate credit banks is allowed to obtain additional funds to the extent of ten times its capital and surplus.

These banks do not make loans direct to individuals. They extend credit to such institutions as coöperative marketing associations, production credit associations, livestock loan companies, and similar organizations, and state and national banks. The paper which is offered for discount with an intermediate credit bank must be what is known as *agricultural paper*, that is, the proceeds must be used for some agricultural purpose. The sort of paper discounted is in the nature of individual farmers' notes, usually secured, and indorsed by the discounting corporation, the proceeds of which in the first instance were advanced for agricultural purposes, or for the raising, breeding, fattening, or marketing of livestock. An additional requirement usually made is that these corporations also pledge with the intermediate credit bank a part of their capital as

additional collateral. The term of the paper discounted is not less than six months nor more than three years.

Prior to April 9, 1931, a corporation could charge its borrowers only 2 per cent more than it paid the intermediate credit bank on general agricultural paper, and $2\frac{1}{2}$ per cent more than it paid on livestock paper. This has been increased to 3 per cent. It has always been necessary for such corporations to carry on a fairly large volume of business to meet expenses under the small interest spread. The liberalizing of the spread between the discount rate and the loan rate makes the handling of such paper more profitable, and encourages the wider use of the discount privileges of the intermediate credit system.

(3) *The Federal production credit corporations and associations.* The Farm Credit Act of 1933, among other provisions designed to strengthen and extend the farm-credit facilities sponsored by the Federal Government, established a production credit corporation with an original capital stock of \$7,500,000 in each of the twelve land bank districts. Under the supervision of these corporations, several hundred production credit associations have been organized through which farmers and ranchers may secure short-term credit to finance the production, harvesting, and marketing of crops; for the breeding, raising, fattening, and marketing of livestock and commercial poultry; for the repair, improvement, and alteration of farm buildings; and for other agricultural purposes. Such loans are used for purposes like the purchase of seed, feed, fertilizer, spray materials, farm machinery, workstock, cattle, sheep, household equipment, and the hiring of labor.

The loans extended by these production credit associations vary in size according to the needs of the borrower and his ability to repay them. The minimum loan extended is for \$50. The length of time of the loans also accords with the character of the farmer's crop and livestock enterprises. The bulk of the crop loans are from two to ten months, but loans to dairymen generally are for a year or less, subject to renewal annually for not more than two additional years if the credit record of the borrower is satisfactory.

The objective is to keep interest and service charges as low as is consistent with sound business practice. In May, 1939, the prevailing rate of interest on these loans was $4\frac{1}{2}$ per cent. The rate charged at any time is conditioned by the rate at which the Federal Inter-

mediate Credit Bank of the district rediscounts the paper of the production credit associations. And, of course, the rediscount rate of the intermediate credit banks is determined by the market for the debentures it issues for sale to the investing public.

The placing of a loan with a production credit association automatically makes a farmer or rancher a member of the association, since he is required to purchase voting stock equal to \$5 for each \$100, or part thereof borrowed. However, each member has one vote, and one vote only, at the annual business meeting regardless of the amount of stock owned by him. The stock owned by members is known as *Class B* stock, but it shares equally with *Class A* in any dividends. *Class A* stock is nonvoting stock, of a preferred nature in case of liquidation, and is supplied by the district production credit corporation, although it may be held by farmers or private investors.

Farmers who plan their expenditures carefully in advance may effect considerable savings in the amount of interest paid.

For example, a farmer who wishes to borrow a total of \$1,000 may receive a \$300 advance in the spring and repay this after 9 months. Three months after his first advance he gets another \$300 which he repays in 6 months, and the balance of \$400 during the harvesting season for a period of 1 month. He pays interest on each amount only while he is actually using it—interest ceases as soon as the amount is repaid. At $4\frac{1}{2}$ per cent interest, therefore, this farmer would pay \$18.38 in interest as compared to \$33.75 if he had obtained the entire loan in a lump sum at the beginning of the season and it had remained outstanding for 9 months.¹

Naturally, production credit associations, since they deal in short-term and intermediate credit loans to farmers, compete with one of the principal functions of country banks, and some students of the operations and potentialities of these associations consider that this will likely become increasingly the case. One of the principal handicaps of the associations is that they are not so numerous nor so conveniently located as the commercial banks. But there is an advantage in the fact that production credit associations are farmers' coöperative associations with their affairs directed by a board of farmers, elected by the members, and intimately acquainted with the credit problems of farming people. Also, there

¹ *Agricultural Financing through the Farm Credit Administration*, Circular 5, Farm Credit Administration, Washington, 1932, p. 16.

would seem to be a somewhat greater dependability of the associations over banks as a source of credit, in that in periods of low income and uncertainty banks, because they have deposit liabilities, may be forced to liquidate their loans so as to meet the demands of their depositors, while the production credit associations, securing their funds through the sale of debentures by the Federal Intermediate Credit Banks and having no deposit liabilities can renew and increase loans to sound and worthy borrowers and in this manner carry them through the period of unusual economic stress.

Competition between production credit associations and commercial banks is likely to benefit farmers if it is maintained on a high plane and on a basis of improved service based on the farmer's ability to use the funds profitably and repay the loan out of farm earnings. It will lead to disaster, however, if it results in increased loans beyond the ability of the farmer to repay. In the past competition between banks in particular communities often resulted in overlending because liberal loans were a means used for attracting business. This type of competition should be guarded against. On the other hand competition which results in improved service and loans within the limits of the borrower's ability to repay should be beneficial to farmers and in the long run to credit agencies concerned. Creditors can do much, as Mr. Wall has indicated, to bring about more stable and prosperous conditions for farmers by maintaining sound loan policies. Like Mr. Wall, I would like to close by using the words of Governor Myers of the Farm Credit Administration, who made a very fundamental statement when he said, "Sound credit extension involves lending conservatively in times of high prosperity and lending courageously in times of depression!"¹

(4) *The Federal banks for coöperatives.* Soon after the inauguration of President Franklin D. Roosevelt, the lending and other activities of the Federal Farm Board in relation to farmers' coöperative associations were transferred, by executive order, to the Farm Credit Administration. Pursuant to the Farm Credit Act of 1933, twelve district banks for coöperatives and a Central Bank for Coöperatives were established in the latter part of 1933 and early in 1934. The district banks were organized to provide credit facilities on a sound business basis for coöperative associations in their districts in which farmers act together in marketing and processing their farm products and in purchasing, processing, and distributing their farm supplies. The Central Bank for Coöperatives, located in Washing-

¹ Johnson, E. C., in *Journal of Farm Economics*, February, 1938, Vol. XX, No. 1, pp. 300-301.

ton, D. C., in general confines its lending operations to the larger associations of a national or broad regional scope. The Farm Credit Act of 1935 granted authority to these banks to lend to coöperatives furnishing farm business services.

An official statement of the lending policies of these banks as established in 1936 is as follows:

To qualify for a loan from a bank for coöperatives a coöperative association must be owned and controlled by farmers and must be operated for the mutual benefit of its members. The act creating these banks specifies that to be an eligible borrower a coöperative must not handle products or furnish services for nonmembers in a total amount greater in value than that transacted with or for members. To be eligible to borrow from a bank for coöperatives a coöperative association must also conform to one or both of the following requirements: (1) Each member may have but one vote regardless of the amount of its stock or membership capital he owns, or (2) dividends on stock or membership capital must be limited to not more than 8 per cent a year.

The banks for coöperatives are charged with making sound loans; hence to be granted credit a coöperative association not only must conform to the statutory requirements described above but must also present evidence that a loan made to it will be repaid in accordance with its terms. The banks for coöperatives insist that proper management be maintained in each association receiving a loan.

During the year 1936 increased emphasis was placed upon the capital structure of coöperative associations applying for credit. Provision for a substantial membership equity in a coöperative association is always a primary consideration in the making of a loan. While a coöperative association is indebted to a bank for coöperatives it is required to submit periodic financial statements to the bank. During 1936 considerable progress in line with this policy was made and a greater number of coöperative associations is becoming more fully aware of the value of sound fiscal policies and accounting methods.

The banks for coöperatives do not look with favor upon the practice of coöperative associations extending credit for production purposes to their members. Experience has shown this to be hazardous both to the coöperatives and to the institution that supplies them with credit. It is recognized that where these practices have been of long standing they cannot be changed overnight, but the banks for coöperatives are lending their influence to induce coöperative associations borrowing from them to discontinue the practice of extending credit to their members.¹

To be eligible to borrow from one of these banks for coöperatives, a farmers' coöperative association must be engaged in: (a) process-

¹ *Fourth Annual Report of the Farm Credit Administration, Washington, 1937, p. 49.*

ing, preparing for market, handling, or marketing farm products; (b) purchasing, testing, grading, processing, distributing, or furnishing farm supplies; or (c) furnishing farm business services. Associations securing loans are required to own stock in the bank for co-operatives equal to approximately 5 per cent of the loan, except in the case of commodity loans, in which case the capital stock requirement is 1 per cent of the loan. Provision is made upon final liquidation of the indebtedness for the retirement of the stock thus acquired.

The loans made are of three distinct classes. *Commodity loans* are usually of a short-term nature, and are made on the security of a first lien on farm products or supplies. They are extended on a basis which allows an adequate margin of safety in the value of the commodities forming the security so that there is no necessity for additional collateral. Such commodity loans bear the lowest rate of interest of any—in May, 1939, $1\frac{1}{2}$ per cent annually—and are generally repaid with the proceeds from the sale of the commodities on which the loan is made. *Operating-capital loans* are of relatively short term, and are frequently for the purpose of supplementing, during peaks of seasonal activity, the coöperative association's own capital funds. The security for such loans is often liens on real estate, equipment, or inventories, and the interest rate ($2\frac{1}{2}$ per cent annually in May, 1939) is higher than that on commodity loans. These operating-capital loans are usually repaid at the end of the marketing season, though sometimes they may mature over a longer period. *Facility loans* are for the purpose of acquiring or refinancing land and buildings used in the business of the coöperatives. A first-mortgage security is generally required, with such additional collateral as may be necessary. Such loans cannot exceed 60 per cent of the carefully appraised value of the security offered. Facility loans are limited by law to twenty years, but the most of them are for a ten-year period, and all of them are usually repaid on an amortization basis. This type of loan has the longest duration and bears the highest rate of interest (4 per cent in May, 1939) of any of the three classes of loans made by the banks for coöperatives.

In extending loans the banks place great emphasis upon the character of the organization, management, and business policies of the farmers' coöperative, investigating carefully in advance of

the loan the economic need, membership support, capital structure, and operating efficiency of the applicant.

5. OTHER FARM CREDIT AGENCIES

Among the other significant rural credit agencies are life insurance companies, farm-mortgage companies, and private lenders.

The nature of the insurance business necessitates the accumulation of vast reserves which must seek sound investment. Consequently, insurance companies are extensive investors in first-mortgage farm loans. Agricultural distress and the resulting marked declines in land values and the earning power of the farmers have made farm mortgages less certain as investments than they were in the first two decades of the present century. This fact has had a significant influence upon the investment policies of life insurance companies with regard to farm mortgages. For example, in 1930 the estimated amount of farm-mortgage debt loaned by insurance companies was \$2,105,477,000, while in 1938 this sum had declined to \$880,360,000. Insurance companies extend mainly long-term credit. Their loans are made usually through agents who receive a commission for their services.

Farm-mortgage companies, scattered over the entire United States, though functioning most largely in the Middle West, have for nearly a century been useful agencies of farm credit. Their plan of operation is to establish corporations which place mortgages on farms, and sell to the investing public bonds issued against such securities, employing much the same methods of advertising and sale characterizing other bond houses.

Until recent years, the largest single source of farm credit was that of private individuals. The primacy of this source has been steadily diminished for several years past by the growth in the operations of the several Federal farm-credit agencies. The importance of the private lender is enhanced by the fact when he is a seller of farm property, he often does so on a partial cash-payment basis, continuing to carry a mortgage on the remainder of the indebtedness for varying periods to suit the convenience of the buyer. Also, there are many private investors who rightly consider a good first mortgage on farm property as the soundest of all securities. A large class among these are local merchants and other businessmen in small towns with surplus savings to invest. In the

aggregate the loans of such individuals mount large, and as has been said, constitute one of the major sources of farm credit.

6. SOME GENERAL CONSIDERATIONS

The rural credit situation has been much improved in the past few decades. First-mortgage credit facilities are now fairly adequate in practically all parts of the country, and great progress has been made toward bringing about more reasonable interest rates on such loans. The establishment of the Federal Intermediate Credit Banks and the development of progressive policies in their operation have greatly implemented the functioning of many permanent agencies supplying directly the farmers' intermediate credit needs. The creation of the production credit associations promises short-term credit facilities of large import to American farmers, supplementing and by competitive processes improving the similar credit facilities furnished by commercial banks.

It must be remembered in this connection that no system of credit can be stronger than the economic structure of which it is a part. As economic stability for agriculture is achieved in proportion its credit basis will improve. One of the criticisms leveled against the policies of the Farm Credit Administration is that it has made it too easy for the farmer to get deeply into debt, often unjustifiably. "A proper understanding of the economic value of credit, judgment and prudence in its use, are, therefore, at the very foundation of any successful credit system. Strained beyond its proper though restricted purpose, it may become, instead of a help, a burden or even a danger."¹

In Finland an important distinction is made as between economic and social agricultural credits, the former category including all advances,

the terms of which are dictated by general business principles, such as current rates of interest and other loan conditions. Social credit, on the other hand, represents loans granted as a relief measure on terms and conditions fixed irrespective of market conditions according to the economic position of the borrower and the special purpose of the loan, the state undertaking to cover the difference between the current actual

¹ Great Britain, Ministry of Agriculture and Fisheries, *Agricultural Credit in England and Wales*, Economic Series 8, Ministry of Agriculture and Fisheries, p. 16.

rates of interest and the rate at which the loan was granted. The former type of credit is sound economic agricultural credit, while the latter is a form of relief activity, a social political measure.¹

QUESTIONS

1. Define *capital*, and give the three requirements which it is customarily expected to meet.
2. Is land correctly considered to be capital? Give reasons for your answer.
3. Distinguish between *producers' goods* and *consumers' goods*. Name eight forms assumed by producers' goods used by the farmer.
4. Justify the statement that while money is capital, it represents only a small part of the total capital at a given time and differs in many ways from other forms of capital.
5. Define *interest*, and in this connection explain the statement, "Capital, as a physical agent of production, yields a return based on its marginal productivity."
6. Explain what is meant by *credit*. Contrast the position of the farmer and the businessman as to the need for credit.
7. Discuss the extent to which credit increases the total amount of wealth in existence.
8. Classify and define farm credit according to time, purpose, and form of security.
9. Give the purposes and principal sources of *short-term credit*, *intermediate credit*, and *long-term credit* for the farmer.
10. Discuss the importance and general effectiveness of country banks as rural credit institutions.
11. Describe the severe ordeal experienced by country banks over the period from 1921 through 1936, and give some of the important lessons learned as a result.
12. Explain what is meant by *merchant* or *store credit*, give its general importance as a source of farm credit, and discuss some ways in which the situation may be improved.
13. Enumerate the six general purposes of the Federal Farm Loan Act of 1916.
14. Describe the organization of the Farm Credit Administration on a national and on a district basis. Where is the district office for your home state located, and what territory does it serve?

¹ Dispatch No. 23 (Diplomatic) of July 24, 1937, from American Legation at Helsinki, as quoted in Wall, N. J., "The Place of Commercial Banks in Agricultural Finance," *op. cit.*, p. 291.

15. Explain how a farmer would negotiate a Federal Land Bank loan through a national farm loan association, and in this connection, the meaning of the *amortization* method of repayment.
16. What are *Federal farm loan bonds*, their investment characteristics, and their significance in the operations of the Federal Farm Loan System?
17. Explain the structure and operation of the *Federal Intermediate Credit Banks*.
18. Describe the activities of *production credit associations* as short-term credit agencies for farmers.
19. Give the nature of the credit services rendered to farmers' coöperatives by the banks for coöperatives.
20. Summarize some general considerations on the agricultural credit situation in this country.

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CHAPTER XI

FARM INSURANCE

Insurance is now an established and customary procedure throughout the civilized world. The farmer has been slower than the city man to avail himself of the advantages of insurance. The reason for this is not that the farmer is free of numerous and often great risks of accident, sickness, and death to his person and of fire, hail, windstorms, drought, floods, freezes, and theft to his property, but rather to the highly individualistic nature of rural life. Moreover, farming is a business with such relatively small incomes, and an urgent demand for the immediate reinvestment in the business of all the farmer can make. Then, too, the farm itself provides security and an estate to the farmer in much larger measure than a job does for the city man. However, with increasing information as to the principles and practices of insurance, the American farmer is more and more availing himself of this method of reducing the element of risk in his business.

Insurance does not abolish losses; through group association it distributes these from the individual to the group. A feature characterizing insurance of every type, on life, property, crops, and livestock, is to substitute for large losses, which may or may not occur, relatively small and usually regular payments. This procedure involves a contract between the farmer or businessman and an insurance company which requires him to make comparatively small payments, known as premiums or assessments, at more or less regular intervals for which the insuring organization agrees to indemnify him in the event of large losses that may or may not be sustained.

It was Benjamin Franklin who said that "nothing is certain except death and taxes," but it must be pointed out that, except in

the ultimate and aggregate, death is quite uncertain. Similarly, no one knows when through accident—a defective flue in the chimney, a careless toss of a cigarette butt, a combination of rats and matches, or of children and fire-producing materials—his home or his barn may go up in smoke. The marked uncertainty that applies to the individual case in such matters becomes in the larger aggregate a rather fixed certainty. We know that for every 1,000 of the population, we may expect annually a certain number to die. Also, students of the problem tell us that among certain classes of property, we may expect annually a fairly definite number of fires. This proportion is much greater in the case of frame buildings than with stone or brick structures. These factors make it possible for insurance companies operating for a sufficiently large group to place their business upon a sound basis, and to give resulting security to their policyholders.

The question is often raised as to whether insurance is productive in its nature. The element of security through the elimination of risks and uncertainty creates a psychological attitude towards one's business which tends to increase efficiency. The farmer who knows that fire damage to his barn or home is guarded through insurance can sleep more soundly and face the morrow's work in greater strength and confidence. The knowledge that a life insurance policy, in the event of his death, would remove the mortgage on the farm, provide the educational opportunities he desires for his children, and otherwise take care of the needs of a widow and children, adds much to the cheerfulness and effectiveness with which a farmer meets his daily duties.

Some argue that the farmer is situated remote to other human individuals, his risks are less, and that he does not need insurance as much as the urban resident. But

the insurance needs of the farmer are almost as numerous as those of the city dweller. His fire hazards are almost as great. His buildings are more exposed to the hazards of lightning and windstorm than buildings in the city. The lightning hazard, it is true, may be reduced materially by the rodding of buildings and the grounding of fences. But even with these precautions the losses of farmers from this cause are relatively heavy. In order to be adequately protected, the farmer must also carry livestock and crop insurance. While facilities for obtaining protection

against fire and windstorm are adequate, suitable livestock and crop insurance are still in process of development.¹

An additional advantage which the city dweller has over the farmer inheres in the superior facilities for fire fighting found in practically every town of any size. However, such equipment is rarely if ever available to the farmer who is outside the city limits, and to the remote farmer it is entirely inaccessible.

1. FIRE INSURANCE

Farming, as is true of all forms of industry where ownership of property is concerned, is subject to risks from fire and the elements of nature, and the sensible thing for the owner to do is to eliminate such hazards to as great an extent as possible. One method of achieving this is for the farmer himself to adopt all possible measures and precautions to prevent the occurrence of fires, and to put them out when they are occasioned. This procedure means that he carries the risks himself, and that where such uninsured property is the basis of the security for capital borrowed, interest rates are higher as a result. Many farmers today still proceed in the manner just described, but increasingly there is a tendency for them to carry insurance, thereby shifting the risks to a large group of persons forming the clientele and stockholders of an insurance company.

Farm buildings, including dwellings and the personal property housed in them, total an enormous sum. It is not known just what proportion of these values is insured. Farmers are accustomed to secure fire insurance through two principal types of insurance agencies—the old-line or joint-stock fire insurance companies, and farmers' mutual insurance companies. A third type is that placed with a class of larger mutual fire insurance companies which resemble the old-line or joint-stock fire insurance companies, but these are the least important in farm fire insurance. About one-half of the fire insurance carried on farm property is with the farmers' mutual fire insurance companies. Somewhat less than this amount is believed to be with the old-line insurance companies.

Few forms of coöperative effort among farmers have been more

¹ Olsen, Nils A., and others, "Farm Credit, Farm Insurance, and Farm Taxation," 1924 *Yearbook of Agriculture*, Government Printing Office, Washington, 1924, pp. 239-256.

successful than have been these *farmers' mutual fire insurance companies*. The first of these concerns organized among farmers came into existence shortly after 1820, in New England and the Middle Atlantic states. The earlier companies operated under special charters, practically without guidance and supervision, and with frequent occurrences of failures. After 1850, one state after another established departments of their government which undertook the supervision of such efforts in varying degrees of effectiveness. In 1938, there were 1,909 of these farmers' mutual fire insurance companies in the United States, with 3,263,264 members carrying a volume of risks amounting to about \$11,224,000,000. The greatest development of these is in the East and the Middle West. Progress along these lines has been much less in the South.

This may be explained in part by the tenure and race conditions obtaining in that region, by the lack of adequate state laws governing the organization and regulation of such companies, and by unwisely attempts in the South to organize state-wide farmers' mutual companies operating through county branches. Many of these state-wide associations fell into the hands of promoters whose interests were not primarily those of the farmer. The failure of many of these state-wide associations did much to retard the development of farmers' mutual associations in that section of the country.¹

It is difficult to find a better condensed account than the following of the *organization* and *operation* of these farmers' mutual fire insurance companies:

Farmers' mutual fire insurance companies usually operate in a relatively small territory. A number confine their activities to single townships. It is more common, however, for a company to operate in a group of townships or even in an entire county, and over one-half of the companies now in existence operate in areas of several townships or a county. In a few instances two or more contiguous counties are included in the territory of the company, and only rarely do farmers' mutual fire insurance companies operate in an area as large as a State.

The farmers' mutual insurance company is a business enterprise organized on the mutual plan without capital stock. Its management is vested in a board of directors, the number of which may vary from 5 to 15, although the most usual number is 9. These directors may serve from one to three years. A large number of the mutuals operate under the unlimited liability plan, whereby the insured obligates himself to pay his pro rata share of the losses and expenses of the company. A much

¹ Olsen, Nils A., and others, *op. cit.*, pp. 239-256.

smaller number of the companies limit the liability of the members to a fixed sum per annum.

The methods of operations are relatively simple. Applications for new members are taken by officers and directors. Some mutual companies put on active membership campaigns, while others favor a policy whereby farmers themselves seek admission to the company. The application fee is limited to a nominal sum ranging from \$1 to \$2, which has the advantage of reducing the temptation for solicitors to place more insurance than the value of the property warrants. Funds with which to pay expenses and losses of the company are obtained partly through premiums and partly through assessments. Only a few companies collect cash premiums in advance. The large majority of the mutuals work under the assessment plan, whereby losses and expenses are prorated as incurred. Initial premium charges with annual advance assessments, however, have been growing in favor. This policy is better than the more prevalent plan of borrowing to pay losses and then levying assessments to repay borrowed funds. It not only permits prompt payment of losses, but also eliminates any need of coercing members when losses are heavier than usual.

An increasing number of farmers' mutual fire insurance companies are adopting the policy of building up surpluses or reserves against which to draw when losses are unusually large. Such reserves afford protection and reduce the need of special assessments.

The adjustment of losses sustained by farmers' mutual fire insurance companies is made either by a single member, who acts as a general adjuster for the company, or by the directors of the company, each in his own district. While the adjustment of losses by directors of the company is perhaps the cheapest method of adjustment, it is probable that the adjustments by a single individual, who acts as a general adjuster, are somewhat more equitable.

In the field of reinsurance, farmers' mutuals have been lacking in adequate facilities. In some States local mutuals are now prepared to go beyond their legal territory and write joint or concurrent insurance with companies in whose territories such risks are located. In other States one company may grant reinsurance to another company. In order to meet this situation more effectively, farmers' mutual companies in Iowa, Indiana, and Minnesota, have organized special reinsurance organizations to serve farmers' mutuals. This policy, whereby farmers' mutuals reinsure a part of their risks, will no doubt strengthen and expand the work of the farmers' mutual fire insurance companies. . . .

The cost of such insurance is somewhat higher in the South than in the East and Middle West. Individual companies can show records of unusually low insurance cost. One mutual which has a large amount of insurance in force has had an average annual insurance cost of \$0.075 per \$100 covering a period of over a half century. In comparison the rates of commercial insurance companies are materially higher. These

rates vary from \$0.35 per \$100 for some of the Northern States to about \$1.50 per \$100 for some of the Southern States. Several factors account for the lower insurance costs of farmers' mutual insurance companies. The physical hazards are materially reduced through more careful inspection of risks and the insistence upon reasonable standards of safety. The moral hazard is lowered by avoiding overinsurance and by the development of a spirit of loyalty to the company. Equally important is the fact that the operating cost of these companies is relatively low. Much free service is performed by the officers, salaries are small, and such items of outlay as rents, traveling expenses, and attorney fees are either absent or relatively small. Farmers' mutuals have thus been able to effect economies that have contributed to their own success and made fire insurance available to farmers at very reasonable cost.

The history of farmers' mutual fire insurance companies to date would indicate a continued development of such companies in years to come. The States of the East and Middle West are now fairly well supplied with such companies. There is no doubt room, however, for further development in the South and in parts of the far West. The organization and operation of new companies in these regions should be built on the experience of successful companies in other sections of the country.

In conclusion it should be added that farmers themselves can do much to reduce the fire hazard. A recent survey of causes of farm fires showed that practically one-third of the fires were preventable. In a recent survey of farm fires caused by lightning it was found that out of every 100 fires resulting from such cause about 95 occurred in connection with unrodded buildings. Insurance does not eliminate the loss; it merely distributes a part of it. It is therefore very important that farmers themselves use every care to reduce their losses from the fire hazard.¹

These farmers' mutual companies have proved unusually successful in supplying insurance to their members at very reasonable rates. In 1933, approximately one-half of all the farm property in the United States was insured by these mutual companies at an average rate of 28.6 cents per \$100 of insurance. Where carefully developed and managed on an efficient basis, farmers' mutual fire insurance companies combine the advantages of certain security and great savings in costs to their members.

2. WINDSTORM AND HAIL INSURANCE

The damage sustained by farmers from windstorms is more general and severe than is usually considered to be the case. For example, the United States Weather Bureau reports that over a six-

¹ *I. i.*, pp. 240-242.

year period there were 752 tornadoes in this country, or an average of 94 for each year. These occurred in largest numbers in the Middle West. These 752 tornadoes killed 1,929 people and destroyed property amounting to \$62,000,000. Not all of this, however, was in terms of rural life and property.

Windstorm insurance is written by both joint-stock and mutual companies. Most of the windstorm insurance carried by joint-stock companies applies to the risks insured by these companies against fire. The form of policy of about one-sixth of the farmers' mutual fire insurance companies covers both fire and wind. Mutuals specializing in windstorm insurance have been organized in several Middle Western states.

A number of state-wide windstorm companies have been organized, or in some instances simply given indorsement and support by the state associations of fire insurance mutuals. Both of these types are in close coöperation with the local fire insurance mutuals. Protection is thus provided at a reasonable cost, in most instances the representatives of the mutual fire insurance companies writing the applications, and the risks extending widely over a state. It is important that insurance of this nature extend over an area as large as a state because a windstorm may demolish the buildings of an extensive area locally, and the resulting damage seriously embarrass the finances of the local mutual.

Hail insurance, while representing a coverage of comparatively recent origin, has now become generally available to the farmer. The larger part of this form of insurance is written by the joint-stock fire insurance companies, although a small proportion of the farmers' mutual fire insurance companies make provision for it, and there are some mutual companies organized specially for hail insurance.

Those regions in which the crops subject to damage from hail occur in large acreages, and in which the hail hazards are unusually severe, are naturally the ones in which this sort of insurance is written most largely. This applies more to the West and North Central states than to any others. Most of the mutual companies operate on an assessment basis, and the rates are not available. Among the other types of insuring agencies the rate has varied from 3 per cent to as high as 16 per cent in some regions. The hail

hazard is very erratic in its behavior, which makes losses vary widely from year to year and profits in the business show the same sort of marked fluctuation. The losses from hail damage are greatest in the one-crop regions, where a severe hailstorm at the critical period in the main crop may cause ruinous losses. These considerations make it important that the risks in hail insurance be distributed over a wide territory. Also, it is necessary that organizations writing this kind of insurance should carry adequate surplus or reserve funds to tide them over the years of severest losses.

3. LIVESTOCK INSURANCE

The field of livestock insurance has been developed in the United States to nothing like the extent which characterizes the similar situation in Europe. Epidemics of disease among livestock, with the possible exception of hog diseases, do not occur with the same frequency and severity in this country as in the Old World. Also, the American farmer in general possesses large herds, and the loss of an occasional animal does not strike him so severely. However, interest in livestock insurance is growing rapidly in the United States.

Farmers usually have large investments in livestock, and it has been discovered that losses from disease in the aggregate bulk rather large. Over a period of 35 years, the estimated yearly losses of horses from disease have ranged from 14 to 22 head per thousand, of cattle from 12 to 24 head per thousand, and of hogs from 41 to 144 head per thousand.

There are a dozen or more joint-stock insurance companies which write livestock insurance, mainly on horses and cattle. Usually, the policies are for comparatively small amounts, and the risks are often reinsured in other companies.

For a number of years, mutual livestock insurance companies, some 30 or more, mainly in Pennsylvania, have been writing livestock insurance. These companies operate on much the same plan as characterizes the mutual fire insurance companies. Their risks are largely confined to horses. It must be remembered in considering the extent of this form of farm insurance that the matter is still in the experimental stage.

4. CROP INSURANCE

The much vaunted independence of the farmer applies only partially to his existence. He may plant his crops in his wisdom, and govern his enterprise in general according to his own ideas about things. But, few occupations are subject to uncertainty greater than that of the farmer. He gambles with the limited or excessive amount of moisture, early or late frosts may blight his entire chances for certain crops, hailstorms may in a few minutes destroy the work of months, and insect pests and plant diseases may under favorable conditions in an amazingly short time do untold damage to his crop and livestock interests. Nor are the physical uncertainties the only ones with which the farmer must contend. The action of economic laws is often equally or more disastrous in their impingements. The farmer never knows with much degree of certitude, particularly in the major crops, what he is going to get for his produce when he plants.

Students of the problem believe that *general crop insurance* is feasible, though it is yet distinctly in its experimental stages. In view of the marked development in various other lines of insurance, it would be difficult to believe that human ingenuity will long delay the devising of a practical system to care for the hazards with which the farmer must contend in his enterprise.

General crop insurance is, as has been stated, still very largely in its experimental stages. An attempt was made in 1917 to insure grain. This was mainly in the Dakotas. It resulted in loss because of the incompetency of agents in accepting risks.¹ In 1920, a large fire insurance company offered a contract practically guaranteeing the farmer an income from each acre seeded. The concern lost money on practically every policy written, owing to the low prices which occurred that year. In reality this was price insurance rather than crop insurance. In 1928, three companies were attempting in selected areas and for selected crops to write a type of insurance covering a major part or all of the long list of risks to growing crops, including drought, excess moisture, plant disease, and insect pests. Such broad coverage as this is what is meant by the term *general crop insurance*. The areas in which this insurance has been written

¹ Hoffman, G. W., "The Outlook for Crop Insurance," *Annals, American Academy of Political and Social Science*, March, 1929, Vol. CXLII, pp. 302-311.

include several southern states and some of those on the Pacific coast. Among the crops, there is citrus fruit in Florida; in the Carolinas and Georgia, truck and garden crops such as tomatoes, celery, and peas; and in Louisiana, Texas, and Arkansas, rice and sugar cane. But as an authority in this field of insurance points out, all of these experiments, while important in the experience provided, were at a rather heavy cost to the private insurance companies which sponsored them. Chief among the causes of failure were the following:¹

- (1) The attempt to insure price as well as crop production.
- (2) Insufficient detailed data upon which to measure adequately the risks of the individual producers insured.
- (3) High costs of administrative machinery used, particularly in making contacts with individual farmers.
- (4) The number of instances where moral hazards were involved because of the lack of sufficient local contacts.
- (5) A comparatively wide zoning of rates which operated to encourage the purchase of insurance by those with the higher risks and to discourage it among the lower risks.
- (6) The insufficiency of capital to protect the policyholders insured, and to continue the insurance over a period of a few poor years until adequate reserves could be accumulated to weather such vicissitudes.

In discussing the situation with regard to crop insurance, Green is of the opinion that if it is to be kept on a reasonably sound actuarial basis it must proceed slowly, and in its beginnings must be confined to insurance of quantity.

In general, the long-time nature of the program, the slowness with which its ultimate economic effects make themselves felt, the cost to the farmer, and the indirectness of its contribution to price stability are deterrents to intense public interest in its development.

The certain narrow margins of profit with administrative expenses added to loss-cost rates, large capital and reserve requirements, and its consequent possible importance only as a side line to other insurance, deter private enterprise from energetically entering the field. Similar considerations have made crop insurance not a particularly attractive field for farmers' mutual insurance companies, although some degree of coöperation on the part of growers appears to be an important element in any plan of crop insurance that is to succeed.

¹ Green, R. M., "An Evaluation of Crop Insurance Possibilities," *Journal of Farm Economics*, February, 1938, Vol. XX, No. 1, p. 216.

It is probable, therefore, that developments in crop insurance will be slow. In the long run, this will be of decided advantage to a program, involving so many of the elements of a business enterprise that needs time to grow soundly.¹

Title V of the Agricultural Adjustment Act of 1938, known as the *Federal Crop Insurance Act*, made *crop insurance for wheat* available, beginning with the crop of 1939, to farmers who want it. An agency designated as the Federal Crop Insurance Corporation, with \$100,000,000 as its appropriated capital, was established in the United States Department of Agriculture to administer the program affording wheat farmers insurance on their crops against losses from such unavoidable causes as drought, flood, hail, wind, tornado, insect pests, and plant diseases. Since that date, similar crop insurance facilities have been made available for cotton.

The general plan of this insurance is relatively simple. A wheat grower may insure his crop for either 50 or 75 per cent of his average yields against all unavoidable losses. The premium he pays for this insurance is reckoned in bushels of wheat, the indemnity he collects for his losses is measured in terms of bushels of wheat, and the Federal Crop Insurance Corporation maintains its reserves in the same commodity. However, for the sake of convenience the payment of premiums and indemnities may be made in the cash equivalent. Where the premiums are paid in cash they are immediately invested in wheat in storage. The yield for which insurance may be secured, as well as the premium rate to be required, are determined by the actual or appraised yield and the loss experience for the particular farm during a representative base period of several years. The idea of those who inaugurated this plan is that when the program grows to large proportions, the reserves of wheat concerned will contribute to an ever-normal granary which will release in years of crop shortage the reserves accumulated from years of surplus production. The objection that the reserves established in this manner will serve as surpluses to depress market prices further is answered by the statement that in crop insurance both premiums and indemnities, or loss payments, are "at the market," and that the crop insurance law provides definitely that reserve stocks of wheat, once accumulated, can be sold only to pay crop losses incurred by farmers. They definitely cannot be dumped

¹ Green, R. M., *op. cit.*, p. 219.

on the market according to the whim or fancy of some government office or board, but are to be used only to pay crop losses.

5. LIFE INSURANCE

While no definite figures are available, it is perhaps correct to say that farmers as a class do not carry life insurance nearly to the same extent as do the corresponding urban residents. The fact that the farmer in the majority of cases owns property in real estate upon which he can fall back in times of adversity is undoubtedly one of the causes for this. Life insurance is often the principal way in which many salaried city men build up an estate for their families. Also, there are few occupations in which there is a more insistent demand for the immediate investment of any surplus accumulation of capital than is true with farming. A new roof for house or barn, additional acreage of orchard to be set, a deep well to be sunk and electricity to be installed, improved farm machinery, not to mention increased acreage that may be purchased, are among the many things clamoring for any profits which may accrue from the farm business at the end of almost any year.

Yet the problem of the farmer with regard to life insurance is not essentially different to that of any other class of our citizenship. The life expectancy in the country is somewhat greater than in the city, but farmers die prematurely, just as do other people among large groups. Death under such conditions may leave encumbered property which a life insurance policy, securing the farm to his widow and children, would readily discharge. The farmer today educates his children, often sending them to college. These advantages can be better assured in case of premature death if he carries insurance. Also, it is generally conceded that a farmer is a better credit risk if he carries insurance. In emergency, the loan provisions of the policy may be utilized. The farmer is not free from the bogey of physical disability, and many forms of modern insurance make attractive provisions for such dire extremity. Undoubtedly, there are sufficient arguments for the farmer's carrying at least a reasonable amount of insurance.

The customary types of life insurance policies are the *term*, the *ordinary life*, the *limited payment*, and the *endowment*. The merits of each of these types of policies from the standpoint of the farmer are well set forth in the following statement:

The young farmer who has assumed heavy obligations and whose income is temporarily limited will find the form of policy known as term insurance well adapted to his needs. Life insurance on this plan resembles more or less the plan involved in property insurance in that the policy covers a given period, usually five to ten years, and is paid for in annual or more frequent premium installments which are sufficient merely to provide for the risk involved in the probability of the death of the insured during the period covered.

For those who find themselves in a position to carry a somewhat larger premium outlay, the ordinary-life plan has many advantages over the term policy. Under this plan the fixed level annual premium is sufficient to enable the company to continue the insurance until the death of the insured, whenever that event shall occur, and to pay the beneficiaries the principal sum of the policy. The farmer availing himself of this form of insurance, therefore, remains insured at the original annual premium cost until his death and does not have to seek new insurance at a rate applicable to his increased age, with the possibility that his application will be rejected because of impaired health which may make him unacceptable as an insurance risk.

The endowment policy which, under certain circumstances, has many advantages is perhaps less adapted to the needs of the young farmer than to the needs of the urban wage earner. This form of policy, which may be said to involve a combination of savings account and life insurance, guarantees to the holder the payment of the principal sum at a given date—ten, twenty or more years in the future—or at prior death. It, therefore, involves a method of systematic saving, as well as of protection against premature death of the insured. The young farmer, unlike the urban wage earner, finds himself confronted almost continually with new investment needs in the form of additional improvements on his farm, better or more livestock, and additional farm equipment. He is, therefore, under less temptation to spend his money than is the wage earner with fewer investment demands. Furthermore, the farmer's income comes to him as a rule in larger and fewer sums rather than in the form of a cash weekly wage and, finally, the temptations to spend money for dress and amusement are less numerous on the farm than in the city.

Essentially the same reasons that argue for the ordinary-life policy as against the endowment policy will apply in a measure also against the limited payment policy by which is meant a plan of life insurance under which the principal sum matures at death, while the annual premium payments are limited to ten, fifteen, or twenty years. Naturally this plan involves a relatively large premium outlay during early life when the average farmer has need of all the funds at his command for payments on his farm or for improvements thereon.¹

¹ Taylor, H. C., *Outlines of Agricultural Economics*, The Macmillan Company, New York, 1925, pp. 233-235.

Thus we see that term insurance is the cheapest, and is well adapted to the young farmer who has unusual demands upon his rather limited funds. But it should be emphasized that this form of insurance is somewhat like fire insurance, paid from year to year, and when it expires has no paid-up value. It is usually issued on a ten-year basis, the medical examination required before the policy is issued serving for the entire period. However, practically all term policies are written on a "convertible" basis, by which is meant that, without medical reexamination, within seven years after the date of issue, the insured may, by paying the appropriate differences, including interest thereon, convert the term policy into permanent insurance in the form of ordinary life, limited payment, or endowment insurance as he may prefer.

As to the choice between ordinary life and limited payment, the former should be selected if the objective is to secure the maximum protection for a given outlay, and the latter where present cost is not the primary concern. It would be a fallacy to assume that one of these types of policies is cheaper than the other in relation to the benefits provided. If a person should die at an early age, since the annual premiums are less in the case of the ordinary life policy, he would have paid less for his insurance, but if he lives longer than the average life expectancy, in general he will have to pay more for this type of policy than for, say, a twenty-year limited payment. Since the farmer's income is usually limited, he will perhaps choose the ordinary life policy because, on a short-run basis, it requires a smaller annual premium than the limited payment plan. But, on a long-run basis, the limited payment may prove the better plan, because if the resources are available he can completely pay all necessary premiums before he becomes an old man, provided he has taken the policy out at a relatively early age.

Endowment insurance is the most expensive of the four types. It combines the features of a savings account with those of insurance protection. For example, a person with a \$20,000 endowment policy maturing at the age of sixty-five would assure to his beneficiaries that amount in the case of his death at any time before he reached that age, and to himself if he lived to and beyond the same age, the security and enjoyment furnished by the \$20,000, paid either in a lump sum or instalments such as he might care to designate. Due to the relative expensiveness of this form of insurance, only the

farmers who in general are in the best financial condition are likely to purchase it.

In recent decades, rather stringent laws have been enacted to insure financial soundness on the part of all insurance concerns which are allowed to operate. However, in spite of all these efforts to protect the public, it should be aware of the fact that there are wide variations in the strength of different insurance concerns. It is necessary for the farmer to look into these matters carefully, and not to be biased to his detriment by the subtle salesmanship of the energetic insurance agent, whether he be relative, friend, or stranger to him. Insurance is a business matter and must be approached on that basis.

6. SOME OTHER FORMS OF INSURANCE

In recent years, an elaborate Federal Social Security program has been developed in the United States, prominent features of which are unemployment compensation insurance, designed to cushion the shock of relatively short-term unemployment on both the laborer and the economic system, and old-age assistance and compulsory insurance payments to provide a greater measure of security for those of advanced years. Farmers and their employees engaged in farming operations have been generally excepted from the application of the unemployment compensation provisions of the act. Old-age assistance is given to needy farm people through the agencies established in the individual states for that purpose, but agricultural labor is specifically exempted from the compulsory old-age insurance requirements of the plan by means of which a reserve account for old-age benefits is established with the Federal Government through joint contributions on the part of employer and employee. In general, also, farm labor is not included in the workmen's compensation acts of the several states which have been in force a number of years, making the employer liable to various classes of injury sustained by the laborer while in his hire. The basic explanation for these several exemptions—unemployment payments, workmen's compensation, and compulsory old-age insurance to farm laborers—for farming resides in the inherent nature of the organization of farming. It consists of relatively small units, with few hired laborers, and these of a rather mobile nature, and is characterized by small incomes. These factors make quite difficult

the development of such systems on a sound financial basis, and also would serve to make such a system, if and when developed, very complicated and difficult of enforcement. However, considerable study is being given to this matter, and it may well prove to be the case that, in the future, practical plans will be developed to overcome these difficulties, and thereby to extend these valuable benefits of social security to farm labor.

Another form of insurance which has become indispensable in this machine age is automobile insurance. It is sheer folly not to have personal-liability and property-damage insurance for protection with regard to the other party. Not only is this true for humane reasons, but farmers as a class are characterized by the ownership of property, and one serious accident on his part or that of a member of his family, or even an employee, might readily precipitate a damage suit which would result in the loss of everything he owned. Such insurance is a minimum which a wise farmer will carry, since it also assures him the legal services he needs in case of a suit. If funds are available it is well to have collision insurance which will protect his own car against the damage done him by some irresponsible party without automobile insurance or financial status. While the likelihood of accidents is less on country roads than amid congested city traffic, one is always liable to such accidents and besides the farmer is often in and out of the town or city. And, what is more important, as the owner of the car, he is liable for the accidents incurred by the members of his family and of his hired help when authorized by him to drive the car or truck. This risk of automobile accident is one of the most important with regard to which the farmer should purchase protection.

QUESTIONS

1. Discuss the validity of the statement that insurance does not eliminate losses, but through group association distributes these from the individual to the group.
2. Contrast the risks of the farmer and the urban resident in life and property and the consequent need for insurance.
3. Through which types of insurance agencies are farmers accustomed to secure fire protection, and which is the most important?
4. Briefly outline the history of the development of farmers' mutual fire insurance companies and give the regions of the country where they are principally found.

5. How is the fact to be explained that relatively few farmers' mutual fire insurance companies are to be found in the South?
6. Explain the organization and operation of farmers' mutual fire insurance companies.
7. Compare the rates of farmers' mutual fire insurance companies with those of commercial companies and account for the differences.
8. Describe the need of farmers for windstorm insurance and name the types of agencies through which they may secure it.
9. Discuss the nature of the hazards of the farmer from hail, and the protection available to him in that regard.
10. Give the reasons why some farmers insure their livestock, and the general extent of the facilities available for such insurance.
11. Narrate the history of the earlier attempts at general crop insurance, and give the chief causes of failure in connection with them.
12. Discuss the need and the feasibility of general crop insurance as an aid to the stabilization of farm income.
13. Explain the plan by which the Federal Crop Insurance Corporation provides crop insurance for wheat.
14. Why is it perhaps correct to say that farmers as a class do not carry life insurance nearly to the same extent as do the corresponding class of urban residents?
15. Give a number of arguments as to why the farmer should carry life insurance.
16. Explain what is meant by *term*, *ordinary life*, *limited payment*, and *endowment* life insurance policies.
17. Discuss each of these four types in its adaptability to the needs of farmers.
18. Why is it very important for a farmer to investigate carefully the matter as to the insurance company in which his policy is written?
19. Discuss briefly unemployment insurance, workmen's compensation insurance, old-age assistance, and compulsory old-age insurance in relation to the farmer.
20. Would you consider it advisable for the farmer to carry automobile insurance? Give reasons for your answer.

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CHAPTER XII

EFFICIENT AGRICULTURAL MARKETING

The term *utility* is understood by the economist to mean the ability or power of any article or service to satisfy a human want. When viewed in the light of such a definition, production consists of all those essential human efforts which contribute to the creation of utilities. Utilities may be classified as (1) elementary utility, (2) place utility, (3) form utility, (4) time utility, and (5) possession utility. The meaning of these terms may be made clear by the use of concrete example. The farmer who produces cotton may be considered in conformity with the forces of nature to create *elementary utility* when he raises a crop of cotton. This product is valuable to human beings in that it is a fiber which may be used to manufacture cloth to meet a fundamental human want. The same concept of elementary utility applies to the production of wheat, pork, beef, fruit, and the various other things raised by the farmer. But if the elementary utility of cotton is to serve as the basis of manufacture it must be transported from the cotton field to the gins and then to the textile mills. The services of wagons, trucks, railroads, and those responsible for such agencies create *place utility*, i.e., they transport the economic goods concerned to the place where they are available to those who would consume them. The manufacturer in spinning yarn and thread from the cotton, and from this weaving and finishing cloth creates *form utility* by converting the raw material into a usable product. If the cloth is to be used, it is necessary that it be kept in stock in store or warehouse until such a time as the consumer may desire to purchase it. In performing such services as these, the concerns which store the cotton and cloth create *time utility*. Ownership or possession of commodities is necessary in order that the consumer may derive the satisfactions which come from their use. Marketing concerns which render services enabling con-

sumers to own or possess the cotton or cloth create *possession utility*.

Thus production is to be considered as meaning the creation of all these utilities. "Production consists of the rendering of all those essential services on the part of farmers and of middlemen which actually bring into use the goods and services required to satisfy the wants of consumers."¹ Obviously, when production is thus defined marketing becomes in reality a part of production just as farming is a part of production. Farm production concerns itself with the creation of elementary utilities through the raising of crops and livestock. "Thus marketing as related to farmers may be defined as the rendering of those essential services which enable the consumer to utilize the products of farms. Abstractly marketing refers to the creating of *place, form, time and possession utilities*." However, from a different angle of approach, the economics of marketing is a problem in distribution, "because it has to do with the forces and conditions which determine how a dollar paid by the consumer is divided among those who participate in supplying the article, from the farmer at one end to the retail dealer on the other end of a longer or shorter line of middlemen."² In studying the marketing of agricultural products, it is necessary to consider the problem from both standpoints: as a productive activity in order to effect economies in the system which will reduce the cost of service to the advantage of all concerned; as a distributive activity from the viewpoint of establishing a just division of the consumer's dollar among all who participate in the marketing processes.

However, it should be pointed out in this connection that the usage discussed in the preceding paragraph is that employed in theoretical economics, in accord with a conventional classification of its subject matter into four major divisions: *production, value in exchange, distribution, and consumption* economics. The meaning of *production* has just been made clear, that is, its concern is with the creation of utility. By *value in exchange* is meant the whole set of phenomena known as prices, how they are determined and how they react upon the entire economy through a monetary system as the tangible expression of value. *Distribution* as a division of economics is concerned with the so-called distributive shares of the

¹ Macklin, Theodore, *Efficient Marketing for Agriculture*, The Macmillan Company, New York, 1921, pp. 26-29.

² Taylor, H. C., *Outlines of Agricultural Economics*, The Macmillan Company, New York, 1931, p. 409.

total social income among the factors of production, e.g., the part of which, in general, accrues as rent to land, wages to labor, interest to capital, and profit to entrepreneurship. *Consumption* deals with the economics of the consumer, not only in relation to the actual consumption of goods but also of personal and professional services. It is becoming an increasingly important phase of economic study, and is, of course, the final objective of production, value in exchange, and distribution, finding concrete expression in levels of living that are adequate or inadequate in varying degrees according to the efficiency with which the economic system is operating. Some authorities contend that, according to definition, production includes both value in exchange and distribution, so that there are only two divisions of the subject matter of economics—production and consumption.

It is well to note, though, that marketing in common parlance is often referred to as the distribution of economic goods and services. "The term 'physical distribution' is sometimes used to designate the activities involved in the physical movement and handling of merchandise through trade channels. In general, however, 'distribution' is used as a synonym of 'marketing.'" ¹

1. THE MIDDLEMAN AND HIS SERVICE

Sales of farm products in some instances are made today direct from the producer to the consumer. The sale of milk in a small city is an example. Also, potatoes and garden truck are often handled in this way. Curb markets and similar methods serve to extend direct sales. And, of course, through the intermediary agencies of parcel post, express, freight, and truck service many sales of farm produce are made direct from producer to consumer. Such direct sales are advantageous in many instances, but in general the possibilities are limited, particularly when there is any considerable volume of produce to be handled.

As agriculture has become increasingly commercialized, the marketing functions of assembling, grading, packaging, processing, selling, transporting, storing and warehousing, financing and risk-taking, and dispersing have developed as necessary procedures, and a set of middlemen has come into existence to perform them.

¹ Alexander, R. S., F. M. Surface, R. F. Elder, and W. Alderson, *Marketing*, Ginn and Company, Boston, 1940, p. 3.

Whether the marketing is done through public, private, or coöperative channels, the middleman functions and those performing them are substantially the same. These middlemen and marketing functions in the main are as follows:

| <i>Middlemen</i> | <i>Marketing Functions</i> |
|-------------------------|--------------------------------|
| 1. Merchants | 1. Assembling |
| 2. Commission merchants | 2. Grading and standardization |
| 3. Wholesalers | 3. Packaging |
| 4. Jobbers | 4. Processing |
| 5. Brokers | 5. Transporting |
| 6. Shippers | 6. Storing |
| 7. Retailers | 7. Financing and risk-taking |
| | 8. Selling and distributing |

The middleman services will be discussed separately under the subsequent heading of marketing functions, but it is well at this point to understand more clearly what is meant by each of the principal types of middlemen¹ listed.

The inconvenience of sale direct from producer to consumer has necessitated the development of the *merchant*, a class of men who in general deal in goods which other people produce, buying from the producer and eventually selling to the consumer. By a *commission merchant* is meant a person who receives goods on consignment and sells on a commission basis. Livestock and fruits and vegetables are among the most important examples of farm produce handled in any considerable measure through commission merchants. The *wholesaler* buys his goods from producers, usually in large quantities, or from other middlemen who have done so, and sells to dealers, either wholesale or retail. His distinguishing characteristic is that he sells to those who want the goods for sale again and not for their own use. The *jobber* is not so easy of exact definition. He is, strictly speaking, one type of wholesaler, buying from the wholesale trade and selling to the retailer. The term as used by the trade, however, often designates many wholesalers who sell in comparatively small quantities to retailers and small tradesmen, frequently by "jobbing their goods about town." A *broker* is an intermediary between a shipper and a buyer, serving the buyer and the seller in a bargaining relationship. The typical broker effects sales in the name of his

¹ Hibbard, B. H., *Marketing Agricultural Products*, D. Appleton-Century Company, Inc., New York, 1923, pp. 34-38.

principal, but he does not usually receive the goods or the money for which they sell. His work is much like that of a commission merchant, but he seldom receives goods on consignment. The remuneration of the broker is small per dollar of business, so his success is predicated upon a large volume of transactions. A *shipper* is a middleman who buys in one market and sells in another. While transportation is incidental in his business, it is necessary and important. A shipper usually pays cash for goods, often at country points, and unless he hedges his purchases, he is more or less of a speculator in that he takes a chance on the amount he is likely to receive for the goods after shipment. The business of the *retailer* is to assemble goods and sell them at the convenience of the consumer. Since he is the middleman the consumer most often deals with, he is found everywhere from the country store to the crowded city thoroughfare.

Middlemen may be classified on the basis of the ownership of goods into merchants and functional middlemen. Wholesalers and retailers buy the goods outright and necessarily take title, while functional middlemen, such as brokers, commission houses, and selling agents directly help in bringing about a change in ownership of the goods, but do not themselves take title to them. Still "another feasible basis for classifying middlemen relates to the position they occupy in the market. Country stores buying farm products for resale, local buyers, traveling buyers, hucksters, traveling brokers, and general concentrators may be regarded as middlemen of the local growers' market. Brokers, jobbers, wholesalers, commission men, selling agents, purchasing agents, resident buyers, and others may properly be regarded as constituting middlemen of the city wholesale markets. All types of retailers, finally, make up the middlemen group of the retail market."¹

Much of the discussion relating to the improvement of the marketing of agricultural products has been directed towards the middleman and often the argument has been to eliminate him. Undoubtedly, much should be done in the matter of replanning the route from producer to consumer so as to shorten the line and reduce the number of stops and the amount of rehandling. From the standpoint of the farmer, the need of such marketing reform is

¹ Maynard, H. H., W. C. Weidler, and T. N. Beckman, *Principles of Marketing*, 3rd ed., The Ronald Press Company, New York, 1939, p. 10.

found in the fact that he is the residual claimant; that is, he gets what is left after all charges are paid. Taylor ¹ considers that "the real issue between the farmer and the middleman relates to the fairness of the charge for the middleman service," and again that "every expansion of middleman charges, without added service for which the consumer pays, cuts the farmer's income; every reduction in cost increases the farmer's profits." The unfair charges at the local market are being remedied through the farmer's establishment of his own warehouses on a coöperative basis, and employing his own middlemen. Federal and state regulation are being extended to curb such practices in the central markets, and much is to be expected from the larger development and growth of farmers' co-operative marketing associations.

The question of who shall perform the marketing functions resolves itself into a question of efficiency of service rendered and fairness of charge for such service. This is the only real issue between farmers and middlemen. In our present complex civilization we need middlemen, who, by rendering expert service at a reasonable charge, set free farmers and consumers (who also may be producers of another sort) for further work of the kind for which they are peculiarly fitted and trained. Division of labor between the producers and the distributors of agricultural products is vital to the efficiency of both undertakings. The middlemen may be employees of the farmers, as managers and salesmen of large coöperative associations, or they may be men who are in the business on their own account. In the first case the association usually takes the risk of loss and benefits by gain. The middlemen working independently carry alone these chances of loss or gain. If, in either case, there is danger of monopoly gain, social justice requires that competitive outlets be developed.

It should be recognized that middlemen rendering efficient services at a fair charge are really producers and are worthy of their salaries or their legitimate and reasonable profits, but we do not need, and must sooner or later free ourselves from, those intermediaries who are not so articulated with the marketing process as to render distinct and necessary service efficiently, or those who charge, in one way or another, undue toll for their services. Such inefficiency or apparent unfairness may be eliminated in more ways than one. Inefficiency may result from ignorance or inexperience and may be susceptible for much improvement under education and guidance. Unfairness may be possible because of limited knowledge on the part of those who produce and those who consume, in which case education may eliminate this opportunity

¹ Taylor, H. C., *op. cit.*, pp. 428-433.

for illegitimate gain. In other cases unfair charges may be based upon monopolistic privileges. Here education is the basis of legitimate control through legislation.¹

2. MARKETING FUNCTIONS

(1) *Assembling.* Farm products, while vast in their total volume, are grown on more than six million farms in this country. The amount produced from a single farm is comparatively small, and it is necessary that middleman services be established to assemble these individual holdings in sufficient bulk to meet the demands of the larger trade. For example, a farmer with a herd of twenty cows, of average annual production would market around 11 pounds of butterfat a day. The cream containing this much butterfat would ordinarily fill a 5-gallon cream can. However, a creamery to operate under economical and favorable conditions would require such an amount daily from a minimum of twenty-five farmers. The middlemen operating creameries serve the function of assembling cream from considerable areas.

The example cited in the case of butter manufacture would hold with equal application in any sort of farm product. The local buyers of cotton are the first step in assembling the several millions of bales of this staple produced annually. Their purchases are made for the larger cotton buyers or factors, who warehouse the product and sell on the cotton exchanges in quantities sufficient to meet the demands of the mills and the export trade. A similar thing happens with regard to wheat when it is assembled first at the local grain elevator, or with livestock when handled in car lots by a livestock shipping association.

Thus assembling serves to provide concentration so that a sufficient bulk of any farm product is available for the trade. It often also is a necessary prerequisite to effective grading of a commodity. It operates to secure adequate variety as in the case of the retail grocer. In addition it provides a large enough volume of business for many concerns so that expenses may be reduced to the minimum, and profits may be made.

(2) *Grading and Standardizing Farm Products.* The consumer of today has come to expect that the food which he buys will have been

¹ *Ibid.*, pp. 432-433.

thoroughly sorted, culled, and graded. Boyle¹ says: "Somebody does this grading for the consumer and charges for the service. The farmer pays for it. The question, Shall grading be done? is already answered in the affirmative. The question for the growers to consider is, When, where, and by whom shall grading be done?" According to the same authority the advantages of grading and standardization of farm products are as follows:

Grading decreases marketing costs. Standardized products are sold by grade, not by personal inspection, and this alone represents a great saving. Standardization lessens risks, cheapens financing, cheapens transportation by reducing loss and damage, cheapens storage by reducing decay or deterioration, cheapens retailing, and widens the market.

Grading encourages future trading. By making contracts for future delivery at a specified price (only possible for graded articles), the trade risks incidental to price fluctuations are shifted, and marketing at lower middleman's tolls is realized.

Grading decreases consignment business. The need of commission men grows less as standardization increases. Brokers can handle the business at less expense. A cheaper middleman is thus made possible through standardization. There is also made possible a more direct dealing between producers and distributors.

Grading promotes sales f.o.b. shipping point.

Grading promotes f.o.b. sales in transit.

Grading promotes f.o.b. auction.

Grading reduces rejection disputes. There is now a definite correlation between price decline and increase in number of rejection disputes. Definite grades check this. Shipping point inspection or terminal inspection by the government (possible only for standardized products) puts an additional check on rejection disputes.

Grading makes market information available. There can be no comparison of terminal and local prices, or various local community prices, unless both price and specified grade are stated. Market information is not available or understandable unless the commodity be standardized and graded.

Grading reduces freight costs by keeping culls (dockage, etc.) at home.

Grading reduces speculative risks due to price changes or to loss and damage or to trade nomenclature.

Grading makes advertising campaigns possible and their success probable.

¹ Boyle, J. E., *Marketing of Agricultural Products*, McGraw-Hill Book Company, Inc., New York, 1925, pp. 189-191.

Grading builds up confidence. Confidence begets trade and creates dependable market outlet.

Grading makes fundamental market reforms possible. "Without grades and standards," declares Herbert Hoover, "it is hopeless to eliminate waste, to establish reputé, to improve commercial practice."

Grading checks inferior production. This, in turn, checks over-production and market glutting. It is usually the "surplus" of inferior stuff that breaks the market.¹

Grading in many instances, such as cotton, tobacco, and wheat, is a technical matter requiring skill and experience. One of the most significant advantages adhering in coöperative marketing is that the farmer employs skilled graders and secures the benefits of superior prices for his superior grades of products. A case in point is the widely prevalent practice of "hog-round buying" with regard to cotton. Every farmer under this practice gets the same price for his cotton, no matter what the grade. The cotton coöperative marketing associations carefully class the cotton handled, and the farmer is paid accordingly. Such methods are greatly aiding in informing the farming public along such lines, outside as well as inside the association; and also are encouraging the planting of superior strains to insure a higher grade product. It should be stressed that standardization is first a farm production problem and then a marketing problem.

(3) *Packaging.* The packaging of farm products in the raw or in the processed form is a necessary accompaniment of grading and standardization. The consumer usually buys in comparatively small quantities. Middlemen vie with each other in developing attractive containers. Coffee is roasted and ground and put in carefully sealed cans. Raisins are put in paper cartons or carefully packed in convenient-sized wooden boxes. As for tobacco, cigarettes, smoking tobacco, and cigars each develops particular trademarks and millions of dollars are spent in advertising to popularize the corresponding brands with the consuming public. When the order of groceries is delivered to the housewife, the rice, grits, eggs, bacon, flour, meal, grapes, figs, peaches all are customarily in appropriate packages or containers of convenient size. And, the processes of canning, preserving, and evaporation make fruits and vegetables, as well as many other otherwise perishable food products, available all year round.

¹ *Ibid.*, pp. 189-191.

In enumerating the advantages of packaging, the outstanding ones are that:

(1) packaging serves to bring into one unit a readily portable quantity of material which without a package would be very difficult to handle. Apples, canned peas, poultry, eggs and numerous other commodities difficult to handle without a container illustrate the point that packaging facilitates handling. (2) Packaging condenses bulky products like cotton, wool and hay into smaller space, so that the costs of handling, transporting and storing are thereby greatly reduced. (3) Packaging serves to protect commodities from damage and deterioration. Thus, for example, burlap baling material protects cotton and wool from discoloration and dirt. (4) Packaging preserves commodities and prevents shrinkage. Paraffine prevents loss of moisture in cheese, while cans preserve fruits and vegetables from spoiling.¹

Naturally packaging as a middleman service adds to the cost of the product, the extent to which it does so depending upon the product and also upon the kind of package; paper or wood containers costing less than glass. However, serviceable and attractive packages of appropriate size make for higher prices for the product, since the consumer usually buys in smaller quantities and wishes to be assured of the uniform quality of that which he purchases.

(4) *Processing*. Only about one-fourth of our agricultural production represents raw materials which may be used as such by consumers. Thus it is necessary that the remaining three-fourths must be processed into finished goods suitable to the use of the consuming public. By processing is meant the work which changes raw materials into finished products. When viewed from the consumer's angle: "Of each dollar spent by the consumer, food represents 38 cents and clothing 17 cents, a total of 55 cents. All the 17 cents spent for clothes is for products that were made from agricultural raw materials; seven-tenths of the 38 cents spent for food is for products that first have to be processed and only three-tenths is for products that were in the finished form when they left the farm."²

Machinery has been devised for these manufacturing processes, and, whether always wisely or not, middlemen have taken over such work from the farmer and his wife. Butter is made in creameries, great packing houses do much of the slaughtering, canning estab-

¹ Macklin, T., *op. cit.*, p. 95.

² Macklin, T., W. E. Grimes, and J. H. Kolb, *Making the Most of Agriculture*, Ginn and Company, Boston, 1927, pp. 57-65.

lishments exist now in almost every part of the nation, and giant plants manufacture the cereals we eat for our breakfasts. While no butter can be better than that made on many farms, yet much country butter is ruined by its bad flavor and odor. Creameries establish a high quality rather uniformly, and the same is true of the various products of other processing concerns if they are to develop a successful business.

Processing of farm products serves greatly in many instances to reduce bulk, and thereby to cut down transportation and storage costs. In addition in the case of many perishable products, condensing, canning, preserving, dehydrating, drying, smoking, pickling, and similar processes serve to make things that originally were seasonal, available throughout the year. This proves of benefit to the farmer in preventing waste, as well as to the wholesome diet on the consumer's year-round table.

(5) *Transporting*. All farm produce which is not consumed on the farm requires transportation. A part of this is usually done by the farmer himself when he delivers his crops or livestock to the local agency buying it.

As a rule, farm raw materials are hauled to shipping points but once at an approximate cost of 5.2 per cent of their value. From the local point they are sent by freight to terminal or primary markets at a further cost of about 6 per cent of their value. Hence the great bulk of products which enter commercial channels and flow beyond the local market bears a total transporting cost of not less than 10 per cent of their value. Very rarely does this cost fall below 5 per cent, and it is usually 10 per cent or more. Certainly in numerous cases reshipment from primary markets is necessary and the expense of transportation accordingly is increased above the average.¹

As an average, the distance between the producer and consumer of foods is probably more than 1,000 miles, and this fact coupled with others serves to make transportation next to retailing the most expensive link in marketing. In times of sparse supply and heavy demand, the farmer is in a bargaining position and transportation rates can be passed on to the consumer. However, when the supply of farm produce is excessive and resulting prices are low, unfavorable transportation rates are likely to cut severely into what the

¹ Macklin, T., *op. cit.*, p. 130.

farmer receives for his product. Taylor states that "it is generally believed that much improvement can be brought about in this step of the marketing process. Extension of hard roads suitable for hauling in all kinds of weather, better loading methods, more thorough understanding of the principles involved in successful transportation of perishables to reduce waste from breakage and spoiling, and many other lines of possible improvement which may be aided by both farmer and carrier are promising lines of study."¹

(6) *Storing*. The demands of the consumer are comparatively uniform throughout the year, while production is seasonal in nature. A case in point is that an individual eats bread usually three times a day, and potatoes almost every day, while the production periods for these commodities are limited to harvests about once a year. In order that the supply may be stable, storage is necessary. This function is assumed by middlemen who in general operate to broaden the markets for the farmer and increase the supply available to the consumer. There is room for much improvement in the matter of storage because the middlemen engaged in this function, in order to insure their private profit, tend to delay their purchases for storage until surplus accumulations on the markets have occasioned excessive declines in price to the detriment of the farmer. The principal solution of such a difficulty resides in a better organization of the farmers so that they may retain the ownership of their products until the consumers need them. This is one of the principal goals which is being sought by the farmers' coöperative marketing associations.

(7) *Financing and Risk-taking*. When a farmer sells his produce directly to the consumer who pays him and consumes the product, the matter is comparatively simple. But as has been pointed out, only a small part of the agricultural production is disposed of in this manner. The middleman, whether a farmers' coöperative association, a farmers' stock company, a private corporation, or an individual, who acquires the farmers' products and must await the lapse of time until the consumer purchases these products must have some way of financing such operations, and inevitably invites a varying amount of risk due to possible changes in price. In other words the middleman must wait for the money which he has invested in the commodities which he is handling.

¹ Taylor, H. C., *op. cit.*, p. 424.

When the farmer waits for returns until he sells his produce, or receives an advance from his marketing association from funds of its own secured by the produce turned over to it for sale, or waits until his marketing association sells it for him, it may be called direct financing. It is also direct financing when a private middleman purchases farm produce with his own funds. In these instances the *financing is direct*, because a second party does not furnish all or a part of the capital tied up in the goods. When the farmer, the farmer's marketing organization, or the private middleman borrows money from a private individual, or from a bank or other credit institution, or secures money through the sale of bonds or securities of a similar nature secured by the produce owned and by the moral integrity of the borrower—the *financing is indirect*.¹

Whether the financing is direct or indirect there must be a reimbursement for the use of the capital. This factor adds to the cost of marketing.

Many forms of risk may be covered by insurance and by hedging but by no means all of them. Prices of commodities may fall appreciably and much to the detriment of the middleman storing his purchased product awaiting the consumer's demand. Also there is a possibility of deterioration in the quality of the goods handled. These and like elements of risk entering into such an inconvenient and hazardous burden must be taken into consideration, and also often have a decided effect upon marketing costs.

(8) *Selling and Distributing*. These operations have to do with the matter of actually getting the products of the farm into the hands of the consumers. A large number of types of middlemen such as wholesalers, jobbers, retailers, etc., which have been discussed in an earlier section of this chapter are concerned with this task. Such distribution service is necessary to relieve both the farmer and consumer of work which it is impracticable for them to do. The expensiveness of retailing, which is usually small-scale business, is two to three times as great as that of wholesaling. It usually amounts to about 20 or 25 per cent of the consumer's dollar, whereas wholesaling absorbs only about 10 per cent. Collectively, these two forms of marketing service, wholesale and retail, take up around one-third of the consumer's dollar and represent the most expensive part of the entire marketing system.

¹ Benton, A. H., *Marketing Farm Products*, A. W. Shaw Company, Chicago, 1926, p. 28.

Changing conditions in location of population, in growth of cities, in methods of housing, in working habits of individual members of families have brought about an increasingly intricate system of distribution to fill individual demands. Partial reaction against this complexity is seen in the development and popularity of the cash-and-carry stores, but there are always large numbers of persons who cannot or who will not undertake the work that these stores shift to the purchaser and who, therefore, virtually insist on the wider margin between farmers' and consumers' prices. Improvements undoubtedly can and must be made in this stage of the marketing process which is the most expensive and the most perplexing of all the stages. It presents a peculiarly baffling problem for study because it is so intimately interwoven with changing conditions especially in relation to consumer demand; and because here, more than at any other stage of the marketing game, the human element, with its varieties and contradictions, enters in.¹

3. PRICE SPREADS BETWEEN FARMER AND CONSUMER

In general the farmer faces a difficult and disadvantageous marketing problem. His is a comparatively small, independent production unit characterized by increasing costs and supplying in the aggregate a relatively inelastic demand. More often than not he is separated by long distances from the great consuming centers, and his products are perishable in varying degrees. "When he plants he does not know what price will prevail at harvest time. He cannot forecast his income. He cannot predetermine his sales volume. He cannot budget his costs, nor will they yield to low selling prices so as to guarantee him a profit (many of the farmer's costs are fixed costs and stay the same whether he has a large crop or a small one). If the price at harvest time is low, seldom can the farmer withhold his crop from the market."² The result is that he sells his products at prices over which he has no control and frequently he does not recover his costs of production.

But the marketing costs of his commodities are rigid in comparison. All along the line, the various classes of middlemen have certain more or less well-established margins between costs of operation and selling prices, and in the face of a declining consumer demand they maintain their margins intact by lowering the price

¹ Taylor, H. C., *op. cit.*, p. 427.

² Barker, C. W., and M. Anshen, *Modern Marketing*, McGraw-Hill Book Company, Inc., New York, 1939, pp. 36-37.

they pay the farmer. When consumer demand increases the reciprocal process applies. Suppose the commodity is eggs:

The consumers' greater desire to buy will be felt back through all the factors involved, and all prices will tend immediately to rise. Retailers will want more eggs; jobbers, wholesalers, and country shippers in turn will want more eggs in order to supply the retail demand. Each retailer, jobber, wholesaler, and country shipper will bid higher in order to get a larger supply. For a time each will make a larger profit—since the supply purchased when prices were lower can now be sold at a higher price, due to the increased demand. But ultimately (normally this will happen at least as soon as supplies bought at low prices are sold, and usually at once) prices all along the line will tend to become the higher price each is offered, less his normal margin—and farm prices will absorb the higher price the consumer is willing to pay. From what has gone before it is evident that prices are figured backward from the prices paid in consumer markets.¹

Thus the farmer is the residual claimant in the sharing of the consumer's dollar. The table on page 293 gives the price spread between the farmer and the consumer with regard to a number of farm products. As must have been made clear in the preceding discussion, charges for the variety of middlemen's services required to transfer these products from the farmer to the consumer make up the total spread or margin between the retail price paid by the consumer and the price received by the farmer for equivalent quantities of a particular good.

An extensive study² of the problem, "Does distribution cost too much?" answers the question in the affirmative. But it states that there is little evidence revealed of a high general level of profits in this area. The point is made that the fact that it may cost five times as much to get cabbages into the hands of the consumer as it does to grow them, can simply mean that in such a case it is relatively simple and inexpensive to grow them as compared with the complexity and costs of transporting and marketing them. Three objectives seem to be generally accepted as underlying "the American system": (1) Freedom of choice for the consumer, with all of the inevitable accompanying costs which the consumer's demands for a wide variety, immediacy, and conveniency of delivery necessitate;

¹ Clark, F. E., and L. D. H. Weld, *Marketing Agricultural Products in the United States*, The Macmillan Company, New York, 1939, p. 497.

² Stewart, P. W., and J. F. Dewhurst, *Does Distribution Cost Too Much? The Twentieth Century Fund*, New York, 1939, pp. 346-349.

TABLE XII¹RETAIL PRICE, PRICE TO PRODUCER, AND PERCENTAGE OF RETAIL PRICE RECEIVED BY PRODUCER, FOR SELECTED FOODS, 1939²

| <i>Food Product</i> | <i>Retail Unit</i> | <i>Retail Price, Cents</i> | <i>Price to Producer, Cents</i> | <i>Percentage of Retail Price Received by Producer, Per Cent</i> |
|---------------------------|----------------------------|----------------------------|---------------------------------|--|
| Eggs | Dozen | 32.6 | 18.4 | 56 |
| Hens | Pound | 30.1 | 14.9 | 50 |
| Potatoes | Pound | 2.5 | 1.2 | 48 |
| Navy beans | Pound | 6.2 | 2.9 | 47 |
| Dairy products | 100 pounds milk equivalent | 312.0 | 131.0 | 42 |
| White flour | Pound | 3.8 | 1.5 | 39 |
| Beet sugar | Pound | 5.8 | 1.8 | 31 |
| Prunes | Pound | 9.1 | 2.8 | 31 |
| Rice | Pound | 7.7 | 2.3 | 30 |
| Corn meal | Pound | 4.6 | 1.3 | 28 |
| Raisins | Pound | 9.4 | 2.5 | 27 |
| Rolled oats | Pound | 7.1 | 1.6 | 23 |
| Oranges | Dozen | 27.9 | 6.2 | 22 |
| Cabbage | Pound | 3.6 | .8 | 22 |
| Onions | Pound | 3.8 | .8 | 21 |
| Canned tomatoes | No. 2 can | 8.6 | 1.4 | 16 |
| Canned peas | No. 2 can | 13.8 | 2.2 | 16 |
| Corn flakes | 8-ounce package | 7.1 | 1.1 | 15 |
| Canned corn | No. 2 can | 10.6 | 1.5 | 14 |
| White bread | Pound | 7.8 | 1.0 | 13 |
| Baked beans | 16-ounce can | 7.2 | .7 | 10 |
| Wheat cereal | 28-ounce package | 24.1 | 2.2 | 9 |

(2) similar freedom of opportunity for the distributor, not only to develop more profitable methods and techniques, but also the possibility of failing, thereby injuring his own and others' interests; and (3) a competitive system, which while not entirely free and untrammelled, should be regulated with two primary objectives in view: (a) the protection of the best long-run interests of consumers, and (b) proper regard for the public interest, and not merely the preservation of the *status quo* or the defense of the position of particular groups of distributors. In such an economic order, expenditure

¹ Source: *The Farmer's Share of the Consumer's Dollar*, Leaflet 123, U. S. Dept. of Agriculture, Washington, December, 1940, p. 5.

² Values of by-products obtained in processing these foods are not considered in making these comparisons.

by consumers is the main directing source of all economic activity. To the extent that consumer choice is irrational and uninformed, the system cannot but fail to achieve its optimum functioning.

The trend during the past several decades has been for the farmer's share of the consumer's dollar to decrease. It is inaccurate, though, to conclude from this that the situation of the farmer is getting progressively worse. "The downward trend in the farmer's share is largely a result of modern progress towards increasing specialization which has introduced new processes and added services into the marketing system while the farmer has shifted from diversified to specialized farming in areas far removed from consumption centers."¹

In 1940 the average dollar spent by the consumer for foods grown on American farms was broken up into 58 cents paid to marketing agencies and 42 cents paid to farmers. In terms of normal levels, consumer expenditures for cotton products are divided into about 10 per cent paid to cotton growers for lint cotton and 90 per cent paid to middlemen. For tobacco the farmer's share is roughly the same—about 10 per cent—with 90 per cent going to pay processing, transportation, storage, taxes, and distribution. . . .

The normal trend of industrial and agricultural development is . . . towards increased specialization in farm production and marketing with consequent increase in the relative importance of marketing and a further reduction in the farmer's share of the consumer's dollar spent for farm products, although net farm income should increase.

The middleman is performing a difficult and essential task which requires labor, equipment, and materials. His costs of operation are substantial. Numerous investigations have demonstrated that as a rule the net profits of the typical middleman are not excessive. While a few firms may be obtaining large profits, others operate at a loss. On many food products the net profit (including returns to capital) of all marketing agencies combined does not exceed 5 cents of the consumer's dollar. The average net profit on all farm products is probably not more than 10 per cent of the retail price.

Direct labor costs are the dominating single expense item in marketing farm products, amounting to nearly half the total operating expenses for most marketing functions, and about a third of the value added in manufacturing. In certain agencies the aggregate of direct nonlabor costs may be more important than the direct labor costs. Payments to labor by marketing agencies add to the stream of consumer

¹ Been, R. O., "Farm Products: Producer to Consumer," *The Agricultural Situation*, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington, April, 1941, Vol. 25, No. 4, p. 22.

incomes and increase the demand for farm products. . . . However, the selfish interest of the farmer is best served when labor requirements in marketing are reduced, even though that labor is unemployed or paid a much lower rate elsewhere.¹

Nevertheless, it is widely recognized that it is possible in many ways to reduce marketing costs. A better education of the consumer to wise buying is fundamental because his tastes and idiosyncrasies are the directing force in the whole thing. Outmoded organization and inefficient practices are to be found all along the line from defects in marketing at country points, through weaknesses in connection with the wholesale trade and transportation systems, to possibilities of marked improvement in the retail system, the most expensive element of the marketing process. Such reforms should improve the position of both the farmer and the consumer, raising the price received by the former and lowering that paid by the latter.

4. FUTURE TRADING

The term *future trading* signifies making a contract to buy or sell at a stipulated price, the delivery of the product to take place at a specified time in the future. Marketing institutions known as *produce exchanges* have been evolved in our economic system to facilitate buying and selling of farm products on a large scale. Usually these exchanges are limited to a single commodity, or to a group of closely related commodities. Exchanges now exist in our larger cities for practically all of our major farm products such as grain, cotton, livestock, meat, butter, eggs, hay, and various fruits. The range of these exchanges in nature and location may be better understood by an enumeration of some of the outstanding ones in the United States such as the New York Produce Exchange, the Chicago Board of Trade, the Minneapolis Chamber of Commerce, the Duluth Board of Trade, the Kansas City Board of Trade, the New Orleans Cotton Exchange, the Elgin Butter Board, the Chicago Butter and Egg Board, the New York Mercantile Exchange, and the Boston Fruit and Produce Exchange. In discussing the principal functions of exchanges, Yoder lists them as follows:

(1) to provide a convenient and continuous market, where wholesale buyers and sellers can meet to trade; (2) to establish rules and regula-

¹ Been, R. O., *op. cit.*, pp. 22-23.

tions for the transactions between buyers and sellers; (3) to fix uniform grades and standards; (4) to provide for the inspection of commodities handled; (5) to gather and place at the disposal of members information concerning the supply and demand of products handled; (6) to provide means for settling trade disputes among dealers. One who understands the present complex marketing system recognizes the need of the various services performed by the exchanges. The produce exchanges of the country dealing in the different staple commodities may be likened to great central reservoirs drawing in supplies from many surplus areas and redistributing these supplies to deficit areas. The exchanges are necessary for facilitating the marketing of the great staple agricultural commodities produced over wide areas and almost universally consumed.¹

Future trading may assume a simple form which is well illustrated by the sale of canning crops by the grower to the canner.

The New York farmer, for instance, contracts to deliver his peas and tomatoes to the near-by cannery, at a time when they are sufficiently ripened, and at a specified price. The farmer knowing the contract price before he signs the contract can govern his acreage accordingly. If he considers the contract price attractive, he can plan for and contract for a larger acreage; conversely if he thinks the price unfavorable, he can sign for a curtailed acreage, or he can shift to some other crop. In any event, if he signs the contract, he has no further risk or uncertainty about the price he will get upon delivery some months hence. This is the simplest type of future trading, and is in use with many agricultural commodities.²

Or it may assume the complicated form which characterizes future trading on the produce exchanges. Dealing in wheat futures constitutes a good example of this much more complex type of transaction.

Wheat is bought by local elevators from thousands of farmers and shipped to the big terminal markets. It has been found most convenient in the wheat trade to make contracts for delivery in September, December, May, or July. When one buys "December" wheat, he buys wheat that will be delivered in December. The seller may deliver the wheat at any time during December. The purchaser who has contracted for December wheat can be assured that he will receive the kind and amount of wheat he contracted for.

A country elevator buying wheat in July, to be shipped to the terminal market, where the wheat will perhaps not arrive till late in August,

¹ Yoder, F. R., *Introduction to Agricultural Economics*, The Thomas Y. Crowell Company, New York, 1929, p. 311.

² Boyle, J. E., *op. cit.*, p. 197.

sells wheat for delivery in December, which wheat the elevator does not intend to deliver. What the elevator really sells is a wheat future contract, and the reason for selling this future contract is to protect the elevator against a decline in price on the wheat actually bought, during the interval between purchase of the wheat at the elevator and the time it arrives at the terminal market. When the wheat bought arrives at the terminal market it is sold for the current price and a future contract is bought to cancel the future contract sold. If the wheat actually purchased by the elevator goes down between the time of purchase and the time it arrived at the terminal market the elevator loses in that transaction. But the elevator has protected itself by its future transaction. At the same time the elevator purchased the wheat, it sold futures in wheat, at a price corresponding to the price it paid for the wheat actually bought. As the price declines the elevator purchases wheat to fulfill its promise of future December delivery and receives the benefit of the difference between the price actually paid for wheat to fulfill its contract and the price at which the futures contract was sold in July. Thus while the elevator loses in one transaction it gains in another.

This futures transaction for the purpose of protection against price decline is called "hedging," which has been defined "as a purchase or sale for future delivery intended to offset and thereby to protect a transaction in actual merchandise." Hedging is based on the fact that cash prices and future prices move up and down together. At the risk of some repetition we shall give a concrete illustration of hedging in wheat. A country elevator buying wheat from farmers and selling in terminal wheat market on a small margin would run a risk of losing in the fall of prices between the time of purchase and the time the wheat reaches the terminal market. In order to avoid this loss the elevator hedges. The handling margin of the elevator is 5 cents a bushel. The freight rate between the elevator and terminal market is 15 cents a bushel. The price paid at the elevator on September 1 is \$1.00 a bushel, and at the terminal market \$1.20. The December price of wheat (the December future) at the terminal market is \$1.25. On September 1 the elevator buys cash wheat from farmers at \$1.00. On the same day the elevator sells a December future on the terminal market at \$1.25. The elevator ships the wheat purchased to the terminal market, the wheat arrives on September 15, the price is down 5 cents, and the wheat is sold for cash in the terminal market for \$1.15. At the time of the sale the elevator purchases a December future, at \$1.20 a bushel, with which to meet the future sold on September 1. The elevator has made two transactions. In the cash transaction the elevator bought at \$1.00 a bushel, had handling and transportation costs of 20 cents a bushel, and sold in the terminal market for \$1.15 a bushel, thereby losing 5 cents a bushel. But by hedging the elevator protected itself against this loss. In its future transaction the elevator sold on September 1 at \$1.25 a bushel. On the day of arrival of the wheat in the terminal market the

elevator bought at \$1.20 a bushel to fulfill its December futures contract. Thus in the futures transaction the elevator made a gain of five cents a bushel, which gain offset the loss on the cash transaction.¹

In connection with the above illustration, attention should be directed to the fact that while future and cash prices, particularly in the short run, do tend to advance and decline together, this relationship is not so perfect as to insure against all risk by the one who hedges. Generally, it is the future prices which dominate, and cash prices follow, but the opposite occurs occasionally. Whenever cash and future prices do not move together, a hedge serves to furnish only partial protection. However, the risks in this spread are ordinarily much less than the fluctuations in the price of the commodity itself.²

Some terms³ which are used in future trading should be considered in order to make this brief account somewhat clearer. By *selling short* is meant that the seller does not own the commodity which he sells at the time the transaction is made. But under such conditions, he must buy before the time of delivery arrives an amount equal to the contract sale. The short seller, therefore, expects that the price of the commodity in which he deals will decline before he has to buy, and that he will profit in the transaction.

Buying long represents the opposite of short selling. The person who buys long expects the market to rise, and buys futures holding them in the expectation that he will profit by such an increase in value of his holdings. When he sells he "unloads" or "liquidates."

The person who has a commodity to sell uses his influence to raise prices and is known as a *bull*, as it were, lifting the market on his horns. The *bear* on the market is interested in buying, and wishes to purchase at as low a price as possible, hence he undertakes to tear down or depress the market.

In transactions handled on a *margin* the purchase or sale on the board of a quantity of a commodity is made, against which a deposit of cash or collateral is made. For example, let us assume that the regulations of the exchange require a margin of 10 per cent of the market price for a bushel of wheat. Such a margin is to be considered as a guaranty. If, for example, a country speculator wishes

¹ Yoder, F. R., *op. cit.*, pp. 312-314.

² Clark, F. E., and L. D. H. Weld, *op. cit.*, pp. 424-428.

³ Hibbard, B. H., *op. cit.*, pp. 126-129.

to buy 10,000 bushels of wheat for May delivery, and pays in the prescribed 10 per cent of the market price, his commissioner will carry the account for him until such a time as the price drops by that amount. If such a decline happens in a day, by which circumstances the margin will be wiped out, the commissioner will sell the client's contract, and retain the entire amount deposited with him to cover the loss. Should the fall in price be gradual, a call will be made for money to keep the margin intact.¹ However, dealing on the margin is not encouraged by the conservative men of the trade, since it has the tendency to promote speculation of an irresponsible kind.

There has been much discussion² both for and against future trading. Its advocates point out that it furnishes a *wide, liquid market*, meaning thereby one which contains many buyers and sellers, a situation which is the enemy of monopoly and control by combinations, and one in which it is easy to sell any amount, large or small, at any time, without depressing price unduly. Future trading also facilitates the securing of *ample credit*, promptly, for buying farm crops. It channels and harnesses the speculative and investment sentiment of the entire country and thus operates to *stabilize price*. Future trading establishes a *price barometer* by means of which speculators and investors are willing to buy and pay many months ahead. And through the practice of *hedging*, the hazards of price fluctuations are minimized, profits are protected, and losses are limited.

Among the objections to future trading, many center about the short-selling operations. Also, there is a great deal of speculation among classes which are unfit to speculate. An additional objection often advanced is to the effect that the machinery established by the organized exchanges, future trading, and hedging are often abused to bring about *manipulation of prices*, squeezes, and artificial corners. In recent years, the ethics of such trade have greatly improved, and the Supreme Court of the United States has decreed corners illegal. National legislation is being extended to give the Federal Government supervisory and regulatory authority over the future trading on these exchanges.

¹ *Ibid.*, pp. 127-128.

² Boyle, J. E., *op. cit.*, pp. 206-208.

5. DEFICIENCIES AND IMPROVEMENT

The emphasis in agricultural research and extension until comparatively recently has been upon the factor of a larger and more efficiently developed volume of production. The importance of the marketing phase of the farm problem has been increasingly recognized in the past two or three decades. Still much research needs to be done along these lines, and many improvements are required in the marketing methods and procedures as applied to farm products.

A brief enumeration of the principal defects of our agricultural marketing system will serve as a basis for a summary discussion of the general lines along which improvement must be made. In the main, these defects¹ are as follows: (1) *Lack of knowledge of the demand*. It is important that the farmer should learn the lesson that production must be guided by the desires of the consumer rather than by the traditional habits of the farmer. The lessons of recent years emphasize the necessity of an intelligent regulation on the part of the farmer of production in relation to demand. (2) *Lack of standardization in production*. This deficiency is a sort of corollary of the preceding. A case in point is that farmers almost under the shadow of a cotton mill do not grow the sort of staple these mills demand, though it is obviously to the advantage of both parties that they should do so. Too great a variation exists in the kind of produce and the varieties of these grown in almost any region, and this operates to increase marketing difficulties and to decrease returns to the farmer. (3) *Poor preparation for market*. In most sections of the country the farmer is too insensible of the increasing fastidiousness of the consumer's tastes and the resulting demand. Products of uniform size and quality, in attractive containers, catering to the consumer's demands must be offered the trade instead of ill-assorted or unassorted quantities of produce. As has been stated, this grading and packaging will be done by someone, and it is to the farmer's advantage that he should develop under his control the facilities for performing such marketing functions. (4) *Improper and inadequate storage facilities*. Defective storage leads to impairment of quality. The loss from this cause annually is enormous. Moreover, sufficient storage space must be provided so that orderly marketing may be possible. (5) *Inadequate transportation*. Much

¹ Horner, J. T., *Agricultural Marketing*, John Wiley & Sons, Inc., New York, 1925, pp. 215-224.

progress has been made along these lines, but there are still a number of glaring defects in this regard, the principal ones of which seem to be (a) carelessness in handling; (b) delays; (c) failure to keep produce at proper temperature; (d) lack of proper terminal facilities; (e) lack of facilities and equipment to permit rapid handling at times of heavy crop movement; (f) lack of transportation routes from certain local markets; (g) lack of adequate freight service from certain local markets having railways; (h) lack of coördination of the transportation facilities of the country so as to permit the handling of transportation problems for the country as a whole; (i) lack of a proper schedule of rates, causing some products to pay an excessive rate in proportion to their value. (6) *Improper handling*. Throughout the production and marketing stages of farm produce there is entirely too much waste. Apples, peaches, potatoes, and similar products are bruised; fruits, vegetables, milk, and butter are allowed to become too hot or too cold. Such wastes involve serious economic losses both in time and labor expended, and in the loss of physical goods. (7) *Defects of market finance*. In spite of all the improvement which has been made along the lines of farm credit in recent years, often there still is difficulty in securing credit on advantageous terms to finance agricultural marketing as it should be financed. (8) *Presence of too much risk*. There is still too much of the element of risk in the physical loss and price changes in our marketing system. Uncertainty is the basis of this risk, and improvement along these lines will be brought about through reducing this factor. Better handling and care of the goods will greatly minimize the physical loss, and the dissemination and use of more complete market information among producers and dealers will tend to reduce price fluctuations. (9) *Lack of information*. The Federal Government in coöperation with the various states has made significant strides along the lines of information about crop conditions, available supply, best markets, industrial conditions, price movements, customs of people, consumer's tastes, etc., but only a good beginning has been made. The agricultural outlook published early in each farm year has developed into a very useful guide as to the extent and kind of crops to be grown by the individual farmer in the different sections of the nation. A more thorough and comprehensive knowledge of the forces which make price is needed. And it is imperative that both producer and dealer should

utilize such information when it is made available. (10) *Lack of orderly marketing.* The individualism of the American farmer is strikingly expressed in the independence with which he determines what he will plant and when he will sell regardless of the similar activities of his six million and more fellow farmers. The result is that, as a rule, produce is "dumped" on the market without any regard to the needs of the community, and prices are depressed below the level justified by general market conditions. Production and marketing must be more scientifically adjusted to the demand of the market. Coöperative marketing offers promise of much aid along these lines. (11) *Lack of knowledge of market processes.* The farmer understands reasonably well the processes involved in producing his crops and livestock. However, what he knows about marketing is extremely limited, and he blindly turns this important phase of his business over to others who naturally are more concerned in serving their own interests than they are those of the farmer. Yet, criticism is often unjustly lodged by both producer and consumer because they have no knowledge of services rendered by those engaged in the various marketing services. The farmer must come to know marketing as well as he now knows producing, and a greater information regarding these matters will lead to the reforms in marketing necessary to protect his interest and to see that he receives his proper share of the consumer's dollar.

QUESTIONS

1. Define the term *utility*, in the same connection characterizing five kinds of utility.
2. Into what four major divisions is the subject matter of economics often classified? Under which of these would you include marketing and why?
3. Discuss the general extent and effectiveness of sales of farm products direct from the producer to the consumer.
4. Name the principal types of middlemen, and explain briefly what is meant by each of them.
5. Discuss the classification of middlemen on the basis of the ownership of the goods involved in the marketing process.
6. What is the real issue between the farmer and the middlemen who handle his products?
7. Name the principal marketing functions and briefly characterize each of these.

8. Illustrate the assembling function in marketing, and give its importance.
9. List the principal advantages of the farmer's properly grading and standardizing the products which he places on the market.
10. Discuss the significance of packaging and processing as marketing functions.
11. What is the average distance between the producer and consumer of foods, and the average cost of transportation of farm products in proportion to their value?
12. Explain how storage adjusts the seasonal nature of farm production to the comparatively uniform demands of the consumer. Discuss the room for improvement in this phase of marketing.
13. Why are financing and risk-taking inevitable in the marketing process? In this connection distinguish between direct financing and indirect financing.
14. Discuss the importance of the marketing functions of selling and distributing, in this connection giving the comparative expensiveness of wholesaling and retailing in terms of the consumer's dollar.
15. What is meant by the price spread between the farmer and the consumer, and why is the farmer the residual claimant in the sharing of the consumer's dollar?
16. Does distribution cost too much? Give reasons for your answer and indicate some of the principal lines along which improvements should be made.
17. Define future trading. What is a produce exchange? Enumerate the principal functions of such exchanges.
18. Using wheat as an example, explain what is meant by hedging and the purpose it serves.
19. Explain the meaning of the following terms: selling short; buying long; a bull on the market; a bear on the market; the purchase or sale on a margin.
20. Name a few of the most important deficiencies in agricultural marketing and suggest how it is possible to remedy them.

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CHAPTER XIII

PRICES AND PRICE DETERMINATION

The economic order in which we live is an exchange economy. The farmer produces his crops and livestock in order to exchange them for the goods and services of others that he requires in his farming operations and his established level of living. Those employed in manufacturing produce articles for exchange with farmers and others for the goods and services they need in their business and living. The doctor and lawyer and various others give specialized services to society in exchange for the goods and services which provide the basis for their established ways of living. In a primitive civilization this exchange was more often than not direct, or on a barter basis. But in a commercial age, where there are involved so many millions of people, such a variety of products, and such differences in distance, a simple barter basis is cumbersome and impractical. The institution of money as a medium of exchange has developed, markets even world-wide in extent have arisen, and a producer sells his commodities or services for money by means of which he purchases the things he needs and is able to buy from others. But such a procedure does not alter the exchange nature of the economy; it merely operates to make it more convenient and practical.

The profitableness of farming is determined largely by three factors: the quantity or volume produced, the cost of production per unit, and the price received. In discussions of farm problems, the tendency in times past has been to place too much stress on the first two of these factors, very important elements in the physical efficiency of farming, and to overlook the very important factor of prices. Thomsen says in this connection:

One reason for this situation has been the common belief that the farmer as an individual cannot affect the price received, whereas he

can influence costs and yields. The difference is more imaginary than real. The farmer as an individual cannot change the effects on cost of production or yield of a given farming practice. He can merely select those practices which give certain effects. Likewise, he cannot appreciably affect the movement of commodity prices, but by selecting certain production and marketing practices or conditions he can influence very materially the prices received for his products. In fact, some who have made a study of farm management believe that the farmer can influence his total net income in this manner just as much as he can by working through yields or cost of production. The difference, if any, is merely a matter of degree and not of principle.¹

Price is customarily defined as the amount of money for which a unit of any given good exchanges. Another way of stating the matter is that price is the market value of a commodity expressed in terms of money. In general, in the market place and on the street price is said to be controlled by supply and demand, and to a large extent the statement is true. But there are certain related considerations which are important enough significantly to affect price even though their operation finds ultimate expression through the effect upon either supply or demand, or both. For example, in the long run, cost of production determines price through its effect upon supply, because no concern could or would continue long to sell its goods at less than it cost to produce them. Also, the exertion of monopoly influence has a decided effect through limiting supply, and the accompanying product differentiation and advertising have a marked effect upon demand. An additional factor affecting price is the cheapness or dearness of money which is expressed in whether the price level is high or low. Beginning with supply and demand each of these factors will now be considered briefly.

1. SUPPLY AND DEMAND

The concept of marginal utility underlies the operation of the factors of supply and demand. Simply stated the law of diminishing utility signifies that the intensity of the desire for additional units of a commodity decreases as successive units of it are acquired. A case in point is that two suits of clothes are better than one, but the second suit is by no means so important as the first. It is well to have three, four, or five suits and more, but the importance of

¹ Thomsen, F. L., *Agricultural Prices*, McGraw-Hill Book Company, Inc., New York, 1936, p. 1.

each additional suit rapidly decreases as the wardrobe is extended. In the illustration given, the fifth or last suit is the marginal unit, and assuming all of the suits to be of like quality and style, this marginal unit determines the utility of all the other suits. Thus an increase in supply means a lessening utility from the added units. As the matter is commonly stated, the price of a commodity depends on the least of the utilities yielded by the supply, or on final utility; price, or value, is determined by the utility of the last increment. Taussig explains the operation of the principle in part as follows:

The proposition is true, in strictness, only if we suppose many competing buyers and sellers. And in fact most things are brought to market by competing sellers, and are purchased by competing buyers. Assume now that a given supply, say 1000 oranges, is offered by the sellers. Among the buyers are some whose means are large, others who value oranges highly. Both sets would be willing to pay a high price for a few oranges rather than go without. But there are more oranges than these purchasers are eager for. To induce the rest to buy, or to induce the eager purchasers to buy more, the price must be lowered. As the sellers are many and competing, the price of the whole supply will be uniform. Any one seller, trying to obtain a higher price from the eager buyers, would be undersold by others. There would be one price at which the whole lot would go, and that would be the price which tempted the last buyer; or, to be more accurate, the last purchase by any of the buyers. This last purchase and the price which must be offered to induce it, would settle the terms for all the transactions.¹

The concept of demand in considerable measure is psychological in nature. It is effective demand when it represents the desire to buy coupled with the ability to pay. The demand for a particular good is often considered as a schedule of all the different amounts that buyers would be willing to purchase at all possible prices at any one instant of time. The curve constructed on the basis of these data constitutes what is known as the *demand curve*. Obviously, many factors enter into the determination of the desire to buy and the financial ability to do so. Some of these are illustrated in the following enumeration of elements entering into the consumer demand for milk, meat, and cranberries:

Demand for Milk. Consumer demand for milk was studied in Philadelphia by several joint agencies in the year 1924, and the following

¹ Taussig, F. W., *Principles of Economics*, 4th ed., The Macmillan Company, New York, 1939, Vol. I, p. 112.

factors were all found to enter into the demand: the milk's cleanliness, purity, food value, quality, and freshness; the milk's value as a health food; price; financial ability of family; race and nationality (white, colored, Italian, Jewish, etc.); effect of seasons; effect of advertising; number and ages of children in family. The consumption of cream and buttermilk, and of condensed, evaporated, and powder milk, were also found to be factors. Canned milk was considered by many consumers to be most convenient. The consumption of butter, butter substitutes, and cheese was also studied, and found to vary considerably from race to race.

Demand for Meat. Consumer demand for meat has been studied in a similar manner in different cities. Demand was found to fluctuate with the following factors: race, color, and religion; quality, convenience, price; use of substitutes (and foods for variety of diet); availability and price of eggs, fish, dairy products, etc.; financial ability of family; appetite and preferences for beef or pork or lamb or veal or mutton; buying habits of consumers; knowledge or ignorance of market cuts; custom.

Demand for Cranberries. Similar consumer-demand studies for cranberries revealed the following factors on the demand side: race, color, class, age, and sex (more men like cranberries than do women); flavor, color, and appearance of cranberry; season; price; price of sugar; advertising.¹

It is well known that under the same conditions of demand, the amount of any commodity which will be purchased varies inversely with the price, or in other words, the quantity which can be sold increases as the price is lowered. The converse of this is true, also, to the effect that as the price increases, the amount purchased decreases. However, in its application this principle varies widely among different commodities as to the degree of change in quantity that accompanies changes in price. A small change in price of some products will bring about a substantial increase or decrease in the amount sold or consumed, whereas similar changes in prices in the case of other products will have relatively little effect upon the quantity that is taken. This relationship between proportional changes in price and in quantity is known as the *elasticity of demand*. Where the amount of the commodity purchased is very sensitive to price changes, the demand is said to be *elastic*. On the other hand, where price increases or decreases have very little effect on the quantity purchased, the demand is characterized as *inelastic*. Com-

¹ Boyle, J. E., *Marketing Agricultural Products*, McGraw-Hill Book Company, Inc., New York, 1925, pp. 233-234.

modities, such as salt, which are classified as necessities are usually inelastic, while luxuries and semiluxuries are elastic in the nature of their demand. The principle of substitution is operative here, as for example, when the price of pork is high relative to that of other meats, these are consumed instead of pork. But as in the case of wheat and potatoes, which are relatively inelastic in their demand, there are no very effective substitutes available at like prices, composition, and quality.

This elasticity or inelasticity of demand is of great importance to the farmer. Where a commodity has an inelastic demand and the production for one cause or another is reduced, the total gross income to producers would be increased. However, if the demand is elastic, a decrease in production would reduce the gross income, although prices would be higher. Consequently, the elasticity of demand is important in many other connections, such as with regard to the effects of tariff policies, export subsidies, and almost any other economic measure affecting agriculture.

The aggregate demand for agricultural products is generally recognized as being relatively inelastic, while that for manufactured goods and personal and professional services is relatively elastic. Thomsen says in this connection:

It is probable that the demand for individual farm products is relatively inelastic as compared with most industrial products, although there is little factual basis for comparison. In other words, it appears to require relatively marked changes in price in order to effect changes in the consumption of farm products. . . . There is reason to believe that the demand for farm products as a whole is less elastic than the demand for individual agricultural commodities, because there is less opportunity for substituting farm products and industrial products for each other than there is for substituting one kind of food or clothing for another. . . . However, there is little or no factual evidence regarding the elasticity of demand for farm products as a whole, and our conjectures on the subject may be far from correct.¹

It has been stated that the demand for any commodity at a given instant of time is represented by a schedule of the amounts that buyers would be willing to purchase at all possible prices. A *change* or *shift in demand* thus would have to be represented by a new schedule, where either an increase or a decrease in the amount

¹Thomsen, F. L., *op. cit.*, pp. 32-33.

purchased would be indicated at any given price, or for all possible prices. The new demand curve in the case of an increase would be moved to the right, and with a decrease in demand it would be moved to the left. Some of the conditions¹ causing a change or shift in demand are: (1) changes in people's incomes; (2) shifts in their tastes; (3) variations in the prices of other goods; (4) the discovery of a new substitute or substitutes for the particular product; and, (5) the fact that people believe one change in price is simply a prelude to further changes.

The term *supply* signifies the combined amounts which sellers stand ready to offer on the market at a price. Defined in other terms, the supply of a particular good is a schedule of all the different amounts that sellers would be ready to offer for sale at all possible prices at any one instant of time. The curve constructed on the basis of these data is known as the *supply curve*.

That the concept of supply is not a simple one is made clear from the following elaboration of the term as applied to wheat:

At first blush the word supply may seem simple enough—the quantity on the market—yet when examined in the light of concrete market conditions it is seen to be indefinite both as to quantity and quality of commodity. Take a simple case as an example—wheat. The largest wheat market in the United States is Minneapolis. What constitutes the supply of wheat on the Minneapolis market? Since the Minneapolis market is linked by wire with all other great wheat markets of the world, the question of supply is thereby greatly affected. Since the commodity is standardized, graded, and nonperishable, is liquid and the basis for cheap credit, is easily transported and stored, its supply is also affected by these considerations. An inventory of the "supply" of wheat on the Minneapolis market (which would affect the market price) must include all the following factors: daily receipts; amount held in public and private storage in city, visible supply (i.e., amount held in terminal elevators in the United States, as reported by wire weekly); amount in store in the 30,000 country elevators (estimated only, but not definitely known); amount of merchantable wheat held on farms (wheat is grown on 2,000,000 farms in the United States); wheat acreage and wheat crop prospects; the weather; in addition there would be the factors of grain afloat or on passage; stocks held in foreign markets; world crops and crop prospects; war; strikes and labor troubles; in addition, such important factors would enter the supply question as per cent of wheat crop which is durum wheat; per cent which is other

¹ Meyers, A. L., *Elements of Modern Economics*, Prentice-Hall, Inc., New York, 1939, p. 40.

hard spring varieties or hard-winter varieties, or soft wheat; amount and conditions of protein content of the wheat. Finally, since wheat enters into dairy and poultry rations, the supply of wheat substitutes for these feeds would affect the "supply" and hence the price of wheat. Also the supply of competing food cereals—corn, rye, and barley—would be important. The market term "supply" does not mean, therefore, merely the actual physical commodity present on the market. The spot wheat, or so-called cash wheat, is one of many elements of supply. In market terminology, there are also two other kinds of wheat being bought and sold on the Minneapolis market; to arrive wheat, and futures. The supply of these on the market is registered only by the selling offers, largely over the wire, from those who either hold the actual wheat or wheat contracts, or those who desire to speculate by selling short and have no wheat at all.

The "supply of wheat" does not mean the quantity of wheat on the market. The term includes various factors, as shown by the "inventory," some of which factors are definitely known, some of which are mere estimates, and others pure market opinion or market sentiment. In other words, the supply is partly psychological.¹

A general statement of the law of supply, is that under the same conditions of supply, the quantity of any good offered for sale varies directly with the price. The higher the price, the greater is the amount placed on the market; and conversely, the lower the price, the less is the amount offered for sale. The same principles which govern the elasticity of demand also determine the elasticity of supply. When the amount sellers are willing to dispose of is very responsive to changes in price the supply is said to be elastic, while when the amount offered for sale is not appreciably affected by price fluctuations, it is characterized as inelastic. The cardinal difference is, of course, that in the one instance, the response is on the part of consumers or buyers, and in the other, producers and sellers are concerned.

Also, there are changes in supply just as of demand. When the supply changes, the result is a shift to an entirely new supply curve—in the case of an increase to the right of the former curve, and with a decrease, the movement is to the left.

An English economist, Hubert D. Henderson, states the general laws of supply and demand as follows:

I. When, at the price ruling, demand exceeds supply, the price tends to rise. Conversely, when supply exceeds demand the price tends to fall.

¹ Boyle, J. E., *op. cit.*, pp. 231-232.

II. A rise in price tends, sooner or later, to decrease demand and to increase supply. Conversely, a fall in price tends, sooner or later, to increase demand and to decrease supply.

III. Price tends to the level at which demand is equal to supply.

IV. An increase in demand, or a decrease in supply will tend to raise the price for a short period at least. Conversely, a decrease in demand, or an increase in supply will tend to lower the price for a short period at least.

V. The marginal utility of a commodity to anyone diminishes with every increase in the amount he has.¹

The fundamental relations which exist among demand, supply, and price can perhaps be made clearer by a diagram. In Fig. 6,

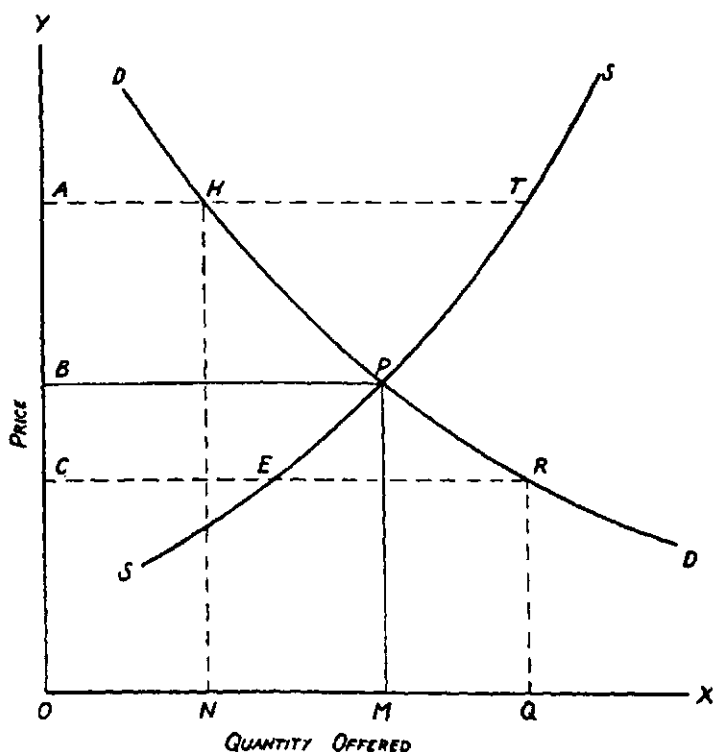


FIGURE 6. Demand and Supply Curves under Conditions of Pure Competition.

the line *DD* represents the demand curve, and *SS* the supply curve. Distances measured along the *OX* axis represent quantities of the

¹ Henderson, Hubert D., *Supply and Demand*, Harcourt, Brace and Company, New York, 1922, pp. 18-19, 29, 43.

good, and those along the OY axis are indicative of prices. It will be noted that the demand curve slopes downward and to the right because of the fact that the lower the price the greater will be the amount demanded. Similarly, the supply curve slopes upward from left to right, since the higher the price the greater will be the amount which is offered for sale. A vertical line PM drawn from point P , where the supply and demand curves intersect, to OX represents market price. At this price, the amount purchased BP or OM exactly equals the amount BP or OM offered for sale. Thus market price is an *equilibrium price* representing the price which clears the market.

Under the perfectly competitive conditions assumed in this illustration, no other price than PM could long be maintained. If for example a higher price NH is assumed, at that figure only the amount AH would be purchased while the quantity offered would be AT . Under these conditions of excess supply, the movement will be towards a lower price, because NH is not an equilibrium price.

Assuming a lower price QR , the demand for the commodity would be represented by CR , which would be much greater than CE , the amount actually offered for sale. The effect of a demand in excess of the supply would be to establish a higher price. Thus QR is also not an equilibrium price.

It is to be noted that two general forces are operative in establishing market prices. Competition among buyers tends to raise prices; competition among sellers tends to lower them. Moreover, it is the marginal buyers and the marginal sellers who are most influential in establishing the exact market price. Meyers says in this connection:

For the true market price to be established immediately, there must be a perfect market. We have already defined pure competition as a condition in which there is no product differentiation and in which there is a sufficiently large number of buyers and sellers so that none of them individually can dominate the market.

The requirements of a perfect market are that all buyers and all sellers be perfectly acquainted with all the conditions both of demand and of supply. Obviously such a perfect market has never existed and never will. The primary markets for certain agricultural products and minerals do at times show a remarkable degree of close approximation to the conditions of a perfect market. Most markets, and more especially

retail markets, are characterized by a large and varying degree of ignorance of market conditions on the part of both buyers and sellers.

In the absence of perfect market conditions, the true market price will not be attained immediately. In actual practice there will be a few scattered sales at prices either above or below the true market price until, by a process of trial and error, the buyers and sellers discover the true market price at which the bulk of the exchanges will take place.¹

The fundamental place of supply and demand in the determination of market value must be recognized in any discussion of the matter of prices. That the law of supply and demand is an "iron" law, inflexible in nature, cannot be sustained, as must now be clear from the number of factors entering into its operation. In general the law rests on four economic axioms which are powerful elements affecting production and consumption of farm products, and which must be taken more vividly into practical consideration by the farmer of today in a highly commercial stage of agricultural development. These axioms are as follows:

(1) High prices tend to increase production and to decrease consumption.

(2) Low prices tend to increase consumption and to decrease production.

(3) The most effective remedy for high prices is high prices.

(4) The most effective remedy for low prices is low prices.

No matter what more or less artificial measures may be employed to restrict the normal operation of these economic tendencies and thereby to stimulate higher prices of the commodity in question, the results must be temporary if the farmer persists in a large volume of production.

2. COST OF PRODUCTION

Cost of production affects the price of commodities only as it influences the supply of them. It is axiomatic that in the *long run*, no producer or seller can afford to continue to market his product for less than it costs him to produce it. In the *short run*, market price may actually be less than unit costs of production, just as it may also be higher, but in a purely competitive market the tendency is for the equilibrium price to be one at which the article always sells for just what it cost to produce it. The theory back of this is that so

¹ Meyers, A. L., *op. cit.*, pp. 74-75.

long as the price which a commodity brings is more than it costs to produce it, new firms will enter the business and force the price down. Similarly, when the price is less than production costs, the least efficient producers will be squeezed out of the field, and prices for those remaining will rise.

It is pertinent here to inquire as to what is meant by cost of production. Taussig answers the question by saying that "it refers to the outlays which an employing capitalist must make in order to get a commodity to market."¹ Among these he includes outlays for wages, materials, a reasonable remuneration for the employer's own time and trouble, and interest on the capital used, reckoned according to the current market rate. Obviously, where there are many producers, some supermarginal, some marginal, and others submarginal, it is impracticable to arrive at an estimate of the costs for each of them. In this connection, Marshall's concept of the *representative firm* is valuable. He characterizes this as follows:

We shall have to analyze carefully the normal cost of producing a commodity, relatively to a given aggregate volume of production; and for this purpose we shall have to study the expenses of a *representative producer* for that aggregate volume. On the one hand we shall not want to select some new producer just struggling into business, who works under many disadvantages, and has to be content for a time with little or no profits, but who is satisfied with the fact that he is establishing a connection and taking the first steps towards building up a successful business; nor on the other hand shall we want to take a firm which by exceptionally long-sustained ability and good fortune has got together a vast business, and huge well-ordered workshops that give it a superiority over almost all its rivals. But our representative firm must be one which has had a fairly long life, and fair success, which is managed with normal ability, and which has normal access to the economies, external and internal, which belong to that aggregate volume of production; account being taken of the class of goods produced, the conditions of marketing them and the economic environment generally.²

In a complete consideration of cost of production, the matter is discussed under conditions of *increasing costs*, *constant costs*, and *decreasing costs*. By these terms is meant that after a certain price is reached additional output is attained by increasing, constant, or

¹ Taussig, F. W., *Principles of Economics*, 4th ed., The Macmillan Company, New York, 1939, Vol. I, p. 158.

² Marshall, Alfred, *Principles of Economics*, 8th ed., Macmillan & Company, Ltd., London, 1930, p. 317.

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¹ Taussig, F. W., *Principles of Economics*, 4th ed., The Macmillan Company, New York, 1939, Vol. I, p. 158.

² Marshall, Alfred, *Principles of Economics*, 8th ed., Macmillan & Company, Ltd., London, 1930, p. 317.

decreasing costs in terms of inputs per unit of output. The condition usually responsible for the phenomenon of increasing costs is the scarcity of one of the indispensable factors of production, as for example, land in the agricultural industry. In the case of constant costs, all producers in the industry, including the new ones entering it, have essentially the same cost curves, and there must not be a heavy dependence upon a factor of production that is scarce. The state of decreasing costs is illustrated by many large-scale manufacturing plants in which some element of cost becomes less as the operations expand, and organization is so arranged as to take full advantage of the best combination of the factors of production.

It is only necessary to refer to the earlier discussion of the law of diminishing returns in Chap. VII to recall that in striving toward the highest profit combination, the point where marginal costs equal marginal revenues, the farmer inevitably encounters this condition of increasing unit costs. As a matter of fact, the principle of increasing costs is exhibited most clearly in the case of agricultural production, where land is the scarce factor.

After the early stage of abundant fertile land, which has long since been passed in every well-settled community, a large number of comparatively small farms has generally proved to be the organization of maximum efficiency, and the farms normally have their plants fully utilized. Increasing the product of the existing farms means that more laborers must be employed per acre, more capital must be invested in the form of buildings, farm machinery, tools, drainage systems, etc., more must be spent on fertilizers, and so on. All this means an increased cost per unit of product. On the other hand, there is only a limited amount of idle land available, and this land is of inferior quality to that now used; otherwise it would be already in use. New farms, because of the inferiority of the lands, will from the beginning have to be operated at higher costs than prevail on the existing farms. Since either means of obtaining an increase in agricultural products thus involves increased unit cost, both will be resorted to, and the increase will come partly from the cultivation of additional inferior lands and partly from more intensive cultivation of the lands already in use.¹

In other words, the farmer encounters the phenomenon of increasing costs when he moves toward either the intensive or the extensive margin of cultivation.

¹ Fairchild, F. R., E. S. Furness, and N. S. Buck, *Elementary Economics*, 4th ed., The Macmillan Company, New York, 1939, Vol. I, pp. 257-258.

Another important distinctive feature of agricultural costs has been discussed in Chap. IV. This is the high percentage of *fixed costs* in relation to *variable costs* experienced in farming as compared with most manufacturing industries. In discussing this matter, Clark says that

farming is like railroading in that a wide margin above "out-of-pocket expenses" is required to cover return on investment and to provide for betterments, if these are to be made out of income. Accordingly the return can fall far below the economically necessary yield on investment and still cover the actual out-of-pocket expenses, so that the industry may drag along chronically in a half-starved condition without reaching an absolute limit. In other words, it clearly has the characteristics which invite "cut-throat competition," aggravated by the inertia of the human capital involved.¹

Where an industry is characterized by a high percentage of variable costs, it can comparatively quickly adjust its production, upward or downward, to changes in demand as they affect market price and the profitability of the business. But once the farmer has planted his crop, there is no turning back, because his fixed charges have to be met anyhow, and everything made above out-of-pocket expenses, can be applied to these. As a matter of fact, the effect of these fixed charges is almost that of driving the farmer to operate his plant to capacity in times even of poor prices, because otherwise a large part of his investment would be idle and thus unquestionably would yield no return. This factor of fixed costs is one of the important considerations which made the farmer plant to capacity in depression days when his production of wheat, cotton, corn, and other crops recognizedly far exceeded the effective demand.

3. MONOPOLY AND AGRICULTURE

It has been stated in several connections in preceding chapters of this text that agriculture is perhaps the best example of a purely competitive industry. Consequently, it is pertinent here to examine more closely what is meant by this statement and the implications of it. Chamberlin says with regard to the characteristics of pure competition:

¹ Clark, J. M., *Studies in the Economics of Overhead Costs*, University of Chicago Press, Chicago, 1938, pp. 344-345.

Monopoly ordinarily means control over the supply, and therefore over the price. A sole prerequisite to pure competition is indicated—that no one have any degree of such control. This, however, may be analyzed into two phases. In the first place, there must be a large number of buyers and sellers so that the influence of any one or of several in combination is negligible. . . . Secondly, control over price is completely eliminated only when all producers are producing the identical good and selling it in the identical market. Goods must be perfectly homogeneous, or standardized, for if the product of any one seller is slightly different from those of others, he has a degree of control over the price of his own variety, whereas under pure competition he can have no control over the price of anything.¹

And he continues in the same connection:

Not only goods, but sellers, must be “standardized” under pure competition. Anything which makes buyers prefer one seller to another, be it personality, reputation, convenient location, or the tone of his shop, differentiates the thing purchased to that degree, for what is bought is really a bundle of utilities of which these things are a part.²

Thus, since only one seller, or several in combination, of an agricultural commodity like wheat, corn, or cotton exerts only a

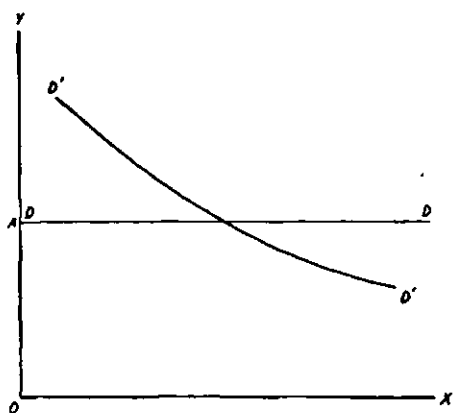


FIGURE 7. Individual Producer's Demand Curves under Pure and Monopolistic Competition. (Source: Meyers, A. L., *Elements of Modern Economics*, Prentice-Hall, Inc., New York, 1941, p. 82.)

negligible influence on the prevailing market price of the particular product, and can dispose of his entire stock without any difficulty,

¹ Chamberlin, Edward, *The Theory of Monopolistic Competition*, 4th ed., Harvard University Press, Cambridge, Mass., 1939, p. 7.

² *Ibid.*, pp. 7-8.

his demand will be perfectly elastic. The demand curve for his product under these conditions, as represented by the line DD in Fig. 7, will be a horizontal straight line.

A basic characteristic of monopoly is differentiation of the product, or *product differentiation* as it is customarily called.

A general class of product is differentiated if any significant basis exists for distinguishing the goods (or services) of one seller from those of another. Such a basis may be real or fancied, so long as it is of any importance whatever to buyers, and leads to a preference for one variety of the product over another. Where such a differentiation exists, even though it be slight, buyers will be paired with sellers, not by chance and at random (as under pure competition) but according to their preferences.¹

Under monopolistic competition, because of this product differentiation, the demand curve of the individual producer or seller, as represented by $D'D'$ in Fig. 7, is less than perfectly elastic. While under pure competition he can sell as much as he likes at the prevailing price, under monopolistic competition, three new factors limit and define his sales: (1) his price, (2) the nature of his product, and (3) the amount he spends on advertising.

In discussing the consequences for the individual seller arising out of the comparative situations under pure and monopolistic competition, Meyers says:

There are certain important consequences which follow from the nature of the individual seller's demand curve and which have a definite bearing upon the determination of the price of a product, and of the amount offered for sale. Under perfect competition, the individual seller's demand curve being perfectly elastic at the prevailing price, the seller will have no motive to curtail output for fear of effect on the price he receives. But under monopolistic competition, the demand curve which faces the individual seller is less than perfectly elastic, as we have just discovered. This means that the seller who operates under these conditions must take account of the effect upon himself which his own actions will have upon the price. In other words, he has a monopoly of the market *within the limits of the individual demand curve which faces him*. Such a monopolist may do either one of two things: he may decide how much of the product he wishes to sell and then throw this amount on the market for what it will bring, in which case the demand will determine the price (this is the method used in sales at auction), or he may place a definite price upon his product, in which case the amount

¹ *Ibid.*, p. 56.

taken will depend upon the demand for the product at that price (this is the more usual method). Whichever method he uses, as long as the demand curve which faces him is less than perfectly elastic, he is faced with the fact that a larger amount of his product can be sold only at a lower price per unit.¹

Even in the field of manufacturing, there are few if any instances of anything like complete monopoly. Monopoly is a matter of degree and certain factors of a competitive nature, even though they are in the nature of imperfect competition, are operative. Prices that are arbitrarily too high cannot be set without regard to the valuation which consumers place upon the utilities represented in the commodity, otherwise they will either use their money for substitute products near or distant in characteristics, for entirely different products, or not spend it at all but save it.

It is exceedingly rare that the farmer is in the position of a monopolist. If he is a breeder of a highly pedigreed line of livestock or of an unusual variety of cotton, wheat, corn, or other plant which is eagerly sought after he is in a monopolistic position in that regard, and can within reason set the price at which he will sell the product. But in every other customary agricultural enterprise, his commodities are so uniform in comparison with those of thousands of other producers that as an individual seller his demand curve is perfectly elastic. If farmers are to exercise monopoly control, they must do it through such collective devices as coöperative marketing associations. In following this procedure, the farmers have not been conspicuously successful, and it must be remembered in this connection that undue restraint of trade by such associations is strictly punishable under the provisions of Federal antitrust laws.

The question naturally arises as to whether the A.A.A. programs, through governmental machinery operating to effect production control among the growers of a considerable number of commodities are not in the nature of a monopoly, using characteristic methods to raise prices and profits to farmers. This matter is discussed in a monograph of the Temporary National Economic Committee on *Agriculture and the National Economy*:

When one thinks of Government control nowadays, however, it is usually that practiced under the Agricultural Adjustment Administration. . . . In spite of the fact that A.A.A. programs are designed to

¹ Meyers, A. L., *op. cit.*, pp. 53-54.

increase farm income and to do this at least in part through devices to increase the price of farm products, including some restriction of output, these programs cannot be judged by the same standards as would be used in considering monopolistic industrial restriction of output.

Industrial monopoly is motivated purely and simply by the desire to obtain the maximum net return (moderated perhaps by fear of Government regulation). A.A.A. programs, on the other hand, have had the goal of parity prices, or more recently of parity income. In many agricultural commodities, the upper reaches of the demand curve are so inelastic that it can be easily demonstrated that true monopoly price would be far above parity price. Parity price, despite complaints about the validity of its use, does set an absolute limit beyond which Government efforts will not be extended to raise the price of an individual commodity. . . .

A still more important difference may be noted between industrial monopoly and A.A.A. control of production; namely, the amount of attention given to social considerations. An industrialist who restricts output, lays off workers, and leaves them as a burden of unemployment for Government care. The A.A.A. program, on the other hand, does not ignore the social consequences of its own actions. Consequently, we find the resort to such devices as minimum acreage quotas for small farms, and minimum soil conservation payments for small farms which are much larger proportionately than those which go to the larger farms. Serious efforts have also been made to protect tenants and sharecroppers and to see that they participate in the A.A.A. benefits, although still more action in this direction may prove necessary. Also relief measures both on the farm and in the cities help to care for those who may be adversely affected.¹

While the producers of most agricultural commodities are powerless to fix the prices at which they sell, production is much more highly concentrated in the great majority of manufacturing industries. It is reported that in 1935, less than 5 per cent of the corporations reporting to the Bureau of Internal Revenue "owned 87 per cent of the assets of all corporations and less than 4 per cent of them received 84 per cent of all corporate income. One-tenth of one per cent of these concerns owned 52 per cent of the assets of all those in the group and realized 50 per cent of all the profits."² While such concentration does not necessarily mean monopolistic control over prices, the one frequently leads to the other.

¹ *Agriculture and the National Economy*, Monograph 23, Temporary National Economic Committee, Government Printing Office, Washington, 1940, pp. 14-15.

² *Competition and Monopoly in American Industry*, Monograph 21, Temporary National Economic Committee, Government Printing Office, Washington, 1940, p. 300.

A case in point is that of the agricultural implements industry. For example, in 1936, two of the leading manufacturers in this business, International Harvester Company and Deere and Company, made more than 62 per cent of the American sales of farm machinery. An investigation of the industry by the Federal Trade Commission in 1937 revealed that the prices established by these manufacturers largely determined, insofar as the machines were of closely similar character, the price level which all manufacturers observe.

The small companies generally cannot sell their products for more than the established prices of widely accepted similar products of the large companies; nor do they feel free to sell for less than the price leaders for fear of starting a price war in which their large and financially stronger rivals would have all the advantage. Lest their prices be out of line, it is the practice among lesser manufacturers to await the announcement of prices by the leading companies at the beginning of each season before announcing their own.¹

Several studies of the matter show evidences of price control as manifested in the relative rigidity of the prices of many products over considerable periods of time. Among these ² were aluminum, bananas, bread, canned milk, cement, chemicals, crackers, drugs, fertilizers, gasoline, glass, iron ore, linseed oil, matches, nickel, paper, rayon, salt, sewing machines, starch, steel, sugar, sulphur, thread, tin cans, and many others. The net result of all these varying degrees of monopolistic influence exerted is to affect materially the prices of many of the commodities which the farmer must buy, often arbitrarily fixing them at levels far out of line with those characterizing the prices of things he has to sell.

4. INDEX NUMBERS, PRICE LEVELS, AND MONEY

Value as commonly referred to by the economist relates to the ability of one good or service to command other products in exchange, or the ratio at which goods or services may be exchanged for one another. In a money or price economy value is customarily expressed in terms of money, or dollars in this country. It is a well-known fact, though, that the value of the dollar itself changes from time to time in its purchasing power. When prices are high, a dollar

¹ *Ibid.*, pp. 126-127.

² *Ibid.*, p. 302.

will buy less, and when they are low, it will buy more. Therefore, it is evident that the dollar fluctuates in value in inverse proportion to the prices of goods in terms of which its value is expressed. Moreover, as has been pointed out, the prices of some commodities, for various reasons, are more stable than others, that is, the prices of all commodities do not move up and down uniformly. If they did, it would be a comparatively simple matter to determine the value of the dollar, because the price fluctuations in any one product would be the same as the changes in the general level of prices.

The *general price level*, strictly speaking, is the average of the prices of all services (expressed in wages, salaries, etc.), and of all goods bought and sold at a given time as compared to some other time, or base period. Thus the price level is a relative and not an absolute figure. The important consideration is not as to whether the price level is high or low, but the changes in prices that its fluctuations measure from one time to another. If all prices were uniformly high or low, exchange relationships would be the same. But, as has been stated, the prices of various goods and services do not move in unison, and wide disparities cause severe maladjustments such as those which have occurred at various times between the prices which farmers receive for the commodities they have to sell and of those which they have to buy. Another example would be that when wages remained at the same level and the prices of other things moved upward the real wages of the laborer would be decreased.

The effects of the changes in the purchasing power of money . . . are important. Contracts are frequent which cover a period of years; a change in the general level of prices during the period alters the conditions of the contract. A farmer, for example, may take a farm on a seven years' lease at a rate based on current wheat prices; a general fall in prices takes place, and the farmer finds himself still bound to pay a rent based on high prices, while the prices he is receiving for his produce are low. A general rise in prices is adverse to the interests of all people with fixed incomes, since their money incomes will purchase for them less commodities. It is usually adverse to the interest of wage-earners. . . . On the other hand, a period of falling prices usually means an increase in the real wages of the wage-earners; this is so because, as a class, they resist reductions of their money-wages when prices are falling more stubbornly and with more success than they demand increases in times of rising prices. Business men as a class and capitalists benefit by

rising prices. Production is a lengthy process; there is a possibility at each stage in it of buying materials and labor at one level of prices and selling the products at a new and higher level. They get what the classes with fixed incomes and the wage-earners lose.¹

Price levels are expressed by *index numbers*. These are relative numbers expressing the percentage change in one number or aggregate of numbers from another. A simple example would be that if wheat sold in 1928 for \$1.00 per bushel and in 1932 for 50 cents, then the price relative of wheat, using 1928 as a base, would be 50, signifying that in 1932 the price of the commodity was 50 per cent lower than in 1928. But index numbers are usually not so simple of calculation, and take various forms. For example, the Bureau of Labor Statistics index of wholesale prices, one of the best measures of changes in the general price level, represents an aggregate based upon some 784 price quotations.

An interesting use of the index number is that in connection with the "parity price" concept which came into use in connection with the A.A.A. The price relationship between farm prices and other prices in terms of exchange value of one set of commodities for the other over the period 1909-1914 was considered to be approximately equal. Hence, this five-year period is used as the base period, and expressed as 100. Thus, if the average price of cotton from 1909-1914 was 13 cents a pound, and the index of prices paid by farmers in 1940 was 123, the parity price of cotton for 1940 would be $13 \text{ cents} \times 123 \div 100 = 16 \text{ cents}$. Index numbers are widely used in agricultural economics, and an interesting example of such application is to be found in Chap. IV of this text in the table dealing with the general trend of prices received and paid by farmers.

The general price level is usually considered to be immediately controlled by: (1) the volume of trade, (2) the quantity of currency, and (3) the velocity of circulation of the currency. Each of these three factors is subject to more or less continuous and independent changes. *The general level of prices tends to vary directly with the quantity of currency and the velocity of its circulation but inversely with the volume of trade.* Since the general price level inversely measures the value of the dollar—the higher the price level the lower the purchasing power of the dollar and vice versa—the principle just stated is

¹ Clay, Henry, *Economics*, The Macmillan Company, New York, 1929, pp. 197-198.

generally known as the *quantity theory of money*. It can be stated in the form of the following equation:

$$MV + M'V' = PT.$$

In this M represents the average quantity of money in circulation during the year, and M' denotes the average amount of bank deposits subject to check, as well as all other forms of currency. The symbols V and V' denote, respectively, the velocity of circulation of money per year and that of all other forms of currency. The general price level is represented by P and the volume of trade during the year by T .

Much learned controversy has been engaged in over the relationship between the quantity of money and the price level. Fairchild, Furniss, and Buck state that while its theoretical validity is established,

the practical utility of the quantity theory of money, either as a means of predicting price changes or as a guide to official control of the price level, is by no means so great as is sometimes assumed. This is due both to the interdependence of the several factors in the equation of exchange . . . and also to the practical difficulty of discovering the exact magnitudes of the various factors. With the exception of the quantity of money and the general price level, these magnitudes must generally be supplied by means of estimates and calculations which are subject to a wide margin of error.¹

The monetary specialists may be divided roughly into two groups: (1) those who stress changes in the relation between the quantity of gold and the credit structure which is supported by it; and (2) those who believe that developments within the banking system as they affect credit are primarily responsible. The late Professor G. F. Warren of Cornell University was the able leader of the group who contended that the collapse of credit, prices, and business activity characterizing an economic depression results from building up a credit structure too high to be supported by the existing gold base. The remedy lay in the devaluation, or reduction in the gold content of the dollar in relation to changes in the price level. The second group, which includes many of the leading economists, recognizes the importance of the quantity of gold as it affects "the price level over long periods of time, but maintains

¹ Fairchild, Furniss, and Buck, *op. cit.*, pp. 671-672.

that the sudden, drastic, and catastrophic changes in business and prices which characterize booms and depressions cannot be the result of the relatively slow changes in the quantity of monetary gold." ¹ They are, rather, due to unwise expansion or contraction of credit caused by unintelligent direction of the banking facilities.

5. INDUSTRIAL PROSPERITY AND THE FARMER

It has been pointed out that if all prices changed in the same direction and to the same degree, such a situation would have little or no effect upon the economic life of the nation. Under such conditions, whether the price level was high or low, the relative situation would be the same. At a lower level monetary income would be decreased but its purchasing power in terms of goods and services would be the same as before, and a corresponding situation would prevail in the case of the movement to a higher price level. But prices do not all change in equal proportions, and there is a tendency for some of them to show a decided stickiness, throwing large segments of our economic life out of adjustment. The farmer has been often a victim of such economic dislocation.

Severe economic upsets constitute phenomena which used to be characterized as panics or crises, but which in recent years have come to be known as *depressions*. A depression is considered to be one of the four phases of what is called a "business cycle" or a "trade cycle." These four phases are commonly designated as *prosperity*, *crisis*, *depression*, and *recovery*; or as Wesley C. Mitchell characterizes the different phases of the wavelike pattern exhibited, they constitute *revival*, *expansion*, *recession*, and *contraction*. These phases, extending over a period of several years, decidedly affect the level of prices, the extent of money profits, and the amount of unemployment. During the past sixty years, the United States has passed through some fifteen business cycles, the most severe of which began with the stock-market crash in October, 1929. A brief characterization of the four phases in the cycle may be cited as follows:

During the period of prosperity business is running at full force, consumers are buying large amounts, and profits are high. Savings are made. The amount of money is increased. The currency is inflated. Much business is done on credit. Interest rates are low. Prices rise. Business seems to be in a prosperous condition. On the basis of expected

¹ Thomsen, F. L., *op. cit.*, pp. 124-125.

continuance of prosperity and high prices, all lines of business are expanded. Extravagance and over-confidence are engendered.

Next a crisis occurs. The increased demands for credit exhaust bank reserves. Credit must be curtailed. Loans which have bounded ahead of cash assets are called in. Interest rates go up. Debtors are asked to pay up. Consumers have stocked themselves heavily with goods. Merchants and manufacturers find themselves with a surplus of products on hand. Manufacture and sales are curtailed. Producers of machinery cannot sell their goods. Business men and bankers lose confidence. Business slows down. A crisis has arrived. Bankers demand liquidation. A crash comes. Prices fall.

Then follows a period of depression. Pessimism has set in. The physical production of goods falls off. Business is at a low ebb. Manufacturing plants run only part time. There is much unemployment. Extravagance and waste are eliminated. Economies of all kinds are effected. Consumers buy as little as possible. Hard times prevail throughout the whole field of business. Prices are low. There is no expansion of business.

But this period of economy and depression sets forces to work which bring in the fourth period, the period of recovery. A few of the keener and shrewder business men sense that the period of depression has come to an end. They begin to expand their businesses. The low interest rates, abundance of capital, cheap materials, and cheap labor are incentives for them to expand production. Their activities create demands for various products turned out by other industries. Employment picks up. Consumers begin to buy more. Old stocks of goods are exhausted. New stocks are needed. Prices rise. Banks are ready to lend their surplus funds for further expansion of industry. Business is going through the recovery stage, soon to be followed by the prosperity stage again.¹

Agriculture, too, has its periods of prosperity and depression, but according to Engberg,² these seem to be more or less independent of the similar stages of business. He found that the correlation between changes in the volume of agricultural production and changes in the prices of agricultural products were sufficiently high in most cases to establish the volume as a main causal factor in the annual fluctuations of farm prices. Most of the factors affecting the volume of agricultural production were found to be independent of general business conditions. Though in most cases there is a marked lag in the response, high prices ordinarily stimulate agri-

¹ Yoder, F. R., *Introduction to Agricultural Economics*, The Thomas Y. Crowell Company, New York, 1929, pp. 427-428.

² Engberg, R. C., *Industrial Prosperity and the Farmer*, The Macmillan Company, New York, 1927, pp. 259-270.

cultural production and low prices decrease production. On the demand side, business cycles seem more effective. In the prosperous periods of business, consumer demand seems to increase, and in the depressed phase to decrease. But the demand for staple food products is rather inelastic and this tends to reduce such fluctuations to a fairly small range. However, the various commodities exhibit differing degrees of sensitiveness in their response to such influences; the fiber crops, such as cotton, are moderately sensitive, while a more stable demand characterizes bread crops, pork products, and potatoes. Farm wages seem to have been governed largely by agricultural conditions, though in times of business prosperity the supply of farm labor was distinctly less than in the depression phase. Almost no effect was found on taxes and rent, and very little on interest rates. Machinery, equipment, and building materials were increased in cost, but the prices of feeds and fertilizers did not seem to be at all affected.

In answer to the question as to what extent business cycles are responsible for the farmer's financial difficulties, Engberg states it cannot be said that fluctuations in domestic business conditions have been great enough in their influence to reduce agriculture to a state of depression, because the demands for food and even clothing materials do not vary sufficiently from industrial prosperity to depression to result in similar changes for agriculture. He also argues that business forecasts are not sufficiently definite either as to time or extent to warrant farmers' attempting to adjust their production policies to accord with them. The opinion is advanced that only one of the remedies suggested for business cycles is likely to prove effective in stabilizing agricultural production and prices. This is

the suggestion that the necessary data be made available, chiefly by public agencies, so that producers can study the statistical position of the commodities involved and then proceed to neutralize the tendency toward distinctive cycles by expanding and contracting agricultural production in anticipation of the situations which now lead to cyclical oscillations. Such data are, of course, already available to a very considerable extent. Federal and state governments, colleges, newspapers, farmer's organizations, and other agencies are preparing and disseminating a wide variety of reports on production, consumption, stocks, European supply and demand conditions, intentions of farmers to plant and to breed, business conditions and prices. The broadcasting of such

information can be shown to have had a beneficial effect in certain instances, and the extension and improvement of such services should be encouraged.¹

Estey states it as common opinion that businessmen have taken it for granted that changes in the volume of the principal crops are an important factor in business prosperity or depression and that they have always looked to agriculture to pull them out of the slumps, many of them attributing the prolonged depression of the 1930's to the inability of agriculture to stage a recovery of its own. Economists share this view at least to the degree that they include agricultural conditions as among the contributing causes of cyclical variations in industry, some of them even to the extent of regarding them as the chief generating cause of the business cycle. However, in answer to the question as to whether these opinions are well-founded, he says that "indeed, agricultural influences are probably, at best, an example of episodic initiating causes, or starters, determining often the time of revival or recession and thus the length of particular cycles. They are in themselves not adequate to account for the actual shape of the cycle, which is more probably the result of the responses made by the business world to originating forces, responses which are determined by monetary, psychological, and institutional factors."²

Bean³ holds the view that if but one sentence is to be used in summing up the national economic problem, it should be that it is the problem of increasing industrial production in the United States to a point somewhere near our productive capacity. If that were accomplished, he says, not all of the problems of the farmer would disappear, but the worst of them would vanish. As indicative of the important interrelationships of agriculture and industry, he notes that in 1929 the products of American farms supplied more than 40 per cent of the raw materials used in our factories, and gave employment to 33 per cent of all our factory workers. Railroads received 22 per cent of their revenue from the transport of farm products. Due to lower standards of living among farmers than among nonfarmers—a matter which it would be well to improve—

¹ *Ibid.*, pp. 269-270.

² Estey, J. A., *Business Cycles*, Prentice-Hall, Inc., New York, 1941, pp. 179, 195.

³ Bean, L. H., "The Farmer's Stake in Greater Industrial Production," *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, pp. 342-343.

this large economic group constitutes one-eighth of the national markets for the products of city labor though it makes up approximately one-fourth of the total population of the country.

On the other hand, over 90 per cent of the cash income of American farmers is derived from consumers in the domestic market, 10 per cent arising from the export markets. Wage-earning families on the average spend 35 to 40 per cent of their annual income on food, and an additional 10 per cent for clothing. Farmers receive 40 to 50 per cent of the average dollar spent in the retail markets by the consumer for food. Urban workers are estimated to receive in wages about 60 per cent of what farmers spend for manufactured goods.

The inescapable conclusion from these facts is that farmers have a vital interest in any policy or program soundly designed to bring about full employment of the working population of the cities, and reciprocally, the urban people have every reason to be keenly concerned about a prosperous agriculture.

More specifically he figures that since at the end of 1939, one-fourth of the available nonagricultural workers in the United States were unemployed, to bring about full employment, industrial production should have been about 25 per cent greater than it was at that time. In answer to the question as to what this 25 per cent increase in production would mean to farmers, he points out the following improvements:

(1) It would relieve the pressure of an excess population on the land. Heavy industrial unemployment inevitably takes the form of a back-to-the-land movement. Much of the farm problem is due to the fact that there are too many people sharing the agricultural income. Between 1930 and 1940 the proportion of the population engaged in agriculture failed to decline for the first time in over a hundred years. If previous trends had continued, 16 per cent of the population should have been on the land in 1940; actually, the proportion was 21 per cent. On the basis of long-time trends, there should have been 26,000,000 persons living on farms instead of 32,000,000. The excess 6,000,000 (about 20 per cent of the total) would under normal conditions have been living in towns and cities. . . . Shifting 6,000,000 out of farming would make the total consuming population four times as large as the farm population, instead of three times as at present.

(2) Full industrial activity would create a larger national income, which would expand domestic consumer expenditures for farm products. An increase of 25 per cent in industrial production would raise the national income from \$70,000,000,000 (1939) to more than \$90,000,-

000,000. Retail expenditures for food closely parallel the ups and downs of consumer incomes; they average about 20 per cent of the income of nonfarm consumers. Thus the increase in national income suggested would mean that about \$4,000,000,000 more would be spent for food. About 40 per cent of this, or \$1,500,000,000, would go to farmers, the remainder to those engaged in distribution. For nonfood products farmers would probably receive another \$500,000,000 with the suggested increase in national income.

(3) Full employment and increased national income would also improve the farmer's foreign market. Imports go up and down with domestic industrial activity. On the basis of past trends, they would increase by about \$1,000,000,000 if the national income increased by \$20,000,000,000. This would increase foreign buying power for American goods—that is, it would increase exports. Probably about one-fourth of the increased exports would be farm products.¹

There are many explanations of the phenomena of the business cycle, but to a considerable extent it is still an unsolved problem. There are those who like Jevons and Moore attribute it to physical causes such as solar radiation. Others, like John Mills and Pigou, stress the psychological explanation involving the emotional elements of overoptimism and overpessimism. But the bulk of students of the problem find the institutional explanations² most applicable, tracing the phenomena of business cycles to the operation of various economic processes, as for example, banking, saving and investing, producing and consuming, disbursing and using incomes, profit seeking and economic innovations. Naturally, the causes which are most important in the opinion of the particular authority determine the suggested ameliorative procedures.

QUESTIONS

1. Define *price*; state its importance as a factor in the profitableness of farming; and discuss the general extent to which the farmer as an individual can affect the price he receives for his products.
2. Name and briefly characterize four principal factors which are influential in the determination of price.
3. Explain what is meant by the statement that the concept of marginal utility underlies the operation of the factors of supply and demand.
4. How would you define the term *demand*? In this connection, explain what is meant by an *elastic* and an *inelastic demand*.

¹ *Ibid.*, pp. 26–27.

² Mitchell, Wesley C., "Business Cycles," *Encyclopaedia of the Social Sciences*, The Macmillan Company, New York, 1937, Vol. 2, p. 98.

5. Compare the elasticity of the demand for farm products with that for industrial products. Why is this difference of great importance to the farmer?
6. What is a *change* or *shift* in demand, and what are some of the conditions giving rise to it?
7. Explain what is meant by the term *supply*, and in this connection, also, an *elastic* and an *inelastic supply*.
8. With the use of a diagram, explain the fundamental relations which exist among demand, supply, and price.
9. Give Henderson's statement of the general laws of supply and demand.
10. State four economic axioms upon which the law of supply and demand rests, explaining what is meant by each of them.
11. Show the relationship of *cost of production* to price in the *short run* and in the *long run*.
12. Distinguish among cost of production under *increasing costs*, *constant costs*, and *decreasing costs*. Which of these is most characteristic of agricultural production, and what is the significance of this situation?
13. What is *monopoly*, and what are its distinguishing characteristics?
14. Illustrate by a diagram the difference between the demand curves of the individual seller under conditions of pure and monopolistic competition.
15. Discuss the general extent to which the farmer is in a position to exert monopoly control over the prices of his products, and that to which he is the victim of such influences exerted by those from whom he must buy.
16. Is the program of the AAA in the nature of a monopoly? Give reasons for your answer.
17. Discuss the relationship between the *general price level* and the value of the dollar.
18. Explain the *quantity theory of money*.
19. What is meant by the *business cycle*, and what relation does agriculture bear to it?
20. Discuss the importance of increasing industrial production as a means to improving the condition of the American farmer.

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CHAPTER XIV

COÖPERATIVE MARKETING

The American farmer is traditionally an intense individualist. He lives amid the acres which he cultivates, often somewhat remote to his nearest neighbor. What he will plant and how much of it is determined largely by his own inclinations, and by the influence of what his father and his grandfather planted before him. As a rule, the products of his farm are marketed by him as an individual, with little regard to the effect upon his near and remote neighbor, growing the same crops. This persistence in maintaining such an isolated independence in production and in marketing has for many decades of a commercial stage of agriculture operated to his distinct detriment. He tends to produce too much wheat, cotton, tobacco, and such things. He unloads them on the market all at about the same time and depresses the price unduly. Too little significance is attached to quality and grading of product, and he is the victim of a marketing system, the emphasis in which is upon the profit of the extensive system of middlemen and secondarily upon the best advantage of the farmer. A succinct statement of the situation in which the American farmer finds himself today has been made by Bernard M. Baruch, a distinguished financier and a close student of coöperative marketing, as follows: "The farmer selling in unlimited competition with himself, has been buying at more or less controlled prices from industries which have organized their production and marketing."

Coöperative marketing is the agency born of this need of the farmer. The central purpose of such organizations is to develop the machinery by means of which the farmer employs his own middlemen to perform efficiently and economically for him the essential marketing services of assembling, grading, processing, packaging, storing, financing, and dispersing. Coöperative marketing does not

dispense with these services; it performs them for the farmer at cost. Since it does not eliminate middlemen functions, it does not eliminate middlemen. It employs the necessary middlemen on a salary basis, and what formerly constituted the profits of these are returned to the farmer in increased prices on the commodity he sells in this way. In addition, if the coöperative handles a sufficiently large proportion of the total production of the commodity, it can exert a decided stabilizing influence upon price levels through orderly marketing. And it is believed by many that once the coöperative ties have taken sufficient hold, through educational and possibly other procedures, the method will prove effective in the sensible adjustment of agricultural production to demand.

But in such a statement it must be realized that coöperative marketing is not a panacea for all of the ills of the farmer. While there may be much of inherent magic in the movement, it does not promise the change of a fool into a wise man, or a scoundrel into an honest citizen. It cannot eliminate the hundreds of thousands of inefficient farmers. Neither can it change the laws of nature, nor offer profits to the farmer who raises poor produce, nor afford a price higher than supply and demand justifies. Moreover, it will not give to every grower the highest price paid for some particular product. Some speculator or gambler is likely to secure this. But if it is properly managed, the farmer will secure a higher price than he would have received without the benefit of the coöperative.

1. GROWTH OF THE COÖPERATIVE MOVEMENT

While coöperative marketing and purchasing in the United States have shown their greatest progress in membership, number of organizations, and volume of business since 1910, their definitely known history extends back for a hundred years prior to that time. It seems ¹ that the American farmers' ventures in coöperation may be divided logically into four periods. Beginning with the attempts around 1810 in Goshen, Connecticut, at "associated or coöperative" dairying, and in cheese-making in South Trenton, New York, about the same time, the first period is characterized by a number of small, independent, and widely scattered efforts at coöperation affecting several different types of commodities and economic in-

¹ Elsworth, R. H., *The Story of Farmers' Coöperatives*, Farm Credit Administration, Washington, 1939, 28 pp.

CHAPTER XIV

COÖPERATIVE MARKETING

The American farmer is traditionally an intense individualist. He lives amid the acres which he cultivates, often somewhat remote to his nearest neighbor. What he will plant and how much of it is determined largely by his own inclinations, and by the influence of what his father and his grandfather planted before him. As a rule, the products of his farm are marketed by him as an individual, with little regard to the effect upon his near and remote neighbor, growing the same crops. This persistence in maintaining such an isolated independence in production and in marketing has for many decades of a commercial stage of agriculture operated to his distinct detriment. He tends to produce too much wheat, cotton, tobacco, and such things. He unloads them on the market all at about the same time and depresses the price unduly. Too little significance is attached to quality and grading of product, and he is the victim of a marketing system, the emphasis in which is upon the profit of the extensive system of middlemen and secondarily upon the best advantage of the farmer. A succinct statement of the situation in which the American farmer finds himself today has been made by Bernard M. Baruch, a distinguished financier and a close student of coöperative marketing, as follows: "The farmer selling in unlimited competition with himself, has been buying at more or less controlled prices from industries which have organized their production and marketing."

Coöperative marketing is the agency born of this need of the farmer. The central purpose of such organizations is to develop the machinery by means of which the farmer employs his own middlemen to perform efficiently and economically for him the essential marketing services of assembling, grading, processing, packaging, storing, financing, and dispersing. Coöperative marketing does not

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¹ Elsworth, R. H., *The Story of Farmers' Coöperatives*, Farm Credit Administration, Washington, 1939, 28 pp.

terests. One of the outstanding early businesses was the Jesse Williams cheese factory established in Oneida County, New York, in 1851. This effort was followed by many coöperative cheese factories and creameries. A coöperative grain elevator was established at Madison, Wisconsin, in 1857, and ten or eleven years later Iowa farmers at Blairstown and Brooklyn were setting up similar establishments. Old records show that a coöperative hog auction was in existence in Bureau County, Illinois, around 1860. We are told that a farmers' purchasing association organized at Riverbend, Long Island, New York, on Christmas night, 1863, still holds its meetings in the building in which it was formed. The earliest known association for the coöperative marketing of fruit was organized at Hammonton, New Jersey, in 1867. The first farmers' mutual fire insurance companies came into existence shortly after 1820, in New England and the Middle Atlantic states. Thus, when this first period of early pioneering in coöperation came to a close around 1870, substantial achievements were on the record to its credit.

The second period of the history of agricultural coöperation in this country began with the rise of the National Grange, founded in 1867, to a position of powerful influence in American business and politics. At its annual meeting in 1875, the Grange formally indorsed the Rochdale principles, developed by the Rochdale Pioneers in England a few years previous, and actively sponsored as a vital part of its program coöperative marketing associations, coöperative purchasing associations, coöperative stores, coöperative banks, and even the coöperative manufacture of farm implements. Much of this development was short-lived, but a few of the establishments continued well into the present century.

The thirty years from 1890 to 1920 mark the approximate extent of the third period in American coöperation. Within this period, the number of coöperative enterprises increased to more than 12,000. Local shipping associations especially were developed, and many of them continue today as vitally functioning parts of the farmers' coöperative movement. But it was in this period, also, that such large-scale, federated coöperatives as the California Fruit Growers' Exchange took form, and several large centralized associations were established.

Beginning about 1920, a shift in emphasis in the farmer-coöperative movement came about from local organizations at shipping points to large-scale coöperatives, operating over producing areas or at terminal markets. It was in the early 'twenties that a great wave of enthusiasm swept over the nation for the establishment of "commodity coöperatives" centered about the objective of handling as nearly as possible the entire output of a specified crop or group of closely related crops within the important producing regions. A lot of overzealous salesmanship was indulged in, and implied in the representations was the tacit suggestion that when such a degree of complete control over the marketing of the commodity was achieved, the farmers would be in a position also to have the benefit of monopoly control and resulting monopoly prices. Large-scale cotton, tobacco, peanut, and other commodity coöperatives sprang up all over the South, some of which were destined to be ill-fated, but others of which continue even until the present time. During this period, in 1929, the National Coöperative Council was formed in connection with the meeting of the American Institute of Cooperation, both of which organizations continue today as potent factors in advancing the coöperative movement. A Standard Marketing Act was drafted, and adopted in slightly modified form by the legislatures of more than half of the states. Also, three important pieces of national legislation affecting coöperatives were enacted, the Capper-Volstead Act of 1922, the Coöperative Marketing Act of 1926, and the Agricultural Marketing Act of 1929, the last mentioned providing for the Federal Farm Board recommended by President Hoover. In this period, also, coöperative purchasing of supplies took on new life and has with the added years increased in significance as one of the outstanding current trends in the farmers' coöperative movement.

Nor has the development been limited to marketing and purchasing associations. In addition to these, many other organizations have been established, some of them formal and others informal, for such purposes as better solving production problems; for securing credit and for financing their business enterprises; for fire, life, automobile, and windstorm insurance; and for telephone service and rural electrification. Auxiliary associations have been established also in such matters as accounting and auditing,

professional farm management, conducting educational programs, developing advertising campaigns, providing testing service, operating markets, and gathering and distributing market news.

In 1913, there were 3,099 farmers' coöperative marketing and purchasing associations reported in the United States with a volume of business totaling \$310,313,000. In 1940, the total number of such coöperatives was 10,700, and the volume of business aggregated \$2,087,000,000. In 1913, there were 651,186 members of farmers' coöperatives, but by 1940, this figure had increased to 3,200,000.

The table on page 339 serves to show the distribution of these coöperatives on a regional basis, as well as by the leading states and commodity groups. The twelve North Central states had nearly two-thirds, 64.8 per cent, of all associations listed in 1940; 10 per cent of them were in the eight South Central states; 8.5 per cent were in the three Pacific states; 5.3 per cent in the eight Mountain states; and 5.1 per cent in the three Middle Atlantic states. Coöperative purchasing associations dealing in feed, seed, fertilizer, petroleum products, and general merchandise constituted the largest commodity group in the 1939-40 marketing season. The 2,649 active associations in this class constituted nearly one-fourth of all farmers' coöperatives, and had 900,000 members, the largest of any single group. Second in size was the dairy products group with 2,395 associations and 620,000 members. In volume of business, dairy products, with \$560,000,000, led all commodity groups. Ranked on the basis of dollar business, the other coöperative groups were in the following order: Grain (including dry beans and rice); livestock; fruits, vegetables, and nuts; cotton and cotton products; poultry and eggs; tobacco; and wool and mohair.

2. THE ROCHDALE PRINCIPLES

The influence of the coöperative movement in Europe upon developments in the United States has been profound, and the little country of Denmark has long been regarded as a laboratory illustrating how the principles and practices of coöperation can pervade an entire commonwealth and become a potent factor in almost every phase of its economic and social life. However, until comparatively recently, agricultural coöperation in America has proceeded along rather widely different lines to those which have

TABLE XIII
FARMERS' MARKETING AND PURCHASING ASSOCIATIONS: NUMBER, ESTIMATED
MEMBERSHIP, AND ESTIMATED BUSINESS, WITH PERCENTAGES, BY GEO-
GRAPHIC DIVISIONS, LEADING STATES, AND SPECIFIED GROUPS,
1939-40 MARKETING SEASON ¹

| <i>Geographic Division, State, Group</i> | <i>Associations Listed</i> | | <i>Estimated Membership</i> | | <i>Estimated Business</i> | |
|---|--------------------------------|-----------------|---------------------------------|-----------------|-------------------------------|-----------------|
| | <i>Number</i> | <i>Per Cent</i> | <i>Number</i> | <i>Per Cent</i> | <i>\$,000</i> | <i>Per Cent</i> |
| Geographic Division: | | | | | | |
| East North Central | 2,611 | 24.4 | 893,100 | 27.9 | 549,190 | 26.3 |
| West North Central | 4,319 | 40.4 | 975,830 | 30.5 | 527,620 | 25.3 |
| Pacific | 915 | 8.5 | 207,560 | 6.5 | 341,845 | 16.4 |
| Middle Atlantic | 544 | 5.1 | 213,775 | 6.7 | 209,540 | 10.0 |
| West South Central | 790 | 7.4 | 250,305 | 7.8 | 133,140 | 6.4 |
| South Atlantic | 514 | 4.8 | 180,640 | 5.6 | 100,635 | 4.8 |
| New England | 162 | 1.5 | 136,690 | 4.3 | 82,175 | 3.9 |
| Mountain | 563 | 5.3 | 153,180 | 4.8 | 87,070 | 4.2 |
| East South Central | 282 | 2.6 | 188,920 | 5.9 | 55,785 | 2.7 |
| Total | 10,700 | 100.0 | 3,200,000 | 100.0 | 2,087,000 | 100.0 |
| State: | | | | | | |
| California | 517 | 4.8 | 90,760 | 2.8 | 229,385 | 11.0 |
| Illinois | 638 | 6.0 | 314,510 | 9.8 | 188,240 | 9.0 |
| Minnesota | 1,403 | 13.1 | 309,100 | 9.7 | 184,970 | 8.9 |
| New York | 325 | 3.0 | 134,275 | 4.2 | 148,840 | 7.1 |
| Iowa | 808 | 7.5 | 192,720 | 6.0 | 113,670 | 5.4 |
| Wisconsin | 1,134 | 10.6 | 190,000 | 5.9 | 106,090 | 5.1 |
| Ohio | 329 | 3.1 | 162,500 | 5.1 | 105,870 | 5.1 |
| Michigan | 293 | 2.7 | 98,190 | 3.1 | 79,550 | 3.8 |
| Washington | 233 | 2.2 | 77,100 | 2.4 | 76,000 | 3.6 |
| Texas | 488 | 4.6 | 140,890 | 4.4 | 72,615 | 3.5 |
| All others | 4,532 | 42.4 | 1,489,955 | 46.6 | 781,770 | 37.5 |
| Total | 10,700 | 100.0 | 3,200,000 | 100.0 | 2,087,000 | 100.0 |
| Marketing: | | | | | | |
| Cotton and Products | 536 | 5.0 | 270,000 | 8.5 | 78,000 | 3.7 |
| Dairy Products | 2,395 | 22.4 | 620,000 | 19.4 | 560,000 | 26.8 |
| Fruits and Vegetables | 1,088 | 10.2 | 145,000 | 4.5 | 273,000 | 13.1 |
| Grain (and Dry Beans, Rice) | 2,462 | 23.0 | 365,000 | 11.4 | 390,000 | 18.7 |
| Livestock | 844 | 7.9 | 580,000 | 18.1 | 282,000 | 13.5 |
| Nuts | 51 | .5 | 21,000 | .7 | 16,000 | .8 |
| Poultry and Eggs | 181 | 1.7 | 104,000 | 3.3 | 76,000 | 3.6 |
| Tobacco | 10 | .1 | 68,000 | 2.1 | 11,500 | .6 |
| Wool and Mohair | 134 | 1.2 | 62,000 | 1.9 | 11,000 | .5 |
| Miscellaneous | 350 | 3.3 | 65,000 | 2.0 | 31,500 | 1.5 |
| Total Marketing | 8,051 | 75.3 | 2,300,000 | 71.9 | 1,729,000 | 82.8 |
| Purchasing | 2,649 | 24.7 | 900,000 | 28.1 | 358,000 | 17.2 |
| Total Marketing and Purchasing | 10,700 | 100.0 | 3,200,000 | 100.0 | 2,087,000 | 100.0 |

¹ Source: Mimeograph, Farm Credit Administration, Cooperative Research and Service Division, Washington, 1941.

characterized the European development. Our primary emphasis here tends to be upon coöperative associations for marketing farm produce rather than upon coöperative credit and joint purchasing. In the United States, coöperative credit unions, though attempted in various places, are insignificant in their extent, and coöperative purchases are as yet only about one-fifth of coöperative sales. It should be noted in this connection though that one of the most significant trends in agricultural coöperation in this country is the large growth in number and volume of business of associations organized for the purchasing of supplies. In 1913, when the first nation-wide survey was made of farmers' coöperative activities, the business of the purchasing associations was less than 2 per cent of the total coöperative business, but by 1940 this had increased to approximately 17 per cent. Thus it would seem indicated that as the strongly individualistic attitude of the American farmer breaks down, to an increasing extent the European forms of coöperation will have vogue.

Nowhere can a clearer picture be secured of the meaning of coöperation and its debt in this country to Old World influences than is found in the vivid experiences of the Rochdale Pioneers in their immortal experiment in Toad Lane, Rochdale, England. The following human account of the dramatic beginnings of the Rochdale movement makes interesting and significant reading in the history of coöperation:

These Rochdale Pioneers may be looked upon as the beginning of the standardized Coöperative Movement. No long and expanding series of successes had ever followed any efforts at Coöperation before them. They formulated not only the philosophy but the technic for applying and working out their philosophy. After painstaking development of their ideas they put them into operation. They opened their store. They carried out their plans. They succeeded. And from that day on there has never been a recession in the onward progress of the methods which they inaugurated.

Before these men organized their society, the state of the weavers in the mills at Rochdale was pathetic, but typical of working conditions in capitalistic industry. In 1830, by the utmost exertion, a weaver could not hope to make his earnings total more than the equivalent of \$1.00 to \$1.50 per week. After a life of toil, the poorhouse was the destiny to which he looked forward.

We are indebted to George Jacob Holyoake for the best information on this significant organization. According to Holyoake, it was on a

dismal, cold, damp day of an English November, in 1843, that these poor men—out of work, out of money, with scarcely food to feed them, and heart-sick from the distressful conditions with which they were oppressed—met to consider means to secure relief. There were but two known ways out; the poorhouse and emigration. The first meant confession of defeat, and was inevitable if they survived. The second was difficult because it required some money, and was equivalent to deportation which was visited upon violators of the law.

They decided upon a new plan. All their lives they had been exploited by traders. Forsooth, they would become themselves traders, and indeed, capitalists! They would add to their already burdensome work the duties of merchant, banker, and mill-owner. They would take over the functions of the captains of industry!

These ragged, hungry weavers! How they would have been laughed to scorn by the owners of the mills had their ambitious talk been heard beyond the four walls of their little meeting room!

Accordingly, twelve of the most opulent, with the utmost financial abandon, subscribed four cents a week. When the twenty-eight of them, by the greatest privations, after more than a year of saving, had accumulated the sum of \$140, they began their experiment.

The ground floor of an old warehouse on Toad Lane was rented for three years. They had about \$70 to invest in a small stock of flour, oatmeal, butter, and sugar. Samuel Ashworth was elected "salesman," and the store was voted to be kept open two evenings a week. With trepidation, and to the hoots of urchins, the "owd weyvers" opened their doors for business on a cold night—the longest in the year, the 21st of December 1844.

They felt like a band of conspirators. This is precisely what they were. They were conspiring against poverty and the forces which created and subsisted upon poverty; and these forces were the mightiest powers in the British Empire.

Well might these poor weavers tremble as they took down the shutters from the window of their shop. So poor, so uninviting, so marked with the outward signs of failure; and yet so rich in hopes, so alluring with possibilities, and under its plain exterior so indelibly marked with the pigments of success!

William Cooper, the first treasurer, took care of the money. He carried it from the store to the bank when it was so light that he must put his hand into his pocket to assure himself that it was not lost; and faithfully and proudly he continued to carry it when it was so heavy that the burden caused a strain which injured him for life. Never was a treasurer more jealous of his money. No minister of the exchequer ever found more pride in his treasure.

These weavers did a thing which no group of British workmen had done before; they not only acted together from the beginning, but they held together even when adversity came upon them. They received no

aid outside of their own poor efforts; and precisely here was one of the reasons for their success. To accept financial aid has ever been a cause of failure in coöperative undertakings; to sacrifice, suffer, endure, and develop self-reliance have ever been potent factors in securing success.

These men were staunch and the women were true. The allurements of the private tradesmen failed to divert the women from their shop or to dissuade them from their ideals. They realized that loyalty was the keystone. They walked long distances to carry home their meagre purchases from "t' old weavers' shop." Often they were told that they were "just out of sugar" or that they "expected a sack of flour in a day or two." Reports were constantly circulated about the town that the store was about to fail. The timid often rushed in and withdrew their savings which had been left with the store. Sometimes, having found that they could get their money, they handed it back again. It is told of one man that he withdrew an accumulation of \$80, due in surplus-savings, kept it in a stocking for two years, sacrificed his 4 per cent interest, and then put it back with the society again.

By the end of the year 1845, the Rochdale Society of Equitable Pioneers had eighty members and a paid-up capital of \$900. They formulated the "Rochdale principles."

Fifty years later, in 1894, at the jubilee celebration of this single Society, the membership was 12,000, the funds \$2,000,000, the amount of yearly business was more than \$1,500,000, and the yearly "profits" \$300,000. In 1922, the Pioneers' Society had 26,000 members and was doing a business of \$4,000,000 a year; while the town of Rochdale has another coöperative society, an offshoot from the Pioneers, nearly as large as the parent society.

Such were the impulses behind the modern coöperative movement. The Rochdale Pioneers may be regarded as the beginning because from them the movement has progressed with ever-increasing vigour. There has been no abatement nor period of reaction since 1844 down to the present day. Their methods and ideals remain largely and essentially the methods and ideals of the modern movement. Experience has only added a larger consideration for the human being as a consumer.

These poor men might have acknowledged defeat, as the poor have usually done. They might have yielded to fate and resigned themselves to the hardness of life. But instead, they did the great thing—they grappled with life, and they won.

This experiment will be looked back upon as an epoch in human history. When the Magna Charta, the Declaration of Independence, and constitutions of governments which now claim the plaudits of the world are forgotten, the simple principles of the Weavers of Rochdale may be inscribed in history, for all to read. For while political emancipation was important in the days of kings and autocracies, a day came when the machine and its owners were more potent than kings; and then Coöperation wrote the declaration of independence which made it

possible for men to be free. The day, perhaps, approaches when it will not be the legislators, politicians, diplomats, and ministers of State whose names children shall be taught to speak; but the men who served society best, it will be realized, were such as lived in humble places, spoke a simple language, and loved their fellowmen. The day will come, perhaps, when the men of Toad Lane shall be exalted above those who, in the early years of the last century, trod in stately grandeur the halls of Westminster.

At Rochdale began a new economic era. A different method of industry was devised. A way was found to guarantee that measures should be fair and the scales of human justice should balance true.¹

Out of these humble beginnings have come the great consumer coöperative movement. In 1935, there were 37,000 such societies over the world, with a total membership of approximately 100,000,000 persons. In the same year, the Coöperative Wholesale Society of England had 6,155,964 members, £104,098,072 total capital, net sales totaling £98,283,975, and a net surplus from sales amounting to £2,095,481.

But it may be asked, what have the coöperative purchasing experiences of the poor weavers of Rochdale to do with the coöperative selling and buying activities among the farmers of the United States? And the answer is, Quite a lot they have to do with them. Briefly stated as they must be for the purposes of this account, the Rochdale principles are mainly three in number, as follows:

- (1) One man, one vote, regardless of the amount of stock the member may own, i.e., democratic control.
- (2) Limited interest on capital invested in the society, which interest shall be the minimum rate prevailing at the time.
- (3) Dividends paid to members in proportion to their patronage.

The direct relation of these principles to agricultural coöperation is well indicated in the following quotation from *Three Principles of Agricultural Coöperation*, a current bulletin of the Coöperative Research and Service Division of the Farm Credit Administration:

Three fundamental principles, then, which distinguish farmers' coöperative associations from businesses of other types are: (1) Democratic control by members; (2) payment for capital limited to a conservative rate; (3) sharing the benefits and savings of coöperation in direct proportion to the patronage of the individual member. None of

¹ Warbasse, J. P., *Coöperative Democracy*, The Macmillan Company, New York, 1923, pp. 379-387.

these principles is arbitrary or accidental. All three of them simply provide the rules of action which have been found necessary to accomplish the coöperative purpose. . . . Experience has demonstrated the wisdom of adhering to these principles. . . .

The First Principle: Democratic Control

Democratic control is perhaps the most universally recognized principle of agricultural coöperation. It also is a commonly accepted ideal of our American form of government. In the operation of a co-op it is based on the obvious fact that those who are intended to benefit from the organization (that is the members) must hold the reins. If they do not control, the benefits that they are seeking may disappear.

In other words, the benefits you expect through your co-op are services or goods of the kind you want at cost. Any earnings or savings your association makes belong to you and the other members. To protect your earnings and savings, and prevent their going to someone else as profits, you and your fellow members must control your organization on a democratic and equitable basis. . . .

The Second Principle: Limited Returns on Capital

Capital is as necessary in a coöperative as in any other business. It is needed to provide buildings and equipment, and to furnish funds for day-to-day operations. But since a co-op is nonprofit in its set-up, and its earnings are in reality savings for its members, it cannot disperse these earnings as a profit to capital.

This means that it must employ its necessary capital, just as it employs its manager and other workers. This also implies that it must limit the interest it pays for capital to the "going rate"—just as it pays its wages, salaries, rent, and other items on a fair basis of what these services are worth. . . .

The Third Principle: Sharing the Benefits and Savings in Direct Proportion to Patronage

When farmers join together to market their crops or purchase their supplies and needed services, a large volume of business is one of the first requirements toward selling or buying most effectively. Volume of business, or "patronage," is therefore the most important contribution of a member to his co-op.

Effectiveness and savings are dependent on this volume—and it follows that the benefits and savings should be shared by each member in proportion to the volume he contributes. That is why this third principle of coöperation should be strictly adhered to.¹

¹ Fetrow, Ward W., *Three Principles of Agricultural Coöperation*, Circular E-24, Farm Credit Administration, Washington, 1940, pp. 1-8.

A nation-wide survey of farmers' coöperatives made in 1937 showed that in 1936, 86 per cent of all farmers' coöperative marketing and purchasing associations operating in the United States, used the one member—one vote principle, while in 12 per cent of the organizations, voting privileges were based on the amount of stock owned or some other forms of membership equity. Some 125 associations, located mainly on the Pacific coast, based voting privileges on patronage alone or on a combination of patronage and membership.

Both Federal and state laws relating to coöperatives specify the maximum returns that may be paid on invested capital. In most state laws the maximum is fixed at 8 per cent, but coöperative associations may pay any amount they choose less than the maximum. The Federal coöperative law—the Capper-Volstead Act—recognizes the same principle of limited returns by stating that the association shall not pay dividends on stock or membership capital in excess of 8 per cent per annum.

In 1936, patronage dividends were returned by 4,010 coöperative associations, about 37 per cent of all coöperative marketing and purchasing associations existing at that time. But of course many associations have the policy of operating as near cost as possible without attempting to build up any earnings or surplus for later distribution to their members.

The question is often raised as to whether coöperative activity is not essentially socialistic in its nature. But socialism advocates that the socialistic state own and exercise supreme control over all instruments of production, including land. Coöperative associations do not advocate such an abolition of private-property rights in the factors of production. Communism, as a form of socialism, advocates that consumption goods as well as production goods are to be owned collectively by the state, and this objective is even more remote to the aims of the coöperatives. Thus coöperation is a form of economic organization which retains the institution of private property in both production and consumption goods, but seeks to make the investment and management of capital subject to democratic control on the part of the membership of the coöperative.

While not directly related to agricultural coöperation, of significant interest to the college student is the application of the Rochdale principles to various phases of college and university life,

particularly with regard to bookstores. About 1940, there were sixty-five such bookstores, some of which like the Harvard University Coöperative Society, the largest of the entire group, are rather strictly Rochdale organizations. The Harvard Society was organized in 1882 with some three hundred members the first year. It was successful from the very start. It had three thousand members and forty-two employees by 1904, and in 1924, it built one of the largest department stores in Cambridge to house its business of handling men's furnishings, clothes, hats, shoes, books, toilet goods, house furnishings, and sporting goods. "The Harvard Society is a democratically controlled business organization adhering to Rochdale principles. Patronage dividends of 10 per cent on cash purchases and 8 per cent on charge accounts are paid annually. Oldest and largest of all college coöperatives, it is the outstanding example of the successful application of coöperative principles not in the classroom but in the lives of students 'on campus.'"¹

3. LEGISLATION AFFECTING COÖPERATIVES

The National Grange in 1875 at its annual meeting formally endorsed the "Rochdale principles" urging that commercial enterprises under its auspices adopt these in their practices. The rules promulgated by the Grange evidently had in mind principally their application to coöperative stores.² They were, however, employed by elevators and shipping associations operating under the auspices of that organization. Under the impulse of this influence laws were enacted in several states, Michigan, Massachusetts, Wisconsin, Nebraska, Minnesota, and others legalizing this form of coöperative because the general laws affecting corporation procedure in those states specifically stipulated the voting on the share basis, and the distribution of profits according to the amount of capital invested. Many of these earlier laws are still retained on the statute books even though supplemented by later legislation for coöperatives.

The Rochdale form of organization was predicated upon the capital-stock and patronage-dividend basis, but in the evolution of

¹ Blankertz, Donald F., *Marketing Coöperatives*, The Ronald Press Company, New York, 1940, pp. 408-409.

² Nourse, E. G., *The Legal Status of Agricultural Coöperation*, The Macmillan Company, New York, 1927, p. 37.

the coöperative, agitation soon led to the provision for the non-stock and nonprofit association in which the capital employed was secured on a loan basis, with the warehouse receipts of the commodity in possession of the association largely forming the collateral as security for the loans. Both the stock and nonstock forms of organization persist in the coöperatives of today, and strong advocates are to be found for each of these types. Along with such developments, under the crystallizing influence of Colonel Harris Weinstock, Director of the California State Commission Market, and Aaron Sapiro, there was developed concretely from tendencies already existent in California organizations the "commodity coöperatives." The plan in its tentative form was laid before the prune growers of California in January, 1916, by Director Weinstock. By it is meant that the growers of a given product, let us say citrus fruits, will organize by commodity, the business of the resulting coöperative being limited to that particular form of produce. In developing this form of organization, Mr. Sapiro, legal counsel for the Commission, saw the necessity for statutory provision legalizing the contract of the commodity coöperative, and making definite provision for its enforcement. The result was the development of the Standard Coöperative Marketing Act drafted by Aaron Sapiro in 1919.

One of the authorities on coöperative marketing says with regard to the commodity coöperative:

The logical center of interest must be a particular commercial product. Experience in America, Canada, and Denmark has shown that the best results are secured when the entire output consists of a single product (perhaps only a single form, such as a certain grade, or the prepared instead of the fresh commodity) or possibly a limited group of products very closely associated. The concentration on a commodity or commodities works best irrespective of whether the output is a perishable, semiperishable, or staple; whether it is of continuous, seasonal, or yearly production.¹

No move was made to have the Standard Marketing Act passed in California; but Oregon in 1921 saw the need for certain of its provisions and adopted them in the form of amendments to its existing coöperative marketing legislation. It was about this time

¹ Mears, E. G., and M. O. Tobriner, *Principles and Practices of Coöperative Marketing*, Ginn and Company, Boston, 1926, p. 34.

that Mr. Sapiro was retained by the agricultural forces of several Southern states to aid in the establishment of commodity coöperatives in cotton, tobacco, and other products. In order that these might function effectively it was necessary that adequate statutory provision be made. The measure was passed first by Arkansas in 1919, and within the space of six years it had been closely copied in the legislation enacted in all except eight states throughout the entire nation.

Under the guiding influence of Judge Robert W. Bingham of Louisville, the Kentucky legislature adopted the Standard Marketing Act, though modifying it to include nonstock coöperatives and to make it conform to valuable experiences growing out of its application in other states. This Kentucky law, known as the *Bingham Act*, is typical of the state laws affecting farm coöperatives in the United States today. "The widespread adoption of its provisions . . . has led to a greater degree of uniformity among state coöperative marketing laws than is common for most other types of legislation." ¹ Consequently, to reproduce here some of its most significant provisions serves to make clearer both the purposes and functioning of farmers' coöperatives.

The purposes of the Act are broadly stated as follows:

Declaration of Policy. 1. (a) In order to promote, foster and encourage the intelligent and orderly marketing of agricultural products through coöperation; and to eliminate speculation and waste; and to make the distribution of agricultural products between producer and consumer as direct as can be efficiently done; and to stabilize the marketing of agricultural products, this act is passed.

Definitions. 2. . . . (d) Associations organized hereunder shall be deemed "non-profit," inasmuch as they are not organized to make profit for themselves, as such, or for their members, as such, but only for their members as producers.

Some of the more significant provisions of the Bingham Act are cited as follows:

Incorporation. As stock or non-stock associations . . . if organized without capital stock the articles of incorporation must set forth whether the property rights and interests of each member shall be equal or unequal, and if unequal a definite means of determining and fixing property rights and interests of members . . . at least five directors . . . incorporation up to fifty years . . . amendments to articles of

¹ Blankertz, Donald F., *op. cit.*, p. 243.

incorporation made at membership meetings by a majority vote and with previous approval of two-thirds of the directors.

Membership. Twenty or more residents of the state who are producers of agricultural products . . . one association may become a member of another.

Powers. To engage in any activity in connection with the marketing, selling, preserving, harvesting, drying, processing, manufacturing, canning, packing, grading, sorting, handling or utilization of any agricultural products produced or delivered to it by its members; or the manufacturing or marketing of the by-products thereof; or any activity in connection with the purchase, hiring, or use by its members of supplies, machinery or equipment; or in the financing of any such activities; or in any one or more of the activities specified in this section. No association, however, shall handle the agricultural products of any non-member, except for storage . . . to borrow money . . . to make advances to members . . . to act as the agent or representative of any member or members in any of the above mentioned activities . . . to purchase or otherwise acquire shares of stock or bonds of any corporation or association engaged in any related activity . . . to establish reserves . . . to buy, hold and exercise all privileges of ownership necessary, convenient or incidental to the conduct and operation of any of the business of the association . . . to do each and every thing necessary, suitable, or proper for the accomplishment of any one of the purposes or the attainment of any one or more of the subjects herein enumerated; or conducive to or expedient for the interest or benefit of the association; and to contract accordingly; and in addition to exercise and possess all powers, rights and privileges necessary or incidental to the purposes for which the association is organized . . . and, in addition, any other rights, powers and privileges granted by the laws of this State to ordinary corporations, except such as are inconsistent with the express provisions of this act; and to do any such thing anywhere.

Stock Ownership. No stockholder can own more than one-twentieth of the common stock, nor have more than one vote regardless of the amount of stock owned . . . no member is liable for the debts of the association other than for stock subscribed for or unpaid membership fees . . . common stock is not transferable to outsiders.

Marketing Contract. The association and its members may make and execute marketing contracts for any period of time, not over ten years, requiring members to sell all or any specified part of their agricultural products to or through the association . . . if they contract a sale it shall be held that title to the products passes absolutely and unreservedly, except for recorded liens, to the association upon delivery, or at any other specified time if expressly and definitely agreed in the said contract . . . may provide for handling with or without purchase by the association.

Remedies for Breach of Contract. The by-laws or the marketing contract

may fix, as liquidated damages, specific sums to be paid by the member or stockholder upon the breach by him of any provision of the contract regarding the sale or delivery or withholding of products . . . and such clauses providing for liquidated damages shall be enforceable as such and shall not be regarded as penalties . . . the association shall be entitled to an injunction to prevent the further breach of the contract and to a decree of specific performance thereof . . . it shall be conclusively presumed that a landowner or landlord or lessor is able to control the delivery of products produced on his lands by tenants or others whose tenancy or work follows the execution by the landowner or landlord or lessor of such a marketing agreement and the foregoing remedies for non-delivery or breach shall lie and be enforceable against such landowner, landlord or lessor . . . \$100 to \$1,000 fine for knowingly trying to induce members to breach contracts, or spread false reports about finances or management . . . \$500 fine for a warehouseman receiving goods from members in violation of contracts which they have knowledge or notice of . . .

Not in Restraint of Trade. Any association organized hereunder, shall be deemed not to be a conspiracy nor a combination in restraint of trade nor an illegal monopoly; nor an attempt to lessen competition or to fix prices arbitrarily or to create a combination or pool in violation of any law of this State; and the marketing contracts and agreements between the association and its members and any agreements authorized in this act shall be considered not to be illegal nor in restraint of trade nor contrary to the provisions of any statute enacted against pooling or combinations.

It is pertinent at this point to inquire briefly into a few of the outstanding Federal laws which have a bearing upon these same problems. The Sherman Antitrust Act of 1890 was aimed by the Congress at the "trusts" which were looming large upon the horizon in those days, and because unregulated, did possess characteristics of an obviously harmful nature. The first section of this Act states that "every contract, combination in the form of trust or otherwise or conspiracy in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared to be illegal," and prescribed penalties for conviction with regard to such a misdemeanor in the discretion of the court. Farmers' large-scale coöperative associations came in for

their drubbing under the application of the law, being easily adjudged as combinations in restraint of trade, but since their essential nature was quite different to the commercial interests aimed at, the Clayton Act of 1914 made the provision that "nothing shall be construed to forbid the existence and operation of labor, agricultural or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations or members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the anti-trust laws."

It will be noted that the Clayton Act applied only to the non-stock, nonprofit coöperative association, and did not operate to clarify the position of capital-stock organizations. In order to remedy this situation, and further to define the legal relations of coöperative activities more clearly, the Capper-Volstead Act was enacted by the Congress on February 18, 1922. The first section of this Act is as follows:

That persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce, such products of persons so engaged. Such associations may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes: *Provided, however,* That such associations are operated for the mutual benefit of the members thereof, as such producers, and conform to one or both of the following requirements:

First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, or,

Second. That the association does not pay dividends on stock or membership capital in excess of 8 per centum per annum.

And in any case to the following:

Third. That the association shall not deal in the products of non-members to an amount greater in value than such as are handled by it for members.

The second section of the Act empowers and requires the Secretary of Agriculture to curb any such association which "monopo-

may fix, as liquidated damages, specific sums to be paid by the member or stockholder upon the breach by him of any provision of the contract regarding the sale or delivery or withholding of products . . . and such clauses providing for liquidated damages shall be enforceable as such and shall not be regarded as penalties . . . the association shall be entitled to an injunction to prevent the further breach of the contract and to a decree of specific performance thereof . . . it shall be conclusively presumed that a landowner or landlord or lessor is able to control the delivery of products produced on his lands by tenants or others whose tenancy or work follows the execution by the landowner or landlord or lessor of such a marketing agreement and the foregoing remedies for non-delivery or breach shall lie and be enforceable against such landowner, landlord or lessor . . . \$100 to \$1,000 fine for knowingly trying to induce members to breach contracts, or spread false reports about finances or management . . . \$500 fine for a warehouseman receiving goods from members in violation of contracts which they have knowledge or notice of . . .

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First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, or,

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The second section of the Act empowers and requires the Secretary of Agriculture to curb any such association which "monopo-

lizes or restrains trade in interstate or foreign commerce to such an extent that the price of any agricultural product is unduly enhanced by reason thereof."

The Coöperative Marketing Act passed in 1926 established a division of coöperative marketing in the United States Department of Agriculture to promote the knowledge of coöperative principles and practices through research, service, and education. When the Agricultural Marketing Act of 1929 was enacted in the early days of the Hoover administration, establishing the Federal Farm Board, the work of this division was transferred to the newly established branch of the government. The important place given to coöperative marketing in the Agricultural Marketing Act has been considered at some length in an earlier chapter on farm-relief measures. When the Farm Credit Administration was organized at the beginning of the Roosevelt administration, the work of this division was transferred to it and has become known as the Coöperative Research and Service Division. It has an impressive record of achievement to its credit both in the research studies it has published and in the service functions it has performed in connection with the operations of the banks for coöperatives and to individual coöperatives in advising them with regard to their special problems.

4. FORMS OF COÖPERATIVE MARKETING ORGANIZATIONS

Clarence Poe has made a statement to the effect that the difference between a "corporation" and a "coöperative" is that a corporation is an aggregate of dollars for the purpose of hiring men to make profits for the dollars, while a cooperative marketing association is a collection of men for the purpose of hiring dollars to make profits for the men. It is worth while at this point to inquire briefly into the structure of coöperatives affecting farm products and to describe the major types in as interesting and informative a way as possible.

It is customary to classify farmers' coöperative marketing associations under four main types:¹ the local association, the federated, the centralized, and the combination.

The *local association* is essentially a neighborhood enterprise, the

¹ Bakken, Henry H., and Marvin A. Schaars, *The Economics of Coöperative Marketing* McGraw-Hill Book Company, Inc., New York, 1937, pp. 213-225.

membership usually residing in the trading area about some small town or village and consisting of producers having similar interests in production and marketing. The local associations, as the name implies, have relatively small numbers of individual farmers as members of such enterprises as coöperative creameries, grain elevators, livestock shipping associations, cheese factories, milk-retailing companies, and fruit-packing houses. They serve a very important function, and carefully planned and efficiently managed as they must be to operate successfully, such associations are of great help in improving local marketing conditions, but obviously they do not apply in larger terminal-market and nation-wide services.

The *federated association* is made up of local associations as members. Thus a federated functions on the one hand to assist its local associations in their production and operating problems, and on the other hand it operates as a terminal-marketing association. The sphere of operation with the federated is nation-wide and even foreign in the extent of its services. One of the best examples of the federated coöperative is the California Fruit Growers' Exchange, an organization dating back to 1893. A brief case history of this federation is given later on as a part of this chapter, and serves to show how such an organization develops and functions.

In its actual functioning the *centralized association* is not greatly different to the federated. However, in it there is no local association. The relationship is direct between the member and the central agency, and not through the local. Of course in its operation, the centralized organization must have a distributing and sales system to perform the services characterizing the federated type of coöperative. A good example of the centralized type of organization is the Staple Cotton Coöperative Association of Greenwood, Mississippi. A brief sketch of its organization and operations is given in a following section of this discussion.

The *combination association*, as the name implies, includes features of both the federated and the centralized types. For example, the Eastern Shore of Virginia Produce Exchange, one of the oldest co-operatives in the United States, has a central sales agency. It also is made up of local associations, composed of farmers in a particular shipping locality who are members of the central sales agency, and yet there is a local manager responsible to the local association.

(1) *The California Fruit Growers' Exchange*. Orange growing in

California dates back as far as 1769, with the development in the industry proceeding in the southern part of the state, where it still is mainly concentrated. The first carload shipment to the East was to St. Louis in 1877. Improving transportation facilities, and the certainty of shipping accommodations and regularity of schedule, gave a great impetus to the growing of this fruit, so that by 1892-93, the year in which coöperative associations began to function, 5,936 carloads were shipped.

Marketing methods in those days were crude. The oranges were usually bought on the trees, and the bargainer usually did the picking, packing, and shipping. Naturally, under such conditions prices were low. Some markets were glutted and others suffered a famine of oranges. Also, dishonesty among commission dealers brought about dissatisfaction, and disaster faced the orange grower. These conditions led on October 24, 1885, to a meeting of the growers at Los Angeles and the organization of the Orange Growers' Protective Union of Southern California. This concern proved rather satisfactory for a few years, but in 1893 failed because of the persistent opposition of commission men and individual buyers who could make larger profits under the previously existing situation.

But while the experiment of the Union was being tried, a more significant plan was beginning to take form. Eleven neighbors at Riverside in 1888 organized the Pachappa Orange Growers' Association, agreeing to pool their fruit, and in 1895 securing their own packing house.

In the meantime other growers in the Claremont district organized in 1893 the Claremont California Fruit Growers' Association, and adopted three methods of marketing: (a) to sell at auction through specified brokers in the East; (b) to deal direct with the trade, allowing them a brokerage fee; and (c) to export. So successful were these two pioneer organizations that the movement quickly extended to other citrus-fruit areas, resulting in the formation of numbers of such local associations.

It became apparent that if really effective marketing machinery was to be established, a general organization must be effected on a coöperative pooling basis, including so far as possible all the orange-growing district. The first successful effort in this direction was the establishment of the Riverside Fruit Exchange on May 3, 1893.

By the autumn of the same year, six such exchanges had been organized in other fruit districts.

In August, 1903, a plan was advanced effecting the merger of all of the existing district exchanges into an organization known as the Southern California Fruit Exchange. It was but natural that a new organization, charting new fields of coöperative endeavor and method, should encounter difficulties, but the exchange grew in spite of the outside opposition so that in the 1903-04 season, it handled 44 per cent of the citrus-fruit crop.

Not content with letting well enough alone, and permitting the organization to grow steadily, at this time, the California Fruit Agency was formed, consisting of the growers and the outside packing and selling interests. Such a combination of interests was impossible of human practicability, so the organization was dissolved, and on September 1, 1904, the Southern California Fruit Growers' Exchange came into existence along the lines of the earlier federated agency. In the following year, the present name, California Fruit Growers' Exchange, was adopted, dropping the Southern from the title so that citrus-fruit interests farther north might be included.

A few years ago, the California Fruit Growers' Exchange, with headquarters at Los Angeles, was composed of about 200 local packing units, with an aggregate membership of more than 13,000 individual producers. Sales offices with salaried employees are maintained in some 50 important marketing centers of the United States and Canada. Shipments of packed fruit for the year ending October 31, 1935, totaled 71,944 carloads, or 74 per cent of the total California and Arizona shipments. There were 52,616 carloads of oranges shipped, 2,253 carloads of grapefruit; and 17,075 carloads of lemons, the total value of citrus fruit (f.o.b. packing house) marketed by the exchange for the year amounting to \$72,399,390.

It is interesting to note that the Florida Citrus Exchange, with its central office at Tampa, incorporated in July, 1909, adopts the salient features and important activities of the California Fruit Growers' Exchange, after which the Florida organization was patterned. In the Florida Citrus Exchange, a federated coöperative, the fruit is usually prepared for market in packing houses locally

owned and controlled. There were approximately 5,000 growers who were members in 1934, and for the 1934-35 season they shipped 7,879 carloads of oranges, 4,971 carloads of grapefruit, and 1,210 carloads of tangerines, or a total of 14,060 carloads of citrus fruit.

In the California Fruit Growers' Exchange, although the rule is not rigid, the grower picks, the local association packs, the district exchange bills, and the central exchange sells the fruit. It is logically and correctly inferred that the essential strength of the California exchange is in the local association, and it was this feature which enabled it with little disturbance to weather the collapse of the California Fruit Agency. Such a type of organization has in it great elements of strength, but as is clear from the above narrative, much time is required to perfect a federated coöperative.

(2) *The Staple Cotton Coöperative Association.* The centralized type of coöperative started on the Pacific coast and spread widely over the country, particularly between the years 1920 and 1925. Associations of this type were formed on a state-wide basis for the marketing of cotton; regional associations were developed for marketing tobacco; state and regional associations were organized for handling wheat; and there were similar associations for such commodities as broomcorn, white potatoes, onions, peanuts, rice, sweet potatoes, olives, alfalfa, milk, melons, poultry, and tomatoes. At the close of 1925, there were 74 such centralized associations with an aggregate of 879,190 members. Many of these were short-lived and there were tragic failures among them, as in the case of the Tri-State Tobacco Growers' Coöperative Association, operating in Virginia, North Carolina, and South Carolina. But a number of them have persisted with exceptionally successful records. An excellent example of one of these is the Staple Cotton Growers' Coöperative Association of the Mississippi Delta. The following brief account of this organization affords some insight into the activities of a centralized coöperative.

The Staple Cotton Coöperative Association of Greenwood, Miss., was organized in 1921. It is a nonstock, centralized type of association and, like other large-scale cotton coöperatives, uses a marketing agreement with its members. This association handles exclusively cotton grown in the Yazoo-Mississippi Delta. It has no local units, but maintains contact with its members through 13 branch offices scattered

throughout their territory. Policies are established by a board of directors of 21, who receive no compensation for time or expense. The association assembles and sells its members' cotton independently of other cotton associations and arranges its own financing.

A member desiring to deliver to the association ships his cotton to the warehouse of his choice, where samples are cut and shipped daily to the nearest branch office, accompanied by warehouse receipts. When proper records have been made at the branch offices, the samples and warehouse receipts are shipped to the general office at Greenwood, where the cotton is classed and sold in accordance with the sales option selected by the member. If he desires, upon arrival of the samples and warehouse receipts at the branch office, the member may receive a preliminary cash advance. Final settlement is made when the cotton has been sold.

The association maintains a number of sales options or pools, most of which are similar in their general operation to those used by other large-scale cotton associations, although the procedure used by the association in handling them is not identical. The factor pool is the most popular sales option offered by the association. Under this option the cotton is classed and valued by the association and sold over the tables in its salesrooms in Greenwood, Clarksdale, and Greenville, Miss., and in Memphis, Tenn. When the association receives a reasonably satisfactory offer, that bid is submitted to the grower and is accepted or rejected. The association, however, will not allow a member to accept a bid below what it considers a reasonable value for the cotton. Instead of making deductions for actual operating expenses and reserves, the Staple Cotton Association makes a flat percentage deduction to cover these items.

In addition to acting as the most important cotton merchandising agency in the Delta, the Staple Cotton Coöperative Association has assisted its members materially in financing the production of their crops through its subsidiary, the Staple Cotton Discount Corporation, which was organized in 1924. Field contacts are maintained and loans to members serviced through a joint arrangement of the association with its branch offices and the Staple Discount Corporation.

During the 14 years of its operation the Staple Cotton Coöperative Association has received from its members and handled for them a total of approximately 2,720,000 bales of cotton, or an average of about 195,000 bales a season. The present membership totals approximately 4,154 farmers.¹

The centralized type of association has a number of valuable advantages: (a) it can be organized in a relatively short time as compared with the longer evolutionary growth of a federation of locals; (b) it lends itself to a strong central control, often making

¹ Fetrow, Ward W., *Coöperative Marketing of Agricultural Products*, Bulletin 3, Farm Credit Administration, Washington, 1936, pp. 16-17.

possible a quicker and better business management in the hands of efficient personnel; and (c) it recognizes the fact that a sufficient volume of business is necessary to reduce costs, to insure a more economical use of by-products, and to exert an effective influence upon market prices for the commodity.

5. FACTORS OF SUCCESS

Coöperative organizations have now been a part of our national economic structure for a long enough time for the experience gained in them to indicate what are some of the more basic considerations in their successful operation. Some of these associations have been eminently successful, others only moderately so, and yet others have been dismal failures. Lessons have been learned from the former as to what to do, and from the latter as to situations which should be avoided. Seven principal considerations¹ may be set forth which play a large part in the determination of a successful coöperative.

(1) *The association must meet an economic need.* The prevailing handling and marketing practices may be inefficient; local charges for such services may be excessive; farmers may not receive full value for superior grades of products; markets may be uncertain; production of a commodity may be increasing with a limited demand; or prices may be too low, and may fluctuate widely. Every organization of a coöperative should be well considered, and should be effected to meet a real economic need.

(2) *The association should be soundly organized.* If it is to function successfully, the business structure of the association must be adapted to the product which it handles, and it must be adjusted to the conditions amid which it operates. This must be especially true with regard to those services for which there is the greatest need. State and Federal laws govern the operation of coöperatives, and the provisions of these laws necessarily have to be given due cognizance. Moreover, the articles of incorporation should state completely and correctly the purposes and powers of the association, and the by-laws of the organization should provide a workable plan for carrying on its business.

(3) *The association must be guided and supported by its members.* Loy-

¹ McKay, A. W., and C. S. Lane, *Practical Coöperative Marketing*, John Wiley & Sons, Inc., New York, 1928. Chap. XXV, pp. 389-393.

alty on the part of its membership is absolutely essential to its integrity of functioning. In order that the support of its membership may be assured, they must be informed regarding the business of the association; they must have the opportunity to discuss important changes in policy before these are made effective; the organization must not gain the reputation of being under one-man control; and the membership must be enlisted in an active participation of the association's affairs. Our farmers need to be educated to the attitude that the cause of coöperative marketing is their cause, and without their active, loyal interest and support it is destined to fail.

(4) *The association must improve grading and handling practices.* One of the most definite and effective services the coöperative marketing association can render is that of an accurate grading and packaging of farm products, thus assuring superior prices to those who produce a superior product. In this way, too, the production of higher quality commodities may be greatly stimulated, and in the long run an effective approach may be made towards regulating supply in relation to demand.

(5) *The association must handle an adequate volume of business.* Records show that around one-fourth of the failures of coöperatives has been due to insufficient business. Such organizations meet with severe competition, and if they are to cope with this, the volume of business must be great enough to enable them to operate economically and efficiently, giving the members an improved service. It is highly important if the association is to function successfully that it should command enough of the commodity or commodities concerned to be a factor in the market. This is necessary not that the association may hope arbitrarily to fix the prices at which its customers must buy, but that it may exert a greater bargaining power, and that it may be enabled to stimulate the demand for the product.

(6) *The association must be efficiently managed and financially stable.* A study of the causes of failure in coöperative associations shows that 72 per cent of them did so because, either wholly or in part, they were inefficiently managed. Around 24 per cent of such failures gave insufficient working capital as one of the causes. In order that such situations may be safeguarded the first essential is that the manager must be a good man for the position by virtue of experience, business judgment, and personality traits. The directors should be both capable and active. And it is highly important that

the reports and financial statements of the association should be clear and complete, and regularly and reliably audited. Adequate reserves must be built up, and the financing of the organization must be along sound business lines.

(7) *The association must make the community a better place in which to live.* While the primary objective of a coöperative marketing association is to improve the farm incomes of its members, it should function, also, to enrich the social phases of the life of the community in which it operates. Coöperation is essentially a spiritual movement, and organizations operating in accord with such principles will promote a better understanding among all of the members of a community, uniting them in support of educational, religious, and civic agencies generally. The membership meetings should foster an improved community life, and the whole movement has in it the potentialities for the development of unselfish leadership on a large scale.

Thoughtful students of the coöperative movement warn us that in coöperation is not to be expected a panacea for all of the ills of agriculture. While there is much of inherent magic in the movement, it must operate on sound business principles and it must be subject to human attitudes—prejudices and passions as well as loyalty and intelligent support. One writer sagely remarks in this connection that

experience has taught that success in coöperation depends largely upon the realization and the application of a few fundamental economic principles. No longer is coöperation held out to the farmer as a panacea for all his ills, nor is it being sold to him on the basis of community spirit or religious zeal. Leaders in the movement today are stressing such factors as economic need, membership support, adequate capital, and efficient operations. It now seems apparent that the movement has successfully passed through the age of adolescence and that coöperatives are to remain a permanent part of our agricultural marketing system.¹

QUESTIONS

1. Explain what is meant by the statement that “the farmer selling in unlimited competition with himself, has been buying at more or less controlled prices from industries which have organized their production and marketing.” How is coöperative marketing designed to ameliorate such a situation?

¹Hyre, F. M., *Coöps in Agriculture*, Circular C-111, Farm Credit Administration, Washington, 1939, p. 21.

2. Is coöperative marketing to be considered a panacea for all of the ills of the farmer? Give reasons for your answer.
3. Give a brief history of the development of the coöperative movement in the United States.
4. What are the most significant tendencies to be observed in the history of farmers' coöperatives from 1920 to the present time?
5. In what geographical divisions of the United States is coöperative marketing most highly developed? Name the five leading states in the estimated business of coöperative associations in the 1939-40 marketing season. What commodities are the leading ones handled by coöperative marketing associations?
6. Describe the experiences of the Rochdale Pioneers, and Warbasse's estimate of their significance.
7. Give the three main Rochdale principles, and discuss their influence upon the coöperative movement in the United States.
8. What is meant by a commodity coöperative, and what is the soundness of the concept?
9. Briefly trace the development of the Standard Marketing Act, calling attention to its chief purposes and provisions as expressed in the Bingham Act.
10. Discuss the Sherman Antitrust Act of 1890, the Clayton Act of 1914, and the Capper-Volstead Act of 1922 in relation to the operations of coöperatives in the United States.
11. Give Clarence Poe's distinction between a *corporation* and a *coöperative*.
12. Give the principal differences among the four main types of farmers' coöperative marketing associations.
13. Sketch the history and operations of the California Fruit Growers' Exchange as an example of the federated coöperative marketing association.
4. Discuss the development of the centralized type of coöperative in this country, mainly between the years 1920 and 1925.
5. Describe the activities of the Staple Cotton Coöperative Association as an example of the centralized coöperative marketing association.
6. Upon the basis of the experiences of the California Fruit Growers' Exchange and the Staple Cotton Coöperative Association, contrast the advantages of the federated and centralized types of coöperative marketing associations.
7. Name seven principal considerations involved in a successful coöperative. Why are efficient management and financial stability indispensable?
18. Discuss membership loyalty and support in relation to the statement that "the ultimate success of coöperation resides with the farmers

themselves. They must become sufficiently educated to see this, and to realize that the fight is theirs."

19. In what ways will a successful coöperative association make a community a better place to live in?
20. Give your views as to the future of coöperative marketing and purchasing associations in this country.

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PART THREE
SOCIAL FACTORS

CHAPTER XV

THE RURAL PHYSICAL ENVIRONMENT

The biologist accords a large place to the effect of physical environmental factors in the determination of the direction of evolution among plants and animals. In most instances, particularly among the lower forms of life, the struggle for existence is pictured as such an intense one that even minute differences in structural features, and variations in instinctive and intelligent patterns of adaptive behavior, have played a deciding rôle as to which of the competing types should survive at the expense of the others. Such a set of conditions has undoubtedly operated to make a rather close relationship between the efficient functioning of the organism and the environment in which it has developed. For example, a deep-sea fish could not long exist in the upper levels of the ocean, nor could the banana tree or the breadfruit survive the rigors of a winter in the North Temperate Zone.

In some forms of both plant and animal life, the range of environment in which they may live is severely limited. With others there is possible a much wider range. This situation is due in considerable measure to the degree of structural and functional specialization which has taken place in the evolutionary development of the particular species.

Due to certain of these factors and the wide range of intelligent modification which he can make of his environment, whatever and wherever it is, mankind has been able in considerable measure to overcome the adversities of physical conditions and as a result, to live amid the intense heat of the tropical regions and even successfully to brave the frigid conditions of the polar areas of the earth's surface. However, such sharp adjustments have not been accomplished without marked changes in the social economy of his exist-

ence, as well as in developed bodily resistances to the new conditions he has chosen or has been forced to meet.

But it would be futile to argue that man is entirely superior to his physical environment. In such fundamental features as temperature, rainfall, altitude, he cannot even modify them. However, to attempt to evaluate the relative rôles of race, environment, and epoch in human history is too lengthy and uncertain a task to accomplish here. Each of the three factors has its indispensable part to play in human civilization, and it is not necessary for the purposes of this discussion even to enter a decidedly controversial field by endeavoring to say which is the most important.

A distinguished human geographer points out that "to understand what man has wrought we must study the place, the environment in which he has wrought. We are only beginning to see how profoundly human creations have been shaped by the stage on which the drama has taken place—the earth (the environment)." ¹ In the light of this quotation, it is valuable to inquire briefly into the more significant phases of the rural physical environment.

1. MARKED CHANGES OCCURRING

A few decades ago, it would have been possible to describe in much simpler terms than can be done at the present time the general nature of the rural geographic environment. It is perhaps accurate to say that its most pronounced characteristic was that of isolation. Naturally, depending upon the section of the nation, its length of settlement and similar factors, this condition of isolation varied much in its intensity. Relatively early in our national development, the rural areas adjacent to the developing cities were more densely populated, but the typical American farmer was the frontiersman, who sought the freedom of his own acres and loved the distances from neighbors in order that he might have quiet possession and absolute independence.

Today much of this is changing. Settlement has become so thick in certain portions of the country that the rural areas are little more than suburban to the numerous industrial towns and cities that dot the map. Such a condition is serving quite materially to improve the accessibility of the farm, and to make available to the

¹ Smith, J. Russell, *North America*, Harcourt, Brace and Company, New York, 1925, p. 3.

rural area much of the social environment of the adjacent city. In considering these changes one writer states that they are of at least four types: (1) technological, (2) economic, (3) social, and (4) intellectual, and discusses their reactions upon the rural economy as follows:

(1) Its technology has changed with the introduction of many machines and diverse methods and practices developed in terms of scientific knowledge, and as a result the capacity to produce has increased in agriculture as in other industries.

(2) Three economic effects are especially important: (a) A greater amount of capital is required to carry on agricultural production; (b) the need for labor has become less as the capacity to produce has increased; and (c) the dependence on a market for the disposal of the product has constantly grown.

(3) The social effects are closely related to the technological and economic effects. The need for a greater amount of capital, due partly to technological improvements and partly to rising land values, has made more difficult the shift from the status of farm hand to the status of tenant and from the status of tenant to the status of farm owner; in other words, the tenure ladder of the historic rural economy has broken down. With increased dependency on a market for the disposal of the product, the farm family has lost its self-sufficiency; it no longer produces many of the real goods its members consume. Finally, without available wilderness land to which the rural population can spread, it has been forced to find economic opportunity away from the soil—necessarily, in urban economic callings. The capacity for greater production with less labor also has contributed to the movement of the rural population into urban economic callings.

(4) The intellectual effects, although less recognized, are not less important. First, the folklore and folk techniques of the historic rural economy are being displaced by scientific knowledge and machine technology; and, second, through the improvement of communication the traditional isolation of the rural community has almost completely disappeared. The mentality of its members, although not touched directly by the physical routines of urban life, is constantly played upon by stimuli originating in urban life. The mental organization of the farmer today is far more influenced by routines and impulses having origins in machines, science, the market, and the city than was that of his antecedent, who in the face of physical danger and by hard manual labor transformed the wilderness into tillable fields.¹

¹Turner, Ralph, "The Cultural Setting of American Agricultural Problems," in *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, pp. 1019-1020.

With all of these changes, however, the characteristic rural environment in the United States is perhaps still one of wide spaces, difficult to traverse during the winter and spring seasons because of unimproved dirt roads, and in spite of all the automobile has done and is able to do, hampered in social contacts by the condition of its physical isolation.

In a consideration of the rural environment, a distinction will be made between the *physical environment* which is determined by forces beyond man's control and which he can modify only to a limited extent, and his *social environment*, which is largely of his own making and subject in considerable degree to his reshaping. This chapter is intended to deal primarily with the rural physical environment. The major factors in this environment affecting the farmer and his welfare are those of *soil, climate, crop and animal adaptations, and accessibility*. Each of these will be considered in brief analysis under a separate heading.

2. SOIL

In comparatively recent years, the Federal Government through its bureau of soils, frequently in coöperation with the state agricultural experiment stations, has made extensive soil surveys of counties and in some instances selected regions in the various states of the nation. No result of these studies has been more conspicuous than the wide variety of the soils occurring even in a relatively limited area. A soil map of a single county may show as many as a dozen and a half kinds of soil, each different in its physical composition, and varying widely in its agricultural possibilities. So numerous are these soil types that to attempt to name and describe them requires a considerable bulletin on an area as small as a county. It would prove an interesting exercise to trace out some of the influences of soil of different fertilities upon the kinds of communities found even within a county. It is worth while to suggest some of the influences which this factor has in its natural application.

Huntington and Cushing¹ call attention to the contrast in social development found in Georgia and Alabama in the "black belt" and the "timber belt." The coastal plain belt in these two states

¹ Huntington, E., and S. W. Cushing, *Human Geography*, John Wiley & Sons, Inc., New York, 1924, pp. 156-157.

constitutes a substantial portion of their area, and this geological formation was laid down underneath the sea, and by upheaval later emerged therefrom. In the course of time, this area has been worn down, so that now it forms belts of varying soil and topography. The outermost belt, bordering the coastal swamps, has a poor sandy type of soil. Since these soils are not very productive agriculturally they have been allowed to grow up in timber, and hence the term *timber belt* is applied to them. Unless large quantities of fertilizer are used, and this is infrequent, the farms of this belt are of low productivity and the section a backward one. "The soil yields such scanty returns that the population is sparse; schools and churches are rare; and the teachers and ministers very poorly paid; trails often take the place of roads; and few of the roads are improved; physicians are so few and far between that sick people often die before one can be secured; and most of the people know little and care less about what is going on elsewhere."

On the other hand, the soil of the "black belt," a region somewhat inland from the "timber belt" is a rich, deep, black loam.

Everywhere the soil is fertile and very well adapted to cotton raising, so that this region is also known as the "cotton belt." So abundant are the crops that the land owners are very prosperous and the population dense. In the old days of slavery, the rich soil made slave labor especially profitable, and the number of colored people is even now so large that people sometimes mistakenly suppose that their presence is the reason for the name "black belt." Some of the most prosperous cities, such as Selma and Montgomery, are located in this region, and the general conditions of education and culture are unusually high. From some of the counties blessed with this fertile soil, the proportion of young people who go to college is remarkable, and naturally many of them become the leading men of the State. Thus while the sandy soil leads to poverty and ignorance, a rich soil opens the way to comfort and opportunity.

Though this vivid picture is somewhat overdrawn, particularly in the light of the advent of the boll weevil and the farm depression in those sections during recent years, it serves to emphasize the profound effects of soil fertility upon the richness or poorness of community life. This is true because fertile soils are essential to good farming. A knowledge of sound farm practice shows that if the farm endeavor is to be really profitable the yields must be well above the average. The farmer makes his living by reducing the fertility of his soil, but he is a poor farmer and citizen if he does not

realize that one of his first duties is to a permanent system of farming that will not only maintain, but improve that fertility of the soil.

Another striking example of the influence of the fertility of the soil is found among the Southern highlanders, residing in Appalachian America. In this connection, Hatcher says of the residents of these regions:

There are . . . at least three distinct classes. As in other sections of the country, there seems to be a close connection between genetic characteristics of the people and soil conditions. In the competitive shuffle the more vigorous and alert managed to get possession of the vantage points, while the less highly endowed were shunted off to the less desirable locations.

The first of these classes is to be found in the valleys of the creeks and rivers, where the soil is richest, exposure to the sun is fullest, vegetation rich, water supply abundant and sweet, and lines of communication relatively easy and many. Geographic factors quickly get expression in economic and social conditions. The house is large and commodious. If built of logs, they are carefully hewn, well-fitted, and well-chinked. . . . The ceilings are high, the rooms spacious, and the fireplace and broad hearth offer their comfort for relaxation and easy chat. . . . In each the furnishings are few and simple. Beds are always in great numbers. . . . And what beds these are! Their great ticks of goose and duck feathers mount up until there is need of a step ladder for the ascent. For him who enjoys them it is like dropping into paradise to snuggle among these feathers. Pillows match the ticks. Quilts, blankets, comforters, and coverlets are galore. And here is real art . . . the symbols of life. . . . The long hospitable table is stretched its full length in the dining room. . . . The food is in abundance, well prepared and varied. . . . And here is the personality which such conditions might be expected to produce. It is not presented by Fox, Furman, Faulkner, or any of the others. It seldom gets into print or into the picture presented upon the public platform, but nevertheless it is more clearly and definitely a vital and basic fact in the life of the mountains than is the picture with which we are all too well acquainted. . . . This type offers considerable contrast to the man in the early part of this century who is reported not yet to have learned that the Civil War was over or that Lincoln was dead. No doubt there are such in the mountains, but the pre-Revolutionary gentleman with the intelligence and breeding of the manor is there also.

The living conditions and life of the second class do not differ widely from those of the first, and many most admirable characters are found here. They are pushed up the streams where the valleys are narrower, the hills and mountains are higher and steeper, the soil is poorer and thinner; consequently, the variety and yield of vegetation are greatly

reduced. As a result, the returns from the investment of capital and labor are less, and the conditions of living are much poorer. Houses are smaller and less comfortable. . . . But despite these restrictions, there is a margin beyond bare necessity, which gives a degree of independence, security, and comfort; thrift and industry prevail; moral integrity is maintained, and there is a certain interest in the school and church and political affairs of the neighborhood. But the conditions and interests of life are, as a whole, on a lower plane than those of the first class. . . .

It is the third group which has been held in the spotlight and is supposed by the American people to present the typical mountaineer. . . . This is the group which has been shunted to the starvation points, where slopes are steepest, soil is poorest and thinnest, exposure to sun least favorable, water supply worst, easy accessibility impossible. Here there is no incentive to labor, no margin for thrift, no basis for confidence or hope, no stimulation to aspire to higher standards or to respect the customs and values of outside society. No wonder feral men are here bred. Both physical and psychical isolation have done their worst. Incentive to anything better is lacking.¹

It would be possible to cite almost indefinitely similar examples, but the two just given serve to illustrate how fundamentally important the influence of soil fertility is upon the resulting culture patterns. Nor is soil fertility to be viewed as something which is permanent. It must be cared for intelligently and continually replenished. There was a time in the history of this country when nothing was quite so cheap as land. For example, the old Southern planter would clear up "new grounds," cheat them of their natural fertility, and move on to other fresh areas. That day is largely past, and the present generation is paying for the sins of its fathers, unto the third and fourth generations. The farmer literally digs his living out of the ground. If the soil is poor and relatively barren, he works harder and gets less in return than he does where the land is fertile. The thrifty farmer can take poor land and make it into good, but it requires almost a lifetime to do it, and in spite of the fact that as Arthur Young pointed out a long time ago with the French peasant, "the magic of property turns sand into gold," many more farmers have been conquered by poor soil areas than have as yet reclaimed such waste areas. The fertility of soil has been a powerful determining factor in the level of economic and social life maintaining in the various communities of the nation.

¹ Hatcher, J. Wesley, "Appalachian America," in Couch, W. T., *Culture in the South*, University of North Carolina Press, Chapel Hill, 1934, pp. 381-388.

3. CLIMATE

One of our chief students¹ of the relation of climate to civilization considers it the most important of all the geographic factors in its influence. It reacts upon humankind in three principal ways: (1) by setting up barriers which limit his movements, as in the case of mountains, deserts, tropical forests, and frigid zones of the earth's surface; (2) by determining the supply of most of the materials needed not only for food, but for clothing and shelter, these things varying widely with the different climatic zones of the world; and (3) by its important bearing upon health and energy. So thoroughly does the same authority believe in the potency of this factor of the physical environment that he says the health of man and the energy of his activities, mental and physical, depend on climate and weather more than on any other single factor. He considers the differences between the habits of the energetic people of the temperate zone and the lazy inhabitants of the tropics as largely due to the contrasts in climate, and goes so far as to contend that it is impossible to have a rapid advance in civilization under the handicap of an enervating tropical climate.

There are certain optima of climate, relating to temperature, humidity, and variability of the weather. People's health and strength seem to be greatest when the temperature drops to 55° or 60° F. at night, and rises to 70° or 75° F. during the middle of the day. This represents an average temperature not far from 64° F. for the day and night together. The optimum humidity for this average temperature is around 80 per cent of the moisture the air is capable of holding, there being of course less humidity at night due to the lowered capacity of the air to hold moisture and a greater humidity during the day for the reverse condition. The best climate for the ordinary work of life has four chief characteristics: (1) Cool but not cold winters so as to furnish ideal conditions for mental activity; (2) warm but not hot summers so as to provide the best physical conditions; (3) fairly high humidity except in warm weather; and (4) frequent changes of weather. No region on earth completely meets all of these desirable characteristics. According to Huntington, the northern United States and the western coast

¹ Huntington, Ellsworth and S. W. Cushing, *Principles of Human Geography*, John Wiley & Sons, Inc., New York, 1939, p. 237, *et seq.*

of the United States most nearly meet these requirements. But the southern states are definitely handicapped in the matter of climate; and this is the important factor accounting for the widely publicized backwardness of this vast and important region of the nation.

Rupert B. Vance has given much attention to this matter of the relation of climate to the life and work of Southern people. In answering the strictures of Huntington, he says with considerable colorfulness and penetration:

Ellsworth Huntington is fond of saying somewhat by way of a left-handed compliment that the climate is too good to the southern people. "The trouble is that people enjoy being too warm much better than they enjoy being too cold. Moreover, when they are too warm the easiest way to make themselves comfortable is to do as little work as possible, whereas when one is too cold the easiest way to be comfortable is to be active."

This statement of a simple human fact may be put alongside the geographic fact that the season best fitted for physical labor, the southern winter, is the very period of slack routine on cotton farms. Industrialization and the introduction of a new agriculture would serve to synchronize seasonal labor routines with periods of more abundant energy.

The trends of the cultural conditions of modern life, it is most important to note, favor the southern climate. Its climate demands a light vegetable, fruit, and milk diet, and that is the accelerating trend of the whole American people. It can no doubt . . . be carried to a further extent to achieve greater efficiency in the South. Light clothing that does not bind and is open to sun and air reduces immediate humidity near the body and permits heat loss by circulation of air. This is the mode set by summer clothes for women and the trends now are for more sensible clothes for men. It needs but that these styles take a definite switch from women to men, from sports to business, to see efficiency under the southern sun take a sudden spurt upward. Moreover, the sun, once feared as the climate's most deadly weapon, is now openly courted. The South's denizens and visitors, once accommodated to heat and light, no longer dread it; and the ultra-violet rays no doubt tone up the whole system, effecting greater adjustment to climate. . . .

With our emerging technology the time is not far distant when Huntington's strictures on the climate, if true, would apply only to field work. Factories are already scientifically controlled in winter as to temperature, lighting, ventilation, and humidity. The same control can be attained in summer. Humidity rather than temperature can as scientifically be taken as the control factor in mill work. . . . Indeed the first application of controlled humidity for buildings is needed not in the South but in the treatment of northern cities to prevent the annual

recurrence of deaths by heat prostration. When the machine age gives as good care and attention to its human resources as to its invested capital, the industrial invasion may be expected to bring those things South. It is not as much a matter of climate as of technology, business practice, and applying the knowledge we now possess.¹

While such analyses as those of Vance make clearly doubtful the validity of too sweeping generalizations with regard to the effects of climate, there is no denying the very marked effect which the complex of factors constituting climate and weather has upon the same individual at varying seasons of the year, and in different places on the earth's surface. The vigor with which a person would undertake an intellectual task is entirely different in midsummer to that which would apply in the dead of winter. Moreover, a similar variation would be true for him in August as between Lake Placid, New York, and Atlanta, Georgia. If such differences are occasioned within our individual experiences, it is but natural to suppose that climatic variations have their decided reactions upon the same race in widely separated parts of the world. However, these effects are difficult ones to measure; and on this account, those who would evaluate with exactitude the influence of climate have met with only such an indifferent degree of success as to leave the question one upon which there is need for more concrete information.

In times past, climate has had a much more decided relation to health than it does today. Where poor sanitation exists in the warmer climates, diseases like malarial and typhoid fever still take heavy death toll, but thanks to the work of such men as Dr. Walter Reed, Surgeon-General Rupert Blue, and Major-General W. C. Gorgas, yellow fever, malaria, and the bubonic plague have proved themselves susceptible of control. Through the methods of these sanitarians, even the tropics have become areas in which the highest levels of civilization can be maintained.

Fortunately, the United States is located entirely in the great North Temperate Zone. This makes it a nation free of the greatest extremes in climate. However, as one goes from the southernmost part of it to the northern boundaries, one discovers a great range of temperature, light, and moisture. The location of a particular area as to latitude or longitude determines in great measure the

¹ Vance, Rupert B., *Human Geography of the South*, University of North Carolina Press, Chapel Hill, 1932, pp. 371-372.

kinds of crops that can be grown. In the southern parts of the country, a great diversity of plant life is possible, much of it flourishing through the winter months. As one proceeds farther north, the length of the growing season is shortened, and severe limitations are placed upon the number of kinds of crops which can meet the conditions imposed by the more rigorous climate.

Davenport points out that in the northern states the corn-planting season covers only about a fortnight. It is about four months in Brazil, while in the Philippines it lasts practically the entire year. "All this exerts a controlling influence upon the matter of rush and hurry as it does upon the cost of production and the habits of life. There is no tomorrow for the farmer of the North, during the season of oat-sowing, corn-planting, corn cultivation or wheat harvest. On the contrary, his southern neighbor is seldom in a hurry and never rushed; nor need he be, for one day is so nearly like another, week after week, that he is almost unconscious of the passage of time."¹

4. CROP ADAPTATIONS

The amount of sunshine and other related factors divides the world into fairly well-defined belts, and only certain plants can grow in each of these belts. However, the plants which have been found most suited to the needs of man have been carried in his migrations to lands which are far removed from their native habitats. And through processes of selection and acclimatization, in many instances they thrive better in the new environment than in the old.

The same processes have applied to the distribution of domestic animals. The taming of animals suited to man's purposes comes next only in importance to the improvement of wild plants. It seems likely that the domestication of animals was independent of that of plants. By some authorities it is considered that the process preceded that of plants. At any rate, when man became master of lower animals, he took a long step towards civilization.² Although the horse, cattle, sheep, swine, the dog, and a few other animals

¹ Davenport, E., "The Influence of Climatic Conditions on Agricultural Practice," *Cyclopedia of American Agriculture*, The Macmillan Company, New York, 1917, Vol. IV, p. 91.

² Carrier, L., *The Beginnings of Agriculture in America*, McGraw-Hill Book Company, Inc., New York, 1923, p. 9.

have followed man almost everywhere except in the extremes of climate, there is even here a wide variation in the success of these in different parts of the world, because of the fact that they thrive best in the localities where the foods suited to their needs can be grown.

These limitations as to kinds of crops that can be grown, and the animals that flourish well in a given region, have had much effect upon the kind of farm life possible. Perhaps the best type of analysis of the incidence of such a factor is that made by Gillette.¹ He makes an interesting attempt at classifying the definite nature of the influence of several particular crops upon the region in which they form the important part of farm economy.

Exclusively Small Grain Raising Community

Some of the conditions of the production of small grains in the United States are the following:

(1) Only a small part of the year is actually spent in productive activity. Seeding, harvesting, and threshing are the active periods. Between them are long periods of inactivity. The result is extensive leisure for the men, there being no subsidiary or incidental work carried on in connection with grain raising. (2) Production takes place by means of mechanical devices which make this form of agriculture almost an industrial occupation of the skilled sort. (3) Expansive cultivation is dominant, large areas being depended on for adequate returns, rather than small areas with intensive culture. (4) Because of the large area of the land tilled the homes are necessarily widely separated. This imposes a consequent social isolation.

There are certain social and individual results which come from or are related to those conditions.

(1) There is a generally high intelligence. This is partly historical, but tends to come from stimulated and necessary reading, from intercourse and discussion with those of like interest, and from the mechanical and semi-industrialised character of the occupation. (2) Spasmodic coöperative undertakings obtain. . . . (3) Social life for the family is largely wanting, especially for the wives and mothers. This is due to the isolation just noted.

Exclusively Corn-Raising Community

As consisting of a single form of crop, a staple which is available to serve as food for man, various domestic animals and fowls, the pure corn-community does not largely exist. When, however, poultry, swine, and cattle are kept on the farm as incidental means of furnishing food for

¹ Gillette, J. M., *Constructive Rural Sociology*, The Macmillan Company, New York, 1915, pp. 48-53.

the household the form of production might be regarded as of the pure type.

Some of the conditions which accompany corn culture are these:

(1) Quite incessant labour takes place from early spring when the ground is broken up and crops put in, through a period of cultivation, till the garnering is completed in the fall or early winter. There is an interim between "laying by" corn and "gathering" it in which it does not demand attention. But haying and other incidental matters usually occupy this period. (2) Leisure for the men is conspicuous during a more or less protracted winter. (3) The individual areas under cultivation are smaller than in small-grain growing, with a consequent closer proximity of homes. (4) The labour processes are mostly mechanical with the exception of husking and shovelling, and the incidental choring. (5) There is necessarily much choring due to the maintenance of cows, hogs, chickens, and sometimes fruit, bees, and gardens.

The effects of the foregoing conditions on life and society are essentially and generally as follows:

(1) Relatively high intelligence, especially in the more progressive regions of the United States where more advanced methods are followed. (2) The existence of considerable neighbourhood social activities, especially among the women, and of neighbourhood coöperation. Dances, spelling matches, husking bees, are familiar forms of association. (3) A larger amount of the collective sort of play among the children of a neighbourhood takes place than in the small-grain type. This arises from the proximity of homes.¹

Applying a similar approach, and using cotton for an example, we know that its development in the South was conditioned not only upon the favorable climate, but also upon the institution of slavery and the resulting prevalence of cheap labor. The typical cotton-growing areas consist of numerous small farms. These may be the smaller tenant units of the large cotton farm, or they may be the property of small white or Negro owners. The amount of land in cotton cultivated by a single family must from the very nature of the task be a limited one. It is a plant which requires a great deal of work, and much of this can be done only by hand. In most parts of the Cotton Belt, the seed are sown thickly in the drill, and when they come up, must be thinned with the hoe. To chop an acre of cotton a day is a real task for one hoe-hand. The imperfect thinning which results the first time makes necessary a second careful hoeing which, while not so difficult as the first, requires much time and effort. Also, no satisfactory machine has

¹ *Ibid.*, pp. 48-51.

been devised for the picking of cotton, and this backbreaking sort of work must be done by hand. The consequence of these facts is that cotton is distinctly a competing type of crop when grown in any considerable quantity on a farm, and easily lends itself to the "one-crop system," so widely and correctly advertised as the great evil of Southern agriculture.

These conditions have a marked effect upon the life of a predominantly cotton-growing community. There is a marked social stratification. The large and medium cotton farmers who operate their own lands in good seasons receive larger returns. Their social heredity, also, through generations of such status, have given them more of the cultural background, and their desires and standards of living are much higher than those of the large number of tenant farmers. In many instances, the tenants and small owner-operators do not make much more than enough to keep body and soul together, much less to educate their children, and to provide the things in their homes which raise them to higher levels and appreciations in life. As a result, the general educational standards in such communities are painfully low, and the consequences of ignorance are found in many forms among the average population. Housing conditions are largely of the small cabin type, no longer of logs, but partaking of much the same nature as the old log cabin. Taxable values are low, and improvement in schools, roads, and church life comes about with a distressing slowness.

In other words, cotton raising seems to carry in its train a great many rather distinctive effects in the community life which is built up about it. Not all of this is to be attributed to the nature of the plant. Its influence cannot be said to be so potent as all that. Much that is in these conditions harks back to a semifeudal type of civilization upon which cotton growing was grafted. Nevertheless, the cotton plant has markedly affected the type of Southern civilization, and many of the most baffling problems of this region are today intimately connected with this type of farming.

The examples of what holds true with wheat, corn, and cotton can easily be shown to be the case with dairying, fruit growing, truck raising, cattle ranching, self-sufficing, and other types of farming. Each of these develops a rather distinctive type of community life, and illustrates the fact that crop and animal adaptations represent very significant influences in the ecology of rural

life, or the distribution of the population in response to physical environmental as well as social factors.

5. ACCESSIBILITY

The influence of the frontier conditions upon the personality traits of American people has been profound. These frontiersmen were by the very nature of things first of all hunters and farmers, with sometimes an exceedingly thin outpost line of traders. In describing the contribution of the frontier to our national heritage Turner declares that

to the frontier the American intellect owes its striking characteristics, that coarseness and strength, combined with acquisitiveness; that practical inventive turn of mind, quick to find expedients; that masterful grasp of material things, lacking in the artistic, but powerful to effect great ends; that restless, nervous energy; that dominant individualism, working for good and for evil, and withal that buoyance and exuberance which comes with freedom—these are traits of the frontier, or traits called out elsewhere because of the existence of the frontier.¹

This fine thing which we call the “frontier influence” is a splendid example of the reaction of the physical environment upon mankind. The epoch of the frontier has passed, but its lessons continue; and nowhere perhaps more characteristically than in the relatively inaccessible rural areas of our present national life. It is certainly true that the self-reliance, the resourcefulness, the energy, the strong spirit of assertiveness and independence so typical of the frontiersman, were in large measure the result of his physical remoteness. The conquest of the new and untried led him on, but it was the sense of aloneness that developed almost as many of his fine qualities.

Taylor states that “civilization never has and cannot now develop in isolation. It always follows in the paths of communication and transportation.”² While such a statement raises the question as to what is meant by civilization, it is of course true in its general application. The degree of physical remoteness of a rural region has a decided effect upon the sort of community developed therein. A rural settlement closely adjacent to a well-developed urban center

¹ Turner, F. J., *The Frontier in American History*, Henry Holt and Company, New York, 1921, p. 37.

² Taylor, C. C., *Rural Sociology*, Harper & Brothers, New York, 1920.

is greatly affected in its economic life and social attitudes by the overflow and impact of city institutions and economic needs. The quality which we are accustomed to call "rural mindedness" breaks down in considerable measure, and the rural inhabitants become essentially suburban in outlook. Numerous examples of this sort of thing are to be found in the more densely populated sections of the Middle West and other parts of the nation. Lynn Smith in discussing the comparative advantages and disadvantages of a low density of population in the country and the resulting effects on the degree of social interaction and cultural development says:

For the country the low density of population has many advantages. It offers the opportunity for quiet and solitude; it means that fresh air is abundant, air which has not been contaminated by being breathed over and over again, having soot and smoke poured into it, and being thoroughly mixed with the fumes from the exhausts of automobiles. Low density of population is favorable to abundance of green grass, trees, flowers, birds, and other natural beauties; it is also favorable to the intimate social relationships, those forms of social interaction possible only in small primary groups which shield the farmer from psychosocial isolation; and it frees the countryman from the city's noise, racket, frictions, and nervous strain. But the low density of population also has its negative aspects for the rural person. It means, to some extent, geographical isolation (this, however, is a result which is rapidly being overcome by the automobile, good roads, the radio, telephone, etc.). With low density of population comes constant exposure to the prying eyes and busy wagging tongues of local neighborhood gossips. A few people cannot support up-to-date schools and hire the best teachers, and consolidation of rural schools has many limiting factors as well as several severe disadvantages. The same limitation is true of churches. Where population is sparse, cultural advantages are rare and expensive, and modern conveniences are scarce and costly. The most skillful professional men, such as physicians and dentists, seek the more thickly populated districts where their own advantages are greater. Both city and country have strong points and weak points; but all in all, density of population effectively works to make the life of the city person differ greatly from that of the countryman.¹

An excellent example of the influence of extreme conditions of physical remoteness is to be found in the case of the Southern mountain communities. In describing these highlanders, Kephart says that "the mountaineers of the South are marked apart from all other folks by dialect, by customs, by character, by self-conscious

¹ Smith, Lynn, *The Sociology of Rural Life*, Harper & Brothers, New York, 1940, p. 19.

isolation. It matters not whether your descent be from Puritan or Cavalier, whether you come from Boston or Chicago, Savannah or New Orleans, in the mountains you are a 'furriner.' ”¹ The backwoodsmen of the Blue Ridge and the Unakas, of their connecting mountain chains, and the outlying Cumberlands, seem today to be thinking the same thoughts, and living in much the same fashion as did their ancestors in the days of Daniel Boone. In seeking the explanation of this almost amazing backwardness, the same authority says that these people are so foreign to present-day Americanism that they innocently call all the rest of us foreigners, because “they are creatures of environment, enmeshed in a labyrinth that has deflected and repelled the march of our nation for three hundred years.”

QUESTIONS

1. What place does the biologist accord to the effect of physical environmental factors in the determination of the direction of evolution among plants and animals and why?
2. Discuss the general extent to which man is superior to his physical environment.
3. What changing effects is the increasing urbanization of the nation having upon the characteristically isolated rural physical environment? Do you think the change is entirely beneficial?
4. How accurate is the statement that the characteristic rural physical environment in the United States today is still one of wide spaces?
5. Distinguish between man's *physical environment* and his *social environment*, stating the general extent to which he is able to modify each of them.
6. Name the major factors in the physical environment affecting the farmer and his welfare.
7. What do the soil surveys of the Federal Government show as to the variety of soils which exist even in a limited area?
8. Compare the soils in the timber belt and the black belt in Georgia and Alabama and the cultural life of the two areas.
9. Describe the influence which the fertility of the soil has upon the three distinct classes of Southern highlanders.
10. Discuss how soil fertility, or the lack of it, affects the cultural development of the people living upon it. What do you think of the soundness of the general statement that “many more farmers have been con-

¹ Kephart, H., *Our Southern Highlanders*, The Macmillan Company, New York, 1922, pp. 16-19.

- quered by poor soil areas than have as yet reclaimed such waste areas”?
11. How does Huntington rank climate among the geographic factors affecting human civilization and why?
 12. In what three principal ways does climate react upon humankind, and what are the four chief characteristics of the best climate for the ordinary work of life.
 13. How does Vance view the left-handed compliment of Huntington that the climate is too good to the Southern people?
 14. Using the advances in sanitation in the tropics, discuss the extent to which man can overcome climatic handicaps.
 15. Give the climatic advantages of the United States. What is the length of the corn-planting season in the northern states, in Brazil, and in the Philippines, and what effect does this variation have upon the habits of life of the population?
 16. Compare plants and animals as to their distribution into fairly well-defined belts over the earth's surface, and what general effect does this have upon the life of the people living in these belts?
 17. Using cotton as an example, show the influence of crop adaptations upon the cultural life of an area as large as the Cotton Belt.
 18. Work out a similar analysis for communities specializing in small grains and corn.
 19. What does Turner have to say regarding the contribution of the frontier to our national heritage? To what extent does our rural physical environment of today perpetuate these characteristics?
 20. Discuss the factor of accessibility in relation to the cultural life of the farmer in the United States.

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CHAPTER XVI

RURAL POPULATION TRENDS

A consideration of the problem of population falls into two principal divisions. The more emphasized in the literature on the subject and the more specific in statistical expression is the question of numbers, or how many people there are in a given county, city, or nation. The other phase which is the more significant but the more difficult of measurement is that of the quality or social worth of the individual members comprising the population.

New countries, with vast unexploited resources, quite naturally are interested more in the matter of numbers. In the earlier days of settlement in America no problem was more acute than that of enough people to subdue the wilderness, and to protect the beginning civilization from the depredations of the Indians and the aggressions of invaders from hostile countries. A comparatively few years ago in an era of hectic development, unrestrained foreign immigration crowded the capacity of transatlantic liners, and since 1910 emptied into our population well over sixteen million foreigners, during a five-year period ending in June, 1914, averaging over a million immigrants a year.

By 1880, the open free land of this country had been occupied, and by the period of the First World War our industrial development had reached an impressive stride. Serious thought came to be given to the qualitative phases of our population growth. We were told as the result of a number of studies that birth rates among such selected groups as those of the graduates of several of our leading universities and colleges were not sufficient to replace themselves in the population composition and that our people of the future would come largely from the lower levels of society. Restrictive immigration laws were enacted, and much propaganda emerged for larger families in the upper levels. Moreover, such

exhortations do not up to the present time show many signs of being very effective. In this connection Lorimer and Osborn have the following to say:

We have found that no groups with a high standard of living and with a knowledge of birth control methods can be expected to be permanently self-replacing unless influenced by social conditions that are distinctly favorable to fertility. The two major motives tending to lower fertility in such groups seem to be anxiety about health and economic pressure, especially during the early years of married life. We also found that higher education is still associated, among women though not among men, with delayed marriage and with lower than average marriage rates; but among married women we found no apparent difference in fertility between college graduates and others of similar social status, if the factor of age at marriage is held constant. There is a well-marked negative association between full-time gainful occupations for women and fertility; this relationship involves problems for which no wholly satisfactory solution is apparent.

The well-educated urban groups in American society have been characterized by a drift toward patterns of living which are incompatible with permanent family replacement. Any general change in this tendency will necessarily be a very slow process. It will involve the gradual building up of attitudes favorable to reasonably high fertility, with preference for families of three, four, five, or more children, and the development of social institutions and ways of living which will provide the physical vigor and the economic security essential for the support of such families.¹

Population pressure in a country of closed resources is one of the most potent influences toward lowering the standard of living. Here in the United States we are enjoying the highest standards of living of any large group in the world. What are the population tendencies today, and what do they seem to signify as to the future?

It is a well-recognized fact that population growth in the United States is characterized by a significant tendency toward slowing down. Lorimer and Osborn² predict that population increase in this country will presumably cease absolutely somewhere between twenty and forty years from now, the maximum population reaching some 150,000,000 or less. This maximum will be followed by some decline in total population for several decades, but the situ-

¹ Lorimer, Frank, and Frederick Osborn, *Dynamics of Population*, The Macmillan Company, New York, 1934, pp. 326-327.

² *Ibid.*, p. 19.

ation contains so many uncertain elements that it is idle to speculate very far into the future. Thompson and Whelpton have estimated that the population of the United States will continue to increase until 1956, by which time it will have reached a maximum of about 136,500,000. Then it will begin to decline, by 1980 numbering around 126,500,000. This estimate¹ considers that the population of the nation will remain almost stationary for the next fifty years, but that during the latter half of this period the population will be decreasing at a gentle rate.

In discussing the population prospect, particularly in relation to the rural people, Baker points out:

The rapid increase of population which characterized the two centuries prior to 1930 is suddenly subsiding, the annual increase being only about half that of 15 years ago. It now appears probable that 15 or 20 years hence a stationary population will be reached and that about 25 years hence the population of the nation will start to decline. For, as I noted previously, not enough children are now being born in the nation to maintain its population permanently stationary. The deficit is in the urban population, and in general the larger the city, the larger the deficit. In the cities of over 100,000 population 10 adults are now raising only 7 children. Assuming that the birth rate will now become stationary, though it has been falling for more than a century and the decline has become accelerated since the World War, these 7 persons will in turn raise only 5 children, these 5 only $3\frac{1}{2}$. In a century (a little over three generations) the number of births would fall to one-third the number at present, and two or three decades later the population would decline in similar degree—provided that there were no accessions from outside.

In the farm population, on the other hand, 10 adults are now raising about 14 children. Again assuming a stationary birth rate these fourteen would, in turn, have nearly 20 children, these 20 nearly 28. Births would almost treble in a century and population would treble in a few decades more, provided there were no net migration from the farms.

Now the birth rate is almost certain to decline further, rural as well as urban, and it may be that the rural decline has now become as rapid as the urban, but from a much higher base. Assuming that both birth rates will decline at an equal rate, this significant conclusion emerges, namely, that 1000 farm people of today are likely to have four to eight times as many descendants a century hence as 1000 people now living in our large cities—four times as many if half the farm youth migrate to the cities, as occurred, apparently, during the decade preceding the recent

¹ Baker, O. E., "Agricultural Implications of the Population Prospect in the U. S. A.," *Proceedings of the Third International Conference of Agricultural Economists*, Oxford University Press, London, 1935, pp. 264-266.

economic depression, eight times as many if all farm youth remain on farms.

The people of the future nation almost certainly will consist in increasing proportions of the descendants of those rural people who live in areas where the birth rate is persistently high—the poor but independent people of the southern Appalachians, the croppers and tenants of the Cotton Belt, the hill folk that live along the Ohio River and its tributaries, the religious sects that have settled in many countries of the Dakotas and Kansas, the Mormons of Utah and Idaho, and other small, often self-sufficing farmers who have been more or less isolated by their location or by their religious convictions from the influences of modern urban civilization. The implications of this prospect to educational policy and to scientific progress are profound.¹

There are many significant implications for agriculture in this declining population situation. A quite obvious one is that a stationary or declining population no longer provides an expanding market for the products of the farm, an advantage which American agriculture has enjoyed until comparatively recently. Under conditions which favor customary migration from the farms to the cities, there will be an increase in the number of middle-aged and older people in both the cities and the country, along with a decrease in the number of children and adolescents. An older population consumes more of cereals and meat, while children consume 50 to 100 per cent more milk per capita, so there will be a shifting demand for certain classes of food products. Since similar population trends are evident in many foreign countries the effect will be appreciable upon the export demands for our agricultural commodities. It is also quite probable that a declining city population will decrease the demand for labor and have the effect of increasing population pressure in the rural regions characterized by high birth rates, thus accentuating the difficulties of support for public education and low standards of living already quite acute, particularly in many problem areas of the South. While it may be argued from the standpoint of the nation as a whole that standards of living will be improved as a result of fewer people, it is possible that our present tendencies toward concentration of wealth may lead under conditions of decreasing total national population to greater inequalities than exist at the present time.

¹ Baker, O. E., M. L. Wilson, and Ralph Borsodi, *Agriculture in Modern Life*, Harper & Brothers, New York, 1939, pp. 36-38.

1. RURAL PROPORTIONS

(1) *What Is Meant by Rural.* The comparative homogeneity of the population of the United States in the earlier decades of the republic is clearly evidenced in the fact that no distinction was made between "rural" and "urban" in the first several censuses. Such a classification dates back to a *Statistical Atlas of the United States* published in 1874. In that volume the urban population was considered as those living in places of 8,000 inhabitants or over, and hence the rural as those living outside of such places. In 1870, there were 226 places in the United States having 8,000 people or over, and approximately 21 per cent of the total population at that time lived in them, thus leaving around 79 per cent of the population as rural according to that basis of classification. At the time of the first census, in 1790, there were only six such places in the young republic, containing 3.3 per cent of the total population of 3,929,214, thus making 96.7 per cent of our people of that day rural according to the classification begun later in 1874. In 1880, the census reports continued the classification on the earlier basis, but in addition included a new arrangement, considering as urban all those places having a population of 4,000 or more. The new classification gave 25.8 per cent urban in the population of 1880, while the earlier one on the basis of places of 8,000 and over indicated 22.7 per cent urban. Thus the rural percentage in the total population was reduced from 77.3 to 74.2 per cent.

The Census of 1890 gave the urban population on the basis of places of 8,000 and over but the rural population was arrived at on an entirely new basis which was that of subtracting from the total population of the nation the population of all cities or other compact bodies of the population numbering 1,000 inhabitants or more.

It was in 1910 that the at present prevailing definition was first applied. In that census, and in those since, *the urban population consists of all those living in towns or cities of 2,500 or more, and the rural population as that residing outside such places.* Such a classification was made not only for the year 1910, but also for the three previous censuses, 1900, 1890, and 1880. The proportions of rural in the population of the United States since 1880 are given in Table XIV, on page 389.

TABLE XIV

RURAL AND URBAN POPULATION OF THE UNITED STATES: 1880-1930

| <i>Census Year</i> | <i>Total Population</i> | <i>Rural Population</i> | <i>Urban Population</i> | <i>Per Cent Rural</i> | <i>Per Cent Urban</i> |
|--------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|
| 1940 | 131,669,275 | 57,245,573 | 74,423,702 | 43.5 | 56.5 |
| 1930 | 122,775,046 | 53,820,223 | 68,954,823 | 43.8 | 56.2 |
| 1920 | 105,710,620 | 51,406,017 | 54,304,603 | 48.6 | 51.4 |
| 1910 | 91,972,266 | 49,806,146 | 42,166,120 | 54.2 | 45.8 |
| 1900 | 75,994,575 | 45,614,142 | 30,380,433 | 60.0 | 40.0 |
| 1890 | 62,947,714 | 40,649,355 | 22,298,359 | 64.6 | 35.4 |
| 1880 | 50,155,783 | 35,797,616 | 14,358,167 | 71.4 | 28.6 |

It will be observed from the accompanying table that the Census of 1920 revealed for the first time in the history of the United States a preponderance in the urban population. In that year, the rural population constituted 48.6 per cent of the total and the urban 51.4 per cent. In 1940, the rural population proportion had declined to 43.5 per cent of the total. This is a marked change from the status of 1880, when 71.4 per cent of the total population was rural, and only 28.6 per cent resided in towns and cities of 2,500 and above. The rural population has in no census decade shown an actual decrease, though the proportional part of the national total has steadily become less.

TABLE XV

PERCENTAGE OF POPULATION CLASSIFIED AS RURAL BY DIVISIONS: 1880-1940¹

| <i>Division</i> | <i>Per Cent of Population Rural</i> | | | | | | |
|--------------------------------|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <i>1940</i> | <i>1930</i> | <i>1920</i> | <i>1910</i> | <i>1900</i> | <i>1890</i> | <i>1880</i> |
| <i>United States</i> | 43.5 | 43.8 | 48.6 | 54.2 | 60.0 | 64.6 | 71.4 |
| <i>Geographic divisions:</i> | | | | | | | |
| New England | 23.9 | 22.7 | 20.8 | 23.7 | 27.5 | 33.2 | 41.9 |
| Middle Atlantic | 23.2 | 22.3 | 25.1 | 29.0 | 34.8 | 42.3 | 50.1 |
| East North Central | 34.5 | 33.6 | 39.2 | 47.3 | 54.8 | 62.2 | 72.5 |
| West North Central | 55.7 | 58.2 | 62.3 | 66.7 | 71.5 | 74.2 | 81.9 |
| South Atlantic | 61.2 | 63.9 | 69.0 | 74.6 | 78.6 | 80.5 | 84.9 |
| East South Central | 70.6 | 71.9 | 77.6 | 81.3 | 85.0 | 87.3 | 91.6 |
| West South Central | 60.2 | 63.6 | 71.0 | 77.7 | 83.8 | 84.9 | 87.5 |
| Mountain | 57.3 | 60.6 | 63.6 | 64.0 | 67.7 | 70.7 | 76.4 |
| Pacific | 34.7 | 32.5 | 37.6 | 43.2 | 53.6 | 57.5 | 63.8 |

¹ Source: *U. S. Census Reports, 1880-1940.*

During the sixty-year period from 1880-1940, every geographic division, and every state except Rhode Island, shows a decline in the percentage rural, though many states still reveal a percentage many times as high as that of other states. Only four states in 1940 show less than one-fourth of their population rural. These are Rhode Island (8.4 per cent rural), Massachusetts (10.6 per cent rural), New York (17.2 per cent rural), and New Jersey (18.4 per cent).

The state with the highest percentage rural in 1940 was Mississippi with 80.2 per cent of her people thus classified. The next four highest ranking states in this respect, with the percentages rural in their population, were North Dakota (79.4 per cent), Arkansas (77.8 per cent), South Carolina (75.5 per cent), and South Dakota (75.4 per cent). The five states just mentioned are the only ones in the United States with 75 per cent or more of their population rural. The states more than 50 per cent rural in 1940 were twenty-eight in number, and were as follows: Maine, Vermont, Minnesota, Iowa, North Dakota, South Dakota, Nebraska, Kansas, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas, Montana, Idaho, Wyoming, New Mexico, Arizona, Nevada, and Oregon.

A careful examination of the accompanying tables, setting forth the proportions of rural in the several geographic divisions and individual states from 1880 to 1940 indicates that the South is the most rural part of the nation. The division with the highest percentage rural (70.6 per cent) was the East South Central (Kentucky, Tennessee, Alabama, and Mississippi), with the South Atlantic states (Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida), 61.2 per cent rural, ranking second; and third, the West South Central states (Arkansas, Louisiana, Oklahoma, and Texas), 60.2 per cent rural. The Mountain states, with 57.3 per cent of the population rural, rank fourth in this particular; the West North Central states standing fifth with 55.7 per cent of the people classified as rural.

(2) *Rural-farm Population.* Much dissatisfaction has prevailed regarding the arbitrary nature of the census definition of "rural" and "urban." It is obvious that the residents of many towns of less than 2,500 population are rather remote from the farm because of their

TABLE XVI
 PERCENTAGE OF POPULATION CLASSIFIED AS RURAL BY STATES: 1880-1940¹

| States | Per Cent of Population Rural | | | | | | |
|----------------------------|------------------------------|------|------|------|------|------|------|
| | 1940 | 1930 | 1920 | 1910 | 1900 | 1890 | 1880 |
| <i>New England:</i> | | | | | | | |
| Maine | 59.5 | 59.7 | 61.0 | 64.7 | 66.5 | 73.7 | 77.4 |
| New Hampshire | 42.4 | 41.3 | 36.9 | 40.8 | 45.0 | 48.9 | 61.1 |
| Vermont | 65.7 | 67.0 | 68.8 | 72.2 | 77.9 | 84.8 | 91.1 |
| Massachusetts | 10.6 | 9.8 | 5.2 | 7.2 | 8.5 | 10.5 | 15.1 |
| Rhode Island | 8.4 | 7.6 | 2.5 | 3.3 | 4.9 | 5.5 | 6.5 |
| Connecticut | 32.2 | 29.6 | 32.2 | 34.4 | 40.1 | 47.4 | 60.6 |
| <i>Middle Atlantic:</i> | | | | | | | |
| New York | 17.2 | 16.4 | 17.3 | 21.2 | 27.1 | 35.0 | 43.9 |
| New Jersey | 18.4 | 17.4 | 21.6 | 24.8 | 29.4 | 39.3 | 46.3 |
| Pennsylvania | 33.5 | 32.2 | 35.7 | 39.6 | 45.3 | 51.4 | 58.4 |
| <i>East North Central:</i> | | | | | | | |
| Ohio | 33.2 | 32.2 | 36.2 | 44.1 | 51.9 | 59.0 | 67.8 |
| Indiana | 44.9 | 44.5 | 49.4 | 57.6 | 65.7 | 73.1 | 80.5 |
| Illinois | 26.4 | 26.1 | 32.1 | 38.3 | 45.7 | 55.3 | 69.4 |
| Michigan | 34.3 | 31.8 | 38.9 | 52.8 | 60.7 | 65.1 | 75.2 |
| Wisconsin | 46.5 | 47.1 | 52.7 | 57.0 | 61.8 | 66.8 | 76.1 |
| <i>West North Central:</i> | | | | | | | |
| Minnesota | 50.2 | 51.0 | 55.9 | 59.0 | 65.9 | 66.2 | 81.1 |
| Iowa | 57.3 | 60.4 | 63.6 | 69.4 | 74.4 | 78.8 | 84.8 |
| Missouri | 48.2 | 48.8 | 53.4 | 57.5 | 63.7 | 68.0 | 74.8 |
| North Dakota | 79.4 | 83.4 | 86.4 | 89.0 | 92.7 | 94.4 | 92.7 |
| South Dakota | 75.4 | 81.1 | 84.0 | 86.9 | 89.8 | 91.8 | 92.7 |
| Nebraska | 60.9 | 64.7 | 68.7 | 73.9 | 76.3 | 72.6 | 86.6 |
| Kansas | 58.1 | 61.2 | 65.1 | 70.8 | 77.5 | 80.9 | 89.5 |
| <i>South Atlantic:</i> | | | | | | | |
| Delaware | 47.7 | 48.3 | 45.8 | 52.0 | 53.6 | 57.8 | 66.6 |
| Maryland | 40.7 | 40.2 | 40.0 | 49.2 | 50.2 | 52.4 | 59.8 |
| Virginia | 64.7 | 67.6 | 70.8 | 76.9 | 81.7 | 82.9 | 87.6 |
| West Virginia | 71.9 | 71.6 | 74.8 | 81.3 | 86.9 | 89.3 | 91.3 |
| North Carolina | 72.7 | 74.5 | 80.0 | 85.6 | 90.1 | 92.8 | 96.1 |
| South Carolina | 75.5 | 78.7 | 82.5 | 85.2 | 87.2 | 89.9 | 92.5 |
| Georgia | 65.6 | 69.2 | 74.9 | 79.4 | 84.4 | 86.0 | 90.6 |
| Florida | 44.9 | 48.3 | 63.3 | 70.9 | 79.7 | 80.2 | 90.0 |
| <i>East South Central:</i> | | | | | | | |
| Kentucky | 70.2 | 69.4 | 73.8 | 75.7 | 78.2 | 80.8 | 84.8 |
| Tennessee | 64.8 | 65.7 | 73.9 | 79.8 | 83.8 | 86.5 | 92.4 |
| Alabama | 69.8 | 71.9 | 78.3 | 82.7 | 88.1 | 89.9 | 94.6 |
| Mississippi | 80.2 | 83.1 | 86.6 | 88.5 | 92.3 | 94.6 | 96.9 |

¹ Source: U. S. Census Reports, 1880-1940.

TABLE XVI (Continued)

PERCENTAGE OF POPULATION CLASSIFIED AS RURAL BY STATES: 1880-1940

| States | Per Cent of Population Rural | | | | | | |
|----------------------------|------------------------------|------|------|------|------|-------|-------|
| | 1940 | 1930 | 1920 | 1910 | 1900 | 1890 | 1880 |
| <i>West South Central:</i> | | | | | | | |
| Arkansas | 77.8 | 79.4 | 83.4 | 87.1 | 91.5 | 93.5 | 96.0 |
| Louisiana | 58.5 | 60.3 | 65.1 | 70.0 | 73.5 | 74.6 | 74.5 |
| Oklahoma | 62.4 | 65.7 | 73.4 | 80.7 | 92.6 | 96.3 | |
| Texas | 54.6 | 59.0 | 67.6 | 75.9 | 82.9 | 84.4 | 90.8 |
| <i>Mountain:</i> | | | | | | | |
| Montana | 62.2 | 66.3 | 68.7 | 64.5 | 65.3 | 72.9 | 82.2 |
| Idaho | 66.3 | 70.9 | 72.4 | 78.5 | 93.8 | 100.0 | 100.0 |
| Wyoming | 62.7 | 68.9 | 70.5 | 70.4 | 71.2 | 65.7 | 70.4 |
| Colorado | 47.4 | 49.8 | 51.8 | 49.3 | 51.7 | 55.0 | 61.6 |
| New Mexico | 66.8 | 74.8 | 82.0 | 85.8 | 86.0 | 93.8 | 94.5 |
| Arizona | 65.2 | 65.6 | 64.8 | 69.0 | 84.1 | 90.6 | 82.7 |
| Utah | 44.5 | 47.6 | 52.0 | 53.7 | 61.9 | 64.3 | 76.6 |
| Nevada | 60.7 | 62.2 | 80.3 | 83.7 | 83.0 | 66.2 | 68.9 |
| <i>Pacific:</i> | | | | | | | |
| Washington | 46.9 | 43.4 | 44.8 | 47.0 | 59.2 | 64.4 | 90.5 |
| Oregon | 51.2 | 48.7 | 50.1 | 54.4 | 67.8 | 73.2 | 84.2 |
| California | 29.0 | 26.7 | 32.0 | 38.2 | 47.6 | 51.4 | 57.1 |

industrial and like interests. Also, included among the population of such sized towns are many who are engaged in farming, either directly or indirectly. In addition areas suburban to cities are classed as rural instead of urban. In order to meet such inadequacies of classification, the rural population, beginning in 1920, was subdivided into the rural-farm, urban-farm and rural-nonfarm. By the *rural-farm population* is meant all persons living on farms in rural areas, without regard to occupation. The *urban-farm population* consists of the population living on farms within the limits of cities and other urban places. The rural-farm population and the urban-farm population taken together constitute the *farm population*. There are so few farms relatively in urban areas that the residents on these make up only a small proportion of the farm population or the urban population. Consequently, to deal with the rural-farm population is the significant approach, since farms in urban territories are usually small farming units anyhow.

In 1930, the rural-farm population numbered 30,157,513 individuals, while in 1940, the corresponding figure was 30,151,076. The rural-farm population constituted 22.9 per cent of the total population in 1940, as compared with 24.6 per cent in 1930.

The rural-farm population in 1920 was 31,358,640, or 29.7 per cent of the total population. Thus during the period from 1920 to 1940 there was a net loss of more than a million people from the farms of this country, and a relative decrease of 6.8 per cent in the proportion which the rural-farm population constitutes of the total population. This loss was due mainly to the tremendous migration from the city to the country over that period.

Under the influence of the severe economic depression in the years immediately following the stock-market crash in the fall of 1929, business and employment opportunities became greatly limited, with the result that for several years there was a larger return migration from the city to the country than from the country cityward. Thus the population on farms as of January 1, 1935, was found by the census of agriculture for that date to be 31,800,907, a figure larger even than in 1920, and one much more than a million greater than the corresponding total in 1930. This damming up of the youth on the farms constitutes one of our most serious national problems, but as opportunities for employment in the cities increase the situation tends to become ameliorated as is shown by the farm population figures for 1940 in contrast with those of 1935.

(3) *Rural-nonfarm Population.* The rural-nonfarm population, sometimes erroneously used as synonymous with "village" population, includes, in general, all persons living outside cities or other incorporated places having 2,500 inhabitants or more who do not live on farms. The rural-nonfarm population of the United States was 27,094,047 in 1940, or 20.6 per cent of the total population. In 1930, the corresponding figure was 23,662,710, or 19.3 per cent of the total population of the United States. This represents a net increase of 14.5 per cent in the rural non-farm population during the decade from 1930 to 1940, and a relative percentage increase of 1.3 per cent.

Possibly two-thirds of the rural-nonfarm population is to be found in villages, both incorporated and unincorporated. In this connection, the Bureau of the Census states that

the rural-nonfarm population includes people living in a wide variety of locations, ranging from isolated nonfarm homes in the open country to unincorporated areas suburban to a large city. Furthermore, as between one section of the country and another, this group is much less uniform in its general makeup than either the urban population or the rural-farm. In some states the rural-nonfarm population consists mainly of the inhabitants of small manufacturing villages or of unincorporated suburban areas; in other states it may consist mainly of persons living in mining settlements; and in still other states, especially the agricultural states, it is made up largely of the inhabitants of small trade centers. The rural-nonfarm population is sometimes referred to as the "village" population, though barely one-third of the 1940 total lived in the 13,000-odd rural incorporated places, and certainly not more than another third lived in unincorporated villages and unincorporated suburban areas.¹

The total population of the continental United States increased from 122,775,046 in 1930 to 131,669,275 in 1940, or 7.2 per cent. This is in decided contrast to the 16.1 per cent increase between 1920 and 1930. The urban increase during the decade 1930-1940 was 7.9 per cent, while the similar increase from 1920 to 1930 was at the rate of 27 per cent. The growth of the rural population during the decade 1930-1940 was 6.4 per cent as compared with an increase of 4.7 per cent from 1920 to 1930. As has been pointed out there was a very slight net decrease in the rural-farm population in the 1930-1940 period, whereas there had been a more substantial decline of 3.8 per cent during the years 1920 to 1930. The rural-nonfarm population showed the greatest proportionate increase of any of these classifications from 1930 to 1940, or 14.5 per cent, but the growth, 18 per cent, was still greater during the preceding decade, 1920-1930.

Regionally the village population of the South is larger proportionally than in the North. The predominantly agricultural nature of the South, with its incident demand for small trading centers, together with the fact that the lumber and turpentine industries are still widely present, make for a larger village population. In the Far West, mining and lumbering are relatively important industries and usually bring about a large prevalence of the village form of residence. Such conditions as prevail in the South and Far West are less true in the North, which is more highly industrialized

¹ News release on "Rural-Farm and Rural-Nonfarm Population (Preliminary): 1940," Bureau of the Census, Washington, Series P-5, No. 5, March 10, 1941.

and urbanized. A subsequent chapter deals with the important place which the small town occupies in the farm life of the nation.

2. COMPOSITION AND CHARACTERISTICS ¹

(1) *Distribution by Sex.* Normally there tends to be an approximation to an equal number of males to females in a population. This situation is disturbed by such conditions as foreign immigration, wars, and regionally by differential internal migration of the sexes. In the United States as a whole in 1940, the sex ratio was 101.1 males to every 100 females, as compared with 102.5 men per 100 women in 1930. This decrease in the proportionate number of males is attributable to the aging of the population and to the practical cessation of increases in population through foreign immigration. A population which is older is characterized by a smaller ratio of males to females than does a younger population because the mortality rates of males tend to be higher than those of females. Foreign immigration operates to increase the number of men per 100 women because there is usually a predominance of males among immigrants.

In the urban areas of the United States in 1940, there was a definite preponderance of women, with only 95.8 males to 100 females. This is quite in contrast to the rural-farm areas which were characterized by a marked preponderance of men, with 112.1 males for 100 females. The rural-nonfarm population, made up in considerable measure of village population, occupies a position somewhat intermediate between the urban and rural-farm areas, having 104.2 males for every 100 females.

The sex composition of a population has a very significant bearing on the social and economic life of an area. If there are more men than women, as in the case of the farming population, a larger proportion of the women but a smaller proportion of the men will be able to marry than would be the case if the numbers of the sexes are more nearly even. Also, if women significantly outnumber the men, as in the case of the urban population, there will tend to be a larger proportion of unmarried women. It is obvious that where there is a higher proportion of males in a population, the more

¹ The data presented in this section are derived from a release of the Bureau of the Census, U. S. Dept. of Commerce as of February 20, 1941, and are based on a 5 per cent sample tabulation of the 1940 Census returns. However for all practical purposes they are undoubtedly substantially correct.

workers there will be available for the heavy industries. This is notably the case with the rural-farm population. Since the death rate of women is generally lower than that of men, the sex ratio has an important effect in determining the death rate of any population. "Many other social problems are likewise affected in greater or less degree by sex ratios. There is no doubt that the birth rate, the amount of prostitution, and the status of women in the community are all more or less directly related to the sex ratios of a population."¹

The marked preponderance of males as compared with females on the farm results from the fact that in this country the heavy work of the farm is done primarily by men, and few other occupations than homemaking are available for women in the country. In contrast, the city with its clerical, industrial, and similar less arduous occupations provides extensive employment opportunities, particularly for the younger women. The result is that in the vast migration of both men and women from the farms to the cities the women go in larger proportions than do the men.

(2) *Distribution by Age.* The facts that it is the younger, able-bodied individuals who migrate to the city in largest proportions and that there is a differential birth rate between the country and city, together with some other related considerations, operate to constitute striking differences in the age composition of the farm population and the urban population. The chief distinctions are (a) that the rural-farm population has much higher proportions of children under twenty years of age than does the urban and (b) the farms have much lower proportions of individuals between the ages of twenty and forty-four years. The proportions of persons aged sixty-five years and over in 1940 were not markedly different as between the country and the city. A detailed portrayal of the situation for 1940 is given by census data in the chart on page 397. An examination of these data indicates that only 30.3 per cent of the urban population is composed of persons under twenty years of age, while the corresponding figure for the rural-farm population is 42.8, a difference of 12.5 per cent in favor of the people on farms. This means an educational load in the country somewhat more than one-third greater relatively than in the city. Moreover,

¹ Thompson, Warren S., *Population*, McGraw-Hill Book Company, Inc., New York, 1935, pp. 94-95.

| | Total Population | Per Cent of in 1940 | | |
|-----------------------------|---------------------|---------------------|---------------|------------|
| | | Urban | Rural-nonfarm | Rural-farm |
| Under 20 years | 34.5 | 30.3 | 37.0 | 42.8 |
| 20 to 44 years | 39.0 | 41.9 | 38.1 | 32.5 |
| 45 to 64 years | 19.7 | 21.0 | 17.7 | 18.2 |
| 65 years and over | 6.8 | 6.8 | 7.2 | 6.5 |
| 20 to 64 years | 58.7 | 62.9 | 55.8 | 50.7 |

the farms have a smaller proportion of persons in the more productive years of life to carry this greater burden than does the city; for example, 32.5 per cent of the rural-farm population is in the age group twenty to forty-four years, and 41.9 per cent of the urban population, a 9.4 per cent advantage for the city. The city has a slightly higher proportion, 6.8 per cent, of its population in the age group of sixty-five years and over than does the country with its 6.5 per cent. It will be noted that the rural-nonfarm population in practically all of these items is intermediate between the urban and the rural-farm.

The educational implications of these differences in the age composition of the country and city populations to which reference has been made in the preceding paragraph are discussed more fully in a succeeding chapter dealing with the subject of rural education. It is sufficient to say here in this connection that the country is a veritable nursery for the rearing of city populations. And this expense of producing, rearing, and educating a substantial part of the urban people must be done on a wealth and income basis which derives from the activities of a considerably less proportion of those in the more able-bodied productive years of life. Moreover, the removal of large proportions of the energetic young people from the country must operate to intensify a scarcity of leadership which exists everywhere in community affairs, civic, social, and religious, thereby enriching the city along these lines further to the country's loss.

The tendency toward a materially older population on the farms is too significant to be overlooked in this discussion. Between 1930 and 1940, the number of children under twenty years of age on the farms of the United States showed a rather startling decline of 1,400,000. But there was an increase of roughly one million in the working age group, twenty to sixty-four years old, during the dec-

ade. The so-called aged group, over sixty-five years, increased by approximately 400,000. These data¹ constitute presumptive evidence that there was during the decade a slowing down of migration away from the farms.

(3) *Distribution by Race, Nativity, and Parentage.* Foreign-born whites tend to stay in the cities in much larger proportions than they do to go to the farms of the nation. In 1930, foreign-born whites formed only 4.9 per cent of the farm population as compared with 15.6 per cent of the urban population. However, Negroes formed 12.4 per cent of the rural population and only 7.5 per cent of the urban.

Native-white persons of native parentage formed 68 per cent of the rural-farm population in 1930. Native whites of foreign or mixed parentage made up 11 per cent, and foreign-born whites, 3.6 per cent. Negroes constituted 15.5 per cent of the total rural-farm population.

If the nation is divided into three arbitrary divisions, the North, South, and West, the foreign-born farm population is found to be highest in the West, and lowest in the South, where the amount is practically negligible. Of course, as is well known, the highest percentages of foreign-born in the urban population are found in the North; the lowest percentages are in the southern cities.

There are three more or less distinct groups of States in which the foreign-born whites represent a relatively high percentage of the farm population. The first group comprises Massachusetts, Rhode Island, Connecticut, and New Jersey. . . . In these States the foreign-born farm families are made up largely of relatively recent immigrants engaged either in raising truck crops in the vicinity of the cities or in other intensive kinds of farming such as the raising of onions in the Connecticut Valley.

The second group comprises a number of States mainly in the Middle West, including Michigan, Wisconsin, Minnesota, North Dakota, South Dakota, and Montana. These States were rather largely settled by immigrants from Germany and from the Scandinavian Peninsula and some of the same States have in recent years received many farm settlers from Poland, Austria, Russia, and Finland, in addition to considerable numbers who have come across the border from Canada.

The third group of States comprises California, Washington, Nevada, and Arizona. In the two Pacific Coast States the foreign-born white

¹ *Agricultural Items from the 1940 Census*, Editorial Reference Series 10, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington, July, 1941, p. 10.

population represents a great variety of countries of origin, including a considerable percentage from Germany and Scandinavia. In California there are large colonies of Italians and Portuguese. . . . A large percentage of the foreign-born farm population in Arizona and Nevada is made up of farm laborers of Mexican origin.¹

The predominant element in the farm population of the United States is of northern-European stocks. But as just pointed out, there are certain parts of the nation where peoples of other origins constitute important segments of the population. For example, in the Cotton Belt somewhat more than one-third of the farm population are Negroes. On the farms of Mississippi and South Carolina the Negroes outnumber the whites, representing the modern holdover from the old plantation and slavery systems of the days before the Civil War. Significant proportions of Indian farm population are found in Arizona and New Mexico. But foreign-born and colored stocks seem to be declining in their proportions of the farm population.² Moreover, the striking differences between the culture patterns of the older generation of immigrants from Europe and those of the descendants of the original settlers are dying out with each succeeding generation, with a trend indicated toward a greater cultural uniformity.

3. NET REPRODUCTION RATE

The Sixteenth Census of the United States, 1940, states³ that the American urban population will decline about 24 per cent per generation if present birth and death rates continue to prevail, and there is no migration in from rural areas. In striking contrast to this situation, the rural-farm areas may be expected to increase around 36 per cent per generation if present fertility and mortality conditions continue to exist, and the rural-nonfarm areas will grow in population at a corresponding rate of about 16 per cent. In view of these conditions, it is obvious that unless current fertility trends

¹ Truesdell, Leon E., *Farm Population of the United States*, Census Monograph VI, Government Printing Office, Washington, 1926, pp. 103-104.

² Baker, O. E., and Conrad Taeuber, "The Rural People," in *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, pp. 828-830.

³ *Future Population Growth in the United States by Color and Urban-Rural Residence as Measured by the Net Reproduction Rate (Preliminary): 1940*, Release of Sixteenth Census of the United States, Bureau of the Census, U. S. Dept. of Commerce, Washington, February 21, 1941, Series P-5, No. 4.

are radically altered, future increase in urban population will eventually be entirely dependent upon migration from the rural areas. These significant conclusions are based upon the following analysis:

In 1940 the net reproduction rate for the United States as a whole was 96, indicating a potential decrease of 4 per cent per generation. This is in contrast with a rate of 111 for 1930, which indicated a potential increase of 11 per cent per generation on the assumption that the birth and death rates for that year had continued. The net reproduction rates are shown by color and place of residence in the accompanying table. [See page 401.]

Meaning of the Net Reproduction Rate. The net reproduction rate is a measure of the potential rate of increase or decrease of a population. This rate shows how much the population might be expected to increase over a generation if present birth and death rates at different age levels should continue unchanged.

More precisely, the net reproduction rate shows the number of daughters that would be born to the survivors of a group of 100 female infants during the course of their lifetimes if present age specific birth and death rates should continue unchanged. A rate of 100 would indicate that, on the average, the survivors of such a group of 100 would give birth to 100 daughters. Since these 100 daughters would be just enough to replace the original cohort of mothers, the population would remain stationary and would become neither larger nor smaller in the next generation. If the rate were higher than 100, however, it would indicate that the population would increase from one generation to the next, and if it were lower than 100, it would indicate that the population would decline. All these assumptions are contingent upon the continuance of the same birth and death rates as those observed when the computation was made.

The net reproduction rates in this release were computed by the so-called "indirect method" from the age structure of the population in 1940 and in 1930. The number of births was estimated from the number of children under 5 years of age. Since these children were the survivors of births in 1935-1939 and 1925-1929, respectively, the reproduction rates do not strictly apply to the census dates.

Urban and Rural Rates. The urban areas had a net reproduction rate of only 76 in 1940, a rate so low as to indicate a potential decline of about 24 per cent per generation. (In general, the Census Bureau classifies incorporated places of 2,500 and over as urban.) In 1930 the rate for urban areas was 88, already well below that necessary if the urban population is to maintain its numbers through natural increase (excess of births over deaths). The rural-nonfarm population had a rate of 116 in 1940, as compared with 132 in 1930, and the rural-farm popu-

NET REPRODUCTION RATES BY COLOR AND URBAN, RURAL-NONFARM, AND RURAL-FARM RESIDENCE, UNITED STATES: 1940 AND 1930

(1940 data are estimates based on a 5 per cent cross-section of the 1940 census returns. Figures for white population in 1930 have been revised to include Mexicans.)

| <i>Color and Census Year</i> | <i>Total</i> | <i>Urban</i> | <i>Rural-nonfarm</i> | <i>Rural-farm</i> |
|------------------------------|--------------|--------------|----------------------|-------------------|
| All classes | | | | |
| 1940..... | 96 | 76 | 116 | 136 |
| 1930..... | 111 | 88 | 132 | 159 |
| White | | | | |
| 1940..... | 95 | 76 | 116 | 132 |
| 1930..... | 111 | 90 | 133 | 159 |
| Nonwhite | | | | |
| 1940..... | 107 | 76 | 115 | 154 |
| 1930..... | 110 | 75 | 119 | 156 |

lation had a rate of 136 in 1940, as compared with 159 in 1930. Thus, although there was a general decline in the reproduction rates for all types of areas, the rural population is still able to increase its own numbers, whereas the urban population will eventually have to rely on migration from rural areas if it is not to decrease. American cities have always had lower net reproduction rates than the rural areas. In general, the larger the city, the lower the rate.

Rates by Color and Urban-Rural Residence. The net reproduction rates for whites, both rural and urban, fell significantly between 1930 and 1940, but the rates for the nonwhite population changed very little. The whites, including Mexicans, had a rate of only 95 in 1940, as compared with 111 in 1930, but the nonwhites—Negroes, Chinese, Japanese, etc.—had a rate of 107 in 1940 as compared with 110 in 1930.

In 1940 the rates for urban whites and nonwhites were the same, 76. In 1930, however, the urban whites had a rate of 90, whereas the nonwhites had a rate of 75. The whites in rural-nonfarm areas in 1940 had a rate of 116, as compared with 133 in 1930. The nonwhites in the same areas had only a slight decrease, from 119 in 1930 to 115 in 1940. Similar divergences occurred in the rates for rural-farm areas. The whites had a rate of 132 in 1940 and 159 in 1930. The nonwhites, on the other hand, had a rate of 154 in 1940 and of 156 in 1930.

The fact that the nonwhites have higher reproduction rates than the whites does not necessarily mean that they are actually increasing faster than the whites at the present time. The net reproduction rate indicates the increase that would occur if present birth and death rates for each age-group remained constant—and there is no assurance that they will remain constant. In all probability, the birth rates of the nonwhites will decrease to points below their present levels.¹

¹ *Ibid.*

The excess of actual births over deaths is the natural increase of a population. Logically, then, there are two general sets of reasons which may be used to explain the higher rate of natural increase which characterizes the farm people. One of these is the lower death rate which prevails among them, and the other is the higher birth rate. Deferring consideration of the reasons for a lower death rate for a succeeding chapter on rural health, several reasons¹ may be advanced here for the high rural birth rate. (1) First, is the exalted place which the family occupies among farming peoples. This fact has both economic and social rootages which account for it, and it finds expression in a larger number of families having children and a larger number of children in families in the country. (2) Children tend to be regarded more as assets in the country than in the city, for from an early age they may be profitably employed, at first at the lighter and later at the heavier tasks of the farm. (3) In the country social ambitions are not so overwhelming generally as is often the case in the city; so children in the farm family are not so frequently considered handicaps to social advancement as with the city family. (4) There seems to be a sense of greater economic security in the country than in the city, at least so far as the physical necessities of life are concerned, and the lack of this is one of the chief factors in limiting the number of children in the urban family. (5) Both the knowledge of and the disposition to use birth control methods are much less in the country than in the city. And (6), due to the physically active life on the farm and the comparative freedom from the complexity and tenseness caused by the artifacts of city life, farming populations seem to maintain a stronger sexual vigor and fertility than prevails among city residents generally.

4. MIGRATION FROM FARMS

It is estimated that approximately 700,000 young people on farms reach maturity each year. At the same time, for every man engaged in agriculture who dies or reaches retirement age there are two young men on farms who have come of age and hence are looking for the opportunity to start for themselves. In normal times, when there are employment opportunities in the cities and towns, this surplus of population on the farms moves to these urban op-

¹ Gillette, J. M., *Rural Sociology*, The Macmillan Company, New York, 1936, p. 203.

portunities; but when there is economic depression and resulting stagnation in urban centers, the surplus youth backs up on the farms, causing population pressure, thereby contributing still further to lower living standards that were already too low.

For example, we are told ¹ that during the decade 1920 to 1930, approximately 19,000,000 persons left the farms of the United States for the cities and towns, while there were some 13,000,000 who moved in the reverse direction, or back to the farm. Thus, during that decade, characterized in general by notable urban prosperity, the farms of the nation sustained a net loss of more than 6,000,000 persons through cityward migration. During the same ten-year period, nearly two out of every five of the young people on farms reaching their twentieth birthday had moved to the cities. This movement took place from the farms of all sections of the country, but notably from the South, three-fifths of the net migration coming from this most rural area of the United States. One hundred and sixty-seven of the most highly industrialized counties of the nation were the destination of three-fourths of the migrants. New York, Chicago, and Detroit, with their immediately suburban areas, received one-fourth, and the metropolitan area of Los Angeles accounted for one-sixth, or more than a million of these farm migrants.

The economic depression beginning in the fall of 1929 operated for several years to reverse the direction of the net migration, the farm receiving more through the return of its former residents than it contributed in migrants to the cities. Moreover, the large natural increase characterizing the farm population was forced to stay on the farms for lack of economic opportunity elsewhere. These two factors combined to raise the farm-population level to the highest ever reached. However, with the return of better times in the cities, the vast program inaugurated in 1940 for national defense, and the draft for military service, the direction of migration has again been reversed, thereby significantly relieving the pressure of the rural-youth surplus dammed up on the farms during depression years. What the aftermath of the national emergency occasioned by the Second World War will be in this particular is hazardous to predict, but it is certain that if heroic and effective measures are not taken to prevent another and perhaps even more severe depression follow-

¹ Baker, O. E., and Conrad Taeuber, *op. cit.*, pp. 842-844.

ing the return of more peaceful conditions, the farms of the nation will again be called upon to cushion a great part of the shock of readjustment.

Attitudes toward migration of farm people to cities and towns may be classified ¹ as of two types: one assumes that such migration is dangerous to a country and suggests measures that should be employed to keep farmers on the land; the other assumes the migration as beneficial to the best interests of the country and helps to promote the movement. There are others who like O. E. Baker regard the situation as inevitable, but deplore many phases of the results of it. "A major cause of rural poverty in the United States lies, in my opinion, in the migration of farm youth to the cities. But I see no solution of the problem of rural poverty in the cessation of that migration, unless it be accompanied by the rise of village and home industry." ² He estimates that it costs \$2,000 to rear and educate the average child on American farms to the age of fifteen. With a net loss of 6,300,000 from the farms during the decade 1920-29, this represented a contribution of \$12,600,000,000, a sum about equal to the value of the cotton crops during those years. Additionally, he points out that when the farmer and his wife grow old and die, their estate is customarily divided among their children, many of whom have moved to the cities or towns. Since about one-fifth of the farmers and their wives died during the decade, this means that, roughly estimated, between \$2,000,000,000 and \$3,000,000,000 was transferred from the farm to the cities and towns incident to the settlement of the estates. Generally, the child who remains on the farm, or some stranger who may buy it, must mortgage the farm to make the settlement. The Bureau of Agricultural Economics estimates that during the decade under consideration, the total interest paid on mortgage debt by farmers to nonfarmers was approximately \$5,000,000,000. Moreover, another situation, not entirely caused by migration, is that where all of the ownership is vested in children who have moved away from the farm or some urban investor in farm lands, a rental payment is made by the person operating the farm. Such rental payments made by farmers to nonfarmers amounted to about \$10,000,000,000 during the

¹ Sorokin, P., C. C. Zimmerman, and C. J. Galpin, *A Systematic Source Book of Rural Sociology*, University of Minnesota Press, Minneapolis, 1932, Vol. III, p. 458.

² Baker, O. E., M. L. Wilson, and Ralph Borsodi, *op. cit.*, p. 71.

period 1920-29. Considering the aggregate of all these items, it appears probable that the net transfer of wealth from farms during the decade was around \$25,000,000,000, a sum equivalent to two-fifths of the net value of farm products after cash cost of production and rental payments were subtracted. It is in this tremendous movement of wealth from the farms that a considerable part of the explanation why so few farmhouses have bathrooms, central heating systems, electric lights, and the conveniences of modern life is to be found, and also, it is a significant reason as to why farmers as a class have been getting deeper and deeper into debt.

However, the fundamental causes for migration are readily apparent. The increased efficiency of farming and the extensive introduction of improved machinery makes it possible for a more limited population to supply the nation's needs in food and the raw materials of industry. A decreasing export market also makes it too unprofitable in many instances to produce for foreign trade. Then, too, in general farming has long been in a protracted depression, with low and uncertain incomes in comparison with the higher returns characterizing manufacturing and commerce. This lack of material prosperity in the country, with its resulting deficiencies in the psychological satisfactions of life, have in combination with the other factors just mentioned produced a veritable flood tide of people from the country to the city, perhaps often when it was not to their best long-time advantage to go.

A number of investigators over a considerable period of time have endeavored to discover laws or principles characterizing the phenomena of migration. One of the best of these efforts is that of Ravenstein,¹ whose results are derived from data for Great Britain, Europe, and America. He found considerable proof for the following laws of migration: (1) The most of the migrants proceed only a short distance; (2) the process of absorption operates as follows: the inhabitants of the area contiguous to a thriving town migrate to it, in turn the gaps which they leave in the rural population being supplied by migrants from more remote districts, until the attractive force of the rapidly growing cities makes itself felt, step by step, throughout the entire country; (3) the process of dispersion, while

¹ Ravenstein, E. G., "The Laws of Migration," *Journal of the Royal Statistical Society*, June, 1885, Vol. XLVIII, pp. 167-235, and June, 1889, Vol. LII, pp. 241-305, quoted in Sorokin, Zimmerman, and Galpin, *Source Book in Rural Sociology*, p. 516.

it exhibits similar characteristics to that of absorption, is in a reverse direction; (4) each main current of migration is usually associated with a compensating countercurrent; (5) those migrants proceeding for long distances usually go to one of the larger metropolitan areas; and (6) women migrate in larger proportions than men, except when the distance traversed is long or across the ocean, in which instances the males are predominant. In the light of the preceding discussion it will be seen that there is considerable validity in these laws. Probably more emphasis should be placed upon the thriving, or rapidly growing nature of the urban centers, for the countercurrent of migration from the cities to the farms becomes enormous in times of depression and severely unbalancing to the normal economic and social life of the farming areas.

So important are these phenomena of rural-urban migration, and so continuing are the ebb and flow of it, that the matter is one distinctly affected with the national interest. As Baker and Taeuber¹ point out, for example, Detroit, Michigan and Atlanta, Georgia are interested in what sort of housing, education, and community activities are maintained in rural Alabama because they both receive numbers of migrants from that state. And similarly, rural Alabamians are interested in what similar conditions, together with what wages are like in Detroit and Atlanta. Baker and Taeuber feel that since the repercussions are reciprocal between the country and the city, a more definite national policy should be developed with regard to rural-urban migration. In discussing this phase of the matter, they say in part, as follows:

The persistence of a large volume of unemployment is a major factor in the development of rural-urban migration. The effects of a solution of this problem upon trends in migration would be far reaching. But along with efforts to solve the problem, it is important that attention be directed toward action specifically related to rural-urban migration. Three such lines of action are recommended for consideration: (1) Raising the level of living in areas from which migrants will be recruited; (2) raising educational levels in rural areas; and (3) developing an effective policy for the guidance of migration.

(1) Raising the level of living in areas from which migrants will be recruited is a matter of primary interest both to these areas and to those where the migrants will ultimately go. The influx to any city of a large group of persons with standards of living widely different from

¹ Baker and Taeuber, *op. cit.*, pp. 844-845.

those of the city creates problems similar to those created in the past by the arrival of large numbers of foreign immigrants. Reports from some cities have already indicated that the migrants from poorer agricultural areas have filled the low positions previously held by foreign immigrants and have created similar serious problems of assimilation. In many cases the previous training, standards of living, and health of rural migrants have given them only a poor preparation for the life of the cities to which they have gone.

Raising the level of living in these areas cannot be done, except in small part, through an expansion in commercial agricultural production. It must come, if at all, through a more efficient utilization of available resources for the benefit of the residents there. This would require a new emphasis on a subsistence program of production for home consumption on the largest possible scale consistent with conservation of the land resources. This implies an extensive educational program in techniques, supplemented by loans; community facilities for curing, canning, and storing of farm products for home use; co-operative provisions for improvement of livestock, soils, drainage, and other physical facilities; a more thorough canvass of the possibilities of stimulating rural industries, including home industries; and the development of an extended program of public works and public services in rural areas to supplement farming activities there. . . .

(2) Increasing educational opportunities constitutes a closely related line of activity. Educational facilities and adjustments in rural areas are a national concern, since many of the children now being reared in rural areas will ultimately live elsewhere. In 1930 over 4,000,000 of the 30,000,000 persons who had been born in the South were no longer living there; many of them had gone to northern cities. These States in 1930 had one-third of all children in the Nation then 5 to 14 years old, the group which has been passing through the elementary grades since 1930. That educational levels in the rural parts of these States, as well as in many other rural areas, are considerably below the average for the Nation, despite more than average effort to raise funds, has long been well known. . . .

(3) More effective guidance of migrants to areas of greater opportunity is needed to eliminate much of the social cost of the present system or lack of system. Few areas offer so little opportunity that people will not move to them, and in all parts of the country there is a constant movement of people to areas from which many others are moving away at the same time. Migration is nearly always in response to a believed or observed differential in opportunities—opportunities for economic activities, health, education, recreation, new experience, or any other human want. The individual's decision to move or not to move is based on such information as is available, but rarely does the prospective migrant have the opportunity of assuring himself that this information is representative, reliable, or adequate. Tips, hunches, rumors,

and indefinite promises are often the bases upon which migration is started, and when they prove incorrect there may be a return migration or a further movement to another place concerning which the information is no more definite.

The energy put forth by thousands of workers in securing jobs—as in traveling hundreds of miles for jobs that could not possibly last more than 3 months—might be used more effectively if there were means of providing more adequate information and guidance to prospective migrants. The development of an adequate system of disseminating necessary information about employment opportunities among potential migrants would eliminate many of the difficulties now encountered by individuals who go to areas where opportunities are much more limited than they appear to be or where they have entirely ceased to exist.¹

5. QUALITATIVE SELECTION IN CITYWARD MIGRATION

The gross expression of this migratory movement has been rather accurately determined. Its selective nature as to sex proportions and age groups is fairly well understood. But it is not known clearly what kind of people are leaving the country most largely and what is to be the resulting effect upon the future structure of human society. In discussing the problem of the superior, Reuter says:

The great mass of every human population is composed of persons who do not rise far above nor fall much below the human average. The normal level of human capacity changes but little and slowly if at all. The capacity of the race seems to be fairly well fixed. There seems to be no essential difference in the biological traits and capacities of savage and civilized man, nor between civilized man of the twentieth century and the barbarian ancestors at the beginning of the historic era. The fundamental base lines of human nature and human capacity seem not to have undergone any material change in a period of twenty thousand years.

If, and to the extent that, populations differ in native capacity, it would seem to be chiefly the result of varying ratios between the superior, the mediocre, and the inferior elements of their composition. One group may contain an excessively high proportion of inferior and stupid members and a paucity of the talented and superior. Another may contain an unusually high proportion of exceptionally capable men with a minimum number of the lower order. The average capacity of the two groups will differ though the normal or mediocre grade of intelligence in the two will not be unlike. . . .

The possibility and the likelihood of social invention and cultural ad-

¹ *Ibid.*, pp. 845–847.

vance is rather heavily weighted in favor of the group with a high percentage of talented men. The larger the number of such men, produced and recognized, the greater the possibility of cultural advance. The presence of individuals of outstanding ability has often been the item that brought success and survival in times of group crises. The scarcity of such talent, or the refusal of the group to use it, has, in times of severe crisis, resulted in the failure and the extinction of other human groups. If the production of elements of a superior type equals or exceeds the rate at which the inferior and the mediocre are produced, the average capacity, and hence the cultural possibility, of the group will improve. If the number of the highly capable decreases, in relation to other elements of the population, the average capacity of the group will be lowered and its possibility of cultural advance correspondingly diminished.

The problem of the superior is, so far as advance in civilization is the human and social desire, the absolute and relative increase in their number. . . . Owing to the differential nature of the declining birth rate the ratio of superior intellects to the inferior and the mediocre is believed to be diminishing: there is an increasing paucity of talent in the presence of increasing need for social leadership. Many students of social phenomena are in consequence seriously distressed concerning the permanence of human culture.¹

In 1917, very early in the development of rural sociological literature, Ross² discussed "folk depletion" as a cause of rural decline in certain parts of New England and the Middle West. While his methods were those of more or less casual interview and general impression, his conclusions were in line with the opinion he met at every turn to the effect that the communities were not up to their former standard. The seriousness with which he viewed the loss of leadership involved in the depletion is indicated by the statement: "My own observation is that frequently the loss of even the best tenth will cut down by 50 per cent the effective support the community gives to higher interests. The continual departure of young people who would in time have become leaders results eventually in a visible moral decline in the community."

Leon E. Truesdell, in his monograph on the farm population, had the following to say in 1926 concerning the matter:

¹ Reuter, E. B., *Population Problems*, J. B. Lippincott Company, Philadelphia, 1923, pp. 320-322.

² Ross, E. A., "Folk Depletion as a Cause of Rural Decline," *Publications American Sociological Society*, March 1917, Vol. XI, pp. 21-30.

We have spoken of the decreasing proportion of the total population which remains on the farms as though it were a matter for little concern and have shown that the increase in the urban population was in fact an inevitable accompaniment of our rising standard of living. If this were the whole story our rural problem would be relatively simple. The matter of numbers is not the whole story, however. There has been a change in the quality of the farming population, especially in the older States, which is much more important than the decline in the numbers. Hence we do have a rural problem which is serious and immediate in its demands.

The overflow from each new generation of the farm population, that part which under present conditions goes largely to the cities, is quite different in type and character from the part that remains on the farms. It includes, first, a group who are merely restless and hungry for excitement. These are happier and more useful in the city; and the country can well spare them.

Second, it includes a great army of those who were born to be followers rather than leaders—who work more efficiently and find greater happiness working under other men's direction, with a stated income not dependent on the exercise of their own judgment or enterprise. These are useful workers on the farms, but their service to society is doubtless greater in the city, where they work under superior direction.

Third, there is a group made up of young men who seek the city because they feel that it offers greater opportunities—bigger and more remunerative tasks to be done. This group is very small in numbers but it includes a large proportion of the most enterprising and energetic of the country-born youth, in particular those who have in them the spirit of initiative. These are the ones the country and the farms can least afford to spare. By their going they often leave the country communities without competent leaders. And yet, because the country offers but meager opportunities and meager rewards for leadership, as compared with the modern city, one would hesitate to hold them back.

Those who are left in the country, after these three groups have gone to the city, are for the most part those who are simply content to let things go on in the old way, satisfied with things as they have been.¹

This point of view has existed widely, and has been considered by many leading writers on rural life as one of its most serious problems. Much of the earlier discussion was in the nature of opinion based upon rather casual observation. The matter is still very inadequately investigated, but with the further development of the rural sociological field, an increasing amount of objective

¹ Truesdell, Leon E., *Farm Population of the United States*, Census Monograph VI, Government Printing Office, Washington, 1926, pp. 13-14.

evidence is being accumulated as a basis for determining scientifically the validity of the existing views, pro and con.

There are a number of studies which indicate clearly that the better educated among the farm population migrate to the cities in larger proportions than the less well educated. In his study of the movement of farm population in New York State, Young found that "77 per cent of the men who had attended college, 35 per cent of the men who had attended high school, and 27 per cent of the men who had attended elementary school, had gone into occupations other than farming."¹ Lively and Beck in an extensive investigation of the same problem in Ohio discovered that "a half more of those children who had started for themselves with a year or more of high school training than those with no high school training left the farm for other occupations. Children who went into farming had on the average less formal education than those who worked as unskilled laborers. It was found, however, that 75 per cent of those who had gone into occupations other than farming were laborers, 60 per cent being engaged in unskilled labor."² Gee and Corson, analyzing rural depopulation in tidewater Virginia, conclude:

So far as educational training is a measure of superior ability, ambition, and character, rather uniformly the results indicate a selective migration distinctly in favor of the city. This is true in the higher percentage among the migrants who have reached the college and business training school levels of education. It is also the case among those attaining the seventh grade, but not with those of the high school level. Also, in the lower grades, the percentage is greater among the non-migrants than with the migrants.³

Gist and Clark, on the basis of a sample of 2,544 high-school students in rural communities of Kansas who had been given a standard intelligence test in 1922-1923, secured data as to rural or urban residence for these individuals as of 1935. Four classes were established for the urban group according to the size of the city in which they were located. It was found that the urban migrants

¹ Young, E. C., *The Movement of Farm Population*, Bulletin 426, Cornell University Agricultural Experiment Station, Ithaca, N. Y., 1925, p. 35.

² Lively, C. E., and P. G. Beck, *Movement of Open Country Population in Ohio*, Progress Report, Rural Sociology Mimeographs 3, Ohio State University, Columbus, January, 1928, pp. 35-36.

³ Gee, Wilson, and J. J. Corson, *Rural Depopulation in Certain Tidewater and Piedmont Areas of Virginia*, D. Appleton-Century Company, Inc., New York, 1929, p. 102.

were superior to those remaining in the rural areas as measured by the test scores, and that their superiority was greatest in cities of the metropolitan class. Also, out-of-state migrants were discovered to excel the group remaining in Kansas. In discussing these results, Gist and Clark pose two questions: (1) Is such qualitative selection characteristic of rural-urban migration in general? (2) What are the possible consequences of such selectivity to community life? In answering the first question, they state that the data are not available for any broad generalizations concerning qualitative selection of migrations, either for the country as a whole or for any of its major divisions, and point out that the answer to the second question cannot be given until that for the first is discovered. However, they continue:

But if the country is losing to the city a disproportionate number of those from the upper I.Q. range, as appears from this study to be the case, such selection does not necessarily have any genetic significance. That is to say, the progeny of the rural population may be quite as adequately endowed by nature as the children of the urban migrants. On the other hand, it is entirely possible that the traditional conservatism of the country, the lack of effective rural organization in many areas, and the shortage of qualified leaders may be in part the consequence of selective migrations.¹

Among the general conclusions concerning selectivity of migration as reached by Sorokin and Zimmerman,² the following is of interest: "There is no valid evidence that migration to the cities is selective in the sense that the cities attract in a much greater proportion of those from the country who are better physically, vitally, mentally, morally, or socially, and leave in the country those who are poorer in all these respects." For them, on the whole, the city selection is chance selection. They view the phenomena in the light that "the probability of picking up the innately talented persons of the rural parts by the city are almost as great as the respective probability of picking up the dull or mediocre persons from the rural population (relative to their prevalence in the population)." This contention is qualified by the statement that "in some particular localities such may happen." However, there is a conflict

¹ Gist, Noel P., and Carroll D. Clark, "Intelligence as a Selective Factor in Rural-Urban Migrations," *American Journal of Sociology*, July, 1938, Vol. XLIV, pp. 57-58.

² Sorokin, P., and C. C. Zimmerman, *Principles of Rural-Urban Sociology*, Henry Holt and Company, Inc., New York, 1929, pp. 582-583.

between the fundamental position of chance selection and the generalization made elsewhere¹ in the same text to the effect that "the cities attract the extremes and the farms attract the mean strata in society. The meaning of these conclusions is that the average types of persons tend to stay in agriculture, whereas, on the whole, the extremely competent and the extremely incompetent tend to go more to the cities." Such an occurrence can scarcely be called chance selection.

In another article, Zimmerman and Smith² seek to test the hypothesis of chance selection in migration from agricultural regions to cities for Minnesota. These writers find that farm families hold to their children longer than urban families, and that those children who remain in the country receive less formal education than those who do migrate. The contention is made that the extent of formal education may not be used as a valid measure of the quality of population in testing this type of selectivity. The article reports that there is no evidence of a net selectivity unfavorable to agriculture.

Gee and Runk³ studied the problem of qualitatively selective migration in Albemarle County, Virginia, separating the sample, as can still be done fairly accurately in many parts of the South, into a social classification of an upper, a middle, and a lower group. While the technique is admittedly open to criticism, it does endeavor to strike at the problem on a genetic basis. Their findings support for the area studied—and conclusions are reached only on that basis—the contention that the migration is selective in nature. They conclude that the results of their study do not indicate a chance selection in the cityward migration in Albemarle County, Virginia. Nor do they support the position that the cities attract the extremes in the population and the country the mean. The sample was chosen upon the basis of three classes, and the upper group sustained decidedly the largest proportionate loss to the cities. The next heaviest loss was from the middle group, and the least from the lower class. These findings support the long prevailing attitude on the part of many students of the matter to the effect

¹ *Ibid.*, p. 574.

² Zimmerman, C. C., and Lynn Smith, "Migration to Towns and Cities," *American Journal of Sociology*, July, 1930, Vol. XXXVI, No. 1, pp. 41-51.

³ Gee, Wilson, and Dewees Runk, "Qualitative Selection in Cityward Migration," *American Journal of Sociology*, September, 1931, Vol. XXXVII, pp. 264-265.

that the cities tend to attract from the rural areas in largest proportions the best of their population. The educational training of the possible migrants among the upper group is strikingly higher than that of the middle and lower groups. A marked difference occurs between the middle and lower groups in this respect. The differences in educational levels are sufficiently great to indicate a considerable measure of correlation between the grade of educational equipment and the class level in the social order. Also, these same variations are strongly reflected in the occupational levels of the migrants, those from the upper group, and to a less extent in the middle group, entering mainly the business, professional, and clerical occupations; while the migrants from the lower groups concentrate in the occupations calling for unskilled, semiskilled, and skilled labor. Whether cause, effect, or partly both, the attitudes of parents in the upper, middle, and lower groups with regard to their sons' following farming, in considerable measure, parallel the direction of preponderant migration in the particular group.

Applying the same technique as in Albemarle County, Gee¹ studied the composition of the population in a rural township in South Carolina surrounded by extensive textile manufacturing developments which came about very largely between the census years 1900 and 1930. The drawing power of the employment opportunities for the marginal farming group in the cotton mills only a few miles away considerably altered the pattern found to be the case in the Virginia county which is even yet but little disturbed by manufacturing within its borders. Of those living in the township in 1900 and who were still living in 1930, approximately 44 per cent of the upper class, 22 per cent of the middle class, and 57 per cent of the lower class had migrated to the cities. Thus almost half of the upper class had left the country for the city: a substantial proportion. However, in this area the depletion was highest proportionally among the lower group. It is of interest to note that 42.4 per cent of the migrants of the upper class went to far and near, out-of-state cities, as compared with 17.4 per cent of the middle class, and 4.1 per cent of the lower.

Reuss² used the same approach in a study of a township in rural

¹ Gee, Wilson, "A Qualitative Study of Rural Depopulation in a Single Township: 1900-1930," *American Journal of Sociology*, September, 1933, Vol. XXXIX, pp. 210-231.

² Reuss, C. F., "A Qualitative Study of Depopulation in a Remote Rural District: 1900-1930," *Rural Sociology*, March, 1937, Vol. 2, pp. 65-75.

Virginia as remote as could be found from the attracting influences of both city and industry. He discovered that the upper group suffered most heavily through migration to cities, the middle group ranking second in this particular, and the lower group the least—a very similar pattern to that found by Gee and Runk in the earlier study.

After a careful study of the literature on the biological significance of population composition and trends, Lorimer and Osborn¹ are of the opinion that “there is evidence that scattered rural communities in many Eastern states in areas that are economically handicapped and that have long been situated so as to make migrations to other localities easy may be characterized by an accumulation of families with inferior capacities for intellectual development and high frequency of mental deficiency.” And in another connection they say: “There is evidence that the lowest social groups in a typical American or English urban population are significantly below the large middle classes in average hereditary capacity for intellectual development. It is also indicated that the professional and upper commercial groups differ from the large middle classes in the frequency of genetic factors favorable to superior and very superior intelligence. There is some evidence that there may be a general hierarchy among broad social groups in *average* capacities for intellectual development.”

Thus there is considerable evidence to substantiate the opinion of those rural sociologists, who like Ross and Truesdell have emphasized the importance of the selective phases of the phenomena of rural-urban migration both to the individual community and to the nation at large which seems to be depending more and more upon the farms for its population replenishment. Even though qualitative differences are difficult and elusive to measure objectively, techniques for measurement of them have in recent years made encouraging progress in many phases of the social sciences. And the significance of the matter from the long-term point of view would seem to commend the extensive study of the problem. Like many other scientific investigations, the findings might not influence action very appreciably in the short run, but the results in the long run might have a potent influence in shaping national

¹ Lorimer, Frank, and Frederick Osborn, *Dynamics of Population*, The Macmillan Company, New York, 1934, pp. 251-252.

population policy. The studies thus far made suggest that different areas, expressing different environmental settings with regard to economic and social opportunities, inside as well as outside their boundaries, will reveal significantly different patterns of selective migration. It is somewhat reassuring to note that since the underlying factor is the economic one of income, strenuous efforts are being made to improve this for the farmer. Whatever progress is made along these lines will serve very effectively to mitigate any tendencies which may exist for the superior youth to leave the country in damaging proportions.

QUESTIONS

1. Into what two principal divisions does a consideration of the problem of population fall? Discuss the relative significance of these.
2. Give the views of some of the specialists as to the maximum population which will be reached in the United States, and the causes for the significant tendency toward a slowing down in its rate of growth.
3. Compare the rates of increase of the city and farm populations in the United States, and justify the statement that "the people of the future nation almost certainly will consist in increasing proportions of the descendants of those rural people who live in areas where the birth rate is persistently high."
4. What are some of the principal implications to agriculture occasioned by a stationary or declining population?
5. Distinguish between *rural* and *urban* populations. What were the rural and urban proportions in the total population of the United States for 1940?
6. How general has been the decline in the rural proportion of the population in the United States? In what census year did the urban population first exceed the rural?
7. Which state was the most rural in 1940? Name the most rural section of the United States. What other geographic divisions record high rural proportions?
8. Explain what is meant by *rural-farm*, *urban-farm*, and *farm* population. Describe the recent changes in the rural-farm population in this country.
9. Tell what is meant by *rural-nonfarm* population, and the extent to which it is synonymous with *village* population. How do the North, South, and West compare in the proportions of their populations living in villages and what are some of the reasons suggested for these regional differences?

10. Contrast the sex ratios in urban and rural-farm America. Account for the existing situation and briefly discuss some of the effects of these differences in sex composition.
11. What notable differences occur as to age distribution among the urban and rural-farm populations? Discuss the causes for and the implications of these differences.
12. Discuss the situation with regard to differences between the country and the city in race, nativity, and parentage.
13. Give the net reproduction rate for the total, the urban, the rural-nonfarm, and the rural-farm populations of the United States in 1940, in this connection explaining what is meant by the *net reproduction rate* and the significance of the differences in rates among the different classes of the population.
14. What is meant by the *natural increase* of a population? Give several reasons which may be advanced to account for the high rural birth rate.
15. Discuss the extent and significance of the migration from farms in this country.
16. Give the two general types of attitudes toward migration of farm people to cities and towns. Why does O. E. Baker think that a major cause of rural poverty in the United States inheres in the migration of farm youth to cities?
17. Discuss the fundamental causes of the migration of people from the country to the cities.
18. Give Ravenstein's summary of the laws or principles characterizing the phenomena of migration.
19. Suggest some lines of action along which a national policy should be directed toward the problem of rural-urban migration.
20. Discuss the implications of qualitative selection in cityward migration, and evaluate the present status of our knowledge concerning this important matter.

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CHAPTER XVII

THE FARMER'S STANDARD OF LIVING

The study of standards, planes, scales, and levels of living among various classes of humankind, scattered over widely different geographical areas, has long been a field intriguing the attention of writers. For example, Williams and Zimmerman¹ in a comprehensive monograph analyzing the material and method in studies of family living in the United States and other parts of the world listed fifteen hundred such studies in fifty-two different countries. The exploration in recent years continues with acceleration; so the presumption is that the discoveries thus far have been significant, but that the resources of the problem are far from exhausted both in the determination of actual fact and in the analysis of the significance of the accumulated data.

There is an old saying that "the proof of the pudding is in the eating." A companion quotation for purposes of introducing the problem under consideration is that of Goethe to the effect that "one must be something in order to accomplish something." The real meaning in life is in the various ways in which it finds expression—just where its emphases are placed. Does the individual and the class live on a low plane? If so, is it because he is incapable of living on a higher level? Moreover, in what measure is such incapacity one of inherent ability, of cultural heritage, or of actual material limitations? The determination of even an incomplete and largely unsatisfactory scale of measuring such factors makes for a more intelligent approach to the problem of providing a civilization that insures the largest amount of self-expression to all humankind. Such a provision becomes indispensable when it is considered that the standard of living on the part of individual and of group

¹ Williams, Faith, and C. C. Zimmerman, *Studies of Family Living in the United States and Other Countries: An Analysis of Material and Method*, Miscellaneous Publication 223, U. S. Dept. of Agriculture, Washington, December, 1935, p. 3.

is the best measure possible of achievement within that individual or group. Such basic considerations as these in measuring human welfare lend unusual significance to the numerous efforts which are being made towards the assessment of just what human individuals are getting out of the lives which they are leading.

Much confusion exists, even among technical workers, as to the different terms used in the studies of the problem. Vaile and Canoyer suggest the following clarification of the matter:

In order to avoid the confusion that is common in the use of the terms "standard of living" and "plane of living" it is desirable that we set out clearly the sense in which we . . . use each of them.

A *standard* may be defined as a "criterion," or a bench mark for comparison; or as "that which is established as a model or example by authority, custom or general consent." In other words, a standard is a record or a unit of measurement of some sort against which an actual object or performance may be judged. Ten seconds might be agreed upon, for example, as a *standard* time for the 100-yard dash; anything faster than that might be called *excellent*, or *phenomenal*, while anything slower might be called *mediocre*, or *poor*. This illustration suggests that the standard should be possible of objective measurement and comparison, and also that it may be chosen quite arbitrarily. The term, standard of living, is at least partially possible of objective measurement, but its choice is certainly arbitrary.

A *plane* of living is the actual use or consumption of goods and services that has been reached or is in practice at a particular time by specific individuals and groups . . . "the pattern of consumption"; when this term includes *all* types of consumption it is identical with the plane of living. *Scale* and *level* of living are also used as synonyms for plane of living.¹

Increasingly, the distinction between a *standard of living* as a sort of norm of consumption to be striven for, avoided, or improved upon, and a *level, scale, or plane* of living as that which has actually been attained at a particular time is coming into use. Then, just what does a standard of living comprehend? One definition of it is that "in simplest terms the standard of living means all those things which one insists upon having. It is not merely a collective name for the commodities enjoyed at a given time, but for those which are so related to one another, and so important to the consumer, that if any one of them is lacking forces to restore it are immediately

¹ Vaile, Roland S., and Helen G. Canoyer, *Income and Consumption*, Henry Holt and Company, Inc., New York, 1938, p. 191.

put into action.”¹ Another definition is to the effect that “the standard of living is the satisfactions which are considered essential by an individual or group. . . . It differs from scale or plane of living, which is merely the goods and services actually consumed: the pounds of butter, the dozens of eggs, the pairs of shoes, the tons of coal, and the motion-picture tickets a family uses. Scale or plane of living is the materially measurable form of the standard.”² Yet another student of the matter creates in a broad sort of way a normal standard of living, and characterizes it as “one which conduces to healthy symmetrical development, physical, mental, and moral. The standard is properly counted ideally high in proportion as it achieves this end, and especially as its emphasis falls upon the intellectual and moral elements.”³

Thus it becomes clear that standards of living constitute an organic whole, touching every phase of the life of the individual, the family, or the group, as the case may be. They concern the kind and quantity of food consumed, the sort of house lived in, the clothing worn, these elements of the standard or the level of living relating to the more physical phases of living, or the “creature comforts,” as they are sometimes called. But in addition, the standard or the level of living includes the various cultural elements of existence, such as education, recreation, participation in church, civic organizations, and a host of other activities. This is a sufficient statement of the case to indicate how pervasive are the ramifications of the concepts of the standard or the level of living among classes and individuals.

Information concerning such matters has both theoretical and practical values. Such knowledge leads to the formulation of laws about human affairs, and a fuller understanding of what is really involved in living according to different standards. It has great practical significance in determining such situations as to whether wage levels or incomes are sufficient to provide adequately for comfort and efficiency, and provides important argument for programs leading to improvement along these lines.

¹ Devine, Russell T., *The Normal Life*, The Macmillan Company New York, 1924, p. 1.

² Hoyt, Elizabeth E., *Consumption in Our Society*, McGraw-Hill Book Company, Inc., New York, 1938, p. 265.

³ Streightoff, F. H., *The Standard of Living Among the Industrial People of America*, Houghton Mifflin Company, Boston, 1911, p. 5.

1. THE DETERMINANTS OF LIVING STANDARDS

In a general way, it may be said that every individual has his own standard of living, and that there are as many different standards as there are individuals. To start with, each person is born into a certain standard of living. He is reared in an environmental setting determined by his particular family unit. He will usually consider as essential those things to which he has become accustomed, and he will strive to continue having them. Anything less will to him indicate retrogression. But he will usually be ambitious to improve upon them, and it is in this way that society progresses.

But these individual standards, as is true of social phenomena in general, lend themselves to classification. Even in a democratic country like ours there are social classes, not always sharply defined and usually not bound by caste distinctions, but still there are class characteristics and accompanying accustomed and expected ways of living. The individual is greatly influenced by the standard of living of his class, and thereby stimulated to secure the necessary income to maintain his status as a member of it. In this connection, Kyrk says:

Within the limits set by resources it is the standard of living that determines the character of the real income of the family, their food, clothing, housing and furniture, their ways of amusing themselves, of spending their leisure, their holidays and feast days. It determines what they spend their time and money for and what satisfactions they get from these expenditures. On the one hand there are the time and energy spent in production with the attendant disutilities and, it may be, offsetting satisfactions; on the other, there is an achieved way of living embodying in varying degrees subsistence, health, vigor, comfort, decency, beauty, order, propitiation, recognition, prestige, knowledge, experience, play, self-expression, creation, social intercourse, in the concrete forms approved at the time and place.

Choices of alternative uses of time and money may then be described as attempts to achieve a particular standard of living. Devine calls the standard of living "a power to which we defer unconsciously in every choice we make." Curiously enough it is not only the power that determines our choices but also the power that makes it appear that we have no choices. The family whose money income is barely sufficient to enable it to maintain its customary standard does not feel that it has any freedom of choice in expenditure. Each dollar comes tagged with the purpose for which it must go. It is only when there is a margin

between resources, either in time or money, and the time and money cost of the standard they must maintain that there is any sense of real freedom of choice. A surplus over and above the cost of necessities permits optional consumption. A rise in a family's standard of living may therefore paradoxically mean the enjoyment of a greater variety and abundance of goods but at the same time a greater sense of pressure and of limitation upon the power of choice.¹

In this country of ours which in years past particularly has been designated the great "melting pot" of many different nationalities and races from all parts of the world, there are retentions of the standard of living characterizing these peoples in the nations from which they came. Among such groups are the Chinese and Japanese, the Mexicans, communities of Czechs, Italians, Dutch, Germans, and Scandinavians, and of older residence, the American Indians and the Negroes. The persistence of mores and folkways brought over from the country of their origin leads to conflicts with the American standards of living. In the opinion of Hoyt, though, "it cannot be said that these foreign communities are much of a problem, for they are all on their way to assimilation without special effort on the part of anyone. Their children who go to public schools and institutions of higher education are soon affected by the influences prevailing in the country as a whole."²

Besides the factors of social class and race, there are such considerations as the amount of education, the income level represented, the size, age, and sex composition of the family, the temperament of the individual, the occupation, and even the extent of social change occasioned by the progress made in modern civilization. If one had to say which was the most important of these, there are many reasons for the statement that the income level deserved that characterization. Just how effective is its influence will be considered subsequently in this chapter.

It has been stated that in a sense there are as many different standards of living as there are individuals, but that these may be classified in various ways. So, it is pertinent here to inquire into some of these more or less well-defined categories of standards. From the standpoint of adequacy, there is the *subsistence* standard

¹ Kyrk, Hazel, *Economic Problems of the Family*, Harper & Brothers, New York, 1933, p. 374.

² Hoyt, Elizabeth E., *Consumption in Our Society*, McGraw-Hill Book Company, Inc., New York, 1938, p. 318.

of living, which is used to denote a level of living embracing only the barest physical or animal needs of existence; the *comfort* and *efficiency* standard of living, which signifies a scale of expenditure that allows in some measure for the needs of men as social creatures as well as adequately for their physical requirements; and there is a *standard of luxury*, at which level all conceivable desires and tastes may be indulged. A similar classification based on differences in incomes is that of the *well-to-do*, or prosperous classes, that of those with *moderate* incomes, and the *low-income* group.

There is much reference in the literature on the subject to what is known as the *American standard of living*. There is rather general agreement to the statement that "our scale of living is quantitatively high and the highest in the world. And, as everyone knows, we are continually striving to make it higher and higher."¹ This American standard of living is considered to stem from the democratic ideals upon which our civilization is founded, and to be based upon the vast material resources of this country from the exploitation of which higher wage and income levels are derived. Many are disposed to contest the existence of a definite American standard, arguing that it is but a variant of that in western Europe, which is considered as an extension of the heritage from the Roman ideal of conquering the forces of nature, adapting the environment, and in general gaining power over the material world. Due to the extensive achievement of this ideal and to the unexcelled natural endowment of this country, the American people are viewed by some as in the class of the *nouveaux riches*, who are supposed to place their emphasis upon quantity rather than quality and upon the display of their wealth. Undoubtedly, however, there are significant differences in the total content of living in this country on the average as compared with other nations, and it is rather upon this organic unity of the American standard of living than upon any particular element of it that the concept is tenable.

It should be stressed in any discussion of standards of living that its problems are in the main within the province of the economics of consumption. In a freely competitive society consumer choice is the force which directs economic production. Therefore, the exercise of wise choices in the use of time and money is a most important matter for any individual, group, or nation at any period

¹ Hoyt, Elizabeth E., *op. cit.*, p. 301.

of its history. In this connection, Davenport has said, "The consumption of wealth is inextricably interwoven with the most perplexing problems of living. . . . In what aspects is life worth living and why and when? What things in human nature are best to be fed and what best starved?"¹ The considered judgments of the most thoughtful in regard to desirable expenditures of income by individuals or families are summarized by Kyrk as follows:

Wise uses of time and money are those designed to secure in appropriate amount:

- (1) The goods necessary for optimum health and physical vigor and in the case of children maximum growth
- (2) Facilities for the formal education and training of children and for the continuing education of adults
- (3) Means for furthering such specific individual interests as painting, drawing, music, sports, dancing, handicrafts, dramatics, gardening, research, imaginative writing. The individual's interest in one or more of these activities might be either that of the craftsman or the connoisseur, active or passive, creative or appreciative in other words
- (4) Means of enhancing beauty of the surroundings, inside and outside the house and in personal appearance
- (5) Means of securing social intercourse for the sake of friendliness and affection, or for the sake of mental stimulation and experience
- (6) Means for securing fun or amusement—the satisfaction of the play interest
- (7) Means of securing new experience, aesthetic or otherwise, in connection with people, places, things and ideas
- (8) Means of securing rest and relaxation other than the above
- (9) Means for securing order and harmony in the routine of consumptive activities and for reducing the effort and time cost of non-pleasurable activities incident to consumption
- (10) Housing and equipment that will provide facilities for the activities and social intercourse that go on in the home and afford opportunity for individual privacy²

In general it may be said that the goal of the individual or the nation is the improvement of its standard of living. This involves first the maintenance of the desirable elements in the existing standard, and the largest possible additions to them. From the national

¹ Davenport, H. J., *Outlines of Economic Theory*, The Macmillan Company, New York, 1896, p. 330.

² Kyrk, Hazel, *op. cit.*, p. 393.

point of view, it is becoming increasingly manifest that the emphasis for some time to come will have to be given to improving the levels of living of the low-income groups, of the disadvantaged classes, and sound economic and social progress will have to be measured by the degree to which the lot of these underprivileged is ameliorated. And in the case of all the people, consumer education as to wise choices in their expenditures of time and money has come to be recognized as one of the most important concerns of today. An increasing number of agencies, governmental and otherwise, are being developed to advance the achievement of this objective.

2. INCOMES AND STANDARDS

The statement has been made in a preceding paragraph that income levels are one of the most important determinants of levels of living. All studies of the problem show this to be true. It may be argued that the desire for a higher standard of living must precede the acquiring of the income to gratify it. But except in the decidedly atypical members of society the craving for a higher level of living is almost innately the ambition of every individual. It is true that the folkways and mores of the group may be an insufficient guide to adequate living, but the best levels they express are the stimuli to the young and the old to endeavor the approximation of them in their achievement. So the aspiration is practically always present, though it may need enlightenment and intelligent orientation, perhaps more frequently in the ways of securing the income rather than as to the spending of it after it is acquired.

Such points of view, as abstract as they may seem at first glance, are extremely significant in their bearing. The traditional conservatism of the farmer is not likely to lead him into a reckless orgy of spending, out of keeping with his income. For him to do so, of course, would be disastrous. However, progress in civilization comes as a result of the creation of new and rational wants, and the establishment of such ideals in the farmer's mental horizon may well prove an often badly needed incentive to increased intelligent effort in the operation of his business.

In discussing the influence of income on levels of living, after pointing out "income is a major determinant of a family's level of living," Monroe says that "consumption patterns of families in the same income group tend to be more similar than patterns of families

with widely different incomes. Distribution of families by incomes—the proportion at the lower, middle and upper parts of the income scale—therefore approximates their distribution by levels of living.”¹ The inevitable effect of the amount of income upon the emphases among the different elements of the standard of living is apparent from the work of Ernst Engel, a European statistician, whose studies were made about the middle of the nineteenth century. Engel considered that, other things being equal, the best measure of the material standard of living among a population was the proportion of the income that was spent for food. He developed this idea further into a natural law, which may be stated as follows:² “The poorer the individual, a family, or a people, the greater must be the percentage of the income necessary for the maintenance of physical sustenance, and again of this a greater proportion must be allowed for food.” The expansion of this theory of Engel by Carroll D. Wright of the Massachusetts Bureau of Statistics of Labor in 1875 constitutes what is customarily known in the literature as *Engel's four laws*. These are to the effect that:

1. As the income of a family increases, a smaller proportion is expended for food.
2. With an increase in family income, the percentage expended for clothing remains approximately the same.
3. For all of the incomes investigated, the percentage applied to rent, fuel, and light remains invariably the same.
4. With an increase in the family income, there is a rapidly increasing proportion spent for sundries, such as the cultural wants of life like education, health, and recreation and for various miscellaneous articles and services.

A large number of subsequent investigations of the problem have served in the main to substantiate the first and the last of these laws, but considerable modification has been found necessary with regard to the second and third of them. As a result of the study of living conditions and costs among four thousand farm families, Kirkpatrick³ concludes that this is also the case with farm-family

¹ Monroe, Day, “Patterns of Living of Farm Families,” in *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, p. 849.

² See Zimmerman, C. C., *Family and Society*, D. Van Nostrand Company, Inc., New York, 1935, p. 53.

³ Kirkpatrick, E. L., *The Farmer's Standard of Living*, D. Appleton-Century Company, Inc., New York, 1929, pp. 41-43.

budgets, the modifications being that, as the income increases: (1) the proportion spent for clothing decreases; (2) the percentage of expenditures for rent tends to decrease slightly; and (3) the proportion expended for fuel decreases. In this connection he says that "one can safely proceed on the generalization that as the family income, and consequently as the total value of all goods, increases, a larger proportion of this total value is for purposes other than food, rent, fuel, and light . . . higher percentages of the total value of goods devoted to purposes other than the so-called necessities, to advancement purposes especially, means higher standards of living, possible of course from higher incomes."

A study¹ of consumer incomes in the United States made under the auspices of the National Resources Committee furnishes interesting data for 1935-1936 on the distributions of nonrelief families according to various income levels in six types of communities in the United States. These are presented in detail in Table XVII, on page 429. It will be noted that farm families are conspicuously massed in the lower income levels, 52 per cent of them having incomes below \$1,000. The mean income for farmers as indicated by these studies was found to be only \$1,259, in contrast with the strikingly high figure of \$2,704 in the metropolises of New York, Chicago, Philadelphia, and Detroit, where the range of incomes was discovered to be widest. Rural-nonfarm families and families living in small cities were most frequently found in the income classes between \$500 and \$1,500.

Insofar as the comparative real incomes are concerned it is pointed out that they tend to be higher in the farm group because of several features. One is that since the income given for a farm family represents the estimated value of food, fuel, and housing provided by the farm for the family's use, it may also be considered to mean more for actual living standards. Attention is also directed to the lower retail prices which tend to prevail in smaller communities, and to the fact that so far as the dollar income is concerned, it is supplemented for the average farm family by a larger volume of unpaid services on the part of the housewife and other members of the farm family—services which operate to reduce appreciably the amount of money that must be spent for food, clothing, and

¹ National Resources Committee, *Consumer Incomes in the United States*, Government Printing Office, Washington, 1938, 104 pp.

other items in the family budget. But in this connection, it must be recalled that on the average farm families are the largest of those in any of the six types of communities. "On the whole, it seems

TABLE XVII
PERCENTAGE DISTRIBUTIONS OF NONRELIEF FAMILIES¹ IN SIX TYPES
OF COMMUNITY, BY INCOME LEVEL, 1935-36²

| Income Level | All Families | Families Living in— | | | | | |
|-----------------------------|--------------|---|--|---|---|---------------------------|-------|
| | | Urban Communities | | | | Rural Communities | |
| | | Metropolises, ^a 1,500,000 Population and Over | Large Cities, 100,000 to 1,500,000 Population | Middle- sized Cities, 25,000 to 100,000 Population | Small Cities, 2,500 to 25,000 Popula- tion | Non- farm ^b | Farm |
| Under \$250 | 2.8 | 1.7 | 2.0 | 2.4 | 3.1 | 3.0 | 3.8 |
| \$250-\$500 | 7.8 | 2.8 | 4.4 | 5.5 | 6.3 | 8.9 | 13.9 |
| \$500-\$750 | 11.3 | 5.2 | 7.6 | 9.4 | 10.3 | 11.8 | 18.0 |
| \$750-\$1,000 | 13.4 | 8.5 | 10.5 | 13.6 | 13.9 | 14.4 | 16.6 |
| \$1,000-\$1,250 | 13.2 | 10.9 | 12.4 | 13.9 | 14.6 | 14.0 | 12.8 |
| \$1,250-\$1,500 | 10.8 | 11.0 | 10.6 | 11.6 | 11.1 | 11.6 | 9.8 |
| \$1,500-\$1,750 | 9.1 | 10.8 | 10.0 | 9.7 | 9.4 | 9.1 | 7.0 |
| \$1,750-\$2,000 | 7.3 | 9.7 | 9.0 | 8.5 | 7.8 | 6.5 | 4.8 |
| \$2,000-\$2,250 | 5.5 | 7.9 | 6.9 | 6.1 | 5.8 | 5.1 | 3.1 |
| \$2,250-\$2,500 | 4.0 | 5.8 | 5.5 | 4.5 | 4.0 | 3.4 | 2.5 |
| \$2,500-\$3,000 | 5.2 | 8.5 | 7.1 | 5.4 | 5.3 | 4.4 | 2.9 |
| \$3,000-\$3,500 | 3.0 | 4.7 | 4.2 | 3.1 | 3.1 | 2.3 | 1.6 |
| \$3,500-\$4,000 | 1.8 | 2.9 | 2.7 | 1.7 | 1.7 | 1.3 | 1.0 |
| \$4,000-\$4,500 | 1.0 | 1.7 | 1.6 | 1.0 | .8 | .8 | .5 |
| \$4,500-\$5,000 | .6 | .9 | .9 | .7 | .5 | .6 | .3 |
| \$5,000-\$7,500 | 1.3 | 2.1 | 1.8 | 1.3 | 1.1 | 1.4 | .6 |
| \$7,500-\$10,000 | .8 | 1.6 | 1.1 | .6 | .6 | .6 | .4 |
| \$10,000 and over | 1.1 | 3.3 | 1.7 | 1.0 | .6 | .8 | .4 |
| All levels | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

^a Metropolises of this size are in North Central Region only (New York, Chicago, Philadelphia, and Detroit).

^b Includes families living in communities with population under 2,500, and families living in the open country but not on farms.

¹ Excludes all families receiving any direct or work relief (however little) at any time during year.

² Source: National Resources Committee, *Consumer Incomes in the United States*, Government Printing Office, Washington, 1938, p. 25.

probable that the advantages in living costs accruing to farm families are not sufficient to offset the full amount of difference found between their incomes and those of other groups. Beyond these differences in money incomes and costs of living there are, of course, many differences in the satisfactions derived from rural and urban modes of living which cannot possibly be evaluated in monetary terms."¹

Other data given in the study indicate wide differences among the several regions of the United States in the distribution of farm families according to income levels. For example, in the South, 18.9 per cent of the farm families in the sample studied had incomes less than \$500, as contrasted with 2.9 per cent in the New England region and 8.8 per cent in the North Central region falling within this very low income group. Thus income distribution is an important factor in determining differences in the patterns of living, as well as are tradition, climate, and other environmental factors.

3. ARE FARMERS WELL FED?

A writer² on the subject of foods and life describes a family Christmas dinner in the Maryland tidewater in 1680 as consisting of: Oysters on the half shell, turtle soup, ham, venison, turkey, duck, potatoes, sweet potatoes, other vegetables, conserves, pickles, cider, homemade wine, pumpkin pie, mince pie, apple pie, custards, syllabubs, other desserts, coffee, and sweetmeats. Literally nothing, except perhaps some seasoning ingredients, was bought from a store, practically everything being locally produced, home-prepared, and home-cooked.

In contrast he pictures a modern Christmas dinner of a family in a city apartment with a kitchenette: Cocktails from the drugstore on the first floor, canned oysters, canned soup, wafers from a box, frozen turkey, canned cranberry sauce, quick-frozen lima beans and spinach, sweet potatoes, salad with dressing from a jar, pie from canned pumpkin and canned mincemeat, raisins and salted nuts from packages, and coffee. Here every item comes from the store, nearly all of them originating from distant places, and the element of home preparation is reduced to a minimum.

¹ *Ibid.*, p. 11.

² Hambidge, Gove, "Food and Life—A Summary," in *Food and Life, 1939 Yearbook of Agriculture*, Government Printing Office, Washington, 1939, p. 40.

To one who has enjoyed an approximation to the Maryland tide-water feast of the seventeenth century, the dinner in the city apartment is an insipid affair. But the contrast shows what happens as a result of a money economy where both production and processing have become commercialized.

On the farms today the situation certainly can be and more often than not is different to that in the city. But modern farming in most sections of the country has become rather highly commercialized, and modern farm families raise less of the food they consume than did their more self-sufficient predecessors of a hundred years ago. Data on the subject show that at the present time farmers spend more for food than for any other item. In spite of this fact, however, about two-thirds of the food of farm families is still secured from their own vegetable gardens, grain fields, milk cows, poultry flocks, and other livestock.

The accompanying data (see Table XVIII, pages 432-433) on the major categories of total expenditures for farm-family living show that in the moderate income group of farm families, with \$1,000 to \$1,250 range in annual income, 47 per cent of the total was spent on food. The more well-to-do farm families in the \$2,500 to \$3,000 income range applied 37 per cent of their expenditures to food items, in part produced on the farm and in part purchased from stores. However, the Carolina sharecropper with an income ranging from \$250 to \$500 consumed 57 per cent of his income as food.

If the families of the United States, on farms and in villages and cities, are classified¹ according to whether they had good diets, fair diets, or poor diets, the situation is much in favor of the farm families. About 50 per cent of the nonrelief families on farms in the United States in 1935-1936 had good diets, 25 per cent had fair diets, and another 25 per cent had poor diets. In villages and cities only about 20 per cent of the nonrelief families had good diets, 45 per cent had fair diets, and 35 per cent had poor diets. This difference is due to the fact that in general the diet of farm families contains larger quantities of protective foods, or those high in nutritive and vitamin content which help to protect the body from acute dietary diseases and to lift it from a low to a higher level of

¹ Stiebeling, Hazel K., *Are We Well Fed?* Miscellaneous Publication 430, U. S. Dept. of Agriculture, Washington, 1941, p. 10.

TABLE XVIII

AVERAGE TOTAL VALUE OF FAMILY LIVING AS DISTRIBUTED AMONG MAJOR CATEGORIES OF EXPENDITURES FOR FAMILY LIVING AND FARM-FURNISHED GOODS, ALL NONRELIEF FARM FAMILIES AND NONRELIEF FARM FAMILIES IN NORTH CAROLINA AND SOUTH CAROLINA, IN SELECTED INCOME RANGES, 1935-36¹

| Item | All Nonrelief Farm Families in Income Range— ^a | | | | Nonrelief Families in Income Range \$250-\$499 ^b | | | |
|--|--|------|-----------------|------|--|------|--|------|
| | \$1,000-\$1,249 | | \$2,500-\$2,999 | | North Carolina White Farm Operators | | North Carolina and South Carolina Negro Sharecroppers | |
| | Dollars | Pct. | Dollars | Pct. | Dollars | Pct. | Dollars | Pct. |
| Total value of family living ^c | 1,137 | 100 | 1,939 | 100 | 440 | 100 | 388 | 100 |
| Money expenditures..... | 644 | 57 | 1,271 | 66 | 130 | 30 | 235 | 61 |
| Farm-furnished goods..... | 493 | 43 | 668 | 34 | 310 | 70 | 153 | 39 |
| Food..... | 537 | 47 | 729 | 37 | 293 | 66 | 221 | 57 |
| Expenditures..... | 194 | 17 | 291 | 15 | 49 | 11 | 119 | 31 |
| Farm-furnished..... | 343 | 30 | 438 | 22 | 244 | 55 | 102 | 26 |
| Housing..... | 128 | 11 | 256 | 13 | 22 | 5 | 24 | 6 |
| Expenditures..... | 13 | 1 | 41 | 2 | 4 | 4 | 0 | 0 |
| Farm-furnished..... | 115 | 10 | 215 | 11 | 22 | 5 | 24 | 6 |
| Household operation..... | 97 | 9 | 163 | 8 | 52 | 12 | 36 | 9 |
| Expenditures..... | 62 | 6 | 128 | 6 | 8 | 2 | 9 | 2 |
| Farm-furnished ^d | 35 | 3 | 35 | 2 | 44 | 10 | 27 | 7 |
| Clothing expenditures..... | 104 | 9 | 191 | 10 | 31 | 7 | 41 | 11 |
| Automobile expenditures..... | 88 | 8 | 217 | 11 | 5 | 1 | 16 | 4 |
| Operation..... | 40 | 4 | 126 | 6 | 3 | 1 | 5 | 1 |
| Purchase..... | 48 | 4 | 91 | 5 | 2 | 4 | 11 | 3 |

¹ Source: *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, p. 852.

TABLE XVIII (Continued)

| Item | All Nonrelief Farm Families in Income Range— ^a | | | | Nonrelief Families in Income Range \$250–\$490 ^b | | | |
|--|---|------|-----------------|------|---|--------------|---|------|
| | \$1,000–\$1,249 | | \$2,500–\$2,999 | | North Carolina White Farm Operators | | North Carolina and South Carolina Negro Sharecroppers | |
| | Dollars | Pct. | Dollars | Pct. | Dollars | Pct. | Dollars | Pct. |
| Medical care expenditures | 50 | 4 | 90 | 5 | 12 | 3 | 15 | 4 |
| Recreation expenditures | 21 | 2 | 51 | 3 | 1 | ^d | 4 | 1 |
| Formal education, reading expenditures | 18 | 2 | 42 | 2 | 3 | 1 | 3 | 1 |
| Personal care expenditures | 17 | 1 | 30 | 2 | 3 | 1 | 4 | 1 |
| Expenditures for gifts, welfare, and selected taxes ^f | 24 | 2 | 58 | 3 | 5 | 1 | 5 | 1 |
| Other expenditures ^e | 53 | 5 | 112 | 6 | 13 | 3 | 19 | 5 |

^a Estimates for all nonrelief farm families in the United States made by the National Resources Planning Board on the basis of data largely from the Farm Consumer Purchases Study conducted by the Bureau of Home Economics in 66 farm counties in 21 states.

^b Preliminary data from samples taken as part of the Consumer Purchases Study, Bureau of Home Economics.

^c Total expenditures for family living plus the money value of products furnished by the farm for family use.

^d 0.50 or less.

^e Fuel, ice, and other nonfood products.

^f Includes only income and poll taxes.

^g Includes expenditures for tobacco, transportation other than by automobile, household furnishings and equipment, and miscellaneous items of family expenditures such as funeral charges and legal fees.

good health. The figures in the chart on page 434 show the comparative differences in the consumption of such foods by families on farms and in villages.

But it is not accurate to picture the situation in too rosy colors, for one-fourth of the farm families have poor diets. More families in the South had diets of poor quality than was the case in the North and West. This was due mainly to the low incomes of Negroes, sharecroppers, and farm laborers, but it should be noted in

this connection that "the quality of diets in the Southeast tends to be poorer than in the North and West despite the fact that a large

PROTECTIVE FOODS ARE RICH IN MINERALS AND VITAMINS¹

| Some of the Foods They Had | These are the Quantities Had in a Week by Families | | | |
|--|--|-------------|------------------------------|-------------|
| | With \$500-\$1,000 Incomes | | With \$1,000-\$1,500 Incomes | |
| | On Farms | In Villages | On Farms | In Villages |
| Milk (or its equivalent) quarts | 18 | 10 | 19 | 12 |
| Eggs number | 28 | 18 | 30 | 20 |
| Meats, poultry, fish . . . pounds | 8 | 6 | 11 | 8 |
| Fresh and canned vegetables (other than potatoes) pounds | 11 | 8 | 11 | 9 |
| Fresh and canned fruits pounds | 10 | 8 | 12 | 10 |

proportion of Southern people live on farms and could improve their diets through home food production."² Large possibilities exist for great relief of this situation if a more intelligent and humane approach is made along the lines of improved landlord-tenant relationships. The importance of better diets is stated by one authority as follows:

Better diets might well come to mean greater vigor of body and mind on the job, a greener old age, and a longer, happier life.

Do we care enough for these things to change diet habits if need be?

Not only would each of us gain from good diets; the Nation would gain too. Never has the need been greater than now for citizens with bodies and minds ready to meet whatever the future may hold.

Habit is not a safe guide to good diets. The newer knowledge of nutrition must be put into practice throughout the length and breadth of the land. Families should know how to get the well-rounded and varied meals they need for what they can spend in money, time, and energy.

Some families need financial help. The resources of many in the lower income groups cannot provide adequate diets. These people need increased earnings. Many need further opportunities to produce food for home use. Some have no breadwinner and are dependent wholly or in part on public aid. Special programs such as the food-stamp plan, free school lunches, and low-priced milk are helping many needy families.

Our Nation is attacking the problem of nutrition on many fronts.

¹ Stiebeling, Hazel K., *op. cit.*, p. 11.

² *Ibid.*, p. 22.

But still other and better ways of thinking and doing can be developed if we put our minds to it. . . .

If malnutrition is like an iceberg, as one authority has suggested, and its greatest mass and greatest danger lie beneath the surface, then it is time for us to look beneath the surface for its hidden signs and causes and to do something about it.¹

4. FARM HOUSING

There is an old adage widely current in farming sections to the effect that "fool farmers build fine houses for wise farmers to live in." More than two thousand years ago, we find the Roman writer, Cato, in his treatise on *Farm Management* advising the buying of what others have built, and thus to "enjoy the fruits of another's folly."² Such statements as these are realistic in that they recognize the farm home contributes little if any directly to the farm income, and that the upkeep of a large house is quite expensive. Consequently, the farmer usually wishes to wait until he has the money in hand as a clean surplus before he makes extensive repairs to his house or builds a more modern one. This argument is not to be construed as one to combat the movement for an extensive improvement of farm housing, which is very badly needed, but to explain why the farmer is so inherently conservative toward borrowing money to build houses which bring in no direct increase to his income from crops and livestock, but which may subtract from it significantly in payments on interest and principal used for such purposes.

Of course, better homes for farmers mean higher ideals, better health, and more incentive to productive effort. Also, better tenant houses usually mean better tenants are attracted to live in them. This improved motivation and increased personal efficiency is certain ultimately to contribute to increased income if such developments are soundly embarked upon, but many a farmer has lost not only his home but his farm lands as well because of unwise expenditures in farm buildings, particularly on a credit basis. Yet it is important to remember that even from the economic standpoint the farm residence is the workshop of the housewife, where the cooking of meals, the laundering of clothing, and the canning and

¹ *Ibid.*, p. 26.

² Quoted in Warren, G. F., *Farm Management*, The Macmillan Company, New York, 1919, p. 396.

preserving of foods are done, all of them extremely significant in relation to the farm family's standard of living. Besides it is the nursery and recreation center for the farm children—the most important crop of all, even from the national standpoint. Also, it usually furnishes whatever office the farm operator may have for conducting the business affairs of the farm and keeping the necessary records in that connection. And, of course, the social life of the entire family revolves about the home on the farm much more closely than it does even about the city home.

The Committee on Farm and Village Housing of the President's Conference on Home Building and Home Ownership suggested certain standards as measuring sticks for the adequacy of the farmhouse. Omitting the parts relating to building materials, construction, interior finishes, and costs, these were as follows:

I. Farmhouse Site

A. Points applicable to new buildings:

1. Location—with natural advantages, suitability and usefulness as a center for operating the farm.
2. House should be set to secure the best view and in one of the most prominent places on the farmstead.
3. Barns and outbuildings should be kept in the background.
4. House should be set far enough from the highway to avoid excessive dust and noise.
5. Distance between buildings should be the minimum consistent with fire safety.
6. House should be so located that prevailing winds will not carry barn-lot odors toward it.
7. House should be so located that, in case of fire, prevailing winds will not carry sparks from other buildings to the house or vice versa.

B. Points applicable to both old and new buildings:

1. Ground should slope away from the house so that no surface water may stand nearby.
2. If the ground water level is high, under drainage should be provided to avoid water in cellar and muddy conditions around the house.
3. Drives or walks should be provided from house to other principal buildings.
4. Fences should be arranged to keep animals and poultry from around the house.

5. A lawn with trees and shrubs should provide a pleasant setting for the house.
6. In rigorous climates, a windbreak or shelter belt will be essential.

II. Exterior of the Farmhouse

- A. General appearance—simple in line and detail rather than being ostentatious and unnecessarily ornamented.
- B. Shape, height, and architectural style of the house should be adapted to the site and considered with regard to climatic conditions and general surroundings.
- C. The number, size and location of doors and windows should afford a pleasing appearance.
- D. Materials should be selected and used in accordance with purpose, economy and local supply.
- E. The color scheme should be harmonious. Sharp contrasts should be employed only with discretion.

III. Interior of the Farmhouse

- A. General arrangement:
 1. Kitchen, food storage space, and dining area should be located with easy access to one another, and with view toward both farm buildings and highway.
 2. Places for special work, and for men to wash and to hang wraps should, if possible, be located near both the kitchen and a rear or side entrance.
 3. Living-room should be located on sheltered side of house or where there is the best view.
 4. It is desirable to have a bathroom with toilet located convenient to sleeping quarters.
 5. Main approach entrance for family and visitors alike should be easily reached from kitchen, but should lead also to living quarters.
 6. Passageway should lead from the main rear entrance to living- or dining-room without passing through kitchen work area.
 7. Stairs should be located in a hall, if there is one. Stairs to cellar should be convenient to kitchen and rear entrance.
 8. Doors, windows and passages should be so arranged as to provide ventilation.
 9. Covered porches should not be placed so as to reduce unduly the natural lighting of rooms.
- B. Facilities the farmhouse should provide:
 1. Living quarters:
 - (a) Space for the comfort, rest, and reasonable privacy of all members of the family.

- (b) Space for the placing of furniture to avoid interference with doors, windows, and closets.
 - (c) Study equipment and playspace for children.
 - (d) Facilities for reading, correspondence, business transactions, and keeping of farm records.
 - (e) Rooms arranged conveniently for visiting with friends and entertaining neighborhood gatherings.
 - (f) Provision for the young people to entertain their friends.
2. Convenient working arrangements:
- (a) Kitchen work centers grouped to save steps (stove, sink, and work surfaces each not more than 12 feet from all others). Area of workspace should be between 90 and 150 square feet. Workspace should not be broken by doors and passages.
 - (b) Working heights that allow worker to stand or sit normally.
 - (c) Space for doing the laundry, where washing machine, tubs, and other equipment may be left when not in use, should be protected from weather, close to drying space, and not less than 50 square feet in size.
 - (d) Space near rear entrance—general service room or porch for preparing or canning products coming into the house. May be combined with laundry space.
3. Adequate storage facilities:
- (a) For food:
 - 1. Ample kitchen cupboards planned and located with reference to the materials to be stored.
 - 2. Refrigerator that maintains temperature below 50 degrees, for the most perishable foods in warm weather. Size adapted to needs.
 - 3. Ventilated cupboard or closet for cool weather and year-round storage of the less perishable vegetables and fruits.
 - 4. Storage for larger quantities outside of kitchen work areas.
 - 5. Cupboard and bins in dry basement near stairs or in other dry, cool place for canned products and vegetables.
 - (b) For fuel:
 - 1. Coal or wood storage convenient to heating plant.
 - 2. Coal or wood box near range, preferably with arrangement for putting wood in from outside.
 - 3. Kerosene or gasoline supply should be kept outside of house.
 - (c) For operating equipment:
 - 1. Work cabinet with satisfactory storage space for small and large utensils, kitchen tools and linens.

2. Separate closet space off rear hall for cleaning equipment.
 3. Storage near kitchen for ironing board or a built-in board.
 - (d) For wraps:
 1. Wrap closet near front or side entrance, equipped with high and low hooks for adults and children. (Minimum size 36 inches wide by 20 inches deep.)
 2. Rear closet for rough wraps and work clothes, or hooks near rear entrance.
 - (e) Bedding and linen closet space. (Minimum size 36 inches wide, 18 inches deep, height of room.)
 - (f) Children's playthings—storage space under window seats, in closets or drawers, upon shelves, or in boxes with lids.
 4. Sleeping facilities:
 - (a) At least one bedroom for every two adults.
 - (b) Bedroom area not less than 100 square feet for two persons.
 - (c) All bedrooms provided with cross ventilation and wall space for beds.
 - (d) Closet or wardrobe space in addition to bedroom space not less than 20 by 36 inches, height of room; should be equipped with shelf, rod for hangers, and shoe racks.
-

VI. Utilities of the Farmhouse

A. Lighting:

1. Each room should have at least one unobstructed window; kitchen, living-rooms and bedrooms should have, preferably, windows on two sides.
2. Direct sunlight should enter at least three-fourths of the rooms.
3. There should be provision for both daylight and artificial light on all work surfaces, such as stove, sink, work and study tables, and at reading centers.

B. Heating:

1. Heating equipment capable of maintaining comfortable temperatures.
2. A heater capable of economically utilizing locally available fuels.
3. Properly designed and installed central plant desirable in the colder regions.

C. Water supply:

1. Water should be from pure source.
2. Underground pollution should be avoided by location of well or other supply above and at distance from cesspools, privies and barnyards.

3. Surface pollution should be avoided by well-drained location, by mounding to divert surface drainage, and by tight, dirt- and vermin-proof cover.
 4. If cistern water is used, there should be a filter and a switch for diverting first rainfall.
 5. House should be provided first with piped water supply, sink and drain. If piped water supply is not possible, a walk to well should be provided.
 6. Hot-water supply, bathroom, laundry and washroom should be added as means permit.
 7. Gravity or power operated systems are most desirable.
- D. Waste disposal:
1. Septic tank or cesspool should be located where it will not contaminate water supply.
 2. Privy should be screened to exclude flies; pit or vault should be sprinkled daily with dry earth, wood ashes, lime or similar material to reduce odors.
 3. Garbage should be placed in metal cans with tight covers and should be emptied daily.
- E. Screens:
1. Doors and windows in regular use should have screens of 14 to 16 (18 preferable) meshes to an inch in areas infested with flies or mosquitoes.
 2. Screens should be fitted tightly and kept in good condition.¹

For anyone who has traveled through the countryside in the various parts of the United States, it is apparent that perhaps the greatest single characteristic of rural housing is the almost infinite variety characterizing farm homes. "The primitive log cabin of the mountaineer, the one- or two-room shack of the Southern tenant cropper, either Negro or white, the adobe hut of the Mexican farm laborer in the Southwestern states, the prairie home, the ranch home, and the New England colonial farm home or that of the Southern plantation, may each display similarity to other homes in its neighborhood but also has individuality and special qualities and crudities of its own."² The range of adequacy for living and architectural beauty is about as great as it is possible to conceive, but while in general housing conditions in most farming regions are better than those in the cities, the most striking feature and the

¹ *Farm and Village Housing*, President's Conference on Home Building and Home Ownership, Washington, 1932, pp. 68-74.

² *Ibid.*, p. x.

most discussed in the literature on the subject is the gross deficiency which marks the residences of the low-income groups of farmers of which there are so many.

The statistical data on this subject of housing have become so numerous in recent years, and are so detailed in nature, that it is very easy for a discussion of the subject to become lost in a maze of confusing figures. Table XIX, on page 442, presents in compact form some of the more significant current data, showing the situation in the country as a whole for farm families with so-called moderate incomes (\$1,000-\$1,249), the more well-to-do families (\$2,500-\$2,999), and for low-income groups in the Carolinas. The contrasts indicated are great, the status of the well-to-do families as to living facilities representing a rather high degree of adequacy as compared with the sharecroppers of North and South Carolina. These facts illustrate the generalization to the effect that all surveys of the rural housing situation show a close relation between poor housing and low farm income. While many farm owner-operators are poorly housed, the worst housing conditions in their communities are found among the tenants, sharecroppers, and farm laborers, in other words, the people who usually have the lowest incomes. The farm laborers are frequently found in the poorest houses of all.

A concise summary¹ of facts relating to this situation is as follows: In all areas of the United States some farm families are inadequately housed. In many areas the need for better housing is acute among large percentages of the population. More than one-fourth of the farm people are housed under what might well be called "slum" conditions, conditions which are breeding serious weaknesses we must guard against—ill health, epidemics, delinquency, discontent, and hopelessness.

The data on rural housing tell a story of human misery and underprivilege on the farms of this country. The Farm Housing Survey of 1934 made by the United States Department of Agriculture shows that for the country as a whole, only 15 per cent of the farmhouses were less than 10 years old, while 20 per cent were over 50 years old. In 1941, more than one million farmhouses were estimated as beyond repair, while a majority of farmhouses were

¹ Adapted from an address on "The Improvement of Rural Housing," by Raymond C. Smith, Chief Program Analyst, at the Thirty-Fourth Annual Meeting of the American Home Economics Association, Chicago, Illinois, June 24, 1941. Mimeograph, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington.

TABLE XIX

PERCENTAGE OF FAMILIES HAVING SPECIFIED FACILITIES IN FAMILY DWELLING, OWNING SPECIFIED EQUIPMENT, AND HAVING EXPENDITURES FOR SPECIFIED ITEMS, AMONG ALL NONRELIEF FARM FAMILIES AND NONRELIEF FARM FAMILIES IN NORTH CAROLINA AND SOUTH CAROLINA, IN SELECTED INCOME RANGES, 1935-36¹

| Item | All Nonrelief Farm Families in Income Range— ^a | | Nonrelief Families in Income Range \$250-\$499 ^b | |
|--|---|---------------------|---|---|
| | \$1,000- \$1,249 | \$2,500- \$2,999 | North Carolina White Farm Operators | North Carolina and South Carolina Negro Sharecroppers |
| | Per Cent | Per Cent | Per Cent | Per Cent |
| Families having— | | | | |
| Less than 1 room per person | 18 | 9 | 23 | 57 |
| Running water | 16 | 43 | 6 | 0 |
| Hot and cold water in kitchen and bath | 8 | 30 | 1 | 0 |
| No toilet | 1 | 0 | 6 | 16 |
| Indoor toilet | 10 | 33 | 1 | 0 |
| Central heating system | 13 | 31 | 0 | 0 |
| Electric lights | 19 | 44 | 0 | 0 |
| Telephone | 29 | 52 | 0 | 0 |
| Automobile | 71 ^c | 80 ^c | 6 | 21 |
| Radio | 54 | 81 | 5 | 1 |
| Refrigerator, any | 39 | 70 | 0 | 6 |
| Refrigerator, mechanical | 4 | 20 | 0 | 0 |
| Washing machine | 47 | 64 | 0 | 0 |
| Sewing machine | 86 | 90 | 56 | 40 |
| Home-canned food | 95 | 96 | 100 | 77 |
| Families having expenditures for— | | | | |
| Newspapers | 85 | 96 | 30 | 14 |
| Magazines | 58 | 82 | 8 | 11 |
| Motion-picture admissions | 51 | 75 | 6 | 15 |
| Laundry sent out | 8 | 16 | 3 | 1 |
| | Number | Number | Number | Number |
| Average visits to doctors | 5.09 | 6.00 | 0.41 | 2.00 |

^a All figures except those on automobile ownership are estimates made by the Bureau of Home Economics on the basis of the Consumer Purchases Study in 66 farm counties in 21 states.

^b Preliminary data from samples taken as part of the Consumer Purchases Study, Bureau of Home Economics.

^c Preliminary estimates by the National Resources Planning Board on basis of data largely from the Farm Consumer Purchases Study conducted by the Bureau of Home Economics.

¹ Source: *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, p. 855.

in need of major repairs. The survey made in 1934 discovered that around 84 per cent of the houses had no running water, 27 per cent had no screens at all, in 42 per cent screens were broken or otherwise unserviceable, 40 per cent were unpainted, and in 43 per cent more, the paint was in poor condition. Five million three hundred thousand homes were without kitchen sinks. Only 9 per cent of the farm homes had indoor toilets; while more than 13 per cent did not even have outdoor toilets. These conditions have been improved somewhat since that time through the work of public agencies, notably by the installation of three million sanitary privies, and by the provision of screens on many farm homes.

In the South, nearly one-half of the farm people were found to be living under crowded conditions. Overcrowding was also found to be serious in many parts of the Great Plains and in the mountain areas. Poor housing and pronounced overcrowding were found to go hand in hand.

About 500,000 families of migratory agricultural workers move back and forth continually between the truck and fruit areas of the Pacific, Gulf, and Atlantic coasts. They are refugees from the Dust Bowl and people "tractored off" the land in many farming areas. They must often eat and sleep in any shelter that chance offers. They occupy abandoned huts and shelters. They put up tar-paper shacks for temporary shelter, and exist under bleak and unsanitary conditions. When their temporary jobs are finished in one area, they move on to another, leaving their unsightly quarters to be used by others and carrying away with them the germs of disease and the seeds of poverty and dejection.

The majority of rural houses are in a poor state of repair. The Farm Housing Survey of 1934 found that there were 15,200,000 major repair jobs needed on the 7,360,212 occupied farmhouses of the United States, including repairs to foundations, walls, roofs, chimneys, doors and windows, screens, and other parts of the dwellings. By any reasonable minimum standard for farm housing, the nation probably requires the construction of at least two or three million new houses in rural areas.

To show the meaning of these conditions in terms of individual and public welfare, let us consider for a moment the functions which adequate housing on farms must perform. A house, first of all, provides a place to eat and sleep and gives shelter from wind, rain, and cold. A

good farm house does all of these things and much more. A good farm house is partly a workshop for canning and preserving garden and live-stock products. It is a center for family life. It safeguards the health of the family by screening out flies and mosquitoes, by providing a moderate number of conveniences. It has enough space to permit a normal and healthy family life, and it stimulates hope and ambition, and contributes to the development of character and good citizenship among the members of the family.

The housing found in many of our rural areas, however, is very different from this. Rural slum housing frequently does not provide even the basic element of shelter. The slum house is cold in winter, hot in summer, and wet in rainy weather. It is usually too small to permit any activities in the home other than those of eating and sleeping. Crowded living contributes to disease, and fosters delinquency. Good citizenship cannot grow in such an environment. Children reared in slum houses are, in fact, subject to all sorts of disadvantaged living, which leads them to hopelessness and despair.¹

This problem of rural housing ranks along with city slum clearance as a major national concern. Due to the lower incomes characterizing the people in the country the matter of financing such a program is more difficult than in the city. This has led to the suggestion that the amelioration of the situation requires governmental subsidy and that such help is justified because of the tremendous social waste occasioned by existing conditions.

5. CLOTHING

Dress does not occupy so important a place with the farm family as it does with city people. A good part of the year the farmer and his sons wear work clothes and his wife and daughters are clad in simple house dresses. Each of them has his or her best clothes which are used on special occasions such as church attendance, social engagements, and special business trips. The consequence is that good clothes last much longer on the farm than in the city.

Reference to tables in this chapter show that farm families of moderate income spent in 1935-36 an average of \$104 for clothing, or 9 per cent of the total budget. So-called well-to-do families (\$2,500-\$2,999 income) similarly spent \$191 on the average, or 10 per cent of their total budget. With North Carolina white farm operators in the income range of \$250-499, their entire families spent an average of \$31, or 7 per cent of their total annual ex-

¹ Smith, Raymond C., *op. cit.*, p. 5.

penditures for clothing, while Carolina sharecroppers in the same income class spent \$41 for clothes, or 11 per cent of their total budget.

In discussing these expenditures, Monroe says: "That so much is achieved with so little is the result in part of careful planning of purchases. In addition, farm homemakers and their daughters economize by making some garments and by mending, remodeling, and otherwise extending the life of their families' wardrobes."¹ As to the kind of wardrobe provided from the \$104 spent by the average farm family in the income group, \$1,000 to \$1,250, the same authority illustrates by citing the prices paid for garments and the average period of wear before replacement.

A wife whose expenditures were similar to the average would pay about \$16 for her winter coat and wear it for 5 years. A rayon or silk dress costing about \$4.50 would be bought every other year; a cotton street dress costing about \$1.35 each year. Two pairs of shoes would be purchased at a price of about \$3 a pair. Many farm homemakers seem to have disregarded style trends in headgear; the average number of hats bought was 1.2 a year, which indicates that few purchased both a spring and a winter model.

A husband whose clothing expenditures resembled the average for the group would spend about the same amount as his wife, but he would apportion the amount differently among the several groups of clothing items. He would buy four shirts a year, for which he would pay about 85 cents apiece. A wool suit bought for about \$19 would last approximately 4 years; a \$3 mackinaw or heavy wool jacket, 3 years. About \$14 would be paid for a winter overcoat, and it would be worn many years. (Only 1 husband in 14 bought an overcoat.) A pair of work shoes usually would not last quite a year, and its purchase price would be about \$2.80. The total outlay for underwear, nightwear, and hose would be approximately \$4 during the year.²

With increased income it would be expected that the expenditures of the family for clothing would be larger, and they are. But even in these higher income brackets, farm people are still quite conservative in what they spend for dress. For example, it was found that among the families in the income range, \$2,500-\$2,999, the outlays of husbands and wives were less than \$75 apiece annually. Over half of the wives in this group, 57 per cent, visited beauty shops for haircuts, shampoos, waves, and other services of this na-

¹ Monroe, Day, *op. cit.*, p. 858.

² *Ibid.*, pp. 858-859.

ture, as contrasted with 43 per cent of the wives in the income group from \$1,000 to \$1,250.

But, to clothe an entire family on \$31 a year is indeed a problem in home economics. Just how do they manage it? Obviously expenditures must be limited to sheer necessities. The husband's clothing outlays were found to average \$11 a year, about one-third of which, \$3.60, was paid for shoes, and around \$4.00 for shirts, overalls, trousers, and suits, leaving only \$3.40 for hats, coats, and sweaters, underwear, ties, belts, and other articles. The wives in this case averaged only \$9.21 a year, more than one-third of which was spent for shoes; hats cost the sum of only 59 cents. There is tragedy, pathos, ingenuity, and heroism in the situation met by these low-income families. Thirty-one dollars annually to clothe an entire family! Herein resides one of our greatest farm problems—how to improve this situation without making these people objects of charity at the door of government treasuries.

6. THE SITUATION AS A WHOLE

As indicated in the accompanying tables, there are many other items in the standard of living of a family, some of them more important perhaps than the ones which have just been discussed. For example, there are the items of expenditure for health, for education, and for recreation, but to most of these matters separate chapters are devoted subsequently in this volume. Also, so many discussions of standards of living become so detailed, that the student fails to secure proper perspective and loses interest in the whole matter. In other words, he becomes unable to see the town because of the houses, or the forest because of the trees. The following quotation from the work of one of the authorities on farm living standards who is on the staff of the Bureau of Home Economics in the United States Department of Agriculture furnishes a summary perspective of the whole situation as revealed by extensive studies made by that division of the Federal Government.

Patterns of farm family living have common characteristics the country over. City ways are reflected in these patterns more than they were three decades ago, before automobiles, radios, and other improvements in transportation and communication were so widely used. But though the consumption habits of rural families are becoming increasingly like those of urban families, certain dissimilarities persist and

probably will exist for years to come, since the agricultural and industrial economies differ so fundamentally.

Desire for financial security is characteristic of all population groups—urban as well as rural. Farm families seek such security through ownership of land and through acquiring herds, equipment, and other working capital. Building up the farm business, either by decreasing debts or increasing assets, competes with family living for use of income and with recreation for use of time. The increases in net worth of farm families tend to be greater than those of city families at comparable income levels, perhaps because the farm business is a family undertaking, enlisting the efforts and interest of all members.

A considerable degree of self-sufficiency is another characteristic of the patterns of living of farm families; they still perform many of the tasks that urban groups have turned over to workers outside the home. Food and fuel are produced. Laundry work and canning and preserving of foods are more usual undertakings of farm than of urban households. With this greater dependence upon their own labor and other resources comes a lesser dependence upon money income and thus greater security against a major economic depression than is found among city groups.

Many elements in farm living reflect this tendency to carry on production for household use. Diets, while not universally good even for the more well-to-do, tend to be better than those of families in cities at comparable income levels. Most farm families can produce protective foods, so important for good nutrition, at less cost than they can be purchased in urban markets. Insofar as health is served by good nutrition, farm families thus have an advantage. But from the standpoint of medical care their position is far less favorable because of lack of hospitals and inadequate numbers of doctors and nurses in many rural areas.

Houses of farm families are more likely to provide adequate space than are those of families in cities, especially those in metropolitan areas. But the farm group has fewer of the comforts provided by modern facilities. A surprisingly large proportion of farm homes lack electric lights, hot and cold running water, an indoor toilet, and central heat.

With an appreciable share of its net income in kind, the farm family has less money to spend than the family in the city. In stretching funds, personal appearance is sacrificed to other needs and wants. Dress tends to be simpler and services of barber and beauty shops fewer than is the case with city groups.

The automobile holds a more important place in the standard of living of the farm than of the large-city family. Good roads, better mail service bringing daily papers and magazines, the radio, and the extension of motion picture theaters to small towns all lessen the isolation once considered a necessary part of farm living. Yet many families still lack these advantages.

Schools for formal education of farm children tend to lag behind those provided for children in cities; library facilities are far more limited, too. But adults in farm families have better opportunities for continuing their education than do those in cities, and children have more chances to learn through doing.

Many of the advantages of the farm over the urban family are not shown by statistics. Farm life offers more opportunities for strengthening family ties through sharing responsibilities. The farm business is a common undertaking; family members work together in making a living instead of depending upon one earner, as the majority of city families do. They have opportunities to produce goods for themselves and to have a degree of independence from the ups and downs of money income not possible for families employed in industry. They thus have greater security than do members of the city family in the insecure world of today.

These pictures of farm and urban living are in the main those of the middle- and upper-income groups. The ways of living of low-income families, whether in cities or on farms, resemble in general outline those of the middle group insofar as resources permit, since patterns of consumption of any group tend to follow those of families one step above in the income scale. But lack of adequate income is reflected in lack of the goods and services needed for wholesome living. On farms there are families that are inadequately fed, clothed, and housed and cannot obtain needed medical care, just as there are in cities. Which fares better and which worse, it is difficult to say.

It is the purpose of this article to give facts regarding rural living conditions rather than to suggest remedies. The latter are dealt with in many other articles in this volume. In general it may be said that the purpose underlying most of the agricultural programs in recent times is to enable farm families to work effectively toward wiping out rural poverty and achieving for all the Nation's agricultural population a level of living that measures up to our American standards.¹

7. IMPROVING FARM LIVING STANDARDS

In interpreting the conclusions of the 1930 session of the American Country Life Conference held at Madison, Wisconsin, and dealing with the problem of farm standards of living, Carl Taylor tells us in part that

upon one thing there has seemed to be unity of convictions in all discussions, namely: That it is no longer particularly fruitful to argue about which is the most important, the qualitative or the quantitative measures of the rural standard of living. We have gone forward with unconscious, common consent that we are driving a two-horse team in our

¹ Monroe, Day, *op. cit.*, pp. 867-868.

task of developing better rural standards of living. One horse is better and more adequate farm income. The other horse is the better ways of rural life. The artists, poets and recreation specialists have made their contributions with a full recognition of the fact that physical labor and net farm income are mundane essentials if rural life is to avail itself of those things which are not indigenous to the soil, and thus cannot be furnished by the farm itself. The farm economists, technical agriculturists and farm organization people have frankly assumed and asserted that a satisfying and adequate rural life is the ultimate goal of their endeavors, even though their day by day task bids them work upon scientific production and better income. Our task is to attack, directly, the elements, processes, technologies and techniques by which we, day by day, work and play and live in the open country and engage in the occupation and business of farming.¹

With this point of view, the author is in thorough agreement. The farm standard of living is a term summing up the measure of adequacy or of the fullness of life on the American farm. To be more explicit, every principle and problem of farm life discussed in this comprehensive volume focusses directly or indirectly upon the standard of living. Better farm management, better business methods, an improved physical environment, higher grade rural people, better community organization, better government, and better institutional life in their total effect make this thing which we call the standard of living of individual, community, and nation. By understanding each of the separate phases of the rural problem, and improving it, we are raising the standard of living. Where any one of these is allowed to decline instead of advance, living standards are so much impoverished.

Black says that

much time has been spent, considerable of it wasted, trying to settle the question as to whether in practice a higher income means a higher plane of living. The studies show that, on the average, larger incomes and higher expenditures on living are found on the same farms. But *there is absolutely no evidence in this as to which caused the other*. A reasonable assumption would be that the two grew rather closely together, sometimes one leading a little and sometimes the other.²

¹ Taylor, C. C., "An Interpretation of the Conference," in *Standards of Living, Proceedings, Thirteenth American Country Life Conference*, University of Chicago Press, Chicago, 1930, p. 15.

² Black, John D., "What Is To Be Done About Improving Farm Family Living," in *Standards of Living, Proceedings, Thirteenth American Country Life Conference*, University of Chicago Press, Chicago, 1930, p. 64.

Social heredity is a great factor in determining standards of living. Families with an established traditional emphasis on the higher things of life often will manage a modest total expenditure so that the satisfactions derived from life are much greater than those secured by other families with higher incomes. The farmer's lag is not so much in the matter of basic requirements of food, clothing, and shelter. The main deficiencies are in the realm of advancement and cultural expenditures. Undoubtedly, if the emphasis in the ideals of farm-family living can be developed more in terms of the fundamental importance of these phases of life, economy in things less essential can make a larger place for them in the family budget. Many a farm family today economizes desperately in clothes, personal items, and other things in order that a son or daughter may go to college. In the total result to society they are not hurt by the severe ordeal. A considerable rearrangement along such lines needs to be made and can be made in farm-family living. This is a matter of more adequate consumer education. But as important as are all of these considerations, the major emphasis of efforts toward improvement in American standards of living, both rural and urban, for a long time to come inevitably must be toward the concern of increasing the incomes of the low-income groups and at the same time educating these consumers to a wiser use of their available funds. These ends are to be achieved through more intelligent and efficient management of farming units. Also, there must be a considerable measure of return, particularly with the low-income families, to a more self-sufficient type of farming, without severe neglect of commercial crops. And, more and more, diversified and decentralized industry must be tied in with farming, providing employment for the surplus labor on the farm and supplementing the farm income with that derived from the factory.

QUESTIONS

1. Explain what is meant by a *standard of living*, and the significance of the concept.
2. Distinguish between a *standard of living* and a *level, scale, or plane of living*.
3. In what sense is the statement true that standards of living constitute an organic whole?
4. Name and briefly evaluate some of the principal determinants of living standards.

5. Is there an American standard of living? Mention some of the other more or less well-defined categories of standards.
6. Why may it be said that the consideration of standards of living is mainly within the province of the economics of consumption?
7. List ten desirable goals for the wise expenditure of incomes by individuals and families.
8. Is it true that from the national point of view, it is becoming increasingly manifest that the emphasis for some time to come will have to be given to improving the levels of living of the lower income groups, and sound economic and social progress will have to be measured by the degree to which the lot of these underprivileged is ameliorated? Give reasons for your answer.
9. Explain how and why income is a major determinant of an individual's or a family's level of living.
10. Give Ernst Engel's four laws with regard to family living expenditures.
11. What modifications of these were found necessary by Kirkpatrick as a result of his study of living conditions and costs among four thousand farm families?
12. In general how do farm families compare with other groups in the matter of income levels? For what reasons do comparative real incomes tend to be higher in the farm group?
13. Discuss the matter as to how well fed American farm families are in comparison with village and city families.
14. What proportion of the farm families have poor diets? Compare the situation in the North and West and in the South in this respect.
15. Give the importance of better diets both in the city and the country from the standpoint of the national welfare.
16. Discuss the rural housing problem in the United States, stating the importance of better homes for farmers, the existing need in that respect, some of the causes for it, and the hopes of remedying the situation.
17. What are some of the principal considerations as to standards of adequacy for a farmhouse?
18. Discuss the place which clothing occupies in the budget of the farm family, and account for the situation.
19. Viewing the situation as a whole, give the characteristics which the patterns of farm-family living have in common the country over.
20. Suggest some methods by which, in your opinion, it is possible to improve standards of living on the American farm.

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CHAPTER XVIII

RURAL HEALTH

It is generally conceded that the country is an environment naturally more conducive to health than the urban environment. Plenty of fresh air, the possibility of wholesome food in abundant quantities, the absence of population congestion, outdoor work, and the freedom from noise, all are factors contributing in this direction. However, health is best conserved where there are sanitary provisions—such as sewage and garbage disposal, effective quarantine measures, and like benefits inuring from public health organizations—doctors, nurses, and hospital facilities. In such matters the country is woefully behind the cities, and the situation is having its telling effects.

It has been pointed out in an earlier chapter dealing with rural population trends that the age and sex composition of cities is much affected by the large movement of young adults from the farms. This operates to give the city a larger proportion of young people, particularly of women, than is true for the country. In spite of this favorable difference, we are told that “on the whole, the more industrialized the division and the higher the proportion of persons in urban centers the shorter the expectation of life; conversely, the more rural the division and the more dependent on agriculture the longer the expectation of life.”¹ No phase of human endeavor has been characterized by more brilliant achievement than that of the medical sciences in the prevention of disease and the prolongation of life. Back in the sixteenth century in western Europe the average length of life is reported² to have been nineteen years; in the seventeenth century, it was said to be only twenty-five years; and

¹ Thompson, Warren S., and P. K. Whelpton, *Population Trends in the United States*, McGraw-Hill Book Company, Inc., New York, 1933, p. 241.

² Diehl, Harold S., *Healthful Living*, McGraw-Hill Book Company, Inc., New York, 1941, p. 5.

in the eighteenth century it had increased to thirty-two years. In the nineteenth century in the United States, the average length of life approximated forty years; by 1900, this figure had increased to forty-nine years; and about 1925, this average had become approximately fifty-seven years for boys and sixty for girls. In 1938, life expectancy for males and females combined had increased to sixty-two years.

Dublin and Lotka¹ have made an extensive study of the comparative rural and urban situation with regard to expectation of life and mortality rates over the period from 1901 to 1930. They give the following life expectancies at birth for rural and urban white males and females:

| <i>Area, Color, Sex, and Year</i> | <i>Expectation of Life at Birth, in Years</i> |
|-----------------------------------|---|
| <i>Urban White Males</i> | |
| 1930..... | 56.73 |
| 1910..... | 47.32 |
| 1901..... | 43.97 |
| <i>Rural White Males</i> | |
| 1930..... | 62.09 |
| 1910..... | 55.06 |
| 1901..... | 54.03 |
| <i>Urban White Females</i> | |
| 1930..... | 61.05 |
| 1910..... | 51.39 |
| 1901..... | 47.90 |
| <i>Rural White Females</i> | |
| 1930..... | 65.09 |
| 1910..... | 57.35 |
| 1901..... | 55.41 |

It will be noted from these data that at each of these periods, for both males and females, the rural areas had a decided advantage. However, the urban areas showed a decidedly greater relative improvement than did the rural. For example, over the thirty-year period, the life expectancy of urban white males had increased 12.76 years while that of rural white males showed an improvement of 8.06 years. The corresponding figures for the females were an increase of 13.15 years in the case of the urban and 9.68 years for the rural. A similar situation prevails for the comparative mortality

¹ Dublin, Louis J., and Alfred J. Lotka, *Length of Life*, The Ronald Press Company, New York, 1936, pp. 90-94.

rates for rural and urban areas. In general the advantage is with the rural areas, but decreases in death rates over the thirty-year period have been much greater relatively for the city than for the country.

It would seem safe to conclude that the larger improvement in the urban situation was due mainly to more decided progress in sanitation and to more adequate and efficient health services and facilities in the cities than was true in the rural areas. Some of the development was undoubtedly due to changes in age composition of the cities during the period of years considered. Such data indicate trends revealing the lag of the rural districts in these important concerns and serve to emphasize the need of more efficient health service in these sections of the nation.

The diminishing supply of country doctors is a situation widely deplored throughout the nation, and has met with the serious consideration of the organized medical profession and students of rural life in general. The results of statistical studies of the subject show: ¹ (1) that for many years there have been in the cities a larger number of doctors in proportion to the population than was true of the country; (2) the tendency since 1906 has been toward an accentuation of this disparity; (3) in the nation as a whole, the ratio of doctors to population has been growing wider, but this nation-wide lag has been much greater in the country than in the cities; (4) the average age of the rural doctor is considerably greater than that of the urban doctor; and (5) the country doctor tends to be a general practitioner rather than a specialist. It is almost axiomatic that the young medical graduate today seeks the urban center with its more compact clientele, its larger and more certain income, its readily accessible hospital and laboratory facilities, and its opportunity to specialize. The aggregate result of this lack of medical personnel and facilities leads to a distressing lack of medical attention for around a quarter of a million annually of mothers at childbirth, their being attended by midwives, many of whom are ignorant, untrained, and unsanitary. This leads to the needless death of some 10,000 mothers annually, and to five times that number becoming invalids. "It is estimated on good authority that more than 50,000 babies, stillborn each year, could be born alive. Of the 70,000 more

¹ Maslow, Harold, "The Characteristics and Mobility of Rural Physicians: A Study of Six Wisconsin Counties," *Rural Sociology*, September, 1938, Vol. 3, p. 268.

who die during the first month of life one-half could be saved.”¹

In discussing why rural health is better than urban in spite of such conditions, Lynn Smith writes as follows:

The factors which are responsible for the better health of the rural population are not immediately recognizable. That superior medical attention on the part of physicians, nurses, hospitals, etc., is not the explanation is easily shown, because all these are much more prevalent in the city than in the country. Furthermore, recent demonstration has shown that it is possible to effect great improvements in the health of the rural population by introducing modern health techniques and facilities in rural counties. Probably the most satisfactory explanation of the superior health of rural communities can be attributed to the natural environment of the countryside, including pure air, sunlight, fresh water and food, etc., and to the rural person's more complete adaptation to his environment. The lack of the former in the city, coupled with an unnatural sedentary life, may very well contribute to the appearance of endemic disorders. Infectious diseases, on the other hand, thrive in cities where the density of population facilitates their rapid spread. Thus the most important factor would seem to be that modern men still possess the cave man's physical make-up. Those living in cities frequently attempt to retain good health and still live a most unnatural life; many think that if they can just find the correct pill or the right doctor all will be well. Residence in the country compels, to a much greater extent, habits and modes of living more in accordance with those to which the human organism is adapted. Natural selection operates very slowly. It may take a million years for this process to produce a species capable of properly driving automobiles! What, then, are the hopes that physical adaptation to urban conditions can ever be attained?²

However, the natural advantages favoring better health in the country seem to be yielding in considerable measure their priorities to the cities due to the improvement of health services and practices in urban areas. If comparable medical facilities can be afforded the country, it should indeed prove the most healthful of all places to live.

1. RURAL-URBAN COMPARISONS

In answer to the question as to which is the healthier, the rural or the urban population, one of the best sets of data is that supplied

¹ Streeter, Carroll P., "A Health Program for Rural America," *The Farmer's Wife*, March, 1938, Vol. 41, p. 31.

² Smith, Lynn, *The Sociology of Rural Life*, Harper & Brothers, New York, 1940, pp. 113-114.

by the Federal War Department in its report¹ on the operation of the selective service system during the First World War. From the cities of New York, Chicago, Philadelphia, Cleveland, Milwaukee, Seattle, St. Louis, Cincinnati, and New Orleans, a sample of 100,000 registrants was selected; and one of similar dimensions for the rural areas was taken from all states, using only boards having less than 1,200 registrants. The results show "that a considerable physical advantage accrues to the boy reared in the country." With regard to the physical standards of qualification the report states that those "adopted at first for the selective service were based on those used by the Army under the volunteer system, though differing therefrom in some particulars. It was soon found that these standards were too severe. In time of peace, when the supply of volunteers ordinarily exceeds the demand, a high physical standard may be exacted. When a necessity exists for great numbers, many minor physical defects must perforce be waived, in order to secure the requisite manpower."²

The records show that 83.11 per cent of the rural sample qualified for service, whereas 78.32 per cent of the urban met the physical qualifications; or to express it differently and in the terms of the report, 21.68 per cent of the 100,000 urban sample were rejected, as over against 16.89 per cent for the rural sample of equal size. With regard to the causes for physical rejection, the city led in disqualifying defects due to alcohol and drugs, developmental, ears, eyes, flat foot, genito-urinary (venereal), hernia, nervous and mental disorders, respiratory (tuberculous), while the country showed higher rates in disqualifying defects of bones and joints, digestive system, genito-urinary (nonvenereal), heart and blood vessels, mental deficiency, respiratory (nontuberculous), skin, teeth, and thyroid.

If we may credit the results of data compiled by Wood for more than 500,000 school children, the rural child shows a pronouncedly greater proportion of physical defects than does the urban child of school age. His results are as follows:³

¹ *Second Report of the Provost Marshal General to the Secretary of War on the Operations of the Selective Service System to December 20, 1918*, Government Printing Office, Washington, 1919, pp. 159 and 419.

² *Ibid.*, p. 151.

³ Wood, T. D., *Health Essentials for Rural School Children*, pamphlet 23 pp., published by T. D. Wood, 525 W. 120th St., New York, p. 4.

PER CENT OF CHILDREN SHOWING DEFECTS

| <i>Type of Disease</i> | <i>City</i> | <i>Rural</i> | <i>Type of Disease</i> | <i>City</i> | <i>Rural</i> |
|-----------------------------|-------------|--------------|---------------------------|-------------|--------------|
| Heart disease | 0.40 | 0.74 | Ear defects | 1.28 | 4.78 |
| Mental defects | 0.20 | 0.8 | Enlarged glands | 2.7 | 6.4 |
| Lung defects | 0.32 | 1.25 | Malnutrition | 7.65 | 16.6 |
| Anaemia | 1.5 | 1.65 | Eye defects | 13.43 | 21.0 |
| Unclean | 0.17 | 1.7 | Adenoids | 12.5 | 23.4 |
| Skin disease | 3.3 | 3.53 | Tonsil defects | 16.42 | 28.14 |
| Curvature | 0.13 | 3.3 | Teeth defects | 33.58 | 48.8 |
| Breathing defects | 2.1 | 4.2 | | | |

The picture presented is a pitiful one for the rural child, indicating a marked advantage for the city in every count. Sorokin and Zimmerman¹ strongly contest the reliability of Wood's findings, stating that they are "rather dogmatic and based on data of a somewhat mysterious character." These authorities studied the comparative data concerning 1,800,000 children from the standpoints of the percentages of urban and rural children that had defects, and of the kinds of defects predominating among the urban and rural children. They say that the results "do not permit any definite conclusion in favor of the city or the country," and continue if "we turn to numerous local studies, and to the kind and per cent of specific defects of urban and rural children, the conclusion is in no way unfavorable to the rural children. At the worst, they are to be recognized as healthy, at least, as the urban children." The situation is one deserving more study and, if possible, more definite conclusions. Wood's data, arrived at many years ago, are certainly under suspicion and invalid for purposes of wide generalization, but they have the argument in their favor that they have served to emphasize the fact that most of the defects listed are possible of correction and better facilities should be provided in the country to remedy them. More frequent visits of the physician to the city home, the resulting examination of the children, and the proximity of hospitals and clinics would be a priori evidence of the advantage inhering in residence in the city. The comparative inadequacy of the country along similar lines would certainly be conducive to relative neglect in the matter of correcting physical

¹ Sorokin, P., and C. C. Zimmerman, *Principles of Rural-Urban Sociology*, Henry Holt and Company, Inc., New York, 1929, pp. 144-145.

defects in childhood. But then there is the physical advantage of the rural adult to account for, which presumably would be occasioned by the superior health conditions in the rural environment, enabling the developing country boy to outgrow defects to better advantage than his city cousin. However, because of the imperfect nature of the data under consideration, such statements as these can at best be designated only as trial hypotheses.

While there are no diseases which are peculiar to the rural sections in that they occur there and not in the city, there are some which occur there in considerably larger proportions than in the urban environment. Among these are typhoid fever, malarial fever, hookworm, and dysentery, caused by the lack of sanitation in and about many rural homes; pellagra, caused largely by dietary deficiencies in the so-called protective foods; and the diseases of old age, occasioned by the larger proportion of people of advanced years in the rural sections. Malaria is transmitted through the bite of an infected malarial fever mosquito, and in some sections of the South favorable to the breeding of this variety of insect is still widely prevalent and serious in its effects upon health and economic welfare. Screened houses greatly lower its prevalence, as also does drainage of breeding areas. A few decades ago, typhoid took an enormous annual toll in human life and suffering, but now that a vaccine has been developed to prevent it, and its filth-borne nature better understood, it seems destined to become as rare as smallpox. Hookworm, which attacks the intestine of its victim, penetrates the body as a result of the contamination of the skin of barefooted children and other exposed surfaces of the body by the faecal material discharged from an infested individual. It is widely prevalent in areas of poor sanitation in the South. And, as is well known, dysentery is another filth-borne intestinal disease, occasioned by poor or careless hygiene and sanitation. Flies are an important factor in communicating typhoid and dysentery, and hence present another argument for the screening of doors and windows.

In an extensive review of the literature regarding the comparative diffusion of important diseases in the country and city, not only in the United States but among many leading European countries, Sorokin and Zimmerman conclude that the health of the rural population is somewhat better than that of the urban population. Their findings in summary are as follows:

1. In spite of some differences from country to country (for instance Italian peasants are at a greater disadvantage than English farmers in respective comparisons with the city populations of these countries) certain important diseases, part of which may have an influence on posterity, such as tuberculosis and diseases of the lungs, syphilis and important venereal diseases, alcoholism and drug addiction, tabes dorsalis and progressive paralysis, organic heart diseases, arteriosclerosis, cancer, and several other malignant tumors, nephritis, and Bright's disease are more common within the urban populations. Further, teeth defects, obesity, underweight, errors of refraction, diseases of digestive organs, and diabetes mellitus are also more common within the city than the country populations. As the majority of these diseases compose practically the most important of the constitutional diseases, and are influential in regard to posterity; this mere fact is quite sufficient for the claim that the health of the rural population is no worse, and, more correctly, is somewhat better than that of the urban population.

2. Pellagra and a few other relatively unimportant and not widely spread diseases are more common within the rural population.

3. The majority of the infectious diseases, puerperal and other child-bearing diseases, hernia, and enlarged inguinal rings, defects of the eye, ear, trunk, upper and lower extremities, rheumatic diseases, tonsilitis, goiter, and so on, are distributed, on the whole, rather evenly between the classes studied.

4. The above generalizations and the data of "wholesale disability and sickness" make us think that, on the whole, the country population and the agricultural class is still healthier than the city population or the majority of the big occupational classes of the city.

5. As in all preceding items, the urban population, in its upper and lower classes, exhibits enormous contrasts which seem to be much greater than the contrasts within the rural population. "London shows greater extremes of excellence and superiority" but "the worst in London are lower than the worst elsewhere." This may be said generally of city health compared with country health.

6. As these conclusions agree perfectly with the results of anthropometric measurements and the medical examinations of armies and recruits, and with other fundamental sources for study of the comparative health of the rural-urban populations, they add still more to the validity of the conclusions.¹

In the matter of sanitation, however, no favorable case in general can be made for the rural sections as compared with the urban. Long ago, urban centers learned the necessity for modern plumbing and sewage disposal systems, carefully managed city-water supplies, garbage trucks, and incinerators, and insistence upon sanitary eat-

¹ Sorokin and Zimmerman, *op. cit.*, pp. 169-170.

ing places, sleeping quarters, and recreation centers. While the modern farm home can have almost every sanitary device of the city, the tragic fact is that so small a proportion of the large total do actually have them. The Farm-Housing Survey made by the United States Department of Agriculture in 1934 shows the following percentages of farm homes having indoor flush toilets by the several divisions of states:

| <i>Division</i> | <i>Per Cent of Farm Homes Having Indoor Flush Toilets</i> |
|-------------------------|---|
| United States..... | 8.5 |
| New England..... | 29.4 |
| Middle Atlantic | |
| New Jersey only..... | 37.5 |
| East North Central..... | 10.3 |
| West North Central..... | 8.8 |
| South Atlantic..... | 4.9 |
| East South Central..... | 2.5 |
| West South Central..... | 3.6 |
| Mountain..... | 14.9 |
| Pacific..... | 41.5 |

At the same time 13 per cent of all farm homes did not even have an outdoor toilet, though since that time as a result of the work of public agencies this situation has been considerably improved by the building of sanitary privies. Smith says that

a survey made recently by one of the agencies in the Department of Agriculture throws some light upon housing conditions among 344 low-income farm families in 9 counties in Georgia, Kentucky, Virginia, Missouri, New Mexico, Washington, and Minnesota. The most usual farm source of water was a spring or an open well. Only 6 per cent of the families had a well or spring properly covered. . . . Four of the counties reported that from 25 to 68 per cent of the farms had no toilets at all, either indoors or outdoors. . . . Many houses had no glass in the windows and in 6 counties, 46 to 90 per cent of the houses had no screens.¹

The critical nature of this situation is further indicated by the findings of Woofter in a study of the situation in seven southeastern cotton states.

In all states in the southeastern cotton area the majority of white owners reported screens, the highest proportion being in Arkansas with

¹ Smith, Raymond C., "The Improvement of Rural Housing," mimeograph, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington, June 24, 1941.

80.7 per cent, the lowest in Georgia and Louisiana, with 59.6 and 59.4 per cent, respectively. In every state, Negro tenants had the lowest percentage of all groups reporting screens. In every state except Arkansas screens were reported by less than one-fourth of the Negro tenants. The proportion of white tenants with screens was considerably greater. Negro owners reported more screens than Negro tenants, but considerably fewer than white owners and tenants.

Wells furnished a source of water for over 80 per cent of both owner and tenant dwellings in the cotton states. About 60 per cent reported wells, dug or bored, and 20 per cent reported wells, drilled or driven. A slightly higher proportion of owners than of tenants reported wells. This was due primarily to the high percentage of white owners using wells in two states, Alabama and South Carolina.

The use of spring water was reported by 11 per cent of the owners and 10 per cent of the tenants in the cotton states. Six per cent of the owners' and 4 per cent of the tenants' homes in the seven states were equipped with cisterns. The use of stream water was reported for an average of less than 1 per cent of the dwellings in the seven states, the highest proportion reported being among Negro tenants in Louisiana. Nevertheless, true percentages may be higher in some states than the survey data indicate.

The most critical problem related to southern rural housing is the lack of sanitary facilities. The data now available indicate the seriousness of conditions, not only for Negroes and white tenants but for white owners as well. Compared to other classifications, white owners were somewhat better off, but 67 per cent of them had only unimproved outhouses and 20 per cent had no facilities whatsoever. Thus, 87 per cent of the white owners had available only the poorest of conveniences, or none at all.

While 68 per cent of the white tenants had only unimproved outhouses, an additional 27 per cent had no facilities. Among the Negro owners 67 per cent had unimproved outhouses with 29 per cent having no facilities, while 67 per cent of the Negro tenants had unimproved outhouses and 31 per cent had no facilities.

The proportion of dwellings equipped with indoor flush toilets was 4.6 per cent for white owners, 1.0 per cent for white tenants, 0.2 per cent for Negro owners, and 0.1 per cent for Negro tenants. Practically no dwellings were equipped with indoor chemical toilets, but a small percentage of the homes had improved outdoor toilets.¹

2. TYPE SITUATIONS IN THREE STATES

Intensive studies of the extent of sickness and health facilities and services have been made of rural areas of Ohio, New York, and

¹ Woolter, T. J., *Landlord and Tenant on the Cotton Plantation*, Research Monograph V, Works Progress Administration, Washington, 1936, pp. 98-100.

Arkansas. A brief summary of these throw additional light on the rural health situation.

In Ross County,¹ Ohio, of 884 people who were interviewed, 43 per cent had been ill during the year. A larger percentage of the females than of the males were ill, but part of the difference was due to childbearing. The chief causes of illness were mumps, colds, and grippe, accidents, childbirth, whooping cough, chronic rheumatism, influenza, and indigestion, to name the first eight. The epidemic-infections group gave most cases, the respiratory group second, and the digestive group third. In 72 per cent of these cases some medical resource outside of the family was called into use.

In Cortland County,² New York, it was found that those residing on farms had 0.173 cases of sickness per capita, which indicates a considerably healthier condition than in Ohio, and the average length of sickness, excluding accidents and confinements for childbirth, was approximately four days. In order of greatest incidence, the leading causes were found to be influenza, confinements, accidents, stomach trouble, rheumatism, removal of tonsils and adenoids; colds and pneumonia and measles tying for eighth place.

In both the Ohio and New York counties, hospital facilities were available. Four-fifths of the people in Cortland County reported no difficulty in getting a physician; however, one-fifth did experience such difficulty. "In general the physician's charges are fairly reasonable considering the distances traveled. However, the cost for those farms more than five miles distant is so great as to deter the employment of one except when absolutely necessary." The average expenditure for medical services and facilities for the farm families averaged \$41.65 per family, or 5.7 per cent of the total annual expenditures.

In the Ohio county, the average expenditure per rural family for health service was \$39.29. Such expenditures were found to be proportionately greater the higher the economic group. The average cost of the physicians' visits to the home was \$4.14, and the average distance from a physician about 5 miles. In some areas of the county, the nearest doctor was 12 miles away. It was noted that physicians were becoming increasingly urban in location, a factor

¹ Lively, C. E., and P. G. Beck, *The Rural Health Facilities of Ross County, Ohio*, Bulletin 412, Ohio Agricultural Experiment Station, Columbus, October, 1927.

² Sanderson, Dwight, *A Survey of Sickness in Rural Areas in Cortland County*, Memoir 112, Cornell University Agricultural Experiment Station, Ithaca, N. Y., March, 1928.

which increased the cost of medical care and due to poor communicative facilities and bad roads, preventing the use of the automobile, doctors are more difficult to secure in the rural homes. Country people used the hospital only in the extreme cases. With them the practical nurse was customarily sought instead of the graduate nurse. The use of patent medicines was found to be extensive, 18.5 per cent of the total health service expenditures going to unprescribed drugs and remedies. Ross County has a combination city-county district with a full-time health commissioner and a health nurse, but their task is far from a completed one. Lively and Beck say that

it is evident that much systematic and sound health education is needed throughout the county. Health practices, generally, appear to be much below the best accepted standards of today. The assumption that health education tends to put the physician out of business is apparently not borne out by the facts, though it is probably true that health education tends to change the nature of the physician's function. It is more probable that where ignorance prevails the patent medicine salesman puts the physician out of business. It is altogether likely that the best relationship between physician and layman occurs when the health intelligence differential is not great, that is, when the physician is health expert and the patient is intelligent coöperator. If this be true it is to be hoped that the good work of the Ross County health commissioner and his staff may be greatly extended to reach more effectively both adults and school children.

The Arkansas study¹ concerns a typical community in the Ozark mountains. There were 322 families in the Hindsville community, with a total population of 1,292 persons. One doctor lived in the community; but there was no dentist and no hospital in the entire county, so people requiring such facilities had to go to other counties to secure them. The community had no registered nurses living in it, and there were only three such nurses in the whole of Madison County. The Hindsville trade area contained four practical nurses.

There was a decided lack of communication and transportation facilities for a large part of the families, a situation which always hampers adequate medical services. For example, only 11 families

¹ Wilson, Isabella C., and W. H. Metzler, *Sickness and Medical Care in an Ozark Area in Arkansas*, Bulletin 353, University of Arkansas Agricultural Experiment Station, Fayetteville, April, 1938, 39 pp.

of the 322 had direct telephone communication with a doctor; only 129 of them possessed automobiles; and 135 of them had no means of conveyance except walking. People living within one mile of a doctor were found to use his services in a greater percentage of illnesses than did those living farther away, and also to average more calls to each case. Lower charges for such visits was a factor influencing the frequency with which the doctor was called.

This mountain community, located in a rich and fertile valley, reported about 7 of each 10 of its people as enjoying good health, one-tenth of them as being in fair health, and around 2 out of each 10 with poor health. There had been an average of 3.3 illnesses per family the preceding year, or 0.8 per capita. January and February were the months showing the highest incidence of illness. Those above fifty years of age were more likely to be ill than those who were younger. The most prevalent kinds of sickness in the area were influenza, colds, stomach trouble, rheumatism, and heart trouble. There were relatively few surgical cases, but they formed a high proportion of the total health expenditures.

The entire community spent for the year an aggregate of \$8,587.74 for medical services, or an average of \$26.67 per family, and of \$6.65 per capita. Services of a physician accounted for 44.8 per cent of the total amount; unprescribed medicine, 19.9 per cent; prescribed medicine, 17.6 per cent; hospital services, 5.5 per cent; dental care, 5.1 per cent; practical nurses, 4.1 per cent; chiropractic services, 1.2 per cent; registered nurses, 0.8 per cent; midwives, 0.5 per cent; and ambulances, 0.2 per cent.

There were 52 per cent of the total of 322 families who retained the services of a doctor, 15 per cent who patronized a dentist, 12 per cent who used practical nurses, and 5 per cent who utilized hospital services. Thirty-one per cent of all births were attended by midwives.

The authors make the significant conclusion that the people with the highest incomes not only had better health and fewer sicknesses than those with smaller incomes, but they also had better professional care. Conversely, in spite of the fact that the low-income people spent approximately one-sixth of their money incomes for medical care, they ordinarily had large families, a high sickness rate per family, but had a relatively low percentage of their sicknesses attended by a doctor. This is a significant conclusion because

it summarizes the modern medical situation, both rural and urban, and about it the medical program of the future will have to be developed. Those people who have reasonably adequate incomes will in general secure the reasonably necessary medical care. It is those who do not have the means to secure it who have the most need for it, and who experience the consequences of the resulting damaging neglect. Moreover, their condition is often not only tragic for themselves, but a menace to the whole community.

3. CONTROL MEASURES

In a consideration of measures by means of which to mitigate the defects of the rural health situation, a difficulty is confronted in the relative sparseness or scattered nature of the farm population and in the intense individualism of the farmer about such matters. In a city or town, scavenger service for the removal of garbage is a practical undertaking; in the country, the expense would be prohibitory, and it is often dumped in the pigpen or elsewhere near the premises to breed flies and conditions that tend to incubate disease-producing germs. A municipality can economically provide supplies of pure water, and for sanitary sewage disposal. In the country, these problems are ones for the individual farmer, and adequate compulsion in such matters still awaits a more generally enlightened public sentiment. The municipality attracts the physician; today he shies at the country. How may such conditions be improved? Partly through educative processes, and partly by providing more adequate health facilities. The former is best accomplished through the county health unit in coöperation with the schools and the latter through rural hospitalization, and organized effort on the part of communities to attract physicians of ability and character.

(1) *The County Health Unit*. Jefferson County, Kentucky (1908), Guilford County, North Carolina (1911), and Yakima County, Washington (1911), each claims priority in the establishment of full-time county health-unit service. Just how this contest of priorities should be decided is a matter the author of this text does not feel competent to judge. Freeman states that "it was not until 1911 that counties in the states of North Carolina and Washington recognized that a complete reorganization of the system of rural health administration was necessary, and established the first county health departments under the direction of medical health officers

who with nurses, inspectors, and clerks and other personnel worked on a full-time basis." ¹ Smillie says in this connection:

In 1911 a devastating epidemic of typhoid fever occurred in Yakima County, Washington. Dr. L. L. Lumsden of the United States Public Health Service was assigned to study the epidemic. He recommended to the county authorities that the best method for preventing the repetition of such a disaster would be the organization of a county health department, supported by county funds, with a full-time physician in charge. As a direct result of this recommendation, the first county health unit in the United States was established. Meanwhile, the Rockefeller Sanitary Commission had been conducting a campaign for the control of hookworm disease in the southern states. The commission found that the campaign for treatment of cases and education of the people was of great value in alleviating suffering in any area, but that permanent results leading to improvement of sanitary conditions and eventual prevention of infection could not be obtained unless there remained in the area a small, permanent nucleus with a continuous, comprehensive program of gradual sanitary betterment. In order to assure stability and continuity, it was obvious that such an organization must have official sponsorship and local support. The Rockefeller Foundation, therefore, developed the policy of stimulation of the organization of county health service with full-time personnel by temporary grants toward the development of county health units. Aid was not given directly to the county government, but through the State Health Department. The State Department of Health in turn assumed all responsibility for the development and supervision of the service and also gave a subsidy to the county for the health unit work. A very similar plan of federal aid in establishment of county health units was developed by the United States Public Health Service under Dr. Lumsden.

From the very first, the method proved effective and met with popular approval and support. There was an experimental period of about five years during which a great variety of types of organization, of administrative methods, and of personnel were tried. The method of trial and error was followed, mistakes were made and rectified, and a satisfactory workable plan was finally developed which was of almost universal application. From 1918 on, the growth of county health units has been rapid. In that year there were some thirty county health units with full-time personnel in the United States.

By 1940, the principle had been adopted in 1,381 counties in the United States, and a large proportion of the rural population in the country had secured a public health service with full-time personnel under the county or district plan. Every state in the Union except two sparsely settled western states and three small New England states had

¹ Freeman, Allen W., *A Study of Rural Public Health Service*, Oxford University Press, New York, 1933, p. 2.

established full time rural health service, and several states had health units in every county in the state. Not only had the quantity of work increased enormously, but the quality of service had improved to such a degree that many rural areas were given just as adequate health supervision as were the large municipalities. There is every reason to believe that this type of service will be extended gradually and, with modifications to meet local situations, and with improvements of technique and administrative method that are being developed continuously, will eventually reach all parts of the country.¹

The Social Security Act, approved by President Franklin D. Roosevelt on August 14, 1935, provided a great boon to rural public health service. It appropriated the sum of \$8,000,000 annually for aid to state and local health services, a sum which was increased to \$11,000,000 in 1939-40. Under the terms of this measure, allotments to the states are made by the Surgeon General of the United States Public Health Service with the approval of the Secretary of the Treasury on the basis of the population, the special health problems, and the financial needs of the states for the purposes of extending state health services and for assistance to counties and other governmental units in maintaining adequate public health programs.

The Annual Report of the Surgeon General of the United States Public Health Service for 1940, contains the following record:

During the past year, 1,577 counties were receiving some form of full-time health service; 655 counties were served by single county units; 356 counties were under 122 local district health units; and 566 counties were included in 106 state supervisory health districts. During the four and one-half years that the Social Security Act has been operating, the number of single county health units has increased 34.8 per cent and the number of counties served by local health units has increased 187.1 per cent. The number of counties receiving full-time health services is now greater than at any time in the past.

From an experiment in environmental sanitation the county health unit has advanced to a well-developed program reaching all phases in which a public health service should engage in a county.

The full-time county health unit plan has passed through the period of skepticism and doubt, when the soundness of its principles was questioned by business men and it was looked upon as a fad by the unin-

¹ Smillie, Wilson G., *Public Health Administration in the United States*, The Macmillan Company, New York, 1940, pp. 371-372.

formed general public. It has come at least to be considered an absolute necessity for every progressive rural community and is recognized as a sound business enterprise which, when conducted properly, will pay greater dividends on the capital invested than any other investment to which the public may subscribe.¹

So important an agency is it in rural health improvement that it is well to give in some detail the activities of a county health unit. A compact summary of these is as follows:

The program of a county health department consists of well developed plans for the control of communicable diseases. This of course includes comprehensive and carefully planned work for the control of both tuberculosis and venereal diseases. The collection, indexing, and certification of birth and death records is also a function of the health department, after which an interpretation of these statistical tables is made. Important trends and factors of the utmost importance frequently are learned from such studies. Immunization clinics as well as venereal and tuberculosis clinics are conducted in connection with the county health program; also, prenatal clinics are operated as a part of the maternal and child health program. Nurses visit the homes of expectant mothers and furnish valuable advice that often is instrumental in conserving not only the life of the expected baby but also of the mother. Postnatal visits are also made. These materially aid the mother in the proper care of the baby. Information and instructions are furnished midwives, which are usually presented in group meetings as well as by individual instructions. Well-baby clinics are conducted for assistance to the mother and child. Periodic examinations and arrangements are made for the correction of defects in children. Demonstrations of an important nature are presented for the general instruction of inexperienced mothers, and school health examinations are made of selected groups in cooperation with school authorities. Also, an earnest effort is made to have all physical defects remedied. Further, school children are instructed in the importance of personal as well as public hygiene. Clinics for crippled children are held. In the event the child's parents cannot provide funds for remedial treatment, special funds are available for hospitalization and adequate surgical care.

Sanitation Program Extensive

The sanitation program is very important because it is intimately associated with the life of the community. Sanitary sewage disposal in individual homes, as well as schools, churches, tourist homes, camps, etc., is emphasized. The water supply of both private and public places such as previously mentioned also is the direct concern of the county

¹ Foard, F. T., "The County Health Unit of Yesterday and Today," *Public Health Reports*, U. S. Public Health Service, April 24, 1931, Vol. 46, No. 17, p. 970.

health department. Milk sanitation is a health problem, particularly in small towns. In many jurisdictions having health departments in which towns are located, a standard milk ordinance has been adopted and is enforced by the local health department. Eighteen such towns already have adopted this ordinance. Restaurant sanitation, which includes the sanitary handling of foods consumed by the public, is another important function of the county health department. Cleanliness of premises, wholesome food, health of employees, and sterilization of utensils are regulated by the health department after the Board of Supervisors adopts the ordinance recommended by the health officer. Sanitary supervision of swimming pools, nuisance control, rabies control, and shellfish sanitation are subjects of concern. Malaria control also is indicated in areas where this disease occurs. Public health education is encouraged through the medium of newspapers, radio, bulletins, and exhibits. The effective performance of the above-mentioned activities requires the full-time services of the personnel of the health department. Each employee has a special sphere of activity which in the final analysis must be coordinated and correlated. This is accomplished by the health officer with the advice of the technical and professional staff of the central office of the State Health Department. Satisfactory health protection in a county cannot be assured unless full-time service is available. This fact is conceded by all health authorities.

Full-Time Service Essential

It is thus seen that the health protection to be desired for the rural population involves many activities of a complex nature. It is obviously impossible to render much material aid to the people who live in counties that do not have county health departments. While there are a number of efforts now being carried on in the counties that are not organized for health conservation, it nevertheless remains true that sporadic work of this type does not produce the results to be desired. A health program is a long-time program. Spectacular results should not be expected to occur as if by magic, but rather as the result of extended planning. Consistent effort in this direction will pay huge dividends in the years to come.¹

The standard health unit consists ² of a full-time medical health officer, a sanitary inspector, two public health nurses, and a clerk, and should have a budget of around \$14,000. The larger units have more nurses and inspectors, and sometimes include a dentist, sanitary engineer, nutrition work, bacteriologist with laboratory, etc. Various modifications of this standard plan have been made to

¹ Roper, L. J., "Rural Health Work in Virginia," Charlottesville, *University of Virginia News Letter*, April 15, 1940, Vol. XVI, No. 14.

² Smillie, Wilson G., *op. cit.*, p. 375.

meet the needs of smaller governmental units. For instance, where the sanitary problems are of large moment, some states have developed a unit with only a sanitary inspector. In other instances, counties have employed only a public health nurse with excellent, but limited results; and a few counties have employed both a sanitary inspector and a public health nurse.

However, the establishment of a district health unit has been found a much more satisfactory arrangement. In such a case several contiguous counties, or other local governmental units, pool their health interests and financial resources available for such work. This plan is extensively used. It has been found that the size of such a health district should not exceed an area of 1,000 square miles, and should comprise a population of about 50,000 persons. As results are secured it has been found that such efforts receive increasing support from the local units, and tend ultimately to separate into effective smaller units. In counties where the largest town or city does not exceed 50,000 in population, it has been found economical and efficient to combine the county and city health departments into a single unit under one administrative health officer.

Smillic, in discussing the matter of adequacy of the standard plan of local health unit service and the expansion of it has the following to say:

It must be understood that the standard plan of local health unit service does not represent a maximum quality of health work which will bring about ideal conditions for improvement of the health of rural people. This is far from the case. The standard plan of service with minimum personnel is the *smallest* unit of health service that will meet even the minimum demands of health protection. It is ridiculous to suppose, for example, that a public health nurse can render adequate public health nursing service to a population of 15,000 to 20,000 people. The standard plan, however, does serve as a foundation upon which to build. Without it, little effective service can be given; with it, adequate service can be developed.

Development of adequate service does not require a change in organization or policy, but simply an extension of work and an increase in personnel along established lines, following the skeleton of the structure that has already formulated the basic requirements of a sound administration.

No one can guess what the rural people will eventually demand as an adequate and satisfactory public health service. Authorities have

estimated that an expenditure of \$1.50 per capita per year should eventually represent a logical expenditure for an official rural health protection program. But the demands for other facilities of public betterment, such as the development of improved schools and improved roads at public expense during the past fifty years, have been much more extensive than the most foresighted leaders ever anticipated. It is impossible to estimate how extensive will be the demand for health protection, what directions it will take or how rapidly it will grow. It is safe to say that the development of health protection for the rural areas cannot lag behind the municipal development, as it has in the past, but must go hand in hand with the progress that is made in the larger centers of population.¹

(2) *Rural Hospitals.* Attention has already been directed to the fact that the young doctor today is trained to require the use of laboratories, diagnostic equipment, and other facilities usually provided only by hospitals, and he gravitates to centers where these things are available. A study made of the situation a few years ago revealed that about two-thirds of the doctors in the United States were associated with hospitals. Then if well-equipped hospitals, at well-determined locations, are made available to the rural areas of the nation, it is to be expected that the acute problems of shortage of doctors and lack of hospital facilities will be solved at one and the same time.

In this connection it is well to state that a poor hospital, inadequately equipped, with inexperienced, bungling surgeons is worse than no hospital. However, it has been clearly demonstrated in many sections of the country that community hospitals, serving a sufficiently large constituency to assure adequate financing and facilities, render an inestimable service to rural people, and town-folk as well, and attract a high-grade personnel to the staff of the institution.

Opinions vary somewhat as to the distance patients can safely travel to hospitals, and of course the situation varies with regard to the nature of the sickness. It has been stated by many authorities that 40 to 50 miles is not too far for most cases when the roads are good and satisfactory ambulance service is available. In order that rural sections may have reasonably adequate hospital facilities it has been recommended that a minimum of two beds for each 1,000 of the population be available. Measured by this standard, and a

¹ *Ibid.*, pp. 390-391.

distance of 50 miles from the hospital center, studies made in 1934 revealed a need for 22,000 new hospital beds for the entire country.¹ This need is greatest in the South where in that year, more than 1,000,000 people living in eight states had less than one hospital bed for every 2,000 people. In the nation as a whole only about 1,700 of the 3,073 counties had any general hospital operated either by governmental, voluntary, or profit agencies. In other words, there were approximately 1,300 counties which had no hospitals.

In discussing the community's problem in connection with this important matter, Halbert says:

Every person should have a chance at good hospital care when it is needed. A community wants a good, safe hospital for all its people, one that will meet future as well as present needs. But it does not want to overburden itself financially. Before a community decides to build it will need to consider these problems:

(1) *How large a territory will the hospital serve?* The size of the territory to be served by the hospital will depend upon the existing hospitals, how well equipped these hospitals are, and their distance from the people. The new hospital may serve a single county, or it may serve parts of several counties if legislation permits. As 50 miles is considered a maximum distance, if there are good roads, between the hospital and the families, the population within this 50-mile territory would supposedly use the hospital. If well-equipped, satisfactory hospitals are already operating and are located near enough to serve the locality, a new hospital may not be necessary.

(2) *How many people will use the hospital?* It is important to know the number of people that will probably use the hospital, for this decides its size. To overbuild means the costly overhead of a large, unused plant, and to underbuild means later additions that may be unusually expensive if not planned for in the original building. There will always be some families in the district who will go to other institutions; and, on the other hand, there may be some, perhaps far away, who will come to the new hospital, if it is a good one. The number of people to be served will also affect the operating cost, for if the hospital is only one-fourth filled, the overhead cost will be high.

(3) *Why may too small a hospital fail?* A small hospital will not cost as much as a larger one, but a very small hospital may not be able to afford the necessary equipment for good care, for there will be few patients in it and the cost per bed will be high. Under such conditions doctors may not be willing to use it, and patients may go elsewhere.

¹ Halbert, Blanche, *Hospitals for Rural Communities*, Farmers Bulletin 1792, U. S. Dept. of Agriculture, Washington, November, 1937, pp. 3-4.

Such a hospital sometimes becomes an economic failure and a poor institution. On the other hand, under the right conditions a small hospital can be made a very good hospital.

(4) *What if the population is scattered?* Suppose the territory is thinly populated, and farms are so far apart that there are few people in the 50-mile radius. In such a case perhaps only three or four beds would be occupied at a time. This would hardly warrant a complete hospital with its expensive equipment. But these people need care. Usually a small medical center with six or eight beds, with an arrangement with larger distant hospitals for the use of expensive equipment and services is a possible way out.

(5) *Is the population increasing or decreasing?* Are people moving from the locality, or are they moving into it? Hospitals should be built for the future. Although it is difficult to know just when people will move from a place and where they will go, some consideration should be given to this problem of population movement.

(6) *What are the habits of the people?* If families are not accustomed to hospitals, the institution will not be used as much as in those communities where families are in the habit of using this kind of medical care.

(7) *How is the building to be financed, and who is to pay its operating costs?* A definite idea of the financing of the hospital, the amount of money necessary, and the approximate cost of its operation and how this is to be paid, are items of information to be ascertained before building. Many communities can easily raise their capital costs but fail to meet the operating costs. The amount of county or city funds, the amount of private funds, the approximate number of pay patients and the number of free patients, the State aid to be expected for free patients—all should be considered in advance. For if there is not enough money to keep up the hospital and it starts to run down in its equipment and services, it may become a hazard instead of an asset to the community and an unsafe health service.

(8) *Should existing hospitals be enlarged?* There may be a hospital nearby that could well accommodate the people if an additional wing were added. This way of providing hospital care is sometimes better and cheaper than building a new institution, particularly if there is not enough money to equip it well.

(9) *What is the community's attitude?* Is the community interested in this social enterprise? Are the people behind it? The public should believe in the hospital as an indispensable health facility. This usually helps to make it successful.

The American Medical Association, which has suggested a number of principles for the establishment of hospitals, believes that only the needs of a community should determine the building of new hospitals. This association says:

. . . Avoid building to sell real estate; to create jobs; to beautify the

towns; to glorify a certain person, church, lodge, or other group; to excel or to spite a rival group; to get political preferment; or merely to produce a market for certain products; or to get a hand in Government funds.¹

There are a number of advantages in having rural hospitals, many of which are apparent on first thought. The principal ones² may be enumerated as follows:

(a) *Transportation difficulties are overcome.* In times of emergency, to await an ambulance from a remote city hospital, or to undergo a long trip on train, is dangerous and often fatal. With a hospital conveniently located, this difficulty is largely overcome. (b) *A reduction in costs.* It has been found that including the transportation expenses, city hospitals, because of the costly and intricate equipment, expensive buildings and grounds, cost more than the rural hospital and such savings are important to the farmer who more often than not has a limited income. (c) *Personal attention is given the patient.* In a smaller community, the relationships are less impersonal. The patient is known to the doctor, and, also, relatives and friends are sufficiently close to visit him during the days of convalescence. (d) *Follow-up work is made practical.* The patient will be able during the stages of convalescence to come in at regular intervals for observation, necessary treatment, and advice. This is often expensive and impracticable when the hospital is in a remote city. (e) *Its health education and disease-prevention values.* Among the most important of the advantages of the community hospital is that it brings together a group of competent medical men and nurses who serve the surrounding countryside, not only directly, but also by creating a community consciousness and information regarding improved health conditions.

(3) *Community Doctors.*

Always, and everywhere, the people of the towns have among them a substantially greater number of physicians than has an equal rural population. Such has been the situation in this country for fifty years back, beyond which our figures do not go; such is the situation today in all foreign countries for which figures are readily available, and presumably, to an equal extent in countries for which they are not available.

¹ *Ibid.*, pp. 5-6.

² Nason, W. C., *Rural Hospitals*, Farmers Bulletin 1485, U. S. Dept. of Agriculture, Washington, 1926.

Manifestly this cardinal feature of the distribution of physicians bears no relation to the need for medical service; for on the basis of need, a given rural population thinly scattered over an area served only by difficult roads, would require a substantially greater number of physicians than an equal population in a compact urban settlement. Similarly, among the rural areas themselves, the sparser the area, and the worse the conditions of travel, the more doctors are needed; whereas in fact, as is well known, the fewer doctors there are found. What determines the distribution of physicians between town and country under the régime of individualism in medical practice is not the relative need for medical service but the relative attractions of the several towns, villages and rural locations as possible fields for the practice of medicine.¹

Moore² quotes with approval the analysis of a writer in the *American Medical Journal* to the effect that "the reasons why the country doctor will not stay in the country are these: the inadequate fees, the bad roads, the hard work, lack of hospital accommodations, insufficient opportunities, but above all the lack of loyalty on the part of his patients."

The following two advertisements appearing in the *Journal of the American Medical Association* illustrate the plight in which many small villages and the surrounding countryside find themselves today:

Wanted. Married physician; yearly practice \$8,000, in one of the richest sections of Iowa; bank deposits, \$1,250,000; town about 500; good housing facilities; will introduce a good man well. (This is sponsored and signed by a state bank.)

Wanted. Physician, \$6,000 to \$10,000 first year, unopposed; in small town; wealthy farming community; good roads; five miles from modern hospital facilities; office intact; community in dire need of good physician on account of recent death of long-time physician.³

In neighboring Canada, rural Saskatchewan, where there are governmental units known as *rural municipalities*, has faced this problem and is solving it by the "municipal doctor" system. In 1930, twenty rural communities levied taxes of \$7.00 to \$10 per family to engage the services of full-time physicians at annual salaries ranging from \$3,000 to \$5,000 and both physicians and communi-

¹ Mayers, L., and L. V. Harrison, *The Distribution of Physicians in the United States*, General Education Board, New York, 1924, pp. 3-4.

² Moore, H. H., *American Medicine and the People's Health*, D. Appleton-Century Company, Inc., New York, 1927, p. 516.

³ *Ibid.*, p. 514.

ties participating regard the system favorably.¹ "Municipal doctors declare that patients seem to be more willing now than formerly to ask for the services of the resident physician. Of seven municipal doctors expressing their opinions in personal interviews, all believe that the doctor is called as often as necessary." Also, "the physicians declare that there is no special tendency on the part of patients to ask the doctor to make house calls in the country for insignificant illnesses or conditions." In many of these communities, the municipal doctors also act as health officers. It is especially significant to note that although this system has its beginnings as far back as 1921, no community which has adopted it has returned to the private-practice basis. It may reasonably be expected that as the rural-doctor shortage becomes more acute in rural communities the results of this experiment will become more generally adopted. Of course the organization of rural government in Saskatchewan favors the application of the plan; and the absence of such rural municipalities in this country—a situation discussed in a subsequent chapter—is a distinctly retarding factor in its practical adoption.

4. A HEALTH PROGRAM FOR RURAL AMERICA

Dr. Thomas Parran, Surgeon General of the United States Public Health Service, is authority for the statement ² that it is possible to achieve the following if we would:

Add ten years to the expectancy of life of the average person.

Lower still further the sickness and death rates from the "catching" diseases.

Reduce by a fourth the number of deaths caused from pneumonia.

Prevent some 20,000 deaths each year among those who are victims of cancer.

Lower by one-half the infant mortality rate from all causes.

Save the lives of two-thirds of the mothers who die from childbirth.

Change over a large percentage of our crippled children into physically able young citizens.

Provide the basis for better health of all the people through more adequate education concerning personal health.

¹ See Rorem, C. R., *The "Municipal Doctor" System in Rural Saskatchewan*, abstract of Publication 11, the Committee on the Cost of Medical Care, Washington, 1931.

² Streeter, Carroll P., "A Health Program for Rural America, An Interview with Dr. Thomas Parran," *The Farmer's Wife*, March, 1938, Vol. 41, p. 31.

In the opinion of the same authority, the people of the country can afford the cost of achieving these things—in fact the loss from them, even from the taxpayer's standpoint, is so colossal that the neglect of them is more expensive than meeting them in an effective manner. Health is as much a matter of community as of personal concern. Parran's suggested approach to the matter, in part in his own words, is as follows:

"1. Government will have to help people of low income pay for those illnesses that are costly enough to be financial catastrophes, if they can not pay for them themselves. By 'low-income' I mean families earning less than \$2,500 a year.

"2. Wherever necessary government will have to help farmers provide adequate community health facilities—public health workers, doctors, nurses, dentists, hospitals, laboratories, community health centers and the like.

"Local government will have to carry as much of this cost as it can, but certainly it will have to be helped by the state, and perhaps federal, governments."

Let's consider the first of those two proposals for a moment. For those who are so poor that they can provide themselves with no medical care Dr. Parran would have taxes pay for it all. Private practitioners—not government salaried doctors—would do the work. For the destitute, this is already being done in most places by local government, although the medical service is meager.

For those not on relief but unable to stand the drain of long, costly illness, Dr. Parran is recommending whatever government aid is necessary. Note that he does not suggest that government pay for all medical care, but only for certain costly kinds—the "catastrophic and chronic" illnesses, he calls them.

We are already doing this to a greater degree than most people realize. We now pay out of taxes for two-thirds of the cases of syphilis receiving treatment. Most cases of tuberculosis that receive hospital treatment are cared for in public-supported sanatoria. Our institutions for the insane are full of people who had to go there as a result of some illness—syphilis particularly. We maintain state hospitals for crippled children. A considerable percentage of cancer cases and other chronic illnesses are now cared for at public expense or by charity.

Dr. Parran is urging an extension of this policy for the underprivileged, to include at least five medical needs:

(A). An accurate diagnosis for every illness, even though this may require the services of one or more specialists, use of a laboratory, and other special equipment. Many farmers go without any such diagnosis now because these facilities are too far away or too costly.

(B). Good care for mothers and their babies.

"I propose," Dr. Parran declared, "that government offer to pay the entire medical, hospital and nursing costs for every woman unable to provide adequate care for herself—before, at the time, and after the baby comes.

"Many communities provide through taxes for the treatment of any case of tuberculosis. Safer child-bearing, fewer disabled women, fewer dependent children, fewer stillborn babies are of as great concern as control of tuberculosis. Some will ask whether we can afford it. I say we can no longer afford the price of continued neglect of the women who are giving us our next generation.

"We *are* neglecting them now. Every year a quarter of a million babies are delivered by midwives, most of whom are ignorant, untrained, insanitary. Some 40,000 mothers a year have no attendant at all when their babies are born. Between 8,000 and 10,000 women die needlessly every year from causes connected with childbirth, and five times that number are made invalids.

"It is estimated on good authority that more than 50,000 babies, stillborn each year, could be born alive. Of the 70,000 more who die during the first month of life one-half could be saved.

(C). Hospital treatment for those unable to care for themselves. We are already doing much of this. At this moment government is actually paying for more days of hospital care of the poor than patients themselves are paying. Less than half of the sick in our hospitals pay anything.

"A relatively small increase in public expenditures would provide hospital treatment for *all* persons in the lower-income group," says Dr. Parran. "I would propose that this care, without the frills of special nurses and private rooms (unless medically necessary) be given as a matter of right, at public expense, for lower income groups without making them cheat or beg for it."

For those able to meet the relatively low monthly payments of hospital insurance, Dr. Parran urges that means of meeting hospital costs.

(D). Home nursing when necessary.

"We need," Dr. Parran explained, "a great many nurses of a new kind—a combination public health and bedside nurse to teach people how to care for their own health and to minister to them when sick. She would be an employee of the county or district public health unit.

"At present we have several thousand rural public health nurses, who are doing a valiant job. Some are trying to serve as many as 30,000 people. We ought to keep every one of these nurses and add to their number until we have one for every 2,000 people. Then the nurse could take on the enlarged job I describe."

(E). Treatment of chronic illnesses. As already pointed out, government is already elbow deep in this field.

It is extremely important, in Dr. Parran's opinion, that the public medical care he recommends for low-income families be administered

or supervised by public health workers, rather than by our relief-dispensers.

"Public welfare officials, in general," Dr. Parran explains, "are unwilling to authorize medical care for any except the indigent, and for them insufficiently. It is inevitable that welfare officials, with limited money, will be unable to give medical relief except to the same persons, and on the same level, as other forms of relief—on the pauper level. You can't measure a family's need for groceries and its need for medical care with the same yardstick."¹

The emphasis in the improvement of health conditions in country or city will have to be placed increasingly upon the low-income groups. If the economic order can be made to function to the point of efficiency where incomes are sufficient to provide adequate medical care it will usually be secured. However, the fact is that they are not, and a severe neglect of health among the underprivileged is the result.

Definitely rural public health service units must be extended. At present, only about one-third of the approximately three thousand counties in the United States have them. This service has been demonstrated as of such value to the health of all the people through disease prevention as to be classed as indispensable.

Minimum requirements for rural hospital facilities must be met. Considerable study has been made of the matter by Congress and by an interdepartmental committee of the Federal Government. In a special message to the Congress of the United States on January 30, 1940, President Franklin D. Roosevelt recommended for the consideration of that body a program for the construction of small hospitals in needy areas of the country, especially in rural areas, not now provided with them, with an enabling appropriation of some \$10,000,000 as a beginning toward the improvement of this situation. So much progress has been made in recent years toward the amelioration of the problems of rural health, and so much study is being devoted to them, that significant advances may be expected along these lines from year to year.

QUESTIONS

1. In what ways is the country environment more conducive to health than the urban environment?

¹ *Ibid.*, pp. 8, 31.

2. Compare the expectancy of life in the rural and urban populations of the United States, and account for the fact that this has been increasing at a greater relative rate in the city than in the country.
3. Describe the diminishing supply of country doctors throughout the nation, accounting for the fact and discussing the resulting health situation.
4. Which are the more healthy, country or city people? Give reasons for your answer.
5. Discuss the situation as to whether country or city children have a larger number of remediable physical defects.
6. Are there any diseases peculiar to the country? Name the diseases which predominate in the rural environment in contrast with the urban, explaining why this is the case.
7. Justify the statement that in the matter of sanitation, no favorable case can be made for the rural sections as compared with the urban.
8. Describe the nature of rural health problems in some of their more general aspects as revealed by the studies made of type situations in Ohio, New York, and Arkansas.
9. Name some of the difficulties in the way of mitigating the deficiencies of the rural health situation which the city does not encounter in its similar program.
10. Explain in general what is meant by a county public health unit, and the importance of such an agency.
11. Discuss the stimulating effect which the Social Security Act has had upon the extension of rural public health service.
12. Give in some detail the activities of a county health unit.
13. Explain what is meant by a standard health unit, and describe some of the other forms of health units developed to meet the situation of smaller, poorer, or more sparsely populated governmental units.
14. Discuss the need for rural hospitals, and the general extent to which such facilities are available.
15. What are some of the most important questions to be considered by a community before it decides to build a rural hospital?
16. Name five advantages which rural hospitals have over the similar institutions of the more remote city.
17. Explain the operation of the municipal doctor system in rural Saskatchewan. How satisfactory are the results? What governmental arrangement not now found in the United States exists there favoring the development of the plan?
18. Evaluate critically the health program for rural America as stated by the Surgeon General of the United States, both as to its desirability and feasibility.

19. From the results of your study of the problem in this chapter, or elsewhere, outline what you consider to be the most important steps in improving health conditions in the rural sections of this nation.
20. Discuss the validity of the statement that the emphasis in the improvement of health conditions in country or city will have to be placed increasingly upon the low-income groups.

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CHAPTER XIX

RURAL PUBLIC WELFARE

A civilization may be judged in considerable measure by its attitude toward and its treatment of its unfortunate classes, and its efforts to ameliorate such conditions. That such groups should constitute a significant proportion of the total population is regrettable; but nevertheless they do. The developing science of public welfare has taught us that in considerable measure society is responsible for the condition of the pauper and the criminal and certain phases of insanity, and that in an ideal society practically all of these dependent, defective, and delinquent classes may be eliminated by humane processes or salvaged for useful citizenship. The approach to these problems today is that of discovering the underlying causes, and seeking to remedy these diseases of the social order at the base.

The biologist would have us distinguish between the *germinal heredity* and the *social heredity* of the individual. By germinal heredity is meant that aggregate of characteristics which he receives as the contribution of the germ plasm or physical basis of heredity passed on to him from his immediate and remote ancestors. The eugenicist tells us that no fatalistic view need be held in this regard; for while the individual may not be able to modify the physical basis of his heredity, it is possible and desirable that in a sane and sensible way society should see that every individual coming into the world is "well-born." To determine the relative rôles of social inheritance and germinal inheritance has always been a problem intriguing the intense interest of the student of human personality and relations. But it is generally recognized that the social environment and training of the individual and the group may be so adjusted as to compensate in considerable measure for defective hereditary tendencies.

Concrete example will serve to make these abstractions clearer. Certain forms of mental deficiency are inherited. These it is practi-

cable to eliminate through the intelligent application of the laws of heredity. Normal individuals carrying such latent characteristics in their germ plasm should not consort with individuals of similar taints, else a certain proportion of their offspring will show these defective characteristics. The problem of feeble-mindedness, it is believed, can be tremendously mitigated, or almost completely eliminated through the institutionalization or sterilization of these classes, and the intelligent mating of those normal individuals carrying such defects latent in the germ plasm.

In many forms of insanity, it is realized that a detection of it in its incipient stages makes possible preventive and remedial treatment which saves the individual to a life of happiness and usefulness in human society. Of course no system, even the most ideal, which may be developed can abolish the inequalities of natural endowment of the millions of human individuals, but this would hardly be advisable, even though it were possible. But when one considers the potentialities of the movement to ameliorate distressing conditions of dependency, defectiveness, and delinquency through the knowledge supplied in the evolving science of public welfare, one takes heart in the hope that in the society of the future, these things may be banished as we are banishing typhoid fever, smallpox, and similar diseases of the human system. The consummation of such an objective must be a gradual one, accomplished through an enlightened social attitude, which will reach even to the individuals where most drastic action needs to be exerted.

1. POVERTY AND DEPENDENCY

The farming class is a proprietorial class par excellence, slightly less than two-thirds of its members owning the farms they operate. In spite of this fact the wealth and income of the farmer on the average is not high. "Compared with that of the city population it is, first, somewhat lower, second, more evenly distributed and free from the enormous contrasts of exceedingly rich and exceedingly poor, which marks the city distribution of wealth and income; and third, the average income (and wealth) of the farmer and peasant owners is much below that of the city proprietorial classes and is near to that of the urban labor classes."¹ Although farmers

¹ Sorokin, P., and C. C. Zimmerman, *Principles of Rural-Urban Sociology*, Henry Holt and Company, Inc., New York, 1929, pp. 69-79.

as a class display "fear of the poorhouse" as a prominent attitude, and in addition have a greater proportion of aged persons than does the city population, fewer of them are given poor-law relief and state aid. There are a number of factors which would seem to account for these differences, many of them inherent in the nature of the farming enterprise itself, but certainly important among them are the savings propensities characterizing farmers as a class.

The amount of definite information illuminating this important phase of the advantage of rural over urban life is very inadequate. While the following data¹ are fragmentary in nature, and mainly serve to stimulate further more extensive investigation along these lines, there is ample justification in citing them in this connection in the absence of a larger sample. A few years ago, in connection with a study of rural depopulation in Virginia, the attempt was made to answer the question as to whether the individual of the same equipment who left the country for the city generally made a larger income, and also acquired as the results of his efforts a larger equity to sustain him in old age. It was soon discovered that to secure the complete and reliable sort of data needed on this point would in itself constitute a considerable problem, largely because the individual in the country in most instances knew little that was accurate regarding the financial status of his city brother.

However, a careful sifting of the 3,376 individual record sheets gave 103 white individuals, 51 nonmigrants, and 52 migrants, regarding which the reports seemed to have been based upon definite knowledge of the status of the migrant as well as of the nonmigrant.

In Table XX, on page 486, it is seen that rather uniformly the individual who left the country for the town and city made the higher income as compared with the person who remained on the farm. In the case of the lowest income level, \$1,000 and less, all of those within this classification were among the nonmigrants. With the other three income classifications, in only one other instance, the college income group of \$1,001-\$2,500, did the nonmigrant show an advantage over the migrant group. These fragmentary data seem to indicate that the town and city individual fares better than the country dweller; a fact quite generally accepted both in the country and the city.

¹ Gee, Wilson, "Farm Migration in Ten Eastern Virginia Counties," *Proceedings, Institute of Rural Affairs, Virginia Polytechnic Institute, Blacksburg, 1929*, pp. 88-101.

TABLE XX
DISTRIBUTION ACCORDING TO INCOME OF WHITE MALE MIGRANTS
AND NONMIGRANTS ¹

| Education | | Estimated Income in Dollars | | | |
|------------------|-------------|-----------------------------|-------------|-------------|----------------|
| | | 0-1,000 | 1,001-2,500 | 2,501-5,000 | 5,001 and over |
| Elementary..... | Migrants | 0 | 18 | 9 | 0 |
| | Nonmigrants | 14 | 15 | 3 | 0 |
| High School..... | Migrants | 0 | 4 | 7 | 1 |
| | Nonmigrants | 2 | 3 | 5 | 0 |
| College..... | Migrants | 0 | 1 | 8 | 4 |
| | Nonmigrants | 2 | 2 | 4 | 1 |
| Total..... | | 18 | 43 | 36 | 6 |

The situation, however, is reversed when the average wealth accumulations of the same individuals are contrasted. The farmer who has only an elementary education has more than three times the success at amassing an equity than does the migrant of the same equipment—\$11,110 as compared with \$3,140. While not so wide a difference persists, the high-school group shows for the non-migrant \$16,150 as compared with \$10,450 for the migrant. The disparity in the college-trained group is reduced to \$570, but the margin continues in favor of the person who casts his lot with the country. If such a situation can be confirmed in a larger study, it constitutes the best sort of argument to make the country boy think

TABLE XXI
ESTIMATED AVERAGE WEALTH ACCUMULATIONS OF WHITE MALE
MIGRANTS AND NONMIGRANTS ²

| | Nonmigrants | | Migrants | |
|------------------------|-------------|----------------|----------|----------------|
| | Number | Average Wealth | Number | Average Wealth |
| Elementary..... | 32 | \$11,110 | 27 | \$ 3,140 |
| High school..... | 10 | 16,150 | 12 | 10,450 |
| College..... | 9 | 16,170 | 13 | 15,600 |
| Total and average..... | 51 | \$12,991 | 52 | \$ 7,942 |

longer and more seriously before he leaves the country stretches for the tumult and stress of the cities.

¹ *Ibid.*, p. 96.

² *Ibid.*, p. 96.

Galpin believes that the first great advantage of farming is that it provides a sure living.

If a family cannot make a living on a farm, it is questionable whether it can make a living at anything. Dire poverty is not, in America at least, a feature of farm life as it is of city life. This holds true, whether the family is in the position of owning a farm, renting a farm, or working for wages on a farm. The farm family eats, is sheltered, is warmed, and always is in possession of a job. This characteristic of farm life, a sure living, will especially appeal to the homemaker and mother of a family. To be free from the worry of "losing the job" is, for the woman at least, to enjoy life day by day, if life has any joys, without the dark cloud of a lost job, an empty cupboard, no money to pay next month's rent, no fuel in the bin. In the city, the illness of the breadwinner may bring the storm from the cloud; on the farm, illness of the man does not mean giving up the job. Others in the family can carry on the work and thus bridge over the illness. Many a woman, reared on a farm but marrying into a city-working home, has felt the strain of life just at the point of an assured living. And there are thousands of women, at least, with whom the one great advantage of a sure living for all in the home will overcome all objections there may be to farm life.¹

TABLE XXII

DISTRIBUTION OF NONRELIEF FARM FAMILIES BY INCOME LEVELS, 1935-36²

| <i>Income Level</i> | <i>Number of Families</i> | <i>Percentage of Total Families</i> | <i>Cumulative Percentage of Total Families in Each Group</i> |
|---------------------|---------------------------|-------------------------------------|--|
| Under \$ 250 | 232,040 | 3.8 | 3.8 |
| \$ 250-\$ 500 | 858,963 | 13.9 | 17.7 |
| \$ 500-\$ 750 | 1,108,400 | 18.0 | 35.7 |
| \$ 750-\$1,000 | 1,027,044 | 16.6 | 52.3 |
| \$1,000-\$1,250 | 793,250 | 12.8 | 65.1 |
| \$1,250-\$1,500 | 601,571 | 9.8 | 74.9 |
| \$1,500-\$1,750 | 433,590 | 7.0 | 81.9 |
| \$1,750-\$2,000 | 297,221 | 4.8 | 86.7 |
| \$2,000-\$2,250 | 188,336 | 3.1 | 89.8 |
| \$2,250-\$2,500 | 152,309 | 2.5 | 92.3 |
| \$2,500 and over | 473,834 | 7.7 | 100.0 |
| All levels | 6,166,558 | 100 | 100 |

¹ Galpin, C. J., *Rural Social Problems*, D. Appleton-Century Company, Inc., New York, 1924, pp. 167-168.

² Source: Maddox, J. G., "Suggestions for a National Program of Rural Rehabilitation and Relief," *Journal of Farm Economics*, Vol. 21, 1939, p. 888.

However, it has been customary to idealize the situation with regard to the existence of poverty in the farming regions of the nation. A great deal of this tendency has been due to the fact that until comparatively recently data have not been available by which to measure the extent of slum areas in the country, and even yet the information is none too sufficient. One writer says in this connection:

“Poverty is as unnecessary as malaria or yellow fever.
Let that be stated once and for all.”

Thomas Nixon Carver—*Essays in Social Justice*

The simple fact that rural poverty existed in this country was never openly recognized by our government until approximately five years ago. Public recognition of the fact has come still more slowly. The idea of poverty has been traditionally associated with city slums and the great mass of immigrants who came to this country during the last quarter of last century. On the other hand, the “barefoot boy with cheeks of tan,” has been a symbol of rural life. He was a healthy little cuss; well supplied with vigor and vitamins; and though his clothes were not decorous, they were always warm and sturdy, and characterized by a rustic simplicity which appealed to our esthetic taste. We have been loathe to recognize the pallid faced youngsters, suffering from infected tonsils, pellagra, or hookworm, subsisting on half enough food of dubious quality and scant variety, clothed in flour and feed sacks, and sleeping on mattresses of straw or corn shucks.¹

Reference to Table XXII, page 487, will show that about 1,090,000 of the nonrelief farm families, or more than one-fifth of all those in the United States, in 1935-36 had incomes of less than \$500 annually, this figure including commodities produced on the farms for family consumption. In the same period, about 600,000 farm families were on direct or work relief. Of this number, it would seem safe to assume that 500,000 had incomes of less than \$500 per year. Thus including both nonrelief and relief farm families of this income level, there was a total of approximately 1,590,000, or almost 24 per cent of all farm families in the United States, each of which had less than \$500 on which to live for a year. The same table shows that around 52 per cent of all nonrelief farm families had incomes of less than \$1,000 in 1935-1936.

In discussing the significance of the distribution of farm families in the United States according to income levels, in the light of the

¹ *Ibid.*, p. 881.

TABLE XXIII

ESTIMATED ANNUAL VALUE, AT 1936 PRICES, OF MINIMUM PHYSICAL AND CULTURAL REQUIREMENTS FOR A FARM FAMILY OF TWO ADULTS AND THREE CHILDREN IN THE THREE MAJOR REGIONS OF THE COUNTRY ¹

| Items | Value of Minimum Physical Requirements | | | Value of Minimum Physical and Cultural Requirements | | |
|-----------------------------------|--|-------|-------|---|-------|-------|
| | North | South | West | North | South | West |
| Food | \$385 | \$375 | \$405 | \$385 | \$375 | \$405 |
| Clothing | 75 | 45 | 80 | 125 | 80 | 125 |
| Shelter | 150 | 110 | 155 | 220 | 160 | 225 |
| Medical care | 20 | 20 | 20 | 30 | 30 | 30 |
| Education | — | — | — | 20 | 20 | 20 |
| Recreation | — | — | — | 10 | 10 | 10 |
| Church and charity | — | — | — | 10 | 10 | 10 |
| Reserve for contingency | — | — | — | 20 | 20 | 20 |
| Total | \$630 | \$550 | \$660 | \$820 | \$705 | \$845 |

NOTE: In calculating the minimum diets for the maintenance of health liberal use was made of foods that could be produced on the farm so as to displace as far as possible the necessity for purchasing food. Farm prices were used for foods produced on the farm and retail prices for foods which would have to be purchased. The estimated value of home-produced food was \$270 in the North, \$300 in the South, and \$280 in the West. Household-operating expenses and the maintenance of household furnishings and dwelling were included in the estimated annual cost of shelter.

data on minimum physical and cultural requirements for a farm family of five, Maddox concludes it is very probable that around one-fourth to one-third of all our families live at poverty levels of existence. The reasoning by which he reaches this conclusion is best expressed in his own words, as follows:

Somewhere around the range of family income of from \$500 to \$750 must be the line below which all would agree that poverty exists. Although no one can presume to have adequate information on the point, it is probable that the group below \$750 includes: most of the farm families who do not have the minimum material prerequisites for the development and maintenance of healthy, vigorous bodies; most of those who cannot avail themselves of ordinary legal rights and privileges; and a considerable number of those who do not have an equal opportunity to share in the basic non-material aspects of our culture.

In order to be ultraconservative, perhaps we should ask: Does this

¹ *Ibid.*, p. 889.

group with incomes below \$750 include families other than those in the three categories just mentioned? This question can't be answered accurately, but a rough approximation to an answer can be had. The average annual cost of the basic physical requirements of food, clothing, shelter, and medical care necessary to maintain a farm family of five in a healthy condition over a period of time, appears to run in excess of \$500 in all major regions of the country. These requirements have been calculated on a basis almost as low as a businesslike owner would maintain his slaves. When a minimum of non-physical requirements are met, the annual cost runs above \$700 in the South and to almost \$850 in the West. The budgets [see Table XXIII, on page 489 of this text] . . . are extremely conservative when we think of a family of five living at these levels, not for just a year, but for the major part of their lives.

We are virtually forced to the conclusion, from a consideration of these budget requirements, that the group with less than \$750 income cannot possibly include very many families above the poverty line as defined by the three criteria which are modifications of the ideal principle of distributive justice. Indeed, there is good reason to believe that a strict application of these criteria would substantially raise the figure of 2,199,000 non-relief families with incomes of less than \$750 in 1935-36. The addition of the 600,000 families receiving relief in that year brings the total to approximately 2,800,000. We may need to make some adjustments because the average size of family is apparently a little less than 5 persons. Yet it appears extremely conservative to conclude that one-third of the farm families in the nation were below the poverty line in 1935-36. At least, 15 per cent must have been in dire physical need, and were living at a level which was impairing their health. Is the situation any different today? It seems reasonable to believe that some improvement in general farm income plus the work of the Farm Security Administration has measurably raised the physical level of living of the lower 15 per cent. However, it is very probable that one-fourth to one-third of all our farm families are still below the poverty line.¹

That poverty actually exists in the country is indicated also by the number of farm families on the relief rolls during the severe economic depression of the 1930's. There were some 2,000,000 farm families which received relief at one time or another during those days. However, the data available do not make very clear the extent of relief among the farm, village, and city families on a comparable basis. When the relief burden was about at its peak in February, 1935, on the average only one out of every seventeen farm owners in the United States was on relief.² As would be expected, con-

¹ *Ibid.*, pp. 888-890.

² Woofter, T. J., and Ellen Winston, *Seven Lean Years*, University of North Carolina Press, Chapel Hill, 1939, pp. 88-109.

siderably more tenant families were on relief than was the case with owner families. In February, 1935, one out of every seven tenant families in this country was receiving public support. Comparable data concerning sharecroppers and farm laborers are not available, but it is the opinion of Wooster and Winston that relief cases among sharecroppers in the Eastern Cotton Area were about twice as frequent as among other classes of tenants, and the "rate was undoubtedly high" among the families of farm laborers.

The same authority states that "rural families which do not earn their living from the farm present an even more difficult relief problem than farm operators or farm laborers. Some village populations have been represented on relief rolls in appallingly large proportions. In June, 1935, one in every eight village families, exclusive of nonagricultural families in the open country, was subsisting on federal relief funds."¹ A study² of the extent and character of the relief problem in 79 cities shows a range in the ratio of persons on relief in May, 1934, to the total population in 1930 from a high of 55 per cent of the total population on relief in Butte, Montana, to 6 per cent in Portsmouth, New Hampshire. In 46 per cent of the 79 cities, it was found that between 10 and 15 per cent of the population as of 1930 were on relief in May, 1934; and in 73 per cent of them, between 10 and 20 per cent were on relief.

The impact of the depression years, and the relief burdens it occasioned, served to bring into rather clear outline six rural problem areas, in which the poverty and distress situation was particularly acute. These areas included approximately one-half of the rural families receiving relief in the United States. They are the Appalachian-Ozark area; the Lake States Cutover area; the Short Grass Wheat areas, including the Spring Wheat area, and the Winter Wheat area; the Eastern Cotton Belt; and the Western Cotton area. The basic farm problems contributing to the need for relief, in addition to direct effects of the depression, were given³ as farming on poor land, excess birth rate in poor land areas, effects of soil erosion, inadequate size of farms, extension of

¹ *Ibid.*, pp. 112-113.

² Wood, Katherine D., *Urban Workers on Relief*, Research Monograph IV, Works Progress Administration, Government Printing Office, Washington, 1936, p. 1.

³ Asch, Berta, and A. R. Mangus, *Farmers on Relief and Rehabilitation*, Research Monograph VIII, Works Progress Administration, Government Printing Office, Washington, 1937, pp. 7-12.

the one cash-crop system, overcapitalization of farms, decline of rural industries, the tenant system, and the unemployment situation among farm laborers.

A summary picture of the causes underlying the relief situation in each of these problem areas, and the suggested methods for permanent rehabilitation is as follows:

- a. In the Appalachian-Ozark Area the relief households have largely depended upon subsistence farming with supplementary employment for cash income. Better methods of farming on better land with new sources of supplementary employment will be necessary. The reasons assigned for families receiving relief in this area were in the main reasons which indicated loss of supplementary employment. This area is also suffering from over-population which will be alleviated only through emigration, education, and the development of a higher standard of living.
- b. In the Lake States Cut-Over Area the problem is mainly one of loss of employment in mining and lumbering, combined with a too rapid development of small farming on marginal land. The most promising solution for the latter condition is wide adoption of the zoning regulations now being set up by counties in Wisconsin, and the reforestation of large areas. Stranded mining populations will have to be moved or new kinds of industrial employment developed. Further development of recreational resources will also provide seasonal employment for a small proportion of the population.
- c. In the Short-Grass Wheat Areas the major cause of relief has been the unusual drought, but it must be recognized that periodically recurring dry years are the rule in the short-grass territory and that much land has been put under the plow which should have remained in grass. Here, again, some method of land classification and zoning which will limit the attempt to cultivate land where normal rainfall is so small as to make farming too hazardous a gamble will be necessary, and some of the present surplus population on this type of land will be forced to emigrate.
- d. In the Cotton Areas, particularly in the Eastern Cotton Belt, the relief problem is complicated by the gradual breaking down of the sharecropper and "furnishing" system which has dominated the South since the period of reconstruction after the Civil War, and the consequent need for public relief by aged Negroes and female Negroes—widowed, divorced or separated—with young children. The agricultural system of the South is slowly shifting from the patriarchal system inherited from the days of slavery to one of independent tenancy and cash wages, a transition which has been hastened by the present depression. The primary economic problem is a readjustment of the system of farm management whereby greater

security will be afforded farm tenants and laborers. The primary social problem is one of education looking toward an improved standard of living. Much of the relief problem in the South is a result of the inability of an unschooled, almost illiterate group to adjust itself to changing economic conditions.¹

While it is still possible in most parts of the nation for the farmer to be largely self-supporting in the production of the food required for the people on his land and of the feed needed by his livestock, it is not always economical for him to do so. The characteristics of a highly commercialized agriculture are distinctly those of specialization, and in areas of farm tenancy, conventional lease arrangements are not quickly adjusted to depression conditions. Besides, the farmer must have cash money to meet his obligations, run his car, clothe his family, and educate his children. Evidently, it is necessary to revise to a considerable extent our conceptions of the security provided by agriculture in periods of severe stress and strain in the national economy. However, it has been clearly demonstrated in past depressions that agriculture is a chief shock absorber for unemployment, the return migration to the farms serving greatly to reduce the relief loads upon government.

2. CRIME

The question logically arises as to which produces more criminals, the country or the city? The data available for answering this question are very inadequate, but the preponderant evidence seems to point to much less crime in the aggregate in the country than in the city. Students of the problem have found "that crime increases with the density of the population, but that the emotional crimes such as homicide, assault, and rape increase less than other serious crimes and less than minor crimes."² Statistical data from the United States Department of Justice for 1937 are analyzed by Vold³ for rural-urban differences, and the rural areas, or places under 2,500 population, were found to be less than the urban in larceny, somewhat more for burglary, considerably less for auto

¹ Beck, P. G., and M. C. Forster, *Six Rural Problem Areas*, Research Monograph I, Works Progress Administration, Government Printing Office, Washington, 1935, pp. 1-2.

² Sutherland, E. H., *Principles of Criminology*, J. B. Lippincott Company, Philadelphia, 1934, p. 123.

³ Vold, G. B., "Crime in City and Country Areas," *Annals of the American Academy of Political and Social Science*, September, 1941, Vol. 217, pp. 39-40.

theft, the same for robbery, and considerably higher for such crimes against the person as aggravated assault, rape, murder, and manslaughter. However, the status of the small town as to crime is little if any better understood than that of the open country. Consequently, generalizations as to the situation with regard to the farm population in contrast with town and city populations are merely trial hypotheses worthy of testing by a series of investigations.

A survey¹ of criminal justice in Virginia gave some attention to the matter of rural and urban felonies on a comparative basis. The term *rural* included certain portions in proximity to larger cities of the state which vitiates the findings to a certain extent. The estimated size of the population sample studied was approximately 352,000 for the urban area and 460,000 for the rural. In rates per 100,000 population, the rural exceeded the urban area in homicides, though how much of this is due to the Negro is not stated. In aggravated assaults, burglary, robbery, larceny, and forgery the city rate was much higher, but in rape the rates were more nearly equal, the city leading in two of the years and the country in two. Liquor felony charges showed a much more rapid increase in the rural areas than in urban centers, though this was very likely more a measurement of comparative enforcement sentiment and machinery than it was of comparative violations of liquor laws. In total rates the urban criminality exceeded the rural, and if liquor offenses are excluded, the margin is still greater in favor of the rural areas. Classifying the offenses as against person and against property, the rural rate is less in both instances than the urban, appreciably so in the offenses against property.

A survey by Sorokin and Zimmerman² of the data on comparative rural and urban criminality in the United States, Germany, France, Sweden, Netherlands, Denmark, Canada, England, and a few other nations leads to the conclusion that

on the whole, rural or agricultural criminality, according to the residence of the offenders or the place of perpetration, is somewhat lower than that of the urban population, or those of the majority of the large occupational classes with the exception of the professional and official groups. The somewhat greater urban criminality is due to a series of specific urban conditions. Among them especially important parts are

¹ Fuller, H. N., *Criminal Justice in Virginia*, D. Appleton-Century Company, Inc., New York, 1931, pp. 61-64.

²Sorokin, P., and C. C. Zimmerman, *op. cit.*, pp. 265-266.

played by the greater instability of the city family, the greater heterogeneity and mobility of the city population, the greater number of contacts of the city dwellers, and by other secondary factors which have been the satellites of the city agglomerations.

In the opinion of these students, the agricultural occupation, on the whole, is one of the least criminal occupational classes or one of the most law-abiding groups of the population, a situation which is

TABLE XXIV

FELONY CHARGES PER 100,000 POPULATION IN VIRGINIA, URBAN AND RURAL¹

| | Urban | | | | Rural | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1917 | 1922 | 1927 | 1928 | 1917 | 1922 | 1927 | 1928 |
| Homicides..... | 9.2 | 12.3 | 14.3 | 12.4 | 8.1 | 21.7 | 19.1 | 17.1 |
| Aggravated assaults..... | 21.4 | 26.1 | 33.0 | 30.8 | 13.7 | 20.6 | 17.2 | 20.0 |
| Rape..... | 4.9 | 4.7 | 6.3 | 7.5 | 4.2 | 10.6 | 7.1 | 5.4 |
| Burglary..... | 43.8 | 62.8 | 37.8 | 55.6 | 16.3 | 36.3 | 25.9 | 47.4 |
| Robbery..... | 5.6 | 8.5 | 6.3 | 5.7 | 1.6 | 3.1 | 2.5 | 3.1 |
| Larceny..... | 31.0 | 66.4 | 61.6 | 57.7 | 7.2 | 14.4 | 20.0 | 18.3 |
| Forgery..... | 14.8 | 16.2 | 19.0 | 20.7 | 4.2 | 5.5 | 5.0 | 3.7 |
| Frauds..... | 0 | 1.5 | 0 | .5 | .7 | .4 | 1.1 | 1.0 |
| Liquor..... | 3.3 | 21.2 | 46.0 | 49.4 | .7 | 14.1 | 72.4 | 75.6 |
| Offenses against person..... | 38.8 | 50.4 | 61.0 | 55.9 | 32.3 | 60.4 | 49.7 | 48.9 |
| Offenses against property..... | 95.5 | 160.7 | 132.1 | 141.5 | 32.3 | 63.2 | 55.3 | 78.9 |
| Liquor offenses..... | 3.3 | 21.2 | 46.0 | 49.4 | .7 | 14.1 | 72.4 | 75.6 |
| All other..... | 10.2 | 16.7 | 9.5 | 6.9 | 10.9 | 17.0 | 13.6 | 16.4 |
| Total..... | 147.8 | 249.0 | 248.6 | 253.7 | 76.2 | 154.7 | 191.0 | 219.8 |
| Total nonliquor..... | 144.5 | 227.8 | 202.6 | 204.3 | 75.5 | 140.6 | 118.6 | 144.2 |

especially true in regard to owners and independents in agriculture, and less true with regard to the laborers. They also find that the agricultural class is stronger in crimes against persons, particularly in homicides, infanticides, and grave assaults, than in crimes against property, especially theft, fraud, forgery, and embezzlement; abortion (instead of infanticide), prohibited forms of vice, intemperance, political crimes, transgression of the rules of the press, traffic ordinances, and so on. The city population seems to yield a greater number of repeaters of crime than does the country population.

There seems to be preponderant agreement among writers on the subject that a selective migration of criminals takes place, the more

¹ *Ibid.*, pp. 62-64.

serious offenders tending to move to the cities. Besides this factor, which has not been substantiated by adequate investigation, there is a number of additional factors which are largely occasioned by the inherent differences between the country and the city. Gillin summarizes the factors tending to the greater urban criminality in the main as follows:

1. There is more law breaking in the city than in the country because there are more laws to break. Moreover, there are more officials charged with the responsibility of seeing that breakers of the law are dealt with by the courts. The same man, therefore, might have an entirely different history in the city and in the country. In the country he might commit the same act as in the city and yet escape observation. Furthermore, the complex relationships of city life demand that those relationships should be more carefully guarded and regulated than in the country.

2. The contacts in the crowded city are much more frequent and therefore provide irritating situations which lead to personal violence.

3. The pressure of poverty is frequently very much harsher in the city than in the country and therefore the economic motives to crime probably play a larger part in city populations than in sparsely settled districts.

4. The crowded living conditions in cities, denying common decency in houses, and the incitements to vice, more frequent and also commercialized, intensify the demoralizing effects of contact between people.

5. The crowded city, with the possibility of hiding, draws the more turbulent and criminally inclined elements of the country to itself. Consequently, more criminals of the habitual or professional kind will congregate in the city. Furthermore, it is in the city where those who have been thoroughly demoralized find the excitements and the vice which they crave.

6. Because of the economic opportunities offered by the city, its population is composed of a higher percentage of adults than the country population. Since we have seen that the young adult is in the age of highest criminal incidence, it is natural to expect that the rate of criminality in cities would be greater than in the country.¹

3. INSANITY AND FEEBLEMINDEDNESS

Insanity seems to be characteristic of the city population much more than of the inhabitants of the rural districts. The Bureau of the Census reports that the urban rate of first admissions to state hospitals for mental disease per 100,000 of the general population in 1933 was 79.5 for the males and 57.3 for the females; while for

¹ Gillin, J. L., *Criminology and Penology*, D. Appleton-Century Company, Inc., New York, 1926, p. 68.

the rural areas, the corresponding rates were 41.3 for the males and 27.3 for the females. Thus the prevalence of insanity, according to this measurement, is almost twice as great in the city as in the country; and in both city and country the ratio is significantly higher among the males than among the females.

TABLE XXV

NUMBER OF FIRST ADMISSIONS TO STATE HOSPITALS PER 100,000 OF THE GENERAL POPULATION, BY PSYCHOSIS, ENVIRONMENT, AND SEX: 1933¹
[Ratio not shown where less than 0.1]

| Psychosis | Urban | | Rural | | Psychosis | Urban | | Rural | |
|-----------------------|-------|--------|-------|--------|-------------------|-------|--------|-------|--------|
| | Male | Female | Male | Female | | Male | Female | Male | Female |
| Total | 79.5 | 57.3 | 41.3 | 27.3 | Manic-depressive | 6.5 | 9.1 | 5.3 | 5.5 |
| <i>With psychosis</i> | | | | | Involution mel- | | | | |
| Traumatic | 71.0 | 54.4 | 36.8 | 25.7 | ancholia | .9 | 1.9 | .5 | .8 |
| Senile | .7 | .1 | .2 | — | Dementia prae- | | | | |
| With cerebral | 5.7 | 5.9 | 4.2 | 2.6 | cox (schizo- | 14.8 | 13.3 | 6.9 | 5.6 |
| arteriosclerosis | 9.5 | 6.8 | 4.7 | 2.2 | Paranoia or | | | | |
| General paraly- | | | | | paranoid con- | | | | |
| sis | 10.3 | 2.9 | 2.9 | .9 | ditions | 1.1 | 1.1 | .5 | .4 |
| With cerebral | | | | | Epileptic | | | | |
| syphilis | 1.5 | .6 | .7 | .3 | psychoses | 1.6 | 1.1 | 1.6 | 1.0 |
| With Hunting- | | | | | Psychoneuroses | | | | |
| ton's chorea | .1 | .1 | .1 | .1 | and neuroses | 1.3 | 1.8 | .8 | .9 |
| With brain | | | | | With psycho- | | | | |
| tumor | .1 | .1 | — | — | pathic person- | | | | |
| With other | | | | | ality | 1.4 | .7 | .4 | .2 |
| brain or nerv- | | | | | With mental | | | | |
| ous diseases | 1.1 | .7 | .6 | .5 | deficiency | 2.0 | 1.7 | 2.0 | 1.4 |
| Alcoholic | 6.9 | 1.2 | 1.9 | .1 | Undiagnosed | | | | |
| Due to drugs | | | | | and unknown | 3.5 | 2.6 | 2.0 | 1.1 |
| and other ex- | | | | | Without psychosis | 8.5 | 2.9 | 4.8 | 1.6 |
| ogenous | | | | | | | | | |
| toxins | .4 | .4 | .1 | .1 | | | | | |
| With pellagra | .1 | .3 | .3 | .8 | | | | | |
| With other so- | | | | | | | | | |
| matic diseases | 1.5 | 2.0 | .9 | 1.0 | | | | | |

The accompanying table gives the corresponding figures, classified by sex and urban and rural, according to some twenty psychoses or forms of insanity. It will be observed that all of these forms of insanity were more prevalent in the urban than in the rural population with the exception of Huntington's chorea and pellagra.

¹ Bureau of the Census, *Patients in Hospitals for Mental Diseases, 1933*, Government Printing Office, Washington, 1935, p. 49.

Huntington's chorea, with a rate of one out of a million of the population, had the same incidence in rural and urban areas. Pellagra, which is a disease of dietary deficiency, occurs much more frequently among the rural than the urban population. Dementia praecox, general paralysis, cerebral arteriosclerosis, and alcoholic psychoses seem to be outstanding types of insanity in urban districts, particularly among the males.

It is interesting to speculate as to the causes of the increase of mental disease with increasing urbanization. One of the most suggestive analyses of the reasons for this is given by Sorokin and Zimmerman, who say:

One of the factors in the prevalence of insanity in the city, compared with the country, is a lower proportion of the married and a higher proportion of the divorced in the city than in the country. It has been well established that the unmarried and the divorced have been giving a higher proportion of the insane than the married. For this reason the cities have to have a higher proportion of the insane than the rural parts. Insofar as the divorce-rate has been growing in industrialized countries for the last few decades, this growth may be responsible for a part of the growth of mental disease. Such is one of the factors. We suggest further that the next significant factors are *the increased complexity of social organization which is associated with urbanization; and the increased mobility of the individual*. This increased complexity and mobility of individuals calls for a greater mental strain, greater numbers of adjustments, and adjustments to a more intricate and fluctuating order of physical and social objects. Under such pressures greater numbers of individuals break down. More of them become subject to fears, delusions, manias, and psychopathic states; more of them take to alcoholism, drugs, and other stimulants which quicken the mental abilities for the time but lead to a more rapid breakdown later, and result in mental incapacity before the other parts of the bodily organism have reached the ends of their spans of life. More of the dwellers in urban communities and urban societies lose their religious and moral beliefs; they come in contact with prostitutes; these prostitutes infect them with syphilis more often; and in spite of the developments and use of salvarsan and curatives for syphilis, greater numbers are driven insane as a result. The loss of these religious and moral beliefs puts more of them on a "rationalistic" basis; with a purely "personal rationalism" they are unable to settle problems which would never occur to them in a homogeneous rural community with an accepted and unchallenged set of mores, faiths, and religious beliefs; as a result more of them lose "the peace of mind," their equilibrium, break down and increase the mental disease rates.¹

¹ Sorokin, P., and C. C. Zimmerman, *op. cit.*, pp. 279-280.

The statement is widely made that feeble-mindedness is more a problem of the country than of the city. This is believed to be true because feeble-mindedness is known to be an inherited condition, and that its perpetuation is due in great measure to the intermarriage of feeble-minded persons, and to the inbreeding of families with such latent defects. The rural environment is less complex in its relationships and adjustments, and a feeble-minded person fares better in the competitions of life inhering in the agricultural industry. Also, isolation prevails in many rural communities, and is conducive to the intermarriage of related families, and to the mating of feeble-minded persons. But the concrete data on the matter do not appear to be conclusive.

The Bureau of the Census reports a much higher rate of urban than of rural admissions to state institutions for the mental defectives and epileptics in 1933. The rate in that year was 4.8 per 100,000 of the rural population as compared with 10.3 per 100,000 of the urban population in the United States. The similar rates for the males were 11.1 per 100,000 males in the urban areas, and 4.7 in the rural, an advantage considerably more than 100 per cent in favor of the rural districts. The disparity was not so great in the case of the females where the urban rate was 9.4 per 100,000 of the urban female population, as contrasted with a corresponding rural rate of 4.9. However, the census states clearly that these ratios cannot be interpreted as indicating the relative prevalence of mental deficiency and epilepsy in urban and rural districts.

Since social adjustment is much more difficult in cities than in rural districts, it is quite probable that of the total mental defectives and epileptics in the community the proportion sent to special state institutions is larger in the cities than in the rural districts. Then, the higher ratios in urban than in rural districts probably are in some measure the result of the fact that state institutions for mental defectives and epileptics are usually more readily accessible to urban than to rural populations.¹

The record of causes for rejection in the selective service system of the First World War gives mental defectiveness as the cause in 1.5 per cent of the cases among urban draftees, while the corresponding figure for the rural draftees was 3.9 per cent. A number of fragmentary studies of comparative feeble-mindedness in rural and

¹ Bureau of the Census, *Mental Defectives and Epileptics in Institutions, 1933*, Government Printing Office, Washington, 1935, pp. 32-33.

urban areas in different localities seem to indicate a more favored condition in this regard for the city population. But the statistical adequacy of both of these sets of data are called severely into question by Sorokin and Zimmerman¹ who are of the opinion that the town-country differences in this respect are not so great as often pictured. They believe that "in regard to the incidence of feeble-mindedness in the non-institutional population, there is some evidence to believe that it is more prevalent among the rural than the urban population in the United States," but that "we must set the greater incidence in the rural non-institutional population against the greater incidence in the urban institutional population." Then we may return to the original proposition stated in this section to the effect that the impression prevails that there is a greater amount of feeble-mindedness in the country than in the city, though convincing statistical proof is still lacking to establish the conclusion with a desirable degree of definiteness.

4. POOR RELIEF

The following general principle justifying public relief is now well established: "Modern society so far recognizes an obligation to the individual who through no fault of his own finds himself in want and without ability to help himself, as to establish the obligation of government to assist him, at least to the extent of providing those necessities of life which he is unable to secure by any other valid means."² Before the severe economic depression of the 1930's poor relief was the responsibility of local governmental units or of private charitable agencies. It was not in the tradition of that day to expect assistance for such purposes from either the state or the Federal Government. This public relief of the poor took mainly two forms in the United States—indoor relief, which was accomplished through the "poorhouse" or almshouse, still prevailing widely in this country; and outdoor relief or that administered by money or goods supplied to aid the indigent in their own homes.

Prior to the coming of such programs as the Works Progress Administration and the old-age assistance provisions of the Social Security Board, any discussion of relief for the destitute centered

¹ Sorokin, P., and C. C. Zimmerman, *op. cit.*, pp. 266-270.

² Kelso, R. W., *The Science of Public Welfare*, Henry Holt and Company, Inc., New York, 1928, p. 194.

about the almshouse; for it was the fundamental institution ministering to this end. In 1940, the poorhouse and jail were "still the primary representatives of the traditional undifferentiated types of care of the needy."¹ Warner, Queen, and Harper say of this institution:

It cares for all the abjectly destitute not otherwise provided for. Its shelter is the guarantee against starvation which the State offers to all, no matter how unfortunate or degraded. Consequently, the inmates of the almshouse are often the most sodden driftwood from the social wreckage of the time. It is ordinarily a depressing experience to visit an almshouse, and accordingly we find in it an institution that even the benevolent willingly forget. In many of the country almshouses no clergyman comes the year around; and no friendly visitor appears to encourage the superintendent to be faithful, or to bring to light abuses that may exist. Yet, since the institution is so fundamental, and since the number of its inmates is necessarily considerable, it may be doubted whether a more profitable work can easily be found than that for right organization and proper management of almshouses. The benevolent too frequently hurry away to make excellent provision for certain classes, while the maladministration of the local almshouse leaves a large assortment of destitute people under evil conditions.²

The defects of such institutions are numerous. The superintendents, often stolid, unsympathetic persons of mediocre ability, have instead of merely the poor an assortment of diseased, defective, and incapable as inmates, with frequently, "dishonest or wasteful management of the funds; culpable stinginess on the part of the appropriating power, resulting in inadequate or unhealthful food, lack of proper buildings, heating apparatus, clothing and so forth; insanitary conditions, including dirt and vermin; and finally, actual cruelty, resulting from either brutality or neglect on the part of officials in charge."³ An aroused public consciousness, and more to the point, increasing efficiency in state departments of public welfare, are doing much to correct these conditions. The defective are being sent to state institutions for their particular classification, the diseased are being treated, and the almshouses utilized for the care of the poor instead of the previous agglomerations committed

¹ White, R. Clyde, *Administration of Public Welfare*, American Book Company, New York, 1940, pp. 54-55.

² Warner, A. G., S. A. Queen, and E. B. Harper, *American Charities and Social Work*, The Thomas Y. Crowell Company, New York, 1930, p. 90.

³ *Ibid.*, p. 96.

to them. A significant movement is under way in some states to consolidate the county almshouses into well-equipped, well-superintended and managed district homes for the poor at a reduced cost to the participating counties, and with a most desirable improvement in efficiency and humaneness of operation.

Outdoor relief for the poor, both public and private, is also subject to many abuses. Unless it is intelligently handled by trained personnel, the procedure is more likely to encourage poverty and dependency than it is to help matters. It should be administered through the trained public welfare worker who visits the applicants in their homes, plans with them the family budget, and endeavors, so far as practicable, to rehabilitate the family or the individual to a self-supporting basis. This has become increasingly the procedure with the development of established public welfare administrative agencies, on a state, local, and even to some extent on a Federal basis. Constant and intelligent coöperation between the private agencies, such as the Red Cross and the churches, and the public agencies should prevail, and a record should be kept by the public agency of all cases helped so that each case may be followed, and the treatment made to be as curative as possible.

Under the impact of the severe economic depression of the early 'thirties, the earlier picture has been substantially outmoded, and rearranged. We are told:

Local public welfare organization has been undergoing considerable change in recent years. The need for unemployment relief became so great early in the depression that one state after another had to provide state funds to supplement local budgets. It was to be expected that if the legislature voted money for relief it would designate a state agency to supervise the distribution of funds and also to control in some measure the use of the funds in the local community. States with township government found tremendous resistance to what the trustees, supervisors, and overseers of the poor regarded as encroachment upon their traditional prerogatives. When federal relief funds became available in 1933, they were advanced to state agencies, and the state agencies were obligated to guarantee the proper use of the funds. The Social Security Act authorized large sums of money for public assistance, provided the states adopted appropriate legislation and among other things could guarantee that the measures would be in operation in all political subdivisions of the state. In order to comply with Title IV of the Social Security Act it was necessary for the legislature to remove what had been known as mothers' pensions from the jurisdiction of the juvenile

courts and put its successor, aid to dependent children, into an administrative agency. The counties have been subjected to a degree of supervision by the state which is new to them. There was opposition by local leaders, especially those connected with political organizations, but the necessity of having the money which was available usually overcame other scruples.

The most important changes in public welfare organization in recent years have been federal. They are important both because of the volume of services provided and because of the effects upon state and local organization. The Federal Emergency Relief Administration, the Civil Works Administration, the Farm Security Administration, the Works Progress Administration, the National Youth Administration, the Civilian Conservation Corps, the Social Security Board, the expansion of the Children's Bureau, and finally the grouping of some of these and certain other agencies under the Federal Security Agency have been developments in Federal public welfare organization of the greatest importance. Some of them have come to an end, but many of their functions have been assumed by other agencies. There is still inadequate coordination of the new Federal agencies. The Children's Bureau remains in the Department of Labor, the Civilian Conservation Corps is in the Federal Security Agency, and the Farm Security Administration is in the Department of Agriculture. Various proposals have been made by the President and in Congress for the establishment of a Federal Department of Public Welfare which would draw these and other public welfare agencies into a single department of the Federal Government, and some progress was made in 1939 when by executive order the Federal Security Agency and the Federal Works Agency were created. It remains to be seen what department or departments of the Federal Government will be responsible for the administration of public welfare services during the next decade.¹

5. SOCIAL CONTROL OF MENTALLY DEFICIENT

It is now recognized that many forms of insanity are curable, and especially so if detected sufficiently early. Instead of mental disorders being considered a disease of adult life, now it is known that the condition develops over a period of years, frequently beginning in youth. The science of mental hygiene has evolved, and modern medical schools today are giving emphasis to this work in the training of the medical profession. Hospitals have their psychiatrists, and take care of the mentally as well as the physically ailing. In some states, the state hospitals for mental diseases now have special departments for the incipiently mentally sick, where such a person may be restored to health without the necessity of a formal commit-

¹ White, R. C., *op. cit.*, pp. 51-52.

ment, and the stigma occurring from having at one time been adjudged insane.

The elements of a sound system of care and treatment of the insane in modern society are thus well summarized by an outstanding student of public welfare:

1. The process provided by law for apprehending and providing immediate custody for insane persons should be as expeditious and easy of application as can be found consistent with obvious safeguards of the rights of the individual.

As insanity is the manifestation of a disordered personality rooted in the brain and nervous system, requiring expert knowledge and long experience in the diagnostician,

2. The determination of insanity should be made only upon a finding of competent medical experts. This should be made legally regular through a final decree by a court of law, based upon such medical finding. The process of jury trial offers nothing in the way of safeguards of liberty and is stupid as regards the diagnosis.

Since the care, custody and treatment of insane persons involve deep problems of medicine, and require the personal custody of thousands of individuals in any single jurisdiction,

3. The process of care should be headed up in a system dominated by the largest unit of government, the state. The problem is uniform. The exigencies of local financing, local politics, local ignorance of the subject matter, multiplied by scores or even hundreds of county and municipal units, should not be permitted to render the making of major policy impossible and the system impotent. Unification is the only alternative, and this means a state system as against county or town leadership. It means also the ownership and conduct of institutions by the state to the exclusion of municipalities and counties.

Because insanity is the outward expression of a profound complex of disorders,

4. The treatment of insane persons should follow the principles found valid in the treatment of other ailments—sound medical application; therapeutic occupation; pleasant, beautiful surroundings; and kindly nursing. In general this means non-restraint methods as opposed to the shackles, straight-jackets, muffs, and cribs of earlier days.

Knowing insanity to be so highly destructive of social values, it is not enough in the social economy of the future to wait until a condition of insanity comes about and then to seek to repair the damage as best we may; hence,

5. The present movement to encourage the voluntary patient to come to the psychopathic hospital furthers prevention and should be encouraged and greatly extended: and

6. Methods and processes of examination of individuals in public custody or in governmental contact, in order to detect mental disorder or incapacity, should be pursued. Finally,

7. Research into the medical aspects and social results of mental disorders should be pursued persistently and constantly in order that the sound course in the furtherance of the public welfare may be foreshadowed.¹

Dr. Walter E. Fernald, a leading authority on mental deficiency, says on the subject of feeble-mindedness that it is

the synonym of human inefficiency and one of the greatest sources of human wretchedness and degradation. The past few years have witnessed a striking awakening of professional and popular consciousness of the widespread prevalence of feeble-mindedness and its influence as a source of wretchedness to the patient himself and to his family, and as a causative factor in the production of crime, prostitution, pauperism, illegitimacy, intemperance and other complex social diseases.

And again:

The social and economic burdens of uncomplicated feeble-mindedness are only too well known. The feeble-minded are a parasitic, predatory class, never capable of self-support or of managing their own affairs. The great majority ultimately become public charges in some form. They cause unutterable sorrow at home, and are a menace and a danger to the community. Feeble-minded women are almost invariably immoral and if at large usually become carriers of venereal disease or give birth to children who are as defective as themselves. Every feeble-minded person, especially the high-grade imbecile, is a potential criminal, needing only the proper environment and opportunity for the development and expression of his criminal tendencies.²

This is a severe indictment, perhaps too severe, but the larger part of it holds with tragic truthfulness. How may the condition in human society be remedied? It was formerly thought that if every feeble-minded individual might be sterilized or segregated during his or her lifetime in an institution where procreation would be prohibited, feeble-mindedness would be eliminated. But segregation and institutionalization are too expensive for modern governments on such a scale, and sterilization has many practical difficulties. Studies of the inheritance of feeble-mindedness show that it is a

¹ Kelso, R. W., *op. cit.*, pp. 307-308.

² Fernald, W. E., in S. P. Davies, *Social Control of the Mentally Deficient*, The Thomas Y. Crowell Company, New York, 1930, pp. 92-93.

complicated matter, and not one of simple Mendelian heredity as was at one time supposed. Yet these are the two most practical remedies yet devised, and both are being applied in progressive states in varying degrees. The constitutionality of a sterilization law in Virginia has been upheld by the United States Supreme Court, Justice Oliver Wendell Holmes writing the decision, and remarking in that connection, "Three generations of imbeciles are enough." California has had since 1909 such a law which has been operating extensively and satisfactorily for a number of years. Much enlightenment on the part of families concerned, and of taxpayers, is necessary before such a program may be developed as effectively as it needs to be.

A comprehensive program for handling the problem of mental deficiency is outlined by Kelso as follows:

1. Mental defectiveness must be recognized as a community problem to be met by the whole community through its largest unit of government, the state.

Starting with this premise, the next step should relate to the identification of the feeble-minded.

2. There should be set up a state census and continuing registration of mental defectives. Through schools, mental clinics, psychiatric examination of prisoners and all other reliable channels, each feeble-minded person should be found and recorded.

3. Constant intensive social research should be carried on in order to identify defective hereditary strains with a view to providing a factual basis for that growing public opinion which may, in time, be counted upon to demand the cutting off of such strains in the defense of the common welfare.

4. Public institutions for care, custody and training should be established, to serve as resources for the careful vocational training of those persons who appear capable of full or partial self-support without menacing the public well-being through crime or the breeding of more defectives. But the principal function of such institutions must be the segregation of hereditary defectives to prevent procreation. No hereditary mental defective should be permitted to procreate.

5. Such institutions should develop farm colony extensions for the training of defectives in unskilled labor suitable to their abilities at a minimum cost to the public.

6. Defective delinquents should be segregated for separate custodial care in special institutions. This for purposes of safety and economy.

7. The state, through a department or bureau for the feeble-minded, should provide psychiatric clinics in all local districts, making

it practicable for the public to secure expert examination of all persons suspected of mental defectiveness. Institutions for the feeble-minded should be made the headquarters of this network of clinics.

8. Every person coming to public custody through crime of a serious nature or for misdemeanor often repeated, should receive a psychiatric examination, and if found defective, made the subject of further proceedings to protect society as far as may be advisable.

9. Every person, male or female, suffering from venereal disease and convicted of prostitution or illegal sex relation, should be examined, and if found defective placed in charge of the state department for custodial care or such other dispositions as may safeguard the public from further harm.

10. A process of examination under the supervision of state psychiatrists should be carried out in all public schools in connection with a process of special instruction for all children found to be markedly backward in their grades. A school visitor should relate the findings of those school examinations to the parents, encouraging their coöperation in protecting the child and recognizing its probable limitations. It is essential that the feeble-minded person should be recognized while he is a child, before his career of potential community damage begins, and while he can be helped, if ever.

11. No feeble-minded person, especially of the non-hereditary group, who can in the opinion of the state department be kept safely in the community, should be placed in an institution except for a course of training preparatory to a life occupation.

These principles, in substance, involve two main steps, namely, preventing all feeble-minded persons from procreating and providing kindly care, in custody where necessary, in the community where practicable, salvaging as many for self-support as possible. The present state of public sentiment will not support the first of these proposals, and is coming slowly enough to agree to the second. But the better social sense of the future will support both—must out of social necessity support both. Man with his increasing knowledge of himself and the world in which he must live, is driven in time to this only course as a protection to Society. Only by so doing can he combat those social ills which beset him with increasing power to destroy him.¹

It is estimated ² that there are at least 1,000,000 persons in the United States so feeble-minded as to need special care and supervision. It has been found that birth rates among families habitually living on public charity are often 50 per cent higher than among self-supporting families. In California, the families that contribute

¹ Kelso, R. W., *op. cit.*, pp. 328-330.

² The data given in this paragraph are secured from a pamphlet, *Human Sterilization Today*, Human Betterment Foundation, 325 Security Building, Pasadena, Calif. 1941, pp. 2-8.

children to the state homes for the feeble-minded are multiplying about twice as rapidly as the rest of the population. Comparatively few of the feeble-minded are placed in institutions, but their presence among the population is unfair both to them and the public. Moreover, the number of insane persons in hospitals is increasing with each year that passes. Not more than 500,000 are in the hospitals at any one time, but the turnover is rapid, 95,000 new admissions being reported each twelve months. It is estimated that around 5 per cent of the population of the United States, or 6,000,000 individuals, will at some time during their lives be legally committed as insane. Additionally, there is another 5 per cent who break down nervously to a degree sufficient to prevent them from carrying on their regular work, but who are not committed to hospitals by the courts. As of January 1, 1941, there were 29 states with eugenic sterilization laws, and up to that date, in total 35,878 sterilizations had been performed. California led with 14,568 of these; Virginia ranking second with 3,924; Kansas standing third with 2,404; and Michigan fourth with 2,145.

A compact analysis of the major phases of the sterilization problem is presented by White, in the following words:

The community and the state are concerned not only with the ability of the defective to support himself but also with the possibility that he (and more often she) may have children who will be dependent because of the parent's limited ability to support them or because of the low mentality of the children. It was pointed out above that mental defect is probably due to heredity in only about half the cases, but whether the condition of the patient is due to hereditary weaknesses or to environmental causes he is as incapable of taking care of himself economically and socially in the one case as the other. Few would object to the sterilization of mental defectives who inherited their defect, but more would hesitate in regard to persons whose defect had only environmental causes. Since less than one fourth of all mental defectives discharged from institutions are expected to be fully self-supporting and a smaller proportion still would be able to support a family, it would probably be an advantage to the state to have all of them sterilized. That, however, is not necessary, because the idiots do not reproduce and very few male imbeciles ever have children. Popenoe has also observed that only a small proportion of the male morons reproduce or show interest in the opposite sex, and he believes that if the state policy such as exists in California is to prevent reproduction of defectives, only a few carefully

selected males need be sterilized. On the other hand, illegitimacy and dependency would be reduced in the community by sterilization of all female imbeciles and morons.

Sterilization by the relatively simple operations of salpingectomy in the female and vasectomy in the male prevents reproduction but does not alter secondary sex characters. Some have feared that, because the danger of pregnancy is removed after these operations, the sterilized defectives would become promiscuous in their sex relations and spread venereal disease. Popenoe gave particular attention to this question in his follow-up study of persons who had been sterilized under the California law. He found hardly any evidence of it among the males, and among the females only about 8 per cent had shown a marked tendency toward sexual promiscuity. If the female is kept in the institution until she has passed adolescence and has had a carefully organized training experience, she is likely to show little tendency toward sexual misconduct.

The case for sterilizing all defectives who are likely to reproduce does not, therefore, rest upon proof in each case that mental defect is due to poor heredity. Mental defectives are a social and economic liability to the state, and if they have children, whether defective or not, they are more than likely to be liabilities to the state, because in any case they would have to grow up in a home that in most cases is poor from every point of view. Sterilization of a limited proportion of mental defectives is a means of preventing dependency and the unnecessary multiplication of squalid homes.¹

QUESTIONS

1. What is the justification for the statement that a civilization may be judged in considerable measure by its attitude toward and its treatment of its unfortunate classes, and its efforts to ameliorate such conditions?
2. Distinguish between "germinal heredity" and "social heredity."
3. To what general extent ultimately may we expect the science of public welfare to eradicate poverty, defectiveness, and delinquency from the social order?
4. Compare the wealth and income of the farming classes with that of the city population.
5. Describe the results of the study in Virginia as to the income and wealth accumulations of rural-born of the same educational and social levels, a part of whom remained in the country and the other part migrated to the city.

¹ White, R. C., *op. cit.*, pp. 244-245.

6. What does Galpin consider to be the first great advantage of farming and why? Give the limitations of this point of view.
7. Discuss the general adequacy of farm incomes in the United States, and the proportion of farm families living at poverty levels of existence.
8. Describe the relief load among farmers in the economic depression of the 1930's, and compare it with the corresponding situation in cities and villages.
9. Name the six principal rural problem areas in the United States, briefly summarizing the causes underlying the relief situation in each of them and suggesting methods for permanent rehabilitation.
10. Which produces more criminals, the country or the city? How do farmers compare with other classes of the population in the frequency of the more serious offenses? In the offenses against person and against property?
11. Summarize the factors which make for the greater urban criminality.
12. Give the situation with regard to the comparative prevalence of insanity in the country and in the city. Account for these conditions.
13. What does the statistical evidence show as to the comparative extent of feeble-mindedness in country and in city? In which environment would a feeble-minded person find more favorable conditions for survival and procreation?
14. What is the recognized obligation of society toward the individual who through no fault of his own finds himself in want and without ability to help himself?
15. Contrast the earlier methods of meeting this situation with those developed under the impact of the severe economic depression of the 1930's.
16. To what extent is insanity curable? Give the provisions which the science of mental hygiene has brought about in progressive states for the detection and treatment of the incipiently mentally sick.
17. Enumerate the principal elements of a sound system of care and of treatment of the insane in modern society.
18. Explain the significance of the statement to the effect that "feeble-mindedness is the synonym of human inefficiency and one of the greatest sources of human wretchedness and degradation."
19. Outline a comprehensive program for handling the problem of mental deficiency.
20. Describe the situation in the United States with regard to insanity and feeble-mindedness, in this connection discussing the possibilities and limitations of sterilization as an ameliorative measure.

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CHAPTER XX

RURAL COMMUNITY ORGANIZATION

Much hairsplitting definition of the word "community" has been engaged in by sociologists in recent years. Some clarification has been the result, but the term has been found sufficiently broad in its meaning and customary usage to include a wide range of application to human groupings. Our English word "community" is derived from the Latin word *communitas*, and Webster defines it as "a body of people having common organization or interests, or living in the same place under the same laws and regulations. Hence, an assemblage of animals or plants living in a common home, under similar conditions of environment, or with some apparent association of interests." Thus the term may be used correctly in characterizing a comparatively small group living in Sweetwater Valley, or it may apply to the metropolitan center of New York, the commonwealth of Virginia, or the United States as a whole; for the dictionary definition continues "society at large; a commonwealth or state; a body politic; the public or people in general; used with the definite article; as, the interests of the *community*." We often hear the term applied to the world as a community, and according to definition such usage is correct.

One of our students of community organization states that the efforts to limit the use of the term *community* to groups that are properly organized and efficient is an interesting intellectual task, but too far removed from current practice to have any great value. He tells us that

perhaps at the present time the best that can be done is to recognize the prevailing uses of the term community and to endeavor to avoid ambiguity by the use of descriptive words, as for example, rural community, urban community, immigrant community, or industrial community. This, at least, seems to be necessary for the student of community organi-

zation since this latter term is quite generally applied to such diverse units as the rural school district and large urban areas.¹

1. THE RURAL COMMUNITY

When the concept of community is delimited to its rural implications, the problem of characterization is considerably simplified. It is not difficult for those conversant with rural life as it is grouped into neighborhoods to understand what Cooley meant by a "primary group." This authority thus defines the primary group: "By primary group I mean those characterized by intimate face-to-face association and coöperation. They are primary in several senses, but properly in that they are fundamental in forming the social nature and ideals of the individual. The result of intimate association, psychologically is a certain fusion of individuals in a common whole, so that one's very self, for many purposes at least, is the common life and purpose of the group."²

The family is of course the best example of a primary group, and this applies in both country and city. The agricultural neighborhood is also characterized predominantly by face-to-face associations and is also to be considered a primary group. In the early settlement of the United States the neighborhood was the principal unit in the social organizational pattern of farm people. With the extensive emergence of village or farm trading centers this primacy has given way to the community centering about such larger units. Although neighborhoods are not so important socially in most parts of the country as they formerly were, their existence and influence are still potent factors in country life. Sanderson and Polson view the rural neighborhood "as a restricted locality whose few families are known to associate more closely with each other than with groups outside the area."³ It may be centered around a church, a school, a store, a mill, or something of that nature. Kinship of families in it is in many instances an important delimiting factor. The neighborhood is characterized by closeness of association among the families composing it, and too, by the fact that in this commercial age it is not very self-sufficient, supplying only one, or

¹ Steiner, J. F., *Community Organization*, D. Appleton-Century Company, Inc., New York, 1925, p. 18.

² Cooley, C. H., *Social Organization*, Charles Scribner's Sons, New York, 1909, p. 23.

³ Sanderson, Dwight and Robert A. Polson, *Rural Community Organization*, John Wiley & Sons, Inc., New York, 1939, pp. 53-54.

a few at the most, of the services and institutions required by its people. It is necessary that they travel to some rural community center to secure these. Kolb defines the neighborhood as "that first grouping beyond the family which has social significance and which is conscious of some local unity."¹ He found more than one hundred neighborhoods in Dane County, Wisconsin, when he surveyed the situation there several years ago, asking the people in different parts of the county: "By what name is the country neighborhood called in which you live? We do not mean the name of the township nor the name of the nearby village or city, nor even necessarily, though it may be, the name of your district school, but we do mean the name of the country locality or neighborhood in which your home is located. Some such names in the country are Albion Prairie, Spring Valley, Pierceville, Springfield Corners, etc." The relative ease with which these neighborhoods are located, and the bases upon which they have originated are better understood after reading the following excerpt from the study:

It has been suggested that going out in an agricultural district to find groups was like trying to find "the beaten tracks on the open deep." No such difficulties were experienced, for everywhere there was evidence of group life and activity. After a few days in the field, enough to whet one's sense, the social "water sheds" could almost be recognized as one passed along the road stopping every now and then to visit or to ask a few non-committal questions.

One hundred and twenty-one groups of rural people have been represented within neighborhood geographic boundaries and they have beside the criterion of local consciousness of unity, the one common objective characteristic of a group name. This name may stand for as many different things as there are groups or it may stand for a number of differing bonds within the one group. For the sake of getting at bases for discussion, these various possible meanings were classified under seven heads termed functions, as follows: economic, educational, kinship, local government, nationality, religious, and social. It was found that 95 of the groups could be located within this classification and 26 for one reason or another were practically without designating factors, that is, were decadent or as it might be expressed, they were present-day names but for traditional groups. About each village or city was found a grouping or focusing of the open country life toward this center. Sometimes a rural consciousness as distinct from the village was found and

¹ Kolb, J. H., *Rural Primary Groups*, Research Bulletin 51, Agricultural Experiment Station, University of Wisconsin, Madison, 1921, pp. 5-6.

sometimes, especially with the smaller centers, there seemed to be a blending over until no boundary could be distinguished.

These groups owe their original existence to a number of different factors or their combination such as topography and original vegetation, nationality bonds, religious purpose, the migration from a common place of residence and economic or social purposes. Again these groups are changing things. Only 18 were found in which changes were not easily recognizable. These changes are partly to be explained on the basis of shifting population, modification of institutional arrangements and leadership, and in improvements in means of communication and transportation.¹

With the agricultural neighborhood fairly well defined, it is pertinent to inquire what is meant by the rural community as the next step in the increasing complexity of rural social organization. Sanderson and Polson thus define a rural community: "A rural community is that form of association maintained between the people, and between their institutions, in a local area in which they live on dispersed farmsteads and in a village which is the center of their common activities."² The essential elements of this definition are that both farm and village people compose the community; that the boundaries of it are determined by a common center of services, activities, and institutions; and that the real community, viewed sociologically, is the *form of association*, pattern of behavior, or psychic interaction occurring between the people and their institutions within the local area concerned.

A study of community organization in two Maryland counties lists eight factors by which to identify a rural community. Briefly stated, these are: "(1) a common area, (2) a sense of belonging to the area and groups within the area, (3) relative self-sufficiency, (4) group social control, (5) formal social organizations, (6) institutional activity, (7) less frequent and less intimate contacts with fellow community members, and (8) a clustering of neighborhoods about a larger center which is used in common by all the neighborhoods."³

A good many years ago, Galpin studied intensively what he called

¹ *Ibid.*, pp. 66-67.

² Sanderson, Dwight, and R. A. Polson, *op. cit.*, p. 50.

³ Dodson, L. S., D. Ensminger, and R. N. Woodworth, *Rural Community Organization in Washington and Frederick Counties, Maryland*, Bulletin 437, Agricultural Experiment Station, University of Maryland, College Park, 1940, p. 109.

the rural "borough." That unit of rural socioeconomic life is "characterized by the inseparable connection of a particular land foundation with a particular business center. Within this unit farmer and townsman are inseparable, in actual life and labor."¹ He devised techniques for determining the boundaries of these rural boroughs, which are now recognized as rural communities. In his own words, the procedure was as follows:

An up-to-date atlas of the county in which the community lies, will show by dots or small squares the location of every farmhouse in the county. For convenience, transfer upon a single large sheet of paper that part of the atlas map concerned, in such manner as to locate at the center the trading village or small city which is to be the business center of the community, and so much of the contiguous farming territory as will reach nearly, if not quite to each adjoining business center, in every direction. This map with farm homes spotted and numbered, all highways accurately placed and township lines included, will form a tentative or trial map—obviously a good deal larger than the area of the actual borough in question.

A card index of the *present occupants* (not necessarily the owners) of each farmstead located on the map should be obtained. This will require systematic inquiry, persisted in till the last name is obtained. It will require one person's time for a week to obtain this card index properly numbered and arranged for a territory of a hundred square miles. The sources of information are physicians, livery men, real estate men, ministers, bankers, and the like, living at the trade center. The telephone will help out in cases. A few scattered farms may require visiting to make the index absolutely complete.

For ease in handling, and for accuracy, these names should be typewritten on uniform cards properly numbered and arranged by townships, sections, or other well-known districts. In fact, if these cards are printed, with blank space for name of farmer at the top and then in a column on the left with such words as *banking, trade, shipping, paper, library, high school, church*, and the like, the card index may serve the double purpose of determining the map of the borough, and later of recording useful details.

The next step is to take the trial map and card index to the principal merchants of the business center and, considering each farmer's card separately, ask whether this farmer's family trades regularly in this business center. Check all names that do so trade here. Repeat the process with bankers on the simple subject of *banking*, not going into any details such as deposits or loans. Repeat with the freight agent, newspaper, library, high-school principal, each clergyman, and so forth.

¹ Galpin, C. J., *Rural Life*, D. Appleton-Century Company, Inc., New York, 1918, p. 98.

When the card index is completely checked, the trial map and the checked index contain the essential facts for making the final map of the rural community.

The last step which cuts down the trial map to the actual map is simply mechanical. For determining the trade map, stick a pin in every farmstead dot which you find checked in the card index. Run a thread around the outside pins. Draw your boundary along the thread. The result will give you the trade community. Repeat the process for the banking community, shipping community, paper community, library community, high school community, church community, etc.

As business is the basic principle of the borough, the trade community map will be accepted as the basic community area. The other communities may be assumed to be as yet not fully developed, and it will become the function of persons most interested to make the incomplete communities coincide with the basic trade community.

The second way of making the final map is to put the question direct to each farmer living in the area of the *trial map*, "Where do you go to do the most of your trading?" The answer of each farmer forms a *bona fide* basis in connection with the foregoing card index, for finally tracing out the actual boundary of the borough. The latter method, though tedious and most easily employed through the medium of the country schools, can be carried out. The two methods produce approximately identical results. Tradesmen know their customers. Bankers have their records, newspapers their subscription lists, clergymen their membership lists, high schools their rolls and records. Fact, not opinion, is the outcome.

Half-way between two business centers a narrow strip of farmsteads all around a borough will divide their trade and other interests between the two centers. Close inspection, however, goes to show that this aspect is fairly negligible in actual map making.¹

Once the community is delimited with reasonable accuracy, the basis for much constructive planning and further study is made possible. Such a community is not an arbitrarily determined one according to lines laid off by the surveyor's compass, but constitutes a more nearly natural community with a greater similarity of interests than the customary school district, township, or other arbitrarily determined political unit. Several variations and simplifications have been made of the Galpin technique, all based upon the natural community which he sought to isolate for study. These have been widely used in determining the effectively and harmoniously working personnel of community land-use planning committees, and other similar agencies for the administration and promotion of state and Federal agricultural programs.

¹ *Ibid.*, pp. 338-340.

2. THE NEED FOR COMMUNITY ORGANIZATION

Every person who has undertaken almost any sort of community improvement effort in rural areas has found that to work through existing organizations, feeble though they may be, has been the most effective approach. Where the organizations have been many, and vitally functioning, the success of the undertaking has been greatly enhanced; and where such agencies have been lacking, which is often the case, it has been necessary to set up some sort of organization so that the objectives might be attained. The farm- and home-demonstration agents through such agencies as farmers' clubs, homemakers' groups, and the 4-H clubs have found the reach of their valuable lessons multiplied many times as a result. The statement can be ventured that the efficiency of such workers can in considerable measure be gauged by the extent to which they have made their work one through organizations rather than that of rendering individual service to the farmer or housewife.

The physical isolation characterizing the environment of most of rural America, together with the nature of the farming occupation, have bred in our farming classes the trait of individualism to an unhealthy degree. However, farming as a business has found that in order to secure anything like equality of treatment with the manufacturing interests it must organize coöperatively its marketing phases. Also, it is becoming apparent that an important function of such organization is that of controlling the extent and nature of production, if the proper adjustment of the supply and demand factors entering into favorable prices is to be brought about. Increasingly, we are finding such needs taking form in organizations of various types.

Today we have come to realize as never before some vision of what can be accomplished through community planning for the symmetrical progress of natural and political units. While some communities may be severely lacking in organized effort, many others have a large number of societies, clubs, and associations each working with little regard to the tasks which have been set by the others. The result is that there is a great deal of wasted effort which might be valuably conserved and properly directed; there is much overlapping and duplication; a great deal of prejudice and cross

purpose prevails which often exerts a disorganizing effect; and in more cases than not, there is almost no intelligent, systematic planning of what is to be accomplished by the group. These things strongly indicate the need for some coördinating, unifying organization through which the various special interest agencies may clear in a friendly, understanding way to promote well-rounded development in the community as a whole. If, as many students of the subject believe, the chief rural problem of today is that of socializing the country people, then not haphazard, but well-directed community organizational effort is a matter of fundamental concern and the principal means of achieving this desirable end.

Sanderson and Polson¹ consider that the broad "aim of community organization is to develop relationships between groups and individuals that will enable them to act together in creating and maintaining facilities and agencies through which they may realize their highest values in the common welfare of all members of the community." The specific objectives sought through community organization they give as follows: (1) To obtain consciousness of community identity, or in other words to facilitate the process of community integration and solidarity of interests; (2) to satisfy unmet needs of the community; (3) to obtain social participation as a means of socialization; (4) to obtain social control through engendering community spirit and loyalty; (5) to coördinate groups and activities, so as to avoid conflict and to secure efficiency and coöperation; (6) to protect the community from the introduction of undesirable influences or conditions; (7) to work with other communities and agencies in order to obtain common needs; (8) to establish a means of obtaining consensus, or a common understanding and agreement concerning the affairs of the community; and (9) to develop leadership under which the community can act. MacIver is of the opinion that the best measure of the organization in a community is the degree of its socialization. In this connection, he says that

the better a community is organized, the more it serves the needs not only of its adult individualities but also of its potential members. When a community is so organized that not the family alone but all associations

¹ Sanderson, Dwight and Robert A. Polson, *op. cit.*, pp. 76-83.

within the community contribute their full respective shares to the formation of new individualities no less than to the expression of those already formed, then socialization may be said to be complete and individualization advanced to the highest capacity of its members.¹

3. UNIT OF ORGANIZATION

In a consideration of community organization in rural sections a great deal of discussion² has been devoted to the size of the unit which can be most effectively organized. The small school district, the consolidated school district, the township, the trade area, and the county each has advantages for certain types of activities.

The *small school district* has been characterized as "America's smallest democracy." Very often its extent roughly coincides with an agricultural neighborhood as previously defined, and its population has many common ties of interest, and frequently of blood relationship. Taking the nation as a whole, there are many of these small school districts which are real, effective socioeconomic units. This is particularly true in the organizational life which has the advantages of county and state leadership in the planning of the work of the local unit—boys' and girls' clubs, farm and home demonstration groups, etc., finding a homogeneous clientele in their economic and social problems. But the school district has its serious deficiencies in the matter of community organization. It functions best in the more isolated, thinly settled community. Even there we do not find a richness of variety in the population composition, the social contacts, or the economic concerns to make for a satisfying and progressive organizational life. Too frequently, the people will unite over the school, but divide over almost everything else, and the special-interest groups are not large enough to provide a basis for successful organization.

The *consolidated school district* is a much more satisfactory area for organization. Many states now set legal minimum requirements as to taxable property values in the consolidated area, the school population, the distance the children must be transported, and similar matters. These considerations provide a much larger community with a wider range of interest to function through the con-

¹ MacIver, R. M., *Community*, 2d ed., Macmillan & Company, Ltd., London, 1920, p. 230.

² Hayes, A. W., *Rural Community Organization*, University of Chicago Press, Chicago, 1921, pp. 21-96.

solidated school as an organizational center. Moreover, the consolidated school is perhaps more frequently located in the village than in the open country, and it is well that this is the case. In spite of animosities sometimes engendered in the consolidation process, which by the way are usually rather quickly healed, the schoolhouse is a nonpartisan community center in a very real sense in American rural life. Much has already been realized in building community organization up about it, but still more needs to be done along these lines when rural community organization has become a better ordered field of human experience.

The *township* finds in the New England states its largest expression as a unit of organization. In that section of the nation, from earliest days the civilization has been built up about the town as a natural center. Local government partakes of the township pattern. Although there may be a number of neighborhoods within the township, it is traditional that their interests should blend in the larger community or township program. There are many instances in the New England states where the township is just about as satisfactory a unit of organization as can be found, but unfortunately this is not true in other parts of the nation.

The town and its *trade area* represents in other sections of the nation an approximation to the New England township unit. It is in large measure a natural community, but is generally held together by no governmental ties such as have always characterized the New England township. Ideas of the new rural municipality have been advanced in which such would be the case, but rearrangements of long-existing culture patterns in our political life will prove slow in their consummation. A great deal of town-country antagonism exists, which is largely a result of misunderstanding on the part of both town and country people. Much of this can be allayed when the town ceases to face so largely to the cities for pattern and ideals, and comes to realize that its welfare depends upon that of mutually beneficial relationships with its rural hinterland. These factors are emphasized in a succeeding chapter of this volume dealing with small towns. As a matter of fact, a great deal of the organizational life of rural communities today already centers about the village, and it is the opinion of many of the leading authorities in the rural field that it is wholesome that such should be the case to an increasing extent. About the

most natural basis of community life in rural America is the small town, and its surrounding trade area. The effectiveness of community organization established on this basis is becoming increasingly recognized. An agricultural experiment station bulletin has the following to say concerning the significance of the rural community and neighborhood for extension work and land-use planning:

The findings have pretty definitely established the existence of natural communities in the counties studied. The area occupied by these social units, called communities, extends several miles out from the community center. In these units of society the people of the village center and the surrounding open country were found to be functioning together in the satisfaction of such basic needs as commerce, education, religion, fellowship, recreation, public health and public welfare. Since man is a gregarious being one of his strongest urges is to congregate and organize for the purpose of realizing the fulfillment of some of these needs. The rural community seems to be a natural grouping occupying somewhat of an intermediate position between the simpler organization of the neighborhood and the more complex organization of the city. The distinctive position of each of these three social groupings seems to be pretty well established in the counties studied. Each has its place and performs a distinctive function.

The county extension staff, consisting of from two to four persons in each Maryland county, is in a peculiarly favorable position to guide rural organization. The staff's counsel is sought on many matters pertaining to social organization. It is obvious that the more clearly the structure and functioning of the rural communities is understood by the staff the better able it will be to respond to the requests for sound advice on rural organization.

The degree of community organization is determined by the ability of the community to arrive at a consensus and act in concert in the face of a common problem. If careful scrutiny of the history of the community reveals no instances where consensus and common action have been demonstrated it cannot be said that the community has achieved a high degree of organization. The presence of many special interest groups may or may not contribute to community organization.

It is especially valuable in agricultural planning for the State and County Planning Committees and extension staff to have readily available the most accurate information possible on the degree of organization of the communities in the counties, judged on the basis of the communities' past behavior in the face of common problems. The communities individually probably have faced common problems with a common mind and common action. Such problems may have dealt with the schools, roads, transportation, civic improvements, social and eco-

conomic planning, or any number of community activities and projects. The past behavior of a community provides an index as to what the future action of the community may be. Such information is invaluable in carrying forward educational, organizational, and planning functions in the communities of the counties. Since natural communities have already been shown to exist it would seem to be the part of wisdom to take full advantage of the opportunities which they offer for educational and planning work.

It is obvious that if the rural community is to be used as a basis for educational, planning, and operational functions it is necessary to know where the center, the area, and the boundary of each community are located as well as to know something of its organization. One of the primary purposes of this study is to provide accurate information on these matters in the communities studied.

Now that the location, area, and boundaries of the rural communities of Washington and Frederick Counties have been found, these groupings can be used not only by the Extension Service but by any of the agricultural agencies operating on a community basis. Land Use Planning, the Agricultural Conservation Program, and the Farm Security Administration all use community groupings in doing their work. It is believed that the use by all agencies of the communities herein defined would be a decided step in the coördination of agricultural effort in the counties.¹

Many organizations, primarily those related to larger ones, state and national in scope, function with the *county* as a convenient unit. The farm- and home-demonstration work, the county public health unit, the public welfare unit, and the Red Cross are examples. The county is usually sufficiently large in area so that the overhead costs of organization are less prohibitory, and, too, some of these agencies derive a part of their support from the county budget. If the activity is so planned that it reaches the more isolated parts of the county, which is often not the case, for many phases of the organizational life of the rural sections the county is an effective area over which to operate.

4. RURAL COMMUNITY BUILDINGS

There seems to be a growing tendency for rural communities to construct community buildings to house the activities of the various organizations of the community. "Some communities have rooms in stores or in school buildings; occasionally they have a borrowed building. But many have no space at all. A country community particularly needs a community building, for families are more

¹ Dodson, L. S., D. Ensminger, and R. N. Woodworth, *op. cit.*, pp. 159-161.

scattered there than in a city, and it needs organizations and planned meetings for social and recreational purposes and for the discussion of community affairs." ¹ Such an arrangement has much to commend it. A schoolhouse is often a drab sort of structure when its newness has worn off, and the most of them are not well adapted to attractive club gatherings of various sorts. The churches suffer from many of the same physical defects, and besides, denominational lines are often limiting factors to community-wide sentiment.

A mere catalogue of uses to which such community buildings are put is not a very thrilling sort of thing; but it does reveal in a rather clear manner just how advantageous such an adequately financed and kept building may be. In a study by Nason and Thompson of some 256 such buildings in different sections of the United States, the following uses were found to be made of rural community buildings:

Economic: Canning demonstrations, boys' and girls' club work, domestic science, agricultural society meetings, fairs, cafés, cafeterias, farmers' institutes, and coöperative purchasing and marketing activities.

Educational and recreational: Lectures, moving pictures, night schools, entertainments, billiards, pool, bowling, table games, reading room and library.

Social: Dancing, banquets, suppers, club meetings, socials and parties.

Athletic: Baseball, basket ball and tennis.

Political: Political meetings and elections.

Hygienic: Nursery, welfare work, and rest rooms.

Religious: Union church work.

Gymnastics: Activities of the gymnasium.

In addition to the organizations already mentioned as using the buildings, the following were also found: Parent-teacher association, commerce club, board of trade, women's club, county agricultural society, town board, Daughters of the American Revolution, Young Men's Christian Association, Young Women's Christian Association, Woman's Christian Temperance Union, Grange, Farmers' Educational and Coöperative Union of America, Society of Equity, choral society, athletic association, various fraternal organizations, Farmers' League, art club, driving association, hospital corps, Young People's Christian Association, industrial club, dairy association, civic association, fire department, poultry association, men's club, relief society, ladies' aid

¹ Halbert, [Blanche, *Community Buildings for Farm Families*, Farmers Bulletin 1804, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1938, p. ii.

society, Young People's Society of Christian Endeavor, Sunday school, coöperative marketing association, and county medical society.¹

It should not be necessary to state that such a building ought not be built except after a deliberate study of the needs of the community on a long-time basis, the disposition of the organizations to use it, and the resources of the community to support it. Since such buildings are used principally by organizations, the following trends in organizational life have been found² to affect the success of the enterprise: (1) The longer a club has been organized the more likely it is to be permanent, or to have some similar organization succeed it; (2) densely populated rural communities tend to have a larger number of clubs and other organizations; (3) community organizations having a diversity of activities are usually more stable than others; (4) competent leadership is an important factor in the length of life of any organization; and (5) in general, organizations continue for a longer period of time when they are not in large towns. It has been found that the building designed for many uses and many organizations has a better chance for success if it is well arranged than the one planned for one or two activities, because if one organization fails there is a number of others which will continue.

Such community buildings represent an investment of from \$2,-000 in sparsely settled communities, where considerable amounts of labor and material are often donated, to as much as \$50,000 in the small cities. The structures are financed in a variety of ways: through individual donations, through club or society initiative, through community-wide endeavor, sometimes by the local government, or by a local manufacturing concern. The buildings vary from comparatively simple structures to extensive affairs with accommodations for every phase of community gathering. The maintenance expense ranges from 5 per cent to 10 per cent of the initial cost of the plant in the average community building, the expenditures covering light and heat, water, telephone, and salaries for secretary or physical director, caretaker, and librarian. These funds for maintenance are derived from dues, assessments, rentals, re-

¹ Nason, W. C., and C. W. Thompson, *Rural Community Buildings in the United States*, Departmental Bulletin 825, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1920, pp. 5-6.

² Halbert, Blanche, *op. cit.*, pp. 3-4.

ceipts from entertainments, dances, moving pictures, bowling, and billiards, and in case of publicly constructed buildings, by money coming from the public treasury.

Many of these community buildings have been conspicuous successes in mobilizing and coördinating community organizational effort. They must be upon a sound financial basis to operate permanently and effectively, and this necessitates carefully considered planning, and community-wide support of the undertaking. In estimating the significance of this movement Galpin says that

the community building movement enters the farming situation at a time most opportune. The social and economic life on farm, in farm neighborhood, and in village and small agricultural city is being organized on a community basis; and the great demand in connection with this social and economic development is for an adequate building program, good housing facilities, and expressive architecture. The country-life movement, moreover, which sums up modern thought on the life side of the farm, is a community movement in large part and will welcome the community house as a tangible symbol of rural social unity.¹

5. THE COMMUNITY COUNCIL IDEA

Most rural communities in America have followed the laissez faire attitude with regard to community organizations. Wherever there has been a group which wished to organize about some specific set of objectives or definite interest, they have organized. The result of such haphazard development is often a large number of organizations, many of them duplicatory and conflicting in nature. One has but to list the organizations and alongside the functions of each in almost any community to see how true is this statement. A widely discussed plan to remedy such a situation and to focus the organizational energy upon the symmetrical development of the entire community in all of its interests is the "community-council" idea which has been well outlined by Morgan who tried it out extensively in Massachusetts.

The steps by which such a form of organization is brought about are, in condensed form, as follows:

1. Conference of a Few. [This is a general or preliminary get-together by representatives of each local organization to consider what can be done.]

¹ Galpin, C. J., in foreword to *Plans of Rural Community Buildings*, Farmers Bulletin 1173, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1921.

2. Organization Representatives. [Here is a council which represents the coördination of all local interests for initial action.]
3. The First Work.
 - (a) Bring about a thorough understanding among the various local organizations as to just what each is doing.
 - (b) Take up any specific items of community interest which should receive immediate attention.
 - (c) Call in representatives of county organizations and ascertain in what work they are prepared to coöperate for your town.
4. The First Community Meeting. [Elect chairman and secretary and discuss improvements needed.]
5. Committees. [Appointed if action in foregoing discussion is favorable and may be as follows:
 - (a) Farm production.
 - (b) Farm business.
 - (c) Conservation.
 - (d) Boys' and girls' interests.
 - (e) Community life.]
6. The Second Community Meeting. [It will be an unofficial community gathering to give anyone a chance to object or to offer plans.]
7. Community Plan or Program.
8. Getting Results.
9. Council Meetings.
10. The Annual Community Meeting:
 - (a) Reports should be made of work done by any organization or group during the past year.
 - (b) The council committees should report the working plans for the coming year.
 - (c) The chairman, secretary, and committees for the ensuing year should be chosen.¹

Such a plan has much to commend it. Certainly, its idealism is finely conceived, and its objectives unquestionable. The principal difficulty is in its practical achievement. Most of our American rural communities are organizationally too young to carry forward such an elaborate scheme. No field of rural-life study lends itself better to idealistic planning than does that of community organization, but one requires only a little actual experience along such lines to temper one's enthusiasm, and to make one realize the concretely practical nature of his task. These statements are made not

¹ Summarized by Hayes, A. W., *op. cit.*, pp. 102-103, from Morgan, E. L., *Mobilizing the Rural Community*, Extension Bulletin 23, Massachusetts Agricultural College, Amherst, 1918, pp. 20-25.

to disparage efforts toward the achievement of the community-council method of community planning, but to point out the great difficulties in its way in most of our rural sections.

6. SPECIAL INTEREST GROUPS

One of the studies of rural community organization which throws a vast amount of light on the problem is that of Kolb and Wileden in which they present the results of an intensive case history or life story of 351 special-interest organizations in five Wisconsin counties. This interesting and significant analysis shows that "locality is giving way to special interests as a basis for group organization in rural society today. In this changing process, modern transportation and communication facilities are vital factors. This transfer from locality groups to interest or intentional groups on the part of country people, either voluntary or as a result of skillful promotion, is the key to an understanding of rural organization movements of the present time."¹

It is possible to list the functions around which rural groups function under the general headings of social enjoyment; better farming; helping school and teacher; better business; young people's interests; health and social welfare; home improvement; public and civic affairs; general community betterment; uniting of locals; mutual improvement; and helping church and preacher. The organizations in each of these groups have more or less definite characteristics. Local leadership in the persons of officers is highly important in carrying forward all of these groups except those concerned with "young people's interests," which in considerable measure are dependent upon farm- and home-demonstration agents, teachers, and leaders of this type. The "better business" groups are inclined to stress business interests to the exclusion of other community enterprise. The "home improvement" groups were found rather consistently to be small, but the interest and attendance were high.

One hears a great deal these days concerning cycles and movements in all phases of human endeavor. It is a rather new concept when applied to the organizational life in a community. However, Kolb and Wileden tell us that

¹ Kolb, J. H., and A. F. Wileden, *Special Interest Groups in Rural Society*, Research Bulletin 84, Agricultural Experiment Station, University of Wisconsin, Madison, 1927, p. 110.

local organizations are usually a part of a county or state-wide movement. Their genesis is often in some such movement. They start with a period of stimulation in which there is much talking and promotion. There follows a period of rapid rise consisting of frequent meetings, large crowds, and good times. Then there is the rather trying carrying-on period in which numerous difficulties arise and in which various adaptations are tried. Finally, comes a period of rather gradual or perhaps sharp decline and complete inactivity.

Older organizations, when they refuse or are unable to readapt themselves to meet the changing needs, must give way and make room for the next stage, which may be a new cycle or an entirely new movement. Such inactivity need not mean failure, for often the purpose has been accomplished. It is well that they do pass out in order that rural society shall not be burdened with outgrown institutions. Organizations, however, can and frequently do make the necessary adaptations. They make the change from the old to the new a perfectly natural process. Sometimes it is done with a struggle, but it is done. The test of successful rural group organization may, therefore, be put in terms of serving the local community in its present needs, of adaptability to changing needs, and of uniting its members with members of other groups to the end that the cause of agriculture be advanced.¹

QUESTIONS

1. Describe the range of the common usage of the term *community*, and suggest how ambiguity in the use of it may be avoided.
2. Give Cooley's characterization of a *primary group*. How does the family qualify for such a definition? A rural neighborhood?
3. Define a *rural neighborhood*. Describe the results of a study of rural neighborhoods in Dane County, Wisconsin, naming some of the criteria besides that of consciousness of local unity by which these neighborhoods are characterized.
4. What is happening today throughout the nation with regard to rural neighborhood boundaries, and what are some of the causes of this change?
5. Define a *rural community*, explaining how it differs from a rural neighborhood.
6. Explain in detail Galpin's technique of determining the bounding lines of a rural community. In this connection what does he mean by a *trade area* community; a *banking* community; a *school* community; a *church* community?
7. What are some of the advantages of thus delimiting the area of a community? Why would you say the trade area is an approximation to a *natural* community?

¹ *Ibid.*, p. i.

8. Discuss the present need for effective community organization in our rural sections, giving in this connection the specific objectives sought through such organization.
9. How well adapted is the small school district as a unit of area for effectively organized community effort? Is the consolidated school district subject to the same criticisms?
10. Does the township in the New England states afford a satisfactory unit for the mobilization of community effort and why? Can the trade area in other parts of the United States be made to function as effectively in community organization as the New England township? What political difficulties stand in the way of consummating such a desirable objective?
11. Discuss the significance of the rural community and neighborhood for agricultural extension work and land-use planning.
12. In what respects does the county serve as a unit for effective community organization?
13. What is meant by a rural-community building? Give the variety of uses to which such buildings in different parts of the United States are put, and some of the types of organizations utilizing these community buildings.
14. Give some of the principal considerations which should enter into the decision of a community to erect such a building.
15. Explain the *community-council* idea of mobilizing and coordinating community organizational effort.
16. Briefly outline the steps by which such a form of organization is achieved.
17. Discuss the conflict between the ideal and the practical in the community-council plan of community organization.
18. What do Kolb and Wileden mean by *special-interest groups*? Name the principal general headings around which such rural groups function.
19. Give the significance of the statement that "locality is giving way to special interests as a basis for group organization in rural society today."
20. Apply the concept of the cycle to the nature of the organizational life in a community.

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PART FOUR
SOME POLITICAL PROBLEMS

CHAPTER XXI

THE FARMER AND GOVERNMENT

That the government is best which governs least was the opinion of Thomas Jefferson who lived in a day when perhaps more than eight out of ten of the people in the United States were farm folks. No doubt everyone, at some time or other in his life, has felt the same way to some degree. Measured by the Jeffersonian standard the rural areas of the nation should be considered better governed than the cities—and perhaps in the total sum of all things to be considered they are. However, the world has changed greatly since the latter part of the eighteenth and the early years of the nineteenth centuries, and it is believed that if the political philosopher of Monticello were to view the situation with regard to rural government in the United States today, or rather the lack of government in the rural areas, he would surround his statement with some rather emphatic qualifications which would apply both to the scope and efficiency of public administration as it affects the farmer.

In discussing the basis of government, at a time closer to the conclusion of the First World War than to the beginning of the second one in 1939, Odum makes the following statement, which it is devoutly hoped will prove forever true:

The old conflict between the two sorts of government has been fought out and won. The one theory of government held that the sole excuse for the existence of citizens was his service to the state—a superorganization of driving power. The other theory held that the state existed solely for its institutional power to serve mankind and that it has assumed its present form because of generations of experience in which such organization has proved to be essential for the welfare of all the people. The victory of the democratic over the despotic form of government has set the standard form of our modern government. The basis of statesmanship is found in the measure of service to be rendered; and the basis of citizenship is found in the spirit of coöperative service. Government is not some formal, objective, far-distant all ruling Leviathan which

people, who ought to be citizens unafraid, look upon with fear or dread, as some great power existing to restrain their liberties and energies. On the contrary government is meant to give added freedom and development through adequate protection and ample social services. Of course it must have its form, and it must constitute authority—authority vested in certain men and agencies by the citizens themselves.¹

The functions of education, sanitation and disease prevention, public welfare, highway construction, and police protection are among the definite responsibilities of government today, and while recent decades have shown encouraging progress along all of these lines, they still appear sadly neglected when the country sections are compared with the similar processes in urban areas. A part of this situation is due to the greater difficulties of effecting such arrangements for a diffuse population; a part of it is occasioned by the lesser amounts of taxable property in the rural areas; a considerable part is due to the indifference or actual hostility from the inhabitants of the country towards these imagined infringements upon their freedom; and perhaps a still greater portion is due to lack of public consciousness and organized effort on the part of farmers to demand these facilities and services of a modern age.

It is a striking fact that in the entire history of this nation there has never been a distinct agrarian party which functioned effectively or extensively for any length of time as such. Until after the Civil War, no definite agrarian political organization appeared. This is perhaps due to the fact that the Antifederalist Party and its successor, the Democratic Party of Jefferson and his followers, constituted one which in its composition and sympathies was keenly sensitive to the needs and wishes of the farmers and its policies largely controlled by this class. The industrial element of our national life up to that time had evidenced no likelihood of encroaching upon the interests of agriculture, and it is interesting to note that the protective tariff policy grew up during this pre-Civil War dominance of the agricultural class.

In the early days of the making of the nation, it was farmers who had the leading rôle. Washington, Jefferson, Madison, Monroe, and somewhat later Jackson, Calhoun, and many like them were farmers for the most part possessed of extensive estates. Of course, the

¹ Odum, H. W., *Man's Quest for Social Guidance*, Henry Holt and Company, Inc., New York, 1927, p. 394.

rights of farmers in the newly formed republic would be safe in such hands!

It is not merely sentimental to reflect that much of the fundamental greatness of our government is due to these high-grade farmers. They were certain of their living, and a satisfying one at that. The consequence was that they did not hesitate to enter the arena to fight for things they believed in, no matter if they were defeated. If they met with such reverses, they retired only temporarily from the conflict to their estates to renew the conflict when the time seemed appropriate to do so. Today the multitude of complexly adjusted relationships of large fortunes with other large fortunes makes the wealthy individual when he does enter politics rather timid in striking at policies or problems which may seriously interfere with his private interests. More often he does not care to become involved in the political *mêlée*. The ear today is much closer to the ground to hear the tramp of entrenched privilege than it was when our national leaders were farmers, their living assured, and their financial success conditioned upon the whims or animosities of no man or group of men. This sort of element in our public life was wholesome, and with all of the great fortunes accumulated in our cities and towns today, there has not yet been developed the adequate replacement of the gentleman farmer and his attitude in political life.

In discussing this situation, Solon J. Buck says:

In the early days of the republic farming was looked upon as the most suitable occupation for gentlemen, and a large proportion of the positions of high political preferment were filled by men from the ranks of the agriculturists; planters or farmers were to be found in considerable numbers, serving as legislators, as executive officials, or in judicial positions; and the interests of agriculture were sure of adequate consideration. Just previous to the Civil War the controlling influence in national affairs had been for some time in the hands of the planter element of the South, whose interests apart from the question of slavery, generally coincided with those of agriculturists throughout the country. The commercial and manufacturing classes, however, were rapidly forging to the front, particularly in the North and East, and the Civil War marks their definite triumph in national affairs over the agricultural interests of the country as represented by the Southern planters. From that time on, the needs and interests of the more or less organized mercantile and manufacturing classes received primary consideration

and the positions of political power were occupied more and more by representatives from these classes or by lawyers who took substantially the same point of view.¹

Confirmatory evidence of this statement is cited to the effect that the membership of the Forty-third Congress of the United States (1873-1875) was composed of only 7 per cent professing the pursuit of farming, 61 per cent were lawyers, and 16 per cent manufacturers or in other commercial occupations. At that time, the working population of the nation had 47 per cent of its number engaged in farming, and commerce and manufacturing represented only 31 per cent. Even in a distinctly agricultural state like Illinois, the composition of the state legislature showed the farmer representation markedly outnumbered.

Carl Taylor has studied this problem, stating that his efforts to collect statistics as they relate to state legislatures have met with but indifferent results. In part he concludes:

State government is considerably more personally controlled directly by the people than is the federal government. It is not so much that public opinion plays a lesser rôle in state government but that the representatives elected by the people play relatively a much greater rôle. Until 1916, United States Senators were not elected by the direct vote of the people. State legislative officers always have been elected by popular vote. There are only ninety-six United States Senators and 435 United States Representatives. The same people who elect these 531 legislators to make the federal laws, elect about 2,400 state senators and 5,000 state representatives to make state laws. Because a very much larger number of voters personally know the state legislators, state government can and must respond much more directly to the personal demands of its constituency.

No one seems to have been able to ascertain just what per cent of the state legislators are farmers by occupation. The evidence is sufficient, however, to indicate that a greater per cent of state than United States legislators are farmers. This means, of course, a very much greater total number of farmer legislators because of the increased number of these offices to be filled. It is questionable whether more than four or five United States Senators have a right to classify themselves as farmers. Many of them may own land, and thus indirectly operate farms, but they also operate other enterprises and follow other professions. On the other hand, in the state of Ohio, 14.1 per cent, and in Iowa 35.2 per cent, of the total general legislative assemblies are farmers. The per cent

¹ Buck, Solon J., *The Granger Movement*, Harvard University Press, Cambridge, Mass., 1913, pp. 34-35.

of farmers in the lower house in each of these states greatly exceeds that in the upper house. This is apparently due to the fact that the total number of representatives is greater than that of senators, usually averaging about one representative to each county. Thus the individual who runs for office is quite personally known to those who elect him to office. The writer has attempted to obtain statistics from all the states on these items, but has been unable to do so. From what facts he has gathered it is his calculation that about 15 per cent of the state legislators are farmers by occupation. The percentage ranges much higher than this in the Midwestern, Northwestern and Southern States but considerably lower than this in the New England and Northeastern States.

Practically every method used by the farmers to influence legislation is used also to influence state government. The efforts are usually more effectual in state than in national government. Many state representatives are elected by almost purely rural constituencies. In thirty states a majority of the population is rural. In these states, all state officials find it necessary to respond directly to farm interests and farmer demands.¹

Considerable attention has been given in preceding chapters to the relation of the Federal Government to the matter of farm relief policies and programs, and to the influence of farmers' organizations upon national legislation affecting agriculture. In succeeding chapters the matters of the tariff and taxation in relation to the farmer are considered. All of these topics relate to Federal and state governments as they affect the farm industry. Not less vexing and more immediate is the problem of local government, which is the theme this discussion will seek mainly to illumine. But before the topic of the farmers' legislative representation in Congress and the several state assemblies is dismissed, the writer wishes to express the conviction that intelligent bona fide farmers in larger numbers must be willing to enter the political arena and fight for their interests. It is inimicable to their ultimate welfare to leave so important a matter to those who represent them by proxy. That there are many farmers well equipped to contend on a high plane for the rights of agriculture must be conceded by anyone who knows American farm citizenship. This class have always been modest about seeking public office; and have been too unwilling to have their farming interests suffer from their sacrifices to the public good, but no one knows the problems of the farmer as well as he himself does. The situation will become increasingly urgent, though, that he make such sacrifices, for

¹ Taylor, C. C., *Rural Sociology*, Harper & Brothers, New York, 1926, pp. 453-454.

in case the present farm distress is not relieved, it may quite certainly be predicted that the farming interests of the Nation will be forced to combine without respect to which side their parents fought upon in the Civil War, but with regard to their economic interest, insisting with effect that one or the other of the existing parties shall serve their needs. If this is not done, it is to be expected that a farmers' party of greater strength and higher quality of leadership than any which has as yet characterized American agrarian politics will take form, and it is believed that when it does, its demands will be met.¹

1. TYPES OF LOCAL GOVERNMENT

The right to "local self-government" has been a phrase with which the various dominant or contending political parties have been wont to conjure the support of the possible constituencies. Nor has the use of it been abandoned in recent years. In discussing the significance of local self-government, Porter says that

contemporary political thinkers are by no means convinced that local self-government has been looked upon as an essential feature of democracy in America, and it has been through the county and the township that self-government has been exercised. If it were not for the political machinery of county and township all the people living outside the boundaries of urban districts would have no opportunity to enjoy this peculiarly American form of democracy. And after all, so far as area is concerned, the municipalities are but dots upon the map. To be sure this particular feature of American democracy is rapidly losing its hold. The measure of real discretion resting with the county or township comes to be less and less each year, and the functions which local authorities have to perform simply as agents of their own community are less and less important. This is a result of the extension of state activity and control as well as a declining interest in local governmental institutions. But American democracy has its roots down deep in the county and the township, and the county particularly, is the very basis of the political structure in most of the states. This doubtless will continue to be the case notwithstanding the fact that the county is losing its place as an area of local self-government strictly speaking.²

The same authority points out that in the historical development of local government there were four types which evolved in the older portion of the United States, these influencing in great measure the form which came to prevail in the new areas subsequently

¹ Gee, Wilson, *The Place of Agriculture in American Life*, The Macmillan Company, New York, 1930, p. 127.

² Porter, Kirk H., *County and Township Government in the United States*, The Macmillan Company, New York, 1922, p. 17.

settled and the emerging states which resulted. These four types were (1) *The Southern Type*, developed in Virginia and the Southern group of colonies, where there was a highly developed county in which was vested practically all of the functions of local government, the township being absent. (2) *The New England Type*, prevailing in the New England colonies, in which the town was the principal unit for local government, though later the county came to exist for certain purposes not cared for in the town governments. (3) *The North-central Type*, which consisted of two distinct forms of local government, involving a combination of the township and the county. This type applied in the colonies between New England and Virginia. New York is typical of this group. In that state the township was clearly defined, and had its clearly defined functions independent of the county, yet serving as a unit for representation on the county board of supervisors. (4) *The South-central Type*, of which Pennsylvania is representative. In this group "was to be found the township and the county, but the township was distinctly a subordinate unit, had virtually no independent functions, was not a unit of representation on the county board and served principally as an administrative district for the county."¹

The present-day influence of these four types is evidenced in the fact that in the New England states today the town is still exploited as a more important unit of local government and the county exists mainly as a unit for the administration of justice and the assessment and collection of taxes in the areas not included in the towns. In twenty-five states, beginning with Delaware and Maryland, including all of the southern states, the Rocky Mountain group, certain of the far western states, and the three Pacific coast states, townships do not exist at all, or where they are found they function merely as justice-of-the-peace districts. The county is the unit of organization that performs all of the essential functions of local government, although it is often divided into districts to facilitate administration.

In the north-central group are included New York, New Jersey, Michigan, Illinois, Wisconsin, and Nebraska. Here is to be found the "township-county" or "supervisor" type.

The distinguishing feature of this type of organization is that the county is controlled by a board of supervisors composed of one or more

¹ *Ibid.*, pp. 54-55.

supervisors elected from each township in the county. The result is that the size of the county board varies from three to fifty depending upon the number of townships in the county. This means of course that the county board is usually quite large, averaging about twenty. It further means that very definite organic connection is established between the two units of local government—the county and the township, for in reality it is township officers who manage county affairs.¹

In the south-central group, consisting of Pennsylvania, Ohio, Indiana, Minnesota, Iowa, Missouri, Arkansas, North Dakota, South Dakota, Kansas, and Oklahoma both the county and the township exist, but the

township is rapidly coming to be little more than an administrative district existing in order to facilitate the administration of county business. Most of the important functions of local government are under the control of county officers, and while the township is still maintained as a distinct unit of government with its own organization, in order to perform such functions as caring for highways, extending poor relief and assessing property, it is greatly overshadowed by the county organization.²

This form of local government is often designated as the “county-township” or “commissioner.” No organic connection exists between the two units of government. The county is controlled by a board of commissioners popularly elected, and the township is distinctly a subordinate unit.

A more compact statement of much the same classification is for purposes of summary quoted as follows:

Four major types of rural government exist in the United States. The *town* has always been predominant in New England. The *township-supervisor* system persists in New York, Michigan, Illinois, and Wisconsin. In these states, township and county form layers of government with township representation upon the county board. The *commissioner* system is found in a triangular region from New Jersey to Oklahoma and the Dakotas. In this area, township and county governments both appear, but township representation upon the county board is generally lacking. In the South and Far West, the *county* is the primary unit of rural government. Here the county is commonly subdivided into districts to serve in the conduct and administration of elections, roads, schools, or justice, as the case may be. Where the township appears in this group of states, it is similarly an administrative district of the county.

¹ *Ibid.*, p. 62.

² *Ibid.*, p. 63.

These four systems are all going concerns in American government. This is not to say that every state of the Union can be designated as being exactly within one or another of these categories. Governments present too intricate a picture, and no generality holds absolutely in every state to which it is applied. These four major systems are the most plausible distinctions which can be made. The variations within the states comprising each regional group are extensive. A few states defy classification entirely in any group. Certain blocks of their counties use one system; other groups of counties, another.¹

Thus it may be observed the county is an important unit in a large proportion of the states of the nation, and in the majority of them the dominant unit of local government. This area has been variously designated as the "jungle of American politics," the "dark continent of American politics," and similar uncomplimentary terms. But recent years have provided many studies of local rural government, and the area is much better understood, even though the progress in reform has been distressingly slow. It is significant for our purposes to inquire somewhat more in detail into its defective functioning and to view some of the remedies which have been suggested.

2. COUNTY GOVERNMENT

"A county is one of the civil divisions of a state or territory for judicial and political purposes, and at the same time a district of a quasi-corporate character for purposes of local civil administration. Counties are created by the sovereign power of the State."² Everywhere, and principal among its functions, the county is a unit for the administration of justice. As a corollary of this work, court-houses and jails are a part of the equipment of the county. To some extent it is a police and militia district. It also serves as a district for probate administration and the recording of land titles. Important road and bridge functions of construction and maintenance are performed by the county. It is usually a unit for the administration of poor relief. In many states, particularly in the South, it is the primary unit for school administration. Increasingly it is becoming the primary sanitary administration district. As a unit for finance

¹ Bromage, Arthur W., *American County Government*, Dodd, Mead & Company, Inc., New York, 1933, pp. 36-37.

² Fairlie, J. A., *Local Government in Counties, Towns and Villages*, D. Appleton-Century Company, Inc., New York, 1906, pp. 57-58.

administration, it levies and collects taxes for its own purposes, and acts as the agent for the collection of state revenues within its borders. In many states it is a district for the assessment of taxes. And it is an important entity for election purposes. "Most county officers are elective; the county is always a unit for canvassing the returns for state officers; and in most states it is the district for electing members of the state legislature."¹

However, in general outline the structure and functioning of county government is fairly well understood by everyone, if not from practical contact, from his study of elementary and high-school civics. The tendency is altogether too much to accept its effective functioning as a matter of course without inquiring into its deficiencies. Many governmental research agencies, political scientists, publicists, and forward-looking citizens in recent years have been persistent in calling its shortcomings to our attention. A few quotations with regard to the way the situation is viewed in states as widely separated as Virginia, New York, Ohio, Texas, and Kentucky will serve to give an introduction to the nature of the problems concerned. A survey of county government in Virginia, as made by the New York Bureau of Municipal Research, had the following to say:

The present county government has no responsible head; it is without a chief administrative officer and the board of supervisors controls through appointment only a small part of the county administration. Authority for carrying on the administrative work of the county at the present time rests with many individuals. The voters of the county have very little power in the determination of county policies. It is true that they elect a number of administrative officers besides the members of the board of supervisors, but this serves only to dissipate authority and to increase the difficulties of securing effective and economical county government. In fact, there is nothing to commend the present form of county government in Virginia. In many of the counties it is grossly political, careless, wasteful, and thoroughly inefficient. It has been that way for years, but still it exists and seems to flourish. Perhaps the reason for this is that the people of the State have not yet become aware of the possibility of establishing a different form of county government, which is less costly, more efficient, and better able to meet modern conditions.²

¹ *Ibid.*, p. 66.

² New York Bureau of Municipal Research, *County Government in Virginia*, Division of Public Printing, Richmond, 1928, p. 6.

The New York Commission for the Revision of the Tax Laws, reporting to the legislature of that state in 1933, thus described the existing situation:

Every study of local government in New York State from that which anticipated the constitutional convention of 1915 to that made by this commission, has exposed its incapacity generally to deal with the problems of a modern civilization. Every legislative commission which has had to deal with the problem, whether its purpose was a complete readjustment of local government and its relation to the state through constitutional revision, or merely by legislation here and there throughout the statutes to minimize the ill effects of an ancient and outworn system of government and administration, has inevitably reached the same conclusion. Local government in the State of New York with its multiplicity of administrative units, poorly defined distribution of powers and duties as between the state, the counties, the cities, villages, towns, and special districts, its non-articulated, irresponsible system of assessment and tax collection, and its increasing incompetence to deal economically and efficiently with the needs of a modern civilization, is still a major problem before the people.¹

From Ohio, through the Institute on County Organization and Government, comes the statement that "the county is unique for the antiquity and complexity of its governmental system. Its organization consists of a medieval framework gradually modified and expanded in Colonial times and greatly enlarged in the last 75 years. Its growth has been piecemeal and utterly without plan."²

A study of local government in Livingston and Crittenden counties in western Kentucky led among others to these conclusions:

Three underlying conditions were found to dominate the pattern of local government in these two counties. All three of these conditions are non-progressive in nature and tend to retard improvement of local government. Even more unfortunately, the three basic conditions can be changed only slowly. The first, which so commonly is true of small rural counties, is the very low tax base in each county. Sparse population and relatively large physical areas to be served in such counties, result in high unit costs of government. These high unit costs and low tax resources make it impossible for rural counties to provide acceptable governmental services unless either excessively high local tax rates are

¹ *Report of the Commission for the Revision of the Tax Laws*, Legislative Document 56, Albany, New York, 1933, p. 94.

² *County Organization and Government in Ohio*, Ohio Institute, Columbus, 1932, p. 8.

levied, or aid is forthcoming from outside sources. . . . State constitutional and statutory control of county administration is the second condition which vitally affects the pattern of local government. . . . The third basic condition which must be faced in considering government in these two counties arises from the general misunderstanding, indifference, and hostility among the citizens themselves toward their county governments. This is perhaps the most important influence in determining the pattern of local government. This general attitude of citizens finds expression in numerous forms generally considered prejudicial to good government, and looses important negative or destructive influences. . . . Probably the single greatest obstacle to efficient administration of county government is the lack of centralized control in either a single office or board.¹

A study of the possible savings through consolidation and reorganization of counties, in the broad state of Texas with its 254 counties, thus summarizes the defects of the existing situation there:

1. Too many officials are elected. This means that the voter is confused by a long ballot, that some clerical workers are elected who might better be appointed, and that salaries are not in accordance with services rendered.
2. There is no county executive; no one official has the authority to coordinate and supervise the work of all offices. Each official traces his responsibility directly to the voters and not to an executive.
3. Policy formation and administration are confused. The Commissioners' Court, as the governing board, decides what is to be done thereby determining policy, and the individual Commissioners serve as administrative officers in the maintenance of roads. This situation inevitably causes road work to be emphasized while other important services are apt to be neglected by the Commissioners' Court.

The use of this defective system results in excessive costs, and general inefficiency. Related work is done by unrelated offices; clerical employees cannot be transferred from one office to another to take advantage of slack seasons; responsibility and authority are diffused among several officials; and the resulting pattern is unduly confusing to the public.²

A growing consensus of thought with regard to the principal steps to be taken in remedying the existing situation is to the effect that in many instances the units of rural local government should be

¹ Bradley, C. J., "Local Government in a Rural Area," *Journal of Farm Economics*, 1935, Vol. XVII, No. 2, pp. 375-377.

² Bradshaw, H. C., "Reorganization of Counties," *Journal of Farm Economics*, 1937, Vol. XIX, No. 3, pp. 745-746.

enlarged through a process of consolidation; that there should be a responsible head to the county government, such as a county manager; that all overlapping of local jurisdictions should be eradicated; and that when functions now performed by local authorities become of more than local significance, in an increasing measure the state should assume responsibility for their performance and financial support. These procedures may be further summarized¹ as consolidation of areas, internal reorganization, and reallocation of functions.

The Virginia Commission on County Government set forth the principles involved as follows:

1. Distinguish clearly between policy determination and policy execution and let the people elect a small policy-finding body with general supervision and control over all the affairs of the county.
2. Let the policy-forming body appoint an executive agent—a full time officer or an officer serving at the same time as a department head—to carry out the policies of the board, to supervise personnel and to install and enforce adequate business procedure throughout all the divisions of the county government; in other words, to coordinate the activities of the county and act as the administrative head of the government.
3. Consolidate the county functions into a few major departments, organize these departments internally, and man them with a competent personnel.
4. Coördinate the activities of the county with those of the State by providing for coöperation between the county and the State in the appointment and direction of officers engaged in performing joint services.
5. Provide for the establishment of administrative areas through the coöperation of adjacent counties and for such consolidation of smaller counties as is not forbidden by traditional or historic reasons.²

(1) *The Consolidation of Local Areas.* Not many decades ago, a favorite pastime of legislatures was that of forming new counties, and honoring distinguished servants of the state by naming the counties so formed for them. But this was in the horse-and-buggy days, and the size of the county was based upon accessibility of the courthouse town, or county seat by means of this mode of trans-

¹ Lancaster, Lane W., *Government in Rural America*, D. Van Nostrand Company, Inc., New York, 1937, p. 385.

² *Report of the Commission on County Government to the General Assembly of Virginia, Senate Document 3, Division of Purchase and Printing, Richmond, 1931, pp. 15-16.*

portation. The functions of government were relatively few in those days, and the wealth within the area was not the significant factor that it represents today in providing schools, roads, health units, public welfare superintendents, farm- and home-demonstration agents, and a host of like concerns.

But this pattern established in an earlier age continues to the present time, with all essential county functions provided by each such unit, without regard to the fact that only a few minutes by automobile are needed to cover the distance which formerly required a full day with a horse and buggy. The movement for county consolidation is designed to meet this objection, and to establish governmental units of sufficient size, population, and taxable wealth to provide economical and effective public administration. The possibilities of county consolidation have been studied in a large proportion of the several states, and in an increasing number of them legislation is being enacted by which such consolidation can be effected.

Such striking reductions have been suggested in the number of counties as from 58 such units in California to 15; in Kentucky, from 120 to 20; in Tennessee, from 97 to 12; in North Dakota, from 53 to 13; in Wyoming from 23 to 6; and in Oregon from 36 to 7. "The more striking reductions, it is true, are proposed without presenting evidence of much serious reflection; on the other hand, careful students on the basis of thorough investigation, suggest quite radical changes."¹ However, Millspaugh's judgment is that "consolidation is probably not theoretically applicable to more than a quarter of the counties in the United States," and it is his opinion that "in most regions, an effort to consolidate would merely waste time and energy."²

The arguments for consolidation are that economies in costs of government will be reduced by abolishing duplication in overhead costs, and by establishing economically sized units to give more adequate revenues and a more efficient use of them. But there are innumerable difficulties traditional and otherwise. Counties have histories and local pride in them. County officials have jobs they do not wish abolished, and they have friends to help them to keep

¹ Lancaster, Lane W., *op. cit.*, p. 386.

² Millspaugh, Arthur C., *Local Democracy and Crime Control*, Brookings Institution, Washington, 1936, p. 141.

those jobs intact. Certainly, it would be a difficult matter to have local officers, groups, and business interests determine boundaries; a more impartial agency would likely function much better in this capacity.

A suggested alternative is that of cooperation between administrative units. Numerous instances of this sort of intercounty cooperation exist in such fields as health, welfare, and crime control. In such cases, county boards continue intact, and county seats remain. But the adoption of such a device would seem to be "only a way of sidestepping the more fundamental question as to the more rational assignment of functions between the state and local levels."¹

(2) *Internal Reorganization.* In this discussion, repeated reference has been made to the fact that the county has no responsible head. The county-manager plan has been advanced to meet this criticism, and it has been adopted in some instances with decided success in states as remote as Virginia, California, New York, and North Carolina.

The manager plan, whether it be for city or for county, has essentially the same characteristics. It rests upon the principles that policy can be best determined by a relatively small council or board of directors, and that administrative responsibility can be best concentrated in a manager. The council or board creates major policies. Bicameralism is non-existent. No upper and lower house divide the ultimate responsibility for action. No one has a veto power over the council or board. No significant checks and balances exist within the structure. Under the manager plan, a unicameral body alone is accountable to the electors of city or county. All legislative power is vested in this unicameral council, board, or commission, whatever its name may be. Separation of powers, checks and balances, veto power—all are abandoned in favor of unitary responsibility and authority. Because the council is generally small in size, the short ballot is a concomitant of the manager system. Election day permits the people to pass judgment upon the work of their representative council. The electorate may also have power to recall members of the council before the expiration of their allotted terms.

Concentration of responsibility for administration in a manager appointed by this council or board is the second major premise of the manager plan. The manager appoints the chief administrative officers, whose activities are subject to the jurisdiction of the council. It is his duty to control, direct, and, when necessary, remove these administrators, for as chief administrator he is accountable for the execution of the

¹ Lancaster, Lane W., *op. cit.*, p. 391.

policies formulated by the representative council. The manager's responsibility is to the council. That body appoints and may dismiss him. The council determines the course of administration through its power to enact ordinances or resolutions, to levy taxes, and to appropriate funds. To a representative council the people entrust the formulation of specific policies. To a chief administrator, the manager, the council entrusts the execution of these policies.¹

The city-manager plan is widely in use in American municipal administration. In business a similar arrangement is found generally, where stockholders elect a board of directors who in turn hire a manager to superintend the affairs of the corporation.

The manager proposition for counties is fundamentally identical. A representative board, preferably small in size and elected at large, would determine general policies for the county, levy taxes, and make appropriations. The county board would appoint, and when necessary, discharge a manager. He, in turn, would select and dismiss the heads of administrative departments, such as finance, public works, public health and welfare. The county board would be responsible for determination of policies. The manager would be accountable for their execution.²

A number of states have passed optional county-manager laws, and removed constitutional obstacles so that the way is clear for the widespread adoption of the county-manager plan when education of the electorate as to the benefits and resulting sentiment develop to the point where adoption of the procedure is demanded.

(3) *Reallocation of Functions.* Attention is directed by some students of the subject to the fact that the nature of functions formerly performed solely by the local governmental units of the county and the township have long since become a matter of state-local partnership both in management and in financing. This is true in the administration of such vital concerns as education, public health units, highways, tax assessment, elections, judicial systems, and crime control. It is argued that these functions should be transferred to the state. Moreover, these operations make up the bulk of the costs of government in local units, and their transfer would make the local tax burden lighter, as well as provide for the equalization of the burdens of government among the wealthier and the poorer areas of the state.

¹ Bromage, A. W., *op. cit.*, pp. 120-121.

² *Ibid.*, p. 122.

The objection to such a movement, which in part is already under way, particularly in the matter of roads and schools, is that it would destroy local self-government, which is, theoretically at least, a cherished American institution. Proponents of the idea of such a transfer of activities to the state answer the objection by saying:

If the burden of what are regarded as truly state functions were transferred to the state, is it true that local areas such as counties and townships would be completely denuded of vital functions? With regard to townships this might well be the result and few could be found to mourn that fact. As to counties, however, the case may be different. There is no good reason why the county should not continue to serve as the unit for recording such legal documents as wills, mortgages and deeds. Such functions as the maintenance of parks, forests, community halls, libraries, playgrounds and theaters and rural zoning are purely local and, once they have emerged as full-fledged public purposes, are eminently proper for local administration. If local inventiveness and initiative are not sufficient to do well with regard to matters under their sole control, within their own financial means, and free from any supervision from above, then nothing need be done about the situation. Certainly it is vain to argue that saddling such units with functions only partially local is a good way to revitalize them. . . .

Whether such a contact with state administration would be an adequate substitute for the time-honored local self-government is, of course, open to question, but in view of the large number of organizations now active in watching the administration of such functions as welfare, education, agriculture, highways and tax administration, it is at least arguable that they would be satisfactory and influential channels for the expression of community opinion. Indeed a local area with truly local functions might well be a sharper challenge to the democratic urge for self-rule than such a one as the county with its divided allegiance and complicated machinery.¹

Whatever may be the form or forms which improvement in the administration of county affairs may assume, public consciousness has been aroused to the point where efficiency will be more and more demanded. It has been clearly demonstrated that county government as at present operative harks back to machinery developed to meet the needs of pioneer days, and much of it is now outgrown and obsolete. It must be brought down to date through an extensive overhauling. And the increasing costs of local government make necessary every reasonable economy consistent with a

¹ Lancaster, *Lanc. W.*, *op. cit.*, pp. 399-401.

performance of desirable and justified functioning. Also, a growing sentiment is manifest for equalization of opportunity as among the poorer and wealthier units of the state and nation in such matters as schools, health, welfare, roads and other benefits which a government affords its people. This will have to be accomplished through the state and the Federal government as equalizing and distributive agencies among the several states, cities, and counties making up both the nation as a whole, and the individual states.

3. THE NEW RURAL MUNICIPALITY

The government of the rural community in America today is largely expressed through the county. The contention is made by a number of students of the subject that such an area is too large to meet all of the various governmental needs of the rural people, and that a more convenient sized unit, to be known as the *rural municipality* is the solution. It is thought that as far as possible this should coincide with the natural community, which is considered in general to be co-extensive with the trade area surrounding some small town or municipality. There is a real need for the small municipality to be more closely related to its adjacent rural territory. Its economic and hence social welfare is to a large degree dependent upon that of the surrounding countryside. Yet many such towns do not seem to have come to a clear realization of this fact, and many town-country antagonisms have developed as a result. United under the same municipal government, these difficulties would tend to resolve themselves through common problems and a clearer comprehension of the intimate relationship of both town and country to them. The institutional life of the country more and more is coming to revolve about schools, churches, community houses, and similar things located in the town. Yet the farmer feels that he does not have a sufficient voice in the management of these institutions which supply his needs. The rural municipality would bring about this participation in control to the mutual advantage of town and country.

In discussing this problem, Galpin says:

In the county, and in the townships of some States, city and farm have long coöperated in government. Many of the activities of this government approach close to local municipal government in type. It is not a new proposal, therefore, that city and farm form a municipal

alliance. The new idea is to make the alliance a substitute for the present collection of municipal functions possessed by the farmer. Let us briefly look at an ideal case for alliance, and this may indicate what could be done in circumstances less ideal.

If there were a consolidation of rural trade centers, so that in place of several thousand incomplete hamlets and villages the American farm people had five thousand complete trading cities ranging from thirty-five hundred to ten thousand in population, then the farmer would have a start toward an ideal municipality. Like the original New England town, each such municipality would have a city core. There would be five thousand rural-urban municipalities. The natural farm trade basin of each small city would be included with its trading city in a coöperating municipality. The municipal boundary lines would be as irregular as the boundaries of city municipalities now, all depending upon the lay of the land and the accessibility of farmers to this city in comparison with an adjoining city. On the average, six thousand farm people would be attached to each municipality. Their farm lands would lie within it, as the farms of New England lie within the New England town.

The farmers trade with these particular city people, anyway. The farmer's banks are in the city, with his railway, his freight office. Virtually all his dealings of buying and selling are here. These tradesmen he is acquainted with. These people are his people. What more natural than that he should carry on with them political affairs as he does already with economic affairs? ¹

The growth of such a movement has proved slow, and thus far very few rural communities have undertaken such a unique form of development. In view of the very unsatisfactory governmental isolation of the farmer, and the decided lack of anything like real rural government, together with the increasing volume of criticism regarding the situation, it would seem likely that in the future such a plan would take hold in widely different parts of the nation. An entire volume ² is devoted to the subject of the coming new rural municipality, and the plan is formulated in much detail regarding the necessary state legislation, desirable size of the area to be incorporated, the form of government, and zoning for different tax purposes. While the matter is yet largely in its theoretical stages, there is very much to say in its favor as one of the most interesting ideas taking form today in the neglected area of rural government,

¹ Galpin, C. J., *Rural Social Problems*, D. Appleton-Century Company, Inc., New York, 1924, pp. 221-222.

² Manny, T. B., *Rural Municipalities*, D. Appleton-Century Company, Inc., New York, 1930, p. 343.

because it recognizes the natural rural community consisting of a trade center and its surrounding farming areas.

QUESTIONS

1. How correct do you consider the view of Thomas Jefferson to the effect that the best government is the one which governs least?
2. Give the two leading theories of government as to the relation of the individual to the state.
3. Describe the lack of government characterizing our rural areas in contrast to the situation in our urban areas.
4. How do you account for the fact that in the entire history of this nation there has never been a distinct agrarian party which has functioned effectively or extensively for any length of time as such?
5. Discuss the salutary rôle played by farmers in the earlier days of the making of this nation.
6. When did the commercial and manufacturing classes definitely triumph in national affairs over the agricultural interests in the United States, and why?
7. Compare the extent of farmer representation and influence in state government with that in Federal Government, attempting to account for the differences.
8. Why is it necessary and important that a larger number of intelligent, well-balanced, bona fide farmers must enter the political arena and fight for the interests of agriculture?
9. Is the concept of the "right to local self-government" gaining or losing ground in the governmental trend of today? Give reasons for your answer.
10. Name and briefly characterize the four types in the historical development of local government in the United States.
11. To what extent was the New England township form of local government influential in determining patterns in other states? the Southern type? the North-central type? the South-central type?
12. Give Fairlie's definition of a county. What are the principal functions of such a governmental unit?
13. Discuss the situation with regard to county government in two of the following states: Virginia, New York, Ohio, Kentucky, and Texas.
14. Give the consensus of opinion with regard to the principal steps to be taken in improving the existing situation with regard to county government.
15. What arguments can you advance in favor of the consolidation of counties and what are some of the barriers that stand in the way of such a movement?

16. Explain how it is expected that the county-manager plan of government would function.
17. Discuss the reallocation of functions between the state and local governments as a measure for the improvement of county government.
18. Discuss the validity of the statement that whatever may be the form or forms which improvement in the administration of county affairs may assume, public consciousness has been aroused to the point where efficiency will be more and more demanded. Why will such reforms come about slowly?
19. From economic and social viewpoints, why is a closer relationship between the small municipality and its surrounding trade area a mutually advisable one?
20. Give Galpin's idea of rural-urban municipalities, and the logical reasoning for such governmental units.

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CHAPTER XXII

THE TARIFF AND AGRICULTURE

The tariff controversy plays an important part in the economic history of this nation. During the formative days of the republic, Alexander Hamilton was the brilliant advocate of protection. The first Secretary of the Treasury, a young man of about thirty-two years, was confronted with fundamental problems of national indebtedness, of money and banking, of governmental revenues, and in general fostering the financial welfare of a lustily growing new country. In his noted Report on Manufactures (1791), he summarized the arguments for and against protection, reaching the conclusion that this policy was required if the manufactures of the nation were to prosper as they should. The outcome was that early in its history, the United States became definitely committed to the "protective tariff," and with the exception of about thirty years of our history (the period from 1830 to the Civil War, 1861), a high-protection policy has prevailed.¹ The first strictly high-protective tariff act was that of 1816. Eight years later, in the act of 1824, another increase was made; and four years later, still higher duties characterized the so-called Bill of Abominations in 1828. The resulting nullification controversy, with the threatened secession of South Carolina, forced a lowering of rates in succeeding tariff acts. The issues of slavery and states' rights came into the foreground in the national consciousness during the next few decades, ultimately resulting in the War between the States. Since that time the tariff bills enacted may be characterized as highly protective to the manufacturing interests. Sectionally, the North has favored protection, and the South tariffs for revenue only. Traditionally the Democratic Party has advocated free trade, or at least low tariffs, and the Republican Party has been the recognized proponent of high pro-

¹ Boyle, J. E., *Agricultural Economics*, J. B. Lippincott Company, Philadelphia, 1921, pp. 397-406.

tection. The increasing extent of industrialization has operated to attenuate more and more these sectional and party attitudes. It is accurate to say that the prevailing high-protection policy has become warp and woof of our national economic structure, and a marked change of public sentiment and drastic reconstruction of business functioning will have to result before the situation becomes materially changed.

The Tariff Act of 1930 was unique in the history of tariff legislation. It was enacted in a special session of the Congress called by President Hoover to deal specifically with the agricultural situation, and characterized by the enactment of the Agricultural Marketing Act of 1929, under the provisions of which the Federal Farm Board was established, and the Smoot-Hawley Tariff Act of 1930. Taussig, in discussing this measure, gives the setting as follows:

The Tariff Act of 1930 was passed under conditions quite different from those that obtained for the long series of preceding measures. The successive acts from 1883 to 1922 are all explicable on the ground of some special occasion for a general revision: either an admitted need of overhauling, or a party overturn, or some financial or economic stress. For several years before the act of 1883, it had been agreed on all hands that the rates established during and after the Civil War needed to be readjusted. The three acts of 1890, 1894, 1897 were the results of Federal elections and political upsets. President Cleveland, largely influenced by fiscal difficulties, had thrown down the gauntlet on the tariff question in his famous message of 1887; that was the issue in the election of 1888; the Republicans, having elected President Harrison and a Congressional majority, passed the McKinley act of 1890. Their defeat in 1892 led to the Wilson "free trade" act passed by the Democrats in 1894. The return of the Republicans to power in 1896 was naturally followed by the Act of 1897 with its accentuated protective duties. Among all in the list the tariff of 1909 was least occasioned by a specific exigency; yet the financial crisis of 1907 and the contested election of 1908 were factors. That of 1913, with its lowered rates, was the result of the Democratic victory in the election of 1912. Finally, the act of 1922 is explicable from the nationalistic feeling fostered by the war and the disastrous economic collapse of 1920-21.

Nothing of this sort can be said in explanation of the tariff of 1930. There had been no political overturn. The tariff question had played no part in the presidential election of 1928. Neither party had made a demand for general revision, upward or downward. There was no economic pressure. Not only during the campaign, but during most of the time when the measure was under consideration, the country was at the top of a boom. . . .

The explanation of the act of 1930, then, must be sought in other directions. It turns on some peculiarities in the economic conditions of the decade 1920-30, and especially on those of the agricultural situation.¹

1. THE CASE FOR AND AGAINST PROTECTION

While economists rather generally have favored and contended for a "free-trade" policy, they have been sufficiently fair-minded to view the matter from both sides. Eight arguments² may be advanced on the side of protection in the modern tariff controversy. No extensive attempt is made here to discuss the validity of these. (1) One of the most captivating arguments advanced is to the effect that since protection promotes domestic trade, it tends to draw the citizenship together, thereby promoting national unity, or what is known as the spirit of *nationalism*. (2) Advocates of protection point out that it is the duty of a national government to foster *infant industries* in order to develop natural resources and to promote diversity in industrial pursuits. (3) A nation must have industrial independence in order effectively to insure the safety of its people and their property in times of war. Therefore, protection is fundamentally a *military necessity*. (4) The *home-market* argument is frequently the first one advanced, most validly when it takes the form that it is a superior one because it is a more certain one, and it is important that the wheels of industry do not depend too greatly upon the caprices of a foreign market. (5) Protection is cited as a *defense against dumping*. If the lowered prices caused by selling in foreign markets more cheaply than in the domestic market were of a permanent nature, there might be advantage in the process, but usually when the market is secured prices are advanced. (6) It is contended that the utilization of labor and capital in a free-trade nation is subject to the control, perhaps, even to the whims and caprice of *foreign nations*. (7) We are told by protectionists that the protection policy *increases wages* by diversifying industries and stimulating the demand for labor. The claim is made that every American industry is entitled to an amount of protection equal to the difference between the wages which it pays and the wages paid

¹ Taussig, F. W., *The Tariff History of the United States*, 8th ed., G. P. Putnam's Sons, New York, 1931, pp. 489-491.

² Ely, R. T., *Outlines of Economics*, 6th ed., The Macmillan Company, New York, 1939, pp. 874-879.

by its most efficient foreign competitor. (8) The last of the eight arguments considered in favor of protection is that it should *equalize costs of production* here and abroad.

Seven arguments¹ are often advanced by free-traders in favor of their position. It is well to set these alongside those just enumerated for protection. (1) The basis of the free-trade argument is the logical application of the principle of *comparative advantage*, to the effect that each nation should produce those commodities in which it has the advantage over other countries, and exchange these for the portable goods in which those countries excel. Obviously protection constitutes a barrier to the uninterrupted operation of this principle. (2) It is not at all clear that protection is necessary to *diversify industry* in a country of varied natural resources. (3) The *home-market* argument is designated as essentially weak, because home products will seek foreign markets, and the country that sells abroad must buy abroad. (4) Because of the double-faced way in which the argument is manipulated to suit time and place, the protectionistic appeal to the *wage earner* as promoting higher wages seems particularly inconclusive. "France wants protection in order to protect her low-paid workmen against the greater skill and efficiency of America's highly paid workers. The United States, on the other hand, must have protection in order to shield her highly paid employees from competition with the 'pauper labor of Europe.'"² (5) With regard to the *fiscal aspects* of the question, the free-trader contends that the protective import duty is an uncertain and viciously variable tax as compared with the import duty "for revenue only," and in the great majority of cases it is borne by the home consumer. (6) Then there is the *ethical criticism* against protection to the effect that when the prosperity of influential classes is made dependent upon government bounty, those classes engage in systematic lobbying, logrolling, and corruption of the voter to achieve the tariff levels which they desire. (7) The contention is made that protection *fosters monopoly*, because when foreign competition is shut out, home producers will increasingly unite to maintain high price levels.

It is valuable in this connection to quote from Ely's conclusions with regard to protection versus free trade a couple of interesting

¹ *Ibid.*, pp. 879-884.

² *Ibid.*, p. 881.

and sage paragraphs. Not only is the analysis a summary of the preceding arguments, but it is typical of the point of view of economists with regard to the controversy.

Most of the arguments enumerated above, both for and against protection, contain a measure of truth. Historically, protection was inevitable in the United States, and, in the early period of the country's development, beneficial. During the three great wars which seriously threatened the stability of this country, many new industries sprang up which, upon the cessation of war and the resumption of internal trade, were seriously threatened by foreign competition. Many of these industries were so suited to our soil and our people that only a short period of protection was needed to make them self-supporting. Under the circumstances it would have been unwise to permit the sacrifice of the capital invested in these industries; and whether it would have been unwise or not, human nature is such that the desired protection was sure to be granted. In short, there is a large measure of real truth in the infant industry argument.

Circumstances, however, have radically changed in the last few decades. Our *quondam* infant industries have, for the most part, attained a very vigorous maturity, and in some instances have become belligerent and prone to monopolistic bullying; our manufactures have become sufficiently diversified to remove all danger of industrial collapse in time of war; and, above all, we are rapidly entering the economic stage in which, according to the ablest exponent of protection that economic science has ever known,—Friedrich List,—protection is a hindrance rather than a help. That is to say, we are rapidly building up an extensive export trade in manufactured articles; year by year raw materials constitute a larger proportion of our imports and a smaller proportion of our exports; and we have already become the greatest exporting country of the world. All this means that in the near future our manufacturers themselves will look with kindlier eyes upon the withdrawal of the protection they do not need, which in fact actually increases the cost of some of their raw materials, and incites foreign governments to retaliatory taxation upon goods imported from the United States. Our growing export trade will itself bring a wider appreciation of those fundamental principles which have led economists, with but few exceptions, to condemn protection as a permanent policy applicable to all stages of economic development.¹

2. INDUSTRY AND AGRICULTURE

The present tariff policy of the United States is designed to protect American industries in that it operates to enable producers in

¹ Ely, Richard T., *Outlines of Economics*, 3rd ed., The Macmillan Company, New York, 1916, pp. 381-382.

this country to sell their products at a higher price than would be possible if goods could be freely brought to this country from abroad.¹ A fundamental premise in this procedure is that it costs more to produce goods in this country than it does with our foreign competitors, and that the higher American standard of living is maintained by resulting higher pay for our wage earners. But some one must settle the bill for this increased price of American products, and it is the consumer. The situation, however, is not capable of such a simple statement as this; for almost everyone who buys also has something to sell. If the prices of what one buys are raised in fair proportion to the prices of what one has to sell, there is no unfair burden imposed. It must be noted in this connection that the tariff does not have an equal effect on the prices of all sorts of goods and services; because it raises the prices on some to a considerable degree, and does not affect others at all. The result is that some classes of our citizenship are greatly benefited by the tariff, and other classes bear the burden of such benefits.

In its operation, the tariff requires people to pay a "duty" or tax on foreign goods imported into this country. This tariff rate is so arranged as to make it advantageous for people to buy instead goods produced in this country. Where the supply of such goods is limited, the competition among buyers enables producers to get a higher price for their products. "As this is the only way the tariff works it does not raise the price of goods that can be readily produced here in greater quantity than our people need. There are many goods of this sort. Some are minerals, such as copper, coal, or iron ore. Some are manufactures, as boots and shoes, certain varieties of automobiles, of farm implements and plain cotton fabrics."²

By and large, American agriculture is and has been since colonial days a surplus-product industry. Consequently, as an industry it has not been in a position to profit from tariff protection. American manufacturing, taking it likewise at large and without regard to differences in the situation of different manufactured products, has been since colonial days a deficit industry, and thus has benefited extensively from tariff protection.

A leading farm journal in the Middle West, *Wallace's Farmer*, in

¹ Page, Thomas Walker, "What the Tariff Means to the Farmer," *Proceedings*, Institute of Public Affairs, University of Virginia, 1927, pp. 49-53.

² *Ibid.*, p. 50.

its editorial columns expresses the view that agriculture probably laid the basis for its present situation when it permitted the tariff policy to be established in this country. In discussing the matter it points out that

the tariff increased the cost of the manufactured goods the farmer bought. The immigration law increased the cost of labor that went into those manufactured goods, and so sent prices up a notch higher. From the start of the protective system the farmer, to a large extent, especially as regards base crops, has been buying in a protected market, and selling in a world market. The price of wheat, for instance, is set in Liverpool, not in the United States. . . . It is the price paid for surplus food shipped abroad that determines the price for the whole product.

This argument is essentially sound, because the price which our farmers receive for the part of the crop marketed in the home market cannot be higher than the price received for the surplus sold abroad. Otherwise, no farmer would sell any of his products abroad. However, with increasing industrialization and the growing proportion of urban in the population, there are a number of agricultural commodities which are produced in less quantity than is demanded for consumption in this country. Upon most of these, Congress has placed a protective tariff which operates to affect the price at which they are sold. The principal of these are wool and sugar, and of less importance certain specialties among fruits and vegetables. Some dairy products from time to time are affected. While a tariff exists on leading staple crops like corn, pork products, wheat, beef, and poultry produce, it has almost no appreciable effect. On other farm products like short-staple cotton there is no tariff at all. Because of these facts, the overwhelming majority of farmers get no direct benefit whatsoever from the tariff.

3. EFFECTS OF AGRICULTURAL DUTIES

Provided the country is regularly importing an agricultural product, the effect of a tariff will be to raise the domestic price approximately to the full amount of the duty. This is what happens in the case of sugar and flaxseed, for example. However, the effect of the tariff on sugar has been to increase production in Hawaii, Porto Rico, and the Philippines rather than in the United States. Black¹

¹ Black, J. D., *Agricultural Reform in the United States*, McGraw-Hill Book Company, Inc., New York, 1929, pp. 182-231.

states that our imports from these islands averaged a half million tons more in 1925 to 1927 than in the three years previous. The tariff of 1922, assuming that it was fully effective, added about \$60,000,000 to the gross incomes of sugar producers in our insular possessions, and only about \$40,000,000 to the gross incomes of the growers in continental United States. On the other hand, farm families alone, not to consider urban and village consumers, paid in excess of \$50,000,000 more for their sugar supply than would have been the case without the tariff. A farm family consumes an average of 375 pounds of sugar annually, and the tariff of 1922 was effective in their wholesale market to the extent of about 1.75 cents per pound. Flaxseed is a commodity in the deficit class. Duties under the previous tariff law are estimated to have added about \$9,000,000 to the gross income of flax producers, at an increased cost of about \$17,000,000 in the wholesale market to manufacturers. What the added cost to consumers of paint and other linseed-oil products is would be difficult to estimate.

One of the most widely studied of all tariffs affecting farm products is that on wool. Three careful investigations of the influence of the tariff on wool raising, arrive at the conclusion that it has constituted only a minor factor. The availability of cheap frontier lands has been the most significant factor. One of the analyses of the problem states:

It is not advisable permanently to maintain a duty on wool. The burden on consumers of wool goods more than counter-balances the gain to producers. Moreover, there is no element of public policy that dictates the indefinite retention of a duty. It is not necessary for national defense, nor because of "vested rights" of wool growers. Sheep raising is not an "infant industry," nor can the duty be said to aid materially in diversification of industry. In maintaining a duty we are, in the words of the old adage, "paying too much for our whistle."¹

A careful study of the cattle industry reveals much the same conditions. Though a tariff has long been levied on imported cattle, to date they have had little effect on the industry. "Analysis of the gains and burdens to the country as a whole that may be expected to result from the continuance of duties on cattle and beef indicate these duties, though they do not now directly affect any domestic interest very appreciably, will eventually impose an economic

¹ Smith, M. A., *The Tariff on Wool*, The Macmillan Company, New York, 1926, pp. 293-294.

burden on the country that will not be compensated by other effects which they may have upon the national welfare." ¹

The criticism may justly be lodged against these analyses that they are considered in the light of long-time national welfare, and not from the standpoint of the farmer who may grow sugar cane, flaxseed, wool, cattle, etc. It may validly be contended that the manufacturer does not consider the tariff on his products from the viewpoint of the additional cost to the consumer, so long as the latter may be minded to buy in sufficient quantities for his business to be profitable. However, the farmer is himself a considerable consuming class, and the aggregate of tariff benefits inuring to him under the Fordney-McCumber Act of 1922 was studied by the research department of the American Farm Bureau Federation several years ago. The conclusion arrived at was to the effect that the gains derived by the different classes of farmers in this country because of tariffs on agricultural products amounted in the aggregate to \$124,800,000 a year, but the loss to their fellow farmers because of increased prices on these agricultural products was \$94,000,000 a year. Thus the net gain to the farming classes was only about \$30,000,000. The same study arrived at the figure of \$331,000,000 as the sum which the farmer paid annually as a result of the tariff on manufactured and other protected goods which he had to buy. Deducting the net gain of \$30,000,000, the net loss to American farmers as a result of the tariff was estimated at about \$301,000,000 annually. Critics of this investigation have pointed to inaccuracies in it, but the general findings are provocative of much thought as to proper tariff policy for the farming interests.

It is significant to point out here that all is not smooth sailing in the application of a tariff to deficit agricultural products. The effect is often that which is described by Hibbard ² in the case of dairy products. Subsequent to the First World War, dairy products fell in price less than general farm prices. The effect was to stimulate the production of dairy products. In spite of the then prevailing tariff of 8 cents per pound on butter, New York prices made it profitable to import a little butter. During the three years prior to the most of 1924, the increase in production was about 20 per cent.

¹ Edminster, L. R., *The Cattle Industry and the Tariff*, The Macmillan Company, New York, 1926, p. 267.

² Hibbard, B. H., "The Tariff on Dairy Products," *Journal of Farm Economics*, 1925, Vol. VII, pp. 136-144.

But few industries can stand such increases without a decline in price, and this was the result in this instance. There was a sharp decline in price, and a return to the world market for an outlet for the surplus.

It is popularly supposed that tariffs tend to correct the price instability which is a notable characteristic of our highly commercialized agriculture. Black in discussing this situation says:

Many farm leaders consider this instability of prices as one of the major problems of the day. It is popularly supposed that higher tariffs tend to correct this instability. Yet both the evidence and the theory are to the contrary. Put up a very high tariff wall and prices at home will rise very high before domestic production catches up and levels them out again. With a moderate tariff, foreign supplies flow in and keep prices from rising to dizzy levels, while domestic production is catching up. No doubt the dizzy prices hasten the catching-up process; but they also intensify the price slump following. The popular error on this point arises from focusing attention on the checks and slight temporary recessions in prices which occur just at the point where it pays to import. But these temporary effects are of slight importance compared with the longer ascents and steep declines that occur behind a high tariff wall.¹

4. AGRICULTURE AND TARIFF POLICY

Economists rather generally are of the opinion that agriculture has little to expect in the long-time effects of a protection policy. This view is expressed by one of them as follows:

The sound position for the farmer to take is to disavow protection for his own products and to maintain vigorous opposition to protection for any other products. If such procedure should result simply in the withholding of protection from agriculture and its continuance for manufactures, time will moderate if not wholly remove the unjust burden. Though easy to understand, it is not possible to justify the farmer's readiness, the moment opportunity offers, to wield against others a weapon against whose unfairness he had himself loudly exclaimed when it was wielded against him. The protected manufacturer may, perhaps, have no standing in court. But the rest of the community is entitled to demand that the farmer should seek in other and more equitable directions the remedies for his economic ills.²

It would be inaccurate to say that all economists favor free trade, for they do not. Some of them who do, maintain their position with

¹ Black, J. D., *op. cit.*, p. 197.

² Viner, Jacob, "The Tariff in Relation to Agriculture," *Journal of Farm Economics*, 1925, Vol. 7, p. 123.

reservations. The distinctly preponderant attitude of the economist, though, is in favor of free trade as against protective policies.

The free-trade theory is based upon the following assumptions: (1) free competition; (2) wealth as the end of economic activity; (3) a maximum aggregate of wealth in a country as the test of the merits of a given national policy; (4) differences between countries with respect to their natural resources and the abilities and inclinations of their constituent populations.

Under these assumptions it is argued that, if no artificial barriers are imposed every individual in every country will direct his efforts to the line of industry for which by his inclinations, his abilities and the natural resources of the country he is best fitted. He will thereby produce the greatest amount of wealth of which he is capable. With each individual producing his individual maximum, the aggregate national and world wealth will also be maximum. With a maximum to distribute among all countries, each country may obtain more by exchanging the surplus of the things which it is best adapted to produce for the surplus of the things which other nations are best adapted to produce, than it could obtain if, by imposing trade barriers, it compelled itself to satisfy its needs by producing things which it is not well adapted to produce. It is simply an especial case of the advantage which it is generally conceded can be obtained by a division of labor.¹

The same authority on the tariff asks "Can farmers benefit directly by protection?" It is his opinion that farmers are becoming skeptical as to such benefits, and their representatives in Congress are asking for decreases rather than increases in industrial tariffs. But on the other hand, they clamor vigorously for increased duties on agricultural products, on sugar, on flaxseed, on beef and cattle, on wool, on the animal and vegetable oils, and a number of other products. Wright's opinion of the matter is expressed succinctly in his statement to the effect that

while producers of certain farm products benefit by a duty on these products, the benefit is in all cases much less than the duty and that these duties are a burden rather than a benefit to the farming community taken as a whole. It is to be noted in these cases, as is generally true of protective duties, that though in the aggregate the burden outweighs the benefit, the latter is highly concentrated and considerable in individual cases while the former is widely diffused and slight to any one farmer.²

¹ Wright, Philip G., *Protection: Benefits and Burdens*, Rawleigh Tariff Bureau, Freeport, Ill., 1930, pp. 6-7.

² *Ibid.*, p. 35.

A farm journal in the agitation for tariff revision which was one of the factors calling for the special session of Congress in the spring of 1929, shortly after the inauguration of Mr. Hoover as President, stated that

The Southern Planter is for a protective tariff for agriculture. We believe the farmer should demand tariff protection. The tariff can and does benefit agriculture. The sentiment towards tariff is rapidly changing in the South—a section formerly adverse to tariff for protection. Southern farmers are now asking for higher duties on peanuts, long staple cotton, citrus fruits, winter vegetables, cottonseed oil, etc. Their idea in regard to tariff is changing because they have something that needs protection. The government is committed to a protective tariff. The farmers should demand their share.¹

Another farm paper in the same region is inclined to more pessimism regarding the then pending tariff bill. It expresses its dissatisfaction as follows:

The new Hawley Tariff Bill is a disappointment, to put it mildly; to be brought before a farm session of Congress for the purpose of "the enactment of farm legislation and limited changes in the tariff, both in the interest of agriculture." The Hawley bill recommends higher duties on about 1,000 products. Approximately 75 of these increases are on farm products and 925 on manufactured products. Such a bill, if passed, will hurt the farmer far more than it will help him.

In fact, it seems to us, the farmer is looking in vain for relief through tariff protection. A tariff is non-effective on farm crops of which a surplus is produced. This already takes in our major farm crops and it will only be a matter of time until the few remaining crops of which we do not now produce a surplus, will be facing a surplus problem. The American farmer—the most efficient farmer in the world and equally as efficient a producer as the American manufacturer—will soon be producing surpluses of dairy products, wool, etc. At the present rate and increased efficiency in production, this is inevitable.

In asking relief through tariff protection, the farmer is running the risk of greater "economic inequality for agriculture." If he is not careful, in the wind-up he will find himself paying out \$2 in increased tariffs on manufactured products, which he must buy, for every \$1 gain received on farm products. The Hawley tariff bill in the only farm session of Congress ever held proposes an increase of over nine to one in favor of the manufacturer. To us it seems that the sooner the farmer recognizes the tariff as an economic and not a party issue, the sooner he will be in position to demand intelligent and practical farm relief.²

¹ Editorial in *The Southern Planter*, Richmond, Va., October 1, 1929.

² Editorial opinion, *The Progressive Farmer*, Raleigh, N. C., June 8, 1929, p. 4.

Nothing is so characteristic of tariff legislation as its frequent revision. This lack of permanency has often been a source of loud complaint on the part of businessmen as detrimental to the best interests of the nation. From 1883 to 1930, the average life period of a tariff law has been less than seven years.¹ The Smoot-Hawley Tariff Act of 1930 in form is much like that of its predecessor, the Fordney-McCumber Act of 1922. The general level of rates is appreciably higher, however, than that of the law of 1922. A tariff law is too complicated a matter to treat in all of its phases in brief compass. What former Secretary Henry A. Wallace thought of the Smoot-Hawley tariff bill was expressed in the following words of a speech made before the American Farm Bureau Federation in Chicago on December 10, 1935:

The bill actually proved to be the most outrageous instance of selling agriculture down the river to the traditional beneficiaries of tariff privilege. Once again, as in 1922, agriculture had been traded out of its shirt in a game of logrolling. . . . Monopolists and others already well fortified by tariff advantages established themselves even more impregably within the citadel of protection.

A staff writer of the *World's Work* several months after the Smoot-Hawley Tariff Act was enacted thus appraised the benefits to agriculture from a measure ostensibly designed primarily to benefit the farming industry of the nation:

Congress was called together by Mr. Hoover to pass a new tariff bill, largely because farm organizations and such senators as Borah were demanding farm relief. The general idea was to equalize the tariff positions of farm and factory. One must admit that many of the high duties on agricultural products are not effective, since we are on a heavy export basis in these particular commodities. Other duties are gold-brick or bread-pill specifics which confer, like Carlyle's trip to the Louvre, "only a faintish good but perhaps no harm." Still others are a positive detriment. An almost unlimited field exists for the exercise of injury to the farmer through raising the rates on manufactured commodities.

If one wanted to be a bit satirical he might run through the new tariff bill in a generous effort to detect compensations to agriculture in lower duties on imported articles. Under the new bill the farmer pays more for his shoes, harness, saddles, and leather belting; but his wife can

¹ Berglund, Abraham, "The Tariff Act of 1930," *American Economic Review*, September, 1930, Vol. XX, No. 3, pp. 467-479.

get her uncut diamonds and diamond dust into the country absolutely free. The farmer has to pay more for his shovels and spades, but he can import his joss sticks and images of Chinese deities absolutely free. Of course he must pay more for the soft wood lumber which border-state farmers have been accustomed heretofore to bring in free from Canada, but he can import his tagua nuts and pichurim beans without paying a cent of duty. His building materials, such as brick, cement, shingles, and lumber, have been taken from the free list and he must pay more for his modest home and his silo, but let him reflect that under the new bill he has the privilege of bringing in skeletons and fossils absolutely free of duty. If any farmer is not satisfied with one skeleton in his closet he is now in a position to have two or three without paying a cent to the Federal treasury.¹

Fortunately, the flexible provision of the preceding tariff was retained in the 1930 measure. This provides that when in the case of any commodity the President shall find that the rate determined by the Act does not operate to equalize the difference between the cost of production in the United States and in its principal competing country, he has authority to raise or lower the rate until it shall equalize this difference, provided that the increase or decrease does not exceed 50 per cent of the rate provided in the Act. Such changes are to be based upon previous investigations of the Tariff Commission, and are to be effective thirty days after the proclamation of same by the President. A complete reorganization of the Tariff Commission was ordered by the new law, and a long step forward taken in scientific methods of tariff making. These provisions constitute the "silver lining" in the tariff act of 1930. However, it seems unlikely, as desirable as it is, that the tariff will ever be taken out of politics.

Berglund² points out that American public opinion is still largely national-minded, while our economic interests are becoming more and more international in scope. It is his opinion that our mental attitude in this respect must change to conform with economic influences. He hazards the prediction that it will, and gives voice to the guess that the tariff act of 1930 will mark the apex or culminating point of high protection in this country. It may well be that it is in this direction that the sanest solution of the tariff questions of our national life is to be found.

¹ "Tariff Absurdities." *World's Work*, November, 1930, Vol. LIX, No. 11, pp. 39-41.

² Berglund, A., *op. cit.*, p. 479.

5. RECIPROCAL TRADE AGREEMENTS

On June 12, 1934, an amendment to the Smoot-Hawley Tariff Act of 1930 was enacted by the Congress, this new legislation becoming known as the *Trade Agreements Act*. The purpose of the act is stated to be that "of expanding foreign markets for the products of the United States," and it gives authority to the President of the United States (1) "to enter into foreign trade agreements with foreign governments" and (2) "to proclaim such modifications of existing duties and other import restrictions . . . or such continuance . . . of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out" such agreements.

The provisions of the Trade Agreement Act are relatively few and simple.¹ As has just been stated, it authorizes the President to enter into executive agreements for the reciprocal reduction of excessive trade barriers between this country and other countries, and to make, within certain specified limits, the tariff adjustments necessary to effectuate such agreements. The prescribed limits are: (1) that "no proclamation shall be made increasing or decreasing by more than 50 per centum any existing rate of duty;" (2) the transferring of any article between the dutiable and free lists is prohibited; and (3) the inclusion of the most-favored nation policy, which is the traditional procedure of this country to treat all nations alike on a basis of equality and nondiscrimination.

Ely says that "the Reciprocal Tariff Act of 1934 in no way renounces the basic principles which have been incorporated in the American tariff policy from the beginning. It does, however, introduce a revised technique in the application of old principles—a different method, or policy, in the negotiation of commercial treaties with foreign countries."²

In pointing out misconceptions concerning the basic relationship of the program to agriculture, Edminster says:

The essential facts concerning the fundamental relationship of the tariff to agriculture are not very complicated. They have been pointed out repeatedly by the Secretary of Agriculture and by many others.

¹ Sayre, Francis B., *The Way Forward*, The Macmillan Company, New York, 1939, p. 60.

² Ely, Richard T., *op. cit.*, p. 889.

They rest basically on two propositions. First, agriculture in this country normally produces a vast surplus in excess of our domestic requirements which must be sold in foreign markets, and is geared to produce even larger surpluses if profitable outlets can be found. Second, agriculture would still be on a surplus basis even if every dollar's worth of agricultural products which we normally import (other than products, such as rubber, coffee, et cetera, that are not grown in the United States) were excluded and we produced domestically whatever quantities of such products, or of substitutes for them, consumers in this country were able to take off the market at the higher prices that would have to be paid for them.

Under the foregoing conditions it is idle to talk of assisting agriculture through a policy of high tariffs. The complete exclusion of every trace of an imported agricultural product even remotely competitive with domestic production could not effectively protect agriculture. In fact, just the contrary. For it is not a matter of theory but of history that any such remedy for the farm problem is pure quackery and positively injurious. In order to obtain every last shred of a domestic market which is not large enough in any case to absorb all of its product, agriculture must acquiesce in a tariff policy which is ruinous to both its domestic and its foreign market. To obtain "embargo" tariffs on its own products, it must consent to "embargo" tariffs on other products. As producers, farmers find their market both at home and abroad shrivelling under a régime of trade constriction; as consumers, they find themselves burdened by tariff-increased prices of most things that they buy or would like to buy if they could. This is an old story and I would not repeat it were it not for the fact that to this day—more than seven years after the Smoot-Hawley fiasco—much of the opposition to the trade-agreements program from quarters claiming, at least, to represent considerable elements of farm opinion discloses either a complete ignorance or a complete disregard of these simple fundamentals.

The implications of all this from the standpoint of the trade-agreements program are clear. A tariff policy which seeks to reduce excessive trade barriers and to rebuild our foreign commerce and world trade generally upon a sound basis is certain to be vastly to the advantage of the country as a whole, because it will result in a more effective application of our capital and labor and hence in a larger real income for the nation. But from the standpoint of agriculture the gains to be realized from such a policy are especially to be emphasized, for the very reasons that have been indicated.¹

Sayre believes that the trade agreements program is calculated to benefit the American farmer in three ways:

¹ Edminster, L. R., "Trade Agreements and Agriculture," *Journal of Farm Economics*, 1938, Vol. XX, No. 1, pp. 326-327.

In the first place it builds up and strengthens foreign markets for his surpluses, both by reducing or eliminating the trade barriers which bar access to those markets and by building up foreign purchasing power.

We have now concluded twenty trade agreements with nineteen countries. Hundreds of concessions of value to American agriculture have been obtained. As measured by 1929 figures, nearly a third of our entire agricultural exports to those countries with which the first eighteen trade agreements were signed received improved treatment of one kind or another. Approximately another third received guarantees that the existing duties would not be increased or the existing treatment be made less liberal. In the nineteenth agreement, that with the United Kingdom, concessions, including bindings, were obtained for about five-sixths of our total agricultural exports to the United Kingdom, the outstanding foreign market for American farm products. . . .

In the second place, the program is of very practical benefit to agriculture through building up increased domestic markets and increased domestic purchasing power. If, as pointed out in a previous chapter, we can sell abroad, for instance, more automobiles, automobile factory workers in the United States can and will buy more butter and meat and woolen and cotton goods than they otherwise could. Moreover, automobile factories will be buying iron and other raw materials from every section of the country; and this in turn will mean increased pay rolls and increased purchasing power in every place from which they buy. Workmen in these places will in turn buy goods coming from still other sections of the country. Each sale of surplus products abroad creates a chain of economic transactions within the country, the total effect of which is to increase purchasing power beyond the volume represented by the original sale; and increased purchasing power is what makes prosperity. Trade increases employment, creates profits, and raises the general level of well-being.

In the third place, the trade agreements program offers to farmers a practical means for increasing what economists call their "real income," that is, the amount of goods which their income will buy. The farmer's real income may be increased either through his receiving more dollars with which to buy the goods he wants or through a reduction in the cost of the goods he wants. In either way he gets more goods. Through a reduction of the costs of the things he needs by reducing the excessive and economically unjustifiable tariff rates of the Hawley-Smoot tariff in such a way as to avoid injury to domestic producers, the farmer's real income can be increased without injury to other groups; and this is being done with every new trade agreement that is made.¹

It is rather generally conceded that the operation of the trade-agreements program has done much to improve the situation created by the Smoot-Hawley Tariff Act of 1930. It has in it poten-

¹ Sayre, Francis B., *op. cit.*, pp. 144-148.

tialities of doing much more. As of February, 1940, trade agreements had been effected with twenty-one countries accounting for about 60 per cent of the total export and import trade of the United States. The countries with which agreements existed at that time were: Belgium, Brazil, Canada, Colombia, Costa Rica, Cuba, Czechoslovakia, Ecuador, El Salvador, Finland, France, Guatemala, Haiti, Honduras, Nicaragua, Netherlands and colonies, Sweden, Switzerland, Turkey, United Kingdom and colonies, and Venezuela.

The effective administration of such a program requires personal and political courage as a first essential. If this condition is met together with the wise selection and equitable treatment of a sufficient number of items, the trade-agreements program may well prove the road to alleviation of the obsolete and unsound structure of our traditional tariff policy in favor of one which will contribute to the advancement of national prosperity for farmers, industrialists, businessmen, and consumers alike, as well as serving to promote international welfare and good will.

QUESTIONS

1. What rôle did Alexander Hamilton play in the development of the protective tariff policy in this country? Trace briefly the nature of the tariff bills up to the Civil War. Give the general tendency in such measures since that time.
2. Describe the traditional attitudes of the Democratic and Republican parties toward the tariff issue. What effect is the increasing industrialization of the nation having upon these attitudes?
3. In what ways was the Tariff Act of 1930 unique among tariff legislation?
4. State the case for protection, giving the usual eight arguments in that connection.
5. Outline the case for free trade, naming the seven arguments which the free-traders often offer against a protective tariff.
6. Give Ely's summary analysis of the arguments for and against protection. Is it characteristic of the economist's point of view rather generally?
7. Explain concisely how the present tariff policy of the United States is designed to protect American industries.
8. What is the significance of the fact that by and large our agriculture since colonial days has been a surplus industry, whereas American

manufacturing over the same period of time has been a deficit industry?

9. Explain why it is that "the price of wheat is set in Liverpool, not in the United States. It is the price paid for surplus food shipped abroad that determines the price for the whole product."
10. What is the effect of a tariff upon an agricultural product which the country is regularly importing and why?
11. Give the effect of the tariff on sugar in Hawaii, Porto Rico, and the Philippines, and in the United States.
12. Is it advisable permanently to maintain a duty on wool? on cattle? Give reasons for your answer.
13. Discuss the findings of the research department of the American Farm Bureau Federation in its study of the effects of the tariff upon the farmer.
14. Using the instance of butter subsequent to the World War, point out how a tariff on deficit agricultural products may react to the detriment of the industry.
15. Defend or oppose the following statement: "The sound position for the farmer to take is to disavow protection for his own products and to maintain vigorous opposition to protection for any other products."
16. Upon what four assumptions is the free-trade theory based? How is it expected that it would operate under these assumptions?
17. Give the gist of the criticisms made of the Smoot-Hawley Tariff Act of 1930 as a measure ostensibly designed primarily to benefit the farming industry of the nation.
18. State the purpose of the Trade Agreements Act of 1934, and the powers it confers on the President of the United States.
19. List the three principal limits prescribed in the Act.
20. Discuss how the Trade Agreements Act of 1934 is calculated to aid the American farmer.

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CHAPTER XXIII

FARM TAXATION

If it were possible to abolish taxation, many of our politicians would be hard put to find a popular substitute for the campaign platform of reduction in taxes. The practice of decrying taxes has tended to produce in the public mind a dislike of taxes in any recognizable form. It is much better to approach the matter from a sensible viewpoint, and to recognize in most cases that a citizen does not derive from any similar amount of money benefits anything like proportionate to those which accrue from his payment of taxes.

There are many functions to be performed in organized human society which cannot be undertaken by private enterprise. The state is to be viewed as an organization of ourselves, directed by ourselves, and operating for our benefit in a number of essential ways. Fundamentally, there must be laws to delimit rights, sovereign power to enforce such laws, to maintain order, and to protect the state in case of attack from the outside. Once the state is so constituted the services of public education, health protection, highway construction, the care of the dependent and delinquent, and related activities fall within its province for economical and efficient development. All citizens, to some extent, are benefited by these services, and when inclined to complain at reasonable tax loads, it would be worth while for them to pause and consider just what Federal, state, and local governments do for them. All of these things cost much to provide, and taxes are the price we pay for the services of government. As a rule, governmental services cannot be measured and allocated to individuals, nor can the citizen refuse to accept them whatever the charges. Also, the wise individual determines the amount he will spend by the size of his income. Governments, to a considerable extent, are within certain limits bound

by the same factor, but a practice widely applied is to decide upon the expenditures which the best public interest requires, and then to set the tax rates accordingly.

1. CHARACTERISTICS OF A GOOD TAX SYSTEM

The characteristics of a good tax system should be viewed from the administrative standpoint, and from that of the political principles involved. The administrative characteristics may be classified from the point of view of the government and that of the taxpayer.

In his classic volume on *The Wealth of Nations*, published in 1776, Adam Smith, the founder of modern economics, gave four maxims with regard to taxes in general, which have come to be known as his *canons of taxation*:

I. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state. The expense of government to the individuals of a great nation, is like the expense of management to the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate. In the observation or neglect of this maxim consists, what is called, the equality or inequality of taxation. . . .

II. The tax which each individual is bound to pay, ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. . . . The certainty of what each individual ought to pay is, in taxation, a matter of so great importance, that a very considerable degree of inequality, it appears, I believe, from the experience of all nations, is not near so great an evil as a very small degree of uncertainty.

III. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay; or, when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury are all finally paid by the consumer, and generally in a manner that is very convenient for him. He pays them by little and little, as he has occasion to buy the goods. As he is at liberty too, either to buy, or not to buy, as he pleases, it must be his own fault if he ever suffers any considerable inconveniency from such taxes.

IV. Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state. . . .

A fundamental political principle which should characterize a tax system is that of *justice* or *equality*. Such abstract concepts are difficult to define, and accordingly there is much diversity of opinion with regard to their application. One interpretation is that the individual should be taxed in proportion to the *benefit* received; but obviously it is impossible to measure this with any degree of accuracy. In the quotation just cited from Adam Smith, he expressed the view that taxation should be proportional to income. He said that "the subjects of every state ought to contribute towards the support of the government as nearly as possible in proportion to their respective abilities, that is, in proportion to the revenue which they enjoy under the protection of the State." However, he was in error in suggesting that ability to pay is proportional to income; for the principle of diminishing utility operates so that the person who is taxed a tenth of a small income is subjected to much more sacrifice than the individual who pays a tenth of a larger income. This leads to the principle of *progressive* taxation, applied, for example, in our income-tax laws, where an increasing tax is levied upon successive segments of the larger income. In this way some approach to equality of sacrifice is secured. Perhaps the prevailing interpretation of the concept of justice or equality in taxation is that of *faculty*, or *ability to pay*. So far as any principle exists, even in modern tax systems, it is probably largely that of ability to pay, which is really to be viewed as a compromise between proportional and progressive taxation.

A concise statement of the characteristics of a good tax system are thus stated by a contemporary English economist:

Government requires a tax-system first of all to be *productive*; hence a finance minister will be very reluctant to relinquish on any grounds of political principle a tax to which people have become accustomed and which brings in a large income to the Treasury; and, on the other hand, he will be willing to forego small receipts that take a great deal of collecting. Secondly, it requires a tax-system to be *certain*; the yield must be easily calculated and the incidence certain and reliable, or the intentions of the Government will be frustrated. Thirdly, it requires a

¹ Smith, Adam, *The Wealth of Nations*, Economic Classics, The Macmillan Company, New York, 1931, pp. 261-262.

tax-system to be *elastic*; the system should contain some taxes, the rate of which can be readily varied to meet sudden and exceptional demands for Government expenditure. Under the same head of administrative precepts come certain requirements of the taxpayer. The first is again *certainly*; the payer should know exactly how much, when, and where he will have to pay. Uncertainty is a check upon industry, and it makes the burden of taxation more grievous, since an unexpected burden cannot be anticipated and provided against like a certain one. Secondly, the payer requires a tax to be *economical*; i.e. it should take from the tax-payer's pocket as little as possible over and above what it brings into the treasury. Protective duties are uneconomical, since the consumer has to pay an enhanced price, not only on imported articles which are taxed, but also on home-manufactured articles which are not taxed. Thirdly, the payer requires *convenience* in a tax; a tax should be levied at the time and in the manner most convenient to the payer. The advantage of the system of raising revenue by indirect taxes on luxuries is that it leaves the payer free to some extent to choose the time and amount of taxation he will pay. Of these administrative precepts certainty is the most important. Society can adjust itself to almost any burden if the burden is definite; any uncertainty prevents this process of adjustment. Hence the saying "An old tax is no tax," and hence the known reluctance of finance-ministers to remit an old tax, however logical such action might seem.¹

Tax systems cannot be impractical and visionary, even though policies in such matters should be guided more or less by abstract principles.

The ultimate source of all revenue is the national income, and from the purely economic standpoint a tax system should be so devised as not to reduce the national income or check its growth; taxes should be levied where they will not reduce efficiency. These "principles of taxation" are indefinite and often conflicting. The best tax system must be a compromise between them; existing tax systems are based on no principle, and can be understood only by reference to the historical circumstances under which they grew up.²

2. KIND OF TAXES PAID BY AGRICULTURE

Taxes in the United States are levied by Federal, state, and local governing bodies. That there has been a marked increase in the costs and services of government—local, state, and national—is a fact well known to every taxpayer. The greatest increase in the

¹ Clay, Henry, *Economics for the General Reader*, The Macmillan Company, New York, 1929, pp. 366–367.

² *Ibid.*, p. 368.

**SOURCE OF FARM-TAX DOLLAR,
UNITED STATES AVERAGE, 1927,
1930, 1932, AND 1934**

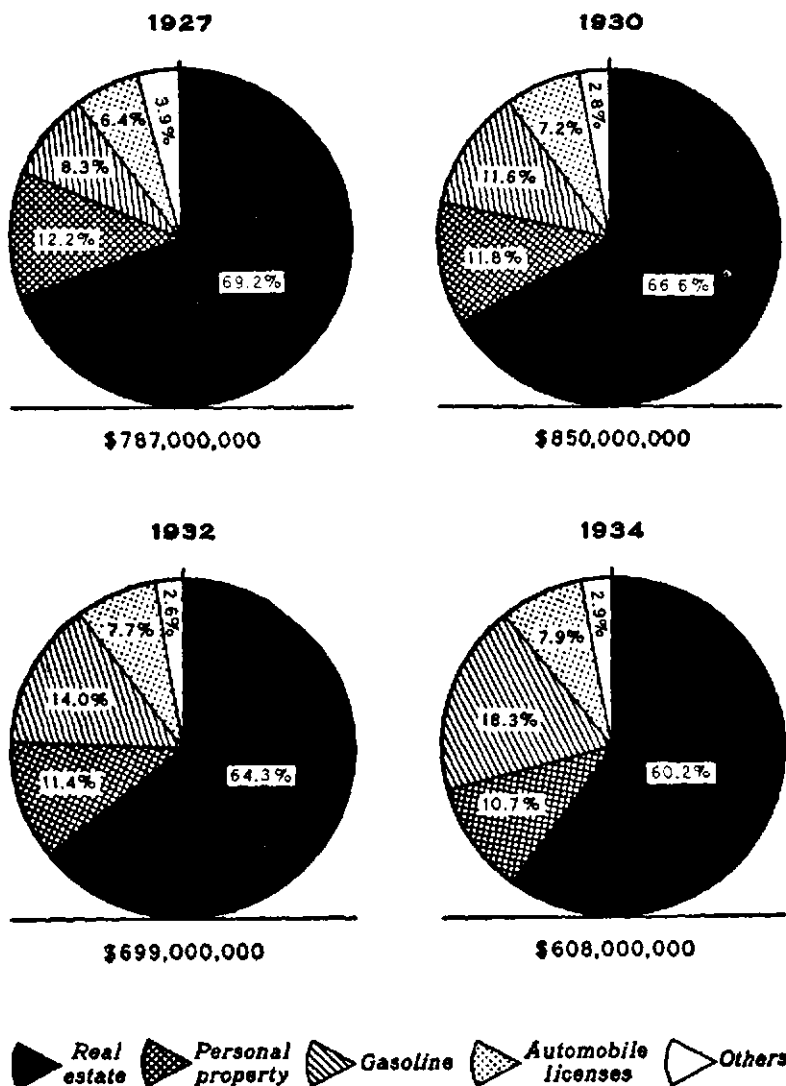


FIGURE 8. Separation of Total Direct Farm Taxes into Types Showing Where and How the Burden of These Taxes Falls. (Source: Jackson, Donald, *A Graphic Summary of Farm Taxation*, Miscellaneous Publication 262, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1937, p. 3.)

proportion that taxes are of the national income has been in the case of Federal taxes. A considerable part of this has been occasioned by the First World War, the relief and other activities during the economic depression of the 1930's, and by the national emergency occasioned by the Second World War.

But what are the kinds of taxes paid by farmers in this country? An accompanying chart (see Fig. 8) shows the source of the farm-tax dollar in the United States. It will be noted that there is a tendency for the proportion of taxes paid on real estate to decrease, and a significant increase is indicated in the proportion paid on gasoline taxes and automobile licenses.

The farmer pays directly less Federal taxes, proportionately, than the urban resident and more of the load of state and local taxation. This is due to the fact that a considerable part of the Federal revenues are derived through levies on incomes. Due to the low incomes of most farmers, the exemption levels of the income tax have operated in the past to exclude agriculture in large measure from contributing to this source of national support. For example, in the year 1924-1925, somewhat less than \$10,000,000 of a total of \$1,500,000,000 of taxes paid by farmers is to be credited to Federal income-tax payments. During the period of peak prosperity in the days of the First World War the farmers' incomes were at higher levels and the aggregate of income taxes paid by them was greater. Due to the relatively low incomes of farmers, their excise taxes on tobacco, gasoline, liquor, and such commodities to the national Treasury makes the incidence of this form of taxation heavier proportionally than with the urban group. However, it seems accurate to conclude that in the totality of Federal taxes the farmer suffers from no discrimination made against him.

The expenses of war and national defense will undoubtedly add significantly to the farmer's Federal tax load, since in such times the cost of the national government assumes peak loads, although fortunately this increase is not usually accompanied by anything nearly proportional in the growth of state and local expenditures. The following analysis of the situation is of interest in this connection:

The Federal tax legislation of 1940 did not add substantially to farmers' tax payments except as the increases in excise taxes, notably those on motor vehicles, gasoline and lubricating oil, are paid by farm-

ers. How much the reduction in personal exemptions to \$800 for single and \$2,000 for married men will add to Federal income tax payments of farmers is not known, but the probabilities are that the increase will not be great. Whether the Federal Government will levy new taxes that will add substantially to those now paid by farmers remains to be seen. The tendency so far has been to continue the conventional Federal taxes and to emphasize the taxation of surplus income especially as it may accrue to business corporations during our defense effort. A general sales tax, often mentioned as a defense measure, does not now appear to have general support. If levied it would add substantially to the tax burden of consumers including farmers. . . .

In summary it may be said that the defense effort has so far not added materially to the tax load of farmers except as they are paying somewhat higher Federal excise taxes than a year ago. The future, however, promises larger payments. If inflation can be largely avoided no significant increase in State and local taxes need be anticipated. Increased taxes will be connected with Federal needs. To the extent that the Government satisfies its tax requirements through increases in the rates levied on excess profits and corporate and individual net incomes the farmers will be largely spared. But the vast sums to be spent on defense can hardly be raised by such taxes supplemented only by loans representing actual savings. Thus the choice is between two general alternatives. Provisions must be made for new measures which like the general sales tax compel heavy contributions from all income groups, or we shall drift into inflation. Inflation, highly objectionable on other counts, is in itself a harsh taxing device. For the vast majority inflation would be a regrettable choice. Farmers like most other groups have a definite interest in avoidance of fiscal measures that encourage its development.¹

In an increasing number of states, an income tax is levied by the state on individual incomes. The exemption level is usually less than with the Federal Government, but in spite of this fact, no considerable amounts are secured from farmers by reason of this tax. Where the income tax makes up any considerable part of the revenues of state government, the effect is to reduce the farmer's tax load in this respect.

Farmers are subject to state inheritance taxes, because farm property, along with other property which changes hands by descent, is usually liable to this tax. The inheritance tax is irregular in operation by its very nature, varying from time to time, but the

¹ Tostlebe, Alvin S., "Tax Outlook for Farmers," *The Agricultural Situation*, May, 1941, Vol. 25, No. 5, pp. 9-12.

per capita amount collected is reported as insignificant in all states.¹

The two kinds of taxes directly affecting the farmer to greatest degree are those on general property, including both real and personal property, and those connected with the automobile, as gasoline taxes and automobile licenses. The percentage amounts of these are indicated in Figure 8, on page 580.

The general property tax provides the basis of support for the local units of government, and is clearly the most important factor in the tax burden of farm owners. A considerable variation exists in the tax systems from state to state, but in all of them a primary source of revenue for the local units is the general property tax. So successful has been the evasion of intangible property from taxation in many states that the general property tax has become almost wholly one on tangible property. The farmer whose property in the main is tangible, and so visible in the case of land, buildings, livestock, machinery, etc., has come in heavily for his share of taxation for local governmental units.

Next in importance to the general property tax with the farmer is the automobile as a source of taxation. In most states, the automobile is taxed as personal property, and as such comes under the general property tax. In addition license taxes are levied, sometimes known as *tag fees*. Then the owner of an automobile pays a tax usually of several cents, varying with the individual state, for the gasoline which he consumes in its operation. Farmers as a class are automobile owners, though by no means all of them are provided with this modern means of transportation.

At one time, poll taxes were a significant factor in the taxes of the farmer. In many states, they are now completely absent, and in the national aggregate such taxes constitute less than 1 per cent of the taxes paid by farmers in the United States.

Like all other citizens, the farmer pays certain governmental fees, which are usually for some specific service. There are fertilizer-inspection fees, feed-inspection fees, etc., as well as those paid to officials of the county government for the recording of deeds, mortgages, the probating of wills, and similar matters.

¹ Coombs, Whitney, *Taxation of Farm Property*, Technical Bulletin 172, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1930, pp. 1-74.

Besides these direct taxes, as has already been intimated, the farmer has a considerable indirect tax load which it is very difficult to estimate. The tariff duty is reflected in the price of goods which he must buy, and he pays excise taxes for the tobacco and similar products which he consumes.

3. THE GENERAL PROPERTY TAX

The Federal Government does not make any use of taxes on general property as such, but the major proportion of state and local revenues are derived from this source. It would follow naturally that the farmer's taxes are largely those from general property, and in the states that are predominantly rural, he bears the load of support of state and local government. Then it is important in a consideration of farm taxation to consider carefully the various implications of the general property tax.

There is no tax in our whole system which has been more widely condemned than the so-called general property tax. Criticism has come not only from those upon whom it falls with disproportionate weight, but from others who have no axe to grind in the matter since in one way or another they escape it. In fact, about the only good thing one can find to say about it is to quote the aphorism that "an old tax is a good tax." This is, of course, but a back-handed compliment. If the general property tax is a good tax at all it is so largely because inertia has stood in the way of improvement and because no political party cares to assume the responsibility for introducing a new tax. Men have always found *thinking* about their problems far more wearing than simply *grumbling* about them.

In an agricultural society where ownership of property was fairly widespread and where it consisted almost entirely of tangible goods, the general property tax had a good deal to be said for it. In such a society the possession of tangible property was a relatively fair measure of ability. However, with the appearance of new forms of intangible property following the invention of the corporate form of business enterprise, and the growth of public and private debt, tangible property ceased to be a fair measure of taxpaying ability. For a generation or more its inequity has been denounced by public and private investigators in unmeasured terms and its serious modification, even its abolition, has been demanded by a growing body of opinion. That little has been done in either direction is due to a number of reasons. In the first place, what is familiar is preferred to what is new. In the second place, those who pay the bulk of the real property tax—farmers and small home-owners—are not organized in the same way as other groups and hence are unable to make their influence felt decisively with legislative

bodies. Finally, there is a feeling that new taxes designed as a matter of theory to relieve the burden on real property, may in practice turn out to be not substitute taxes but *additional* taxes, to be spent by more or less predatory officeholders.

At all events, the tax on "general" property remains the principal source of tax revenue for local purposes in most of our states, and local authorities are compelled to do the best they can with a faulty system.¹

The theory of the general property tax professes to consider the aggregate property of each taxpayer as a unit, and to tax the property of each alike, but there are inherent differences in various kinds of property. Administrative necessities have forced distinctions according to different bases. The most significant of these are the differentiation between *real* and *personal* property, and between *tangible* and *intangible* property. Under common-law interpretation, *real property* is that property which devolves to the heir directly, or passes to vendee on sale, while personal property devolves indirectly through an administrator. Real property is taxable in the district in which it is located, while the tax obligation of personal property follows the owner.

Tangible property includes property which is corporeal or perceptible to the touch. Thus we may have tangible real property, and tangible personal property, though the distinction is commonly applied only to personal property. Intangible property consists of rights, interest, or claims to tangible property; for example, bonds, stocks, promissory notes, mortgages, and other *choses in action* in general are intangible.

One authority on public finance says that

the most serious tax burden of the farmer is his property tax. . . . Farmers have felt the harsh effects of real estate taxation as taxes rose, with increasing expenditures, while their mortgage and debt obligations accumulated and farm income declined. The farmer owns property which is readily assessed while his city cousin may have large holdings of intangibles which escape assessment. With the extended agricultural depression, an overabundance of farm products, market prices below costs, and foreign competition, the farmers have often found it impossible to shift the property taxes which could be shifted under more propitious conditions. The farmer has been largely to blame for his tax plight, however, for he has given his approval or has not opposed expenditures call-

¹ Lancaster, Lane W., *Government in Rural America*, D. Van Nostrand Company, Inc., New York, 1937, pp. 129-130.

ing for property tax increases. His economic predicament has been aggravated by onerous taxation, but factors more fundamental than taxation are chiefly responsible for agricultural distress.¹

But it must be recalled that the farmer's taxes are an immediate overhead cost that must be met in hard times as well as in periods of prosperity or his property will be sold out from under him by the sheriff.

Although the general property tax purports to tax all property owners alike, there are many factors which operate to make this true only in that it is professed to be the case. There are sweeping exemptions of tangible and intangible property of a public or semi-public nature. Only a small proportion of intangible personal property finds its way on the tax books, and in many states, the property tax paid on this form of property amounts, as a rule, to little more than a voluntary contribution on the part of the owner, since he could avoid payment if he chose to do so. In cities, much tangible personal property escapes taxation, particularly in the case of persons who escape the tax rolls because they are not owners of real estate.

Customarily, the general property tax has called for assessment at sales value. To return intangible personal property at such a figure with prevailing tax levies would in many cases be almost confiscatory in its effect. So, since it can easily be concealed, it is not placed on the tax books. The proportion of assessed value to sales value in real estate ranges even in the same community from ridiculously low figures almost to actual sales value. The great bulk of real-estate assessments in the United States are largely based upon the personal opinions of assessors or reviewing bodies. Where state taxes are levied on general property, and this is widely the case, one county vies with another to see which can accomplish the greatest evasion of tax load by a lower rate of assessment.

One student of the problem says "that the idea of taxing all property, tangible wealth, equities, consumers' goods, producers' goods, land and improvements as one homogeneous mass is indefensible. . . . Much, if not all, of personal property should be legally exempt." In summarizing the criticisms leveled against the property tax the same authority continues:

¹ Buehler, A. G., *Public Finance*, McGraw-Hill Book Company, Inc., New York, 1936, pp. 302-303.

The property tax is criticized on theoretical grounds because it is said to correlate badly with both benefits received and ability to pay. The latter contention is supported on many grounds, perhaps chief of which are the double taxation of tangible property and equitable rights in such property (when modified, the criticism usually is that the creditor is favored over the debtor), that the tax is inconvenient in timing and form, and that it creates a heavy burden and a high fixed charge upon shelter. On practical grounds the property tax as administered is usually regressive, shows other inequalities, and is characterized (particularly in its application to personal property) by a high degree of evasion. In spite of these criticisms, the property tax is retained, a fact which can be explained on many grounds, among which are that the tax is thought to impose a reasonable condition of ownership, is considerably capitalized, and less unfair than some of its principal alternatives. Nevertheless, it is too general in scope and, except as applied to urban land, it is overworked.

Analyzing the problem of property tax administration in more detail, we find quite a complicated pattern. First, there are many units of government which rely simultaneously upon the same tax base. Second, there are a considerable number of steps from the levy to the collection of delinquent taxes and appeal to state administrative bodies and courts. Third, many problems are encountered in the local assessment of property, including the part-time, poorly paid, politically-chosen assessor, multitudinous forms of personal property and real estate, highly involved descriptions of real estate and imperfect standards of value. In the local assessment process many helpful aids may be provided, among the most important of which is adequate supervision by a central agency. . . .

In conclusion, while the general property tax is cracking badly in places, it is probably destined to continue for many years as a major, if not the major, source of public revenue in the United States. While the search for other and better sources of public revenue should go on, we should also continue improving this source so that it may work with that degree of equity and efficiency which a modern revenue system requires.¹

The defectiveness of the general property tax has long been apparent. It certainly cannot be justified on the basis of ability to pay. Yet it continues because it is a convenient and certain method of securing revenues, and as has been stated, it is still the leading source of state and local support of government.

Almost everywhere property used in agriculture stands out as the most ill-favored of all classes when the tax is considered in relation to

¹ Groves, Harold M., *Financing Government*, Henry Holt and Company, Inc., New York, 1939, pp. 117-119.

earning. The tax on farm real estate, together with taxes on farm machinery, livestock, and other property, all of which are easily reached by the property tax, has caused the agricultural industry to bear an undiminished tax burden despite the rise of more productive industries.¹

A close student of this problem states that the general property-tax system has really broken down in every state, though it is not to be construed from this conclusion that property taxation will be abandoned.² Its significance resides in the fact that other methods must be developed for the reasonable and equitable distribution of the tax burden among the owners of different forms of property, and for reaching the taxpaying capacity of those whose incomes depend on personal service rather than on the use or ownership of property. Some of the ways in which this end may be more effectively accomplished are discussed in the concluding portion of this chapter.

4. SALES TAXES

There seems to be an increasing tendency for states to levy sales taxes upon various kinds of exchange transactions. In 1939, there were twenty-five states which had general sales taxes yielding revenues amounting to some \$442,300,000 in the aggregate. In the same year, all state sales taxes, both general and selective, omitting the tax on gasoline, yielded a total revenue of approximately \$685,100,000.

Much controversy has been precipitated over the justification for such taxes. In many instances the necessity of additional revenues was a primary reason, together with the fact that the property tax had already been overworked to provide the increasing services, including relief, and costs of government. That it is a fertile source of revenue is attested by the figures just cited, but that it is a nuisance tax in its nature is also confirmed by everyone who has had experience with it. The principal objection offered to it is perhaps the fact that it is a regressive tax in its incidence. It violates the principle of ability to pay in that it falls most heavily proportionately upon the individuals with small incomes. In this connection, Englund says that

¹ Olsen, Nils A., and others, "Farm Taxation," *1924 Yearbook of Agriculture*, Government Printing Office, Washington, 1925, pp. 260-263.

² Lutz, H. L., *Public Finance*, D. Appleton-Century Company, Inc., New York, 1926, pp. 320-350.

this characteristic of the sales tax has many implications from the standpoint of its effect on such matters as volume of consumption and standard of living of low-income groups, but these implications are in large part outside the subject of rural taxation as such. It is pertinent, however, to note that the sales taxes, whether levied to afford tax relief for general property or to raise revenue which it would be difficult to get by increasing the property tax, fall upon farmers as upon other consumers to the extent that they buy the commodities subject to the tax.¹

In discussing the extent to which the device of the sales tax relieves the farmer's tax load by reducing the amount of his property tax, the same authority says:

A general sales tax levied to relieve taxable property is not likely to afford tax relief to a very large part of the rural people. In the first place 38 per cent of the total value of all farm real estate in the United States is in farms operated by tenants. The landowner may or may not be a farm resident or even live within the State where his property is situated and where the sales tax is levied. If he lives within the State, as a buyer of the goods subject to the sales tax he pays a part of the tax. If he lives elsewhere, he does not pay it. In any event, if the revenue from the sales tax is used to reduce the real estate tax or to maintain it at a level lower than it would be without the sales tax, the tenant and his family bear the tax and the landowner gets the relief. The difference may not be equalized soon, if ever, through adjustments in the rental contract.

This does not mean that the landlord necessarily gets an unfair advantage at the expense of the tenant, although that may sometimes be the case. Attention is called to sales taxes for property-tax relief to illustrate that an extensive shift of revenue collection from the property tax to the sales tax may possibly create new inequalities hardly less serious than those which exist within the property-tax structure itself.

It is possible also that a sales tax designed to relieve real estate may save the owner-occupant of a large property more in real estate taxes than he pays through the sales tax. To the extent that his expenditures for the taxable commodities bear a lower ratio to the assessed value of his property than those of the small landowner to his assessment, the large owner would receive more relief in proportion. Be this as it may, the regressiveness of the general sales tax itself, together with the tendency of the real estate tax to fall more heavily on small properties, makes it most unlikely that the sales tax can properly be regarded as a suitable means of correcting economic inequalities in the rural tax structure.

If the revenue from the general sales taxes in a State with a large urban population were applied to the cost of government in rural areas, the relief there would be substantial. This, however, is not the usual ap-

¹ Englund, Eric, "Rural Taxation," *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, pp. 760-781.

plication of the tax. Even if it were so applied, the fact remains that the tax would still fall most heavily on the poor and also would have the usual characteristics of vexation and disturbance to business, especially when levied at retail.¹

Another careful student of the matter is of the opinion that where conditions have been favorable both the productivity and the practicability of the sales tax have been clearly proved. It has been demonstrated that collection costs and administrative difficulties may be maintained at a reasonable minimum. However, he concludes that the sales tax has not proved "to be a desirable substitute for the income tax or selected excises, which are productive and more equitable. It should be counterbalanced by a progressive income tax wherever practicable. The proper rôle of the sales tax in the fiscal system appears to be that of an emergency revenue, to be resorted to only when normal revenues are inadequate."²

5. INCIDENCE OF FARM TAXES

One of the most involved problems in public finance is the shifting or incidence of a tax. The operator of a filling station does not pay the tax which a state may levy on gasoline for highway construction and maintenance. He adds this to the price at which the gasoline is sold at a profit and the consumer pays the tax. The manufacturer passes his tax load on to the consumer by including it in the price at which his goods are sold. Under usually prevailing conditions, the city owner who rents property includes his taxes in the figure at which he rents the offices, houses, or apartments. Thus there is little burden to one who pays a tax directly to the collector if there is some economic transaction involved by means of which he can compel his customers to pay his taxes for him by including the taxes in the price of the goods or services rendered.

There are many different kinds of taxes. Everyone is familiar with the local taxes on real estate and personal property and with the Federal income tax. All these are *direct* taxes. On the other hand, there are many taxes, such as customs duties and the duties on tobacco and other commodities, that are *indirect* taxes. Direct taxes are borne by the receivers of the incomes and the owners of the property upon which they are levied; indirect taxes are added to the prices of the commodities on

¹ *Ibid.*, p. 781.

² Buehler, A. G., "Sales Tax," *Encyclopaedia of the Social Sciences*, The Macmillan Company, New York, 1937, Vol. 7, p. 519.

which they are imposed and are borne by the consumers of these commodities. . . .

When a tax is levied upon any kind of property or income, it must be paid by the owner of the thing taxed. But the owner may be able to recover the tax from someone else who is a buyer or a seller of the taxable thing. When a person on whom rests the legal obligation to pay a tax passes it on to someone else, he is said to *shift* the tax. The person who finally pays, or the property from the income of which the tax is ultimately deducted, is said to *bear* the tax, and the *incidence* of the tax is said to be either on this person or on the property in respect to which the tax must be paid.¹

What is the situation with the farmer in this regard? To what extent does the owner of a rented farm pass the taxation on to his tenant? Still more important is the question as to whether or not the farmer can shift his taxes to the consumer in a manner characterizing the manufacturing industries?

The first question may be briefly answered in the statement that only under very unusual conditions can the taxes on rented farm property be shifted from landlord to tenant. Where competition among renters contesting for the rental of land is keen, such a shift may occur, but as is apparent, with the available land in this country, such a situation would be quite inconceivable except in very limited areas. The answer to the second of these specific questions is that the shifting of farm taxes to the consumer will occur only under conditions that are so rare that few farmers at the present time are able to make consumers pay their tax bills. If the farmer were in the bargaining position where the supply of the commodity he produced was quite limited in relation to the demand, he could then demand a price from the consumer which would include the tax factor in his costs of production. But, as is well known, it is extremely rare that the American farmer occupies any such enviable position. Much more often he is confronted with the condition of a surplus than of a deficit in the products of a farm. Moreover, in such matters too largely he bargains as an individual instead of through a well-established coöperative association or similar agency producer-owned and producer-controlled.

It must be remembered, too, that the farmer is himself a consumer, and, although he is unable to pass his taxes on to those he

¹ Carver, F. B., and A. H. Hansen, *Principles of Economics*, Ginn and Company, Boston, 1937, pp. 582-583.

serves, he carries himself the incidence of taxation shifted to him by those from whom he buys. This is a very important fact which should be borne in mind clearly in considering the tax load of the farmer. Not only must he bear his own burden in this matter, but he also must carry a significant part of the load of other classes of the population.

6. REFORM IN FARM TAXATION

From a number of standpoints, it is obvious that farm property is heavily taxed, and particularly so when considered from the standpoint of the farmer's ability to stand heavy additional financial loads of any kind in the usual condition of agriculture. A great deal of the difficulty in the matter is inherent in the general property-tax system, but there are also other phases of the problem which may be improved perceptibly.

The principal approaches¹ for farm tax revision concern four general types of change, as follows: (1) The improvement of the administration of the taxes now in effect; (2) the addition of new forms of taxation; (3) broadening the base of support of a number of governmental functions; and (4) reduction of expenditures by means of increased administrative economy, and by governmental reorganization to eliminate duplication and promote simplification among the several departments.

(1) *Improvement of Tax Administration.* The problem of assessment is the basic administrative problem in the matter of local farm taxes. It has been argued by some that income instead of sales value should be the basis of assessment, and a few states are taking cognizance of this factor in determining the figure at which the property is assessed. The difficulties in such a measure are multitudinous, and there seems little likelihood of any immediate widespread application of this principle. Experimentation with it should be encouraged. The most practical measures for improvement are along the lines of securing trained assessors, removed as far as possible from political influence, who will undertake the task in a scientific and impartial manner. In most rural sections a county assessor, instead of township assessors, has proved more satisfactory. Since assessment calls for highly specialized ability, it seems to be agreed by authorities on the matter that the assessors should be

¹ Coombs, Whitney, *Taxation of Farm Property*, pp. 67-73.

appointed rather than elected. Appointment might well be based upon meeting certain rigid eligibility requirements as determined upon by the state tax commission. In order to secure good men the appointment should be made for a period of five years. It is necessary that state supervision of the matter be provided in order that uniformity of approach be insured. Types of equipment, such as maps and rating cards, should be the same throughout the state. Land classification should be uniform, values given to livestock should not vary from county to county, assessment rolls should be made up and indexed in the same way, and reports of the ownership of property secured on a systematic and uniform basis. There is room for improvement along these lines in every state of the nation, and equality of assessment would give needed relief to much property that is overburdened.

(2) *New Types of Taxes.* It is clear that if the tax load of farmers is to be made less oppressive some readjustment of the tax system must be made. Any equitable tax which will diminish the contribution of real estate will contribute to this desirable end. Through a classification of property, and differential rates of taxation, much intangible property has been brought on the tax books. There is considerable room for the further extension of the income tax in many states. Certain excise taxes on nonessentials, such as cigars, cigarettes, soft drinks, etc., have been found productive in some states. Another form of taxation which has been applied successfully is the severance tax on the exploitation of consumable natural resources. There are other possible forms of taxes, but the ones suggested are sufficient to show the possibilities in this regard. Fortunately, there is a widespread tendency for the various states to study their tax systems, and on this basis to increase the number of sources of revenue, thereby making possible a more equitable distribution of the load in accord with the fundamental principles of a good tax system.

(3) *Broadening the Base of Support.* Often the use of new taxes provides little relief for the county that is dependent upon the agricultural interests for its revenue. This situation may be relieved by increasing state aid to the essential governmental activities of such units. "A chain is no stronger than its weakest link," and backward counties are an effective barrier to the best economic and social development of a state. The development of state highways has

been made necessary in order that improved roads might connect the important centers over which heaviest traffic passes. In the further progress of this procedure, an increasing mileage formerly cared for by the counties is being added to the state system. In the field of educational support, the county-unit basis serves to equalize the educational opportunities among the wealthier and the poorer districts. State equalizing funds are being developed to insure reasonable minimums of term and trained teaching personnel in the poorer counties of a state. The same principle of state aid is being applied to the extension of public health and public welfare activities to the poorer counties. Every expenditure that can be removed from the local governmental unit in this way will help the situation. It is important, however, that a policy of this type should not be applied in such way as to allow the local unit to evade its responsibility in the matter of support in proportion to its ability to do so. The justification of this broadening of the base of support of such governmental activities is to be found in the fact that much of the primary wealth on which the structure of our urban, industrialized society is based comes from the farms, and a surprising proportion of the population of our cities has been recruited from the country areas.

(4) *Reduction of Expenditures.* The duties which have been delegated to governmental responsibility are fundamental and extensive. Moreover, the tendency is to increase rather than diminish the service demanded. No "penny-wise, pound-foolish" policy should characterize efforts toward economies in governmental expenditures. It must be remembered that this is the most effective weapon of the demagogue and cheap politician. But economy and efficiency necessarily are required in modern government just as in the modern business world. Reorganization and consolidation of departments of government, Federal, state, and local is needed from time to time in an institution which has undergone rapid and often poorly planned development. Consolidation of counties has been advanced as an effective way of reducing local governmental costs. Tax collection frequently can be performed more efficiently and at less expenditure. Where school districts are too small, the situation can be carefully considered, and the consolidated school established. Many thoughtful students are today giving much attention to these matters and are contributing markedly to enlightened public senti-

ment in this regard. In addition, the county, state, and Federal officials who face such problems intelligently and fearlessly are becoming more numerous.

QUESTIONS

1. What is the baneful effect of decrying taxes and forever urging the reduction of them?
2. Name some of the significant, indispensable functions performed by government, and show that in general a taxpayer receives larger return proportionately from the money paid in taxes than from almost any other form of expenditure.
3. Give Adam Smith's four canons of taxation. Appraise the value of them as principles to be applied at the present time.
4. Describe the characteristics of a good tax system from the administrative standpoint.
5. What are the chief political principles to be considered in evolving a good tax system?
6. Why is it accurate to conclude that in the totality of Federal taxes the farmer suffers from no discrimination made against him?
7. Consult the chart in the text of this chapter and name in order of importance the principal kinds of taxes paid by farmers.
8. Discuss the probable effects of a period of heavy expenditures for national defense or war upon the tax load of the farmer in comparison with that borne by the urban population.
9. Distinguish between *real* and *personal* property, and between *tangible* and *intangible* property.
10. Explain what is meant by the general property tax and why it is so widely used.
11. Discuss the principal ways in which the property tax is defective.
12. Show how the general property tax operates to make agricultural property stand out as the "most ill-favored of all classes when the tax is considered in relation to earning," and "has caused the agricultural industry to bear an undiminished tax burden despite the rise of more productive industries."
13. Describe the growing tendency for states to levy sales taxes, and the reasons advanced in favor of this method of securing governmental revenues.
14. Explain what is meant by the statement that the sales tax is *regressive* in its tax characteristics.
15. Discuss the extent to which a sales tax operates to reduce the tax load on farm real estate.
16. Explain the meaning of the *shifting* and *incidence* of taxes.

17. Discuss the ability of the farmer to shift his taxes to the consumer.
18. Name the four principal approaches by which reform in farm taxation should be accomplished.
19. What is the nature of the improvements which can be made in tax administration? Name some new types of taxes which will operate to diminish the tax contribution of real estate.
20. Why is there a need for broadening the base of support for local government, and what is meant by the phrase?

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PART FIVE
RURAL INSTITUTIONS

CHAPTER XXIV

THE SMALL TOWN

Every farmer's gate swings open to a road, and good roads lead to towns. Beyond the town lies the city. Therefore, between the country and the city stands the town. It has characteristics of the city and it has characteristics of the country. But it can be said with equal truthfulness that the small town has characteristics and opportunities all its own. Some of these characteristics and opportunities are just being discovered and appreciated by the townspeople themselves and by students of society.¹

The preceding quotation introduces in a pleasing sort of way the growing consciousness of the importance of the small town.

There is an old proverb to the effect that God made the country, man made the city, but the devil made the small town. "As they have collectively impressed the nation, these petty places have won two verdicts which have become a by-word and an example: the little town is ugly; the little town is bad," says Douglass ² and quotes a president of the American Civic Association as characterizing it as "that abomination, the shameless, unpatriotic, filthy small town." It should be said, however, that such is not the personal view of Douglass, for he conceives the little town to be "of one piece with all the rest of the world, something between the Worst and the Best, a fair field for Honour and Dishonour, and capable of being made at least a little better."

The village is usually considered to range in size from population centers of 250 people to those up to 2,500. Hamlets of less than 250 people are excluded, as are also towns of 2,500 or more in population. About one out of every six of the total population of the United States live in some 19,000 such villages, the majority of which,

¹ Kolb, J. H., "The Opportunity of the Small Town," in Gee, Wilson, *The Country Life of the Nation*, University of North Carolina Press, Chapel Hill, 1930, p. 177.

² Douglass, H. P., *The Little Town*, The Macmillan Company, New York, 1919, pp. 3-4.

perhaps even three of every four of them on the average, are farm trade centers.

The origin of the country village in the United States is sketched by Sims in the following manner:

European towns were walled or fortified cities. In origin they did not differ from villages. In the beginning, their permanent inhabitants followed farming and cattle-raising, had common fields, and lived as all villagers did. Then certain villages were made into strongholds to serve as places of refuge and shelter for the inhabitants of the unprotected places. Thus the town was created.

How different the origin of our country towns! Few of them, except perhaps in New England, ever were agricultural communities, or for other purposes have evolved from one kind of aggregate to another. They are as a rule what they originally set out to be, that is, business centers. They sprang from various activities—a sawmill or grist-mill, a general store, a station on a railway with grain elevator or stock pens, a river ford, a wayside inn, or a county seat. A considerable number owe their origin to the location of sawmills or grist-mills when the country was being first settled. Many started from shipping points for grain or live stock on railways, others had their genesis in the establishment of the offices of county government. A typical instance of the latter is found in Aton, a town studied by the writer. This village got its start in the thirties of the last century. Two men entered a section of land on the northern frontier of Indiana. They then proceeded to have a county government organized, and secured the location of its seat on their land. A townsite was plotted, a courthouse and jail were built, and soon a store, a blacksmith shop, and a grist-mill arose. Thus a village sprang up in response to conditions created by the transaction of political business.

A village often frequented by the writer grew up about a sawmill and grist-mill combined, located on a small stream, in the vicinity of which a few pioneers had taken up land. Presently a small general store was started by the miller. Then followed a blacksmith shop. There was presently a school. A half-dozen families connected with these activities were soon congregated on this spot and formed the nucleus of a village. It was not long before an inn was built and then a church. In this manner began a community that grew into a flourishing hamlet and eventually into a little town. Instances of villages rising along railways are familiar. The founding of one on a newly built line across Iowa may be cited. A water tank was erected by the railroad, then a siding with stock pens. Soon an enterprising farmer had forty acres laid out into town lots and started a store. An elevator and lumber yard quickly followed. Families began to buy lots and build houses, and a boom town was under way. Within a very few years it became a good trading point with

a bank and all the service agencies and institutions usual in a little town of a thousand population.¹

The dwelling place of one-sixth of our population is in itself an important concern from the standpoint of national welfare, particularly when there is so much room for improvement in the economic, social, esthetic, governmental, and religious phases of the life of our towns. In addition, however, the small town is to be viewed correctly as the capital of the surrounding countryside. It is in these centers that the goods and services of the rural hinterland are provided; and in the measure of effectiveness that we find marketing facilities, shopping possibilities, school, church, and community organizational advantages, do we find the corresponding measure of living standards in both country and town. The mutually reinforcing town-country relationship is easily one of the most important matters of present-day national concern.

Social change is affecting the country town as it is all other phases of our economic and social life. Some of them are growing, some are declining, others are disappearing from the map, and from time to time new ones are springing up to meet new situations and demands. In the aggregate, however, they clearly meet a definite need in rural life; and while the individual town may undergo striking changes of either a progressive or regressive character, the place of the small town remains much the same in its proportion of the total national life. One writer says in this connection:

The organization of rural life is peculiarly dependent on technology. For hundreds of years before the introduction of the automobile the character of rural life changed little. There were improvements in crop plants, farm methods, and farm animals. Although the standard of living of the American farmer was slowly rising, the basic pattern of rural life remained almost unchanged. Under these conditions the typical service points were villages of a few hundred people, and the nature of the social organization in them was limited and simple. Most social activity was carried on, not in the village itself, but in the rural neighborhoods, where a few families of long-standing acquaintance and perhaps blood relationship met for the purposes of social intercourse, trade, worship, and education.

Although this pattern had been almost universal in the countryside until very recently, and still exists in backward parts of the United States

¹ Sims, Newell L., *Elements of Rural Sociology*, The Thomas Y. Crowell Company, New York, 1940, pp. 106-107.

and in large areas of other lands, it is difficult to visualize what it must have been like when one views the present American rural scene. The introduction of the automobile, hard-surfaced roads, and the other improvements of communication have brought about a tremendous change, one that will probably be as drastic in its long-term effects as the rapid growth of cities. Moreover, the change from simple neighborhood-centered to village-centered rural life has proceeded farther and faster in the United States than in any other country.¹

1. TOWN-COUNTRY ATTITUDES

To the urban resident, the small town is colorless and insignificant. He looks upon it as a rather contemptible miniature of the city itself, and overlooks the profounder rural relationships. Such an attitude has a large degree of justification in fact, and a larger respect for its own individual sphere of usefulness, and a development of its resources to that end will beget on the part of both city and surrounding country a larger appreciation of the significant place of the town.

Unfortunately, a somewhat similar situation exists in the attitude on the part of the country toward the town, and in that of the townsman with regard to the country dweller. Taylor says that

the average farmer looks upon the small town as bad or evil. He does not desire his sons to frequent the town too often. It has been the home of the saloon, the pool hall, the public dance house, the house of ill-fame, and above all is a place to squander money. His attitude is often so pronounced on the matter that he would almost consent to its complete annihilation.²

And elsewhere he elaborates on this point of view:

The little town is neither a neighborhood nor a metropolitan center, and it therefore lacks the stern ethics and code of morals of the country districts, and the laws, effective police regulation, and constructive social agencies of the great city. Town children have more free time, since as a rule they do not have chores and other tasks to occupy their idle moments; they are usually not under as close parental supervision as country children are, and consequently their play often degenerates into mischief, and even vice. Social status is more clearly defined and of greater importance in the small town than in the open country, and the opportunities for developing invidious attitudes and false values of human worth are plentiful. The average rural village has its "hangers-

¹ Jenkins, D. R., *Growth and Decline of Agricultural Villages*, Teachers College, Columbia University, New York, 1940, pp. 1-2.

² Taylor, C. C., *Rural Sociology*, Harper & Brothers, New York, 1926, p. 425.

on"—the idle or semi-idle—who hang around corners and are anything but valuable elements in its mental and social life. The trickster, the cheap show, the street carnival, and other similar traveling parasites frequent the rural town; the tramp, the vagrant, the hoodlum, the prostitute and the petty thief who may be in the town "lock-up" become objects of morbid curiosity and idle talk. Unless active measures are taken, a "hang-out" may become a place for petty gambling, drinking, and indecent conversation. The small town, of itself, does not always connote badness, but it does offer many opportunities for evil which, in the absence of constructive social work, are likely to become fixed habits.¹

The countryman considers that the townsman's attitude is that of selfishly exploiting him, robbing him in prices charged, often delivering inferior products, displaying a lack of interest in the farmer's welfare, and doing little to make him feel at home when he comes to trade in the center.

The townsman views the countryman as lacking in *savoir faire*, unbusinesslike, an uncertain risk, and too stingy in his trade relationships. Inevitably, such a lack of understanding must breed conflict, and while conflict is often a force in human progress, it is also a cause of unpardonable waste of wealth and energy, and a barrier to wholesome civilization. The latter interpretation is more usually the case in town-country conflicts. However, in discussing this problem, it is well to remember that it is easily possible to exaggerate, and that there is a large measure of understanding between the merchant and his patron, the banker and his depositor, the minister and his parishioner, the lawyer and his client, and the teacher and his pupil.

An objective study has been made of this problem,² and it is the opinion of the investigators that because of economic dependence of the villagers upon the surrounding countryside, they are more interested than the farmers in working out a satisfactory basis for village and open-country relationships. "The basic cause of antagonism between village and country can best be described as lack of mutual understanding."

All of us are sensitive in varying degrees, and so is the farmer. One of the chief causes of misunderstanding was found to be in-

¹ Taylor, C. C., *Rural Sociology*, rev. ed., Harper & Brothers, New York, 1933, p. 601.

² Brunner, E. de S., Gwendolyn S. Hughes, and Marjorie Patten, *American Agricultural Villages*, Doubleday, Doran & Company, Inc., New York, 1927, pp. 96-112.

advertent acts on the part of the villagers. A case is cited where a storm in a teapot arose because the townsmen removed some hitching posts where the farmers who did not own automobiles were accustomed to tie their horses. Another instance based on the similar assumption that all farmers owned automobiles resulted in a bitter town-country contest when the village government connived at the removal of a low watering trough which had stood for years at the intersection of two main thoroughfares and which had become an obstacle to automobiles driven rapidly through the center of the village. The farmers protested, but the villagers, innocent of any unfriendliness, did not listen seriously. But the farmers construed the acts as inhospitable, and retaliated by removing their trade to near-by towns. Even when the situation was remedied, the country people were slow to return with their trade, and the villagers in turn became aggrieved because the farmers failed to respond to their surrender.

Another specific cause of ill will was found to reside in the question of *prices*. A favorite pastime of the shopper anywhere is to grumble at prices. Sometimes the complaint is correct; again it is not. Proprietors are inclined to assume that, since the trade is theirs at a given time, it will always remain so. When transportation facilities were limited, it was possible to raise prices in an unwarranted manner, but the automobile and good roads give the farmer an opportunity to visit and trade in other near-by villages or cities and he becomes informed as to tendencies toward exorbitant charges. There are two sides to almost any question, though, and a case in point is where farmers were claiming that the same goods were cheaper in a neighboring town than in the one where they had always traded. The matter was clearly demonstrated by community farm leaders who made an actual comparison of prevailing prices in the two centers. The merchants concerned reported that in the competing town the farmers paid cash and were entitled to a lower price, but when trading in their stores, they always insisted upon credit, and naturally the prices were higher.

The merchants of this particular village had not been able to agree to offer a discount for cash, each one fearing that his competitor might not keep the agreement. Hence prices were kept high because of the accounts carried by the merchants and there was no inducement for anyone to pay cash. To prosper the village must serve well. In a large

majority of the cases in which store prices were an active cause of poor relationship between village and country, it was the opinion of the field workers that the village stores were below par.¹

School difficulties are also a fertile cause of town-country conflict. The program of school consolidation has had a hard road to travel. Often if the village seeks consolidation with the surrounding country districts, the farmers agitate that it is in order to increase their taxes, and not to develop an efficient school system. On the other hand, often when the farmers wish to consolidate with the town school, the residents protest that it means an additional building expenditure, and they demand that the farmers continue to pay tuition for the children they send to high school, provided there are enough facilities to accommodate them. A case is cited where the village sought to force a consolidation, and in the discussion relating to the matter, the village lawyer pointed out that this village was the one in which the farmers "habitually traded." The farmers' answer was, "Is that so? Well, we'll show you." And they did by boycotting the town singly and in groups. Mail-order business prospered so greatly that one of the two banks had rubber stamps made with the names of the larger mail-order houses on them so that the writing of drafts might be facilitated.

Other causes of conflict, though less in extent than those just mentioned were *the policies of emerging farmers' coöperatives*, particularly in the first year of their existence. The villagers were suspicious of their cutting into the business of established concerns, and frequently they did. However, "if the coöperatives survived, conflict over them virtually ceased after the first year. Indeed, the relations in villages with well established coöperatives were often above the average."²

Deficiencies of *the credit* in stores and banks, leading to denial of credit in depressed times, and monetary losses in bank failures for both country and town dwellers, are cited as another cause of town-country misunderstanding. Then there is the widespread conflict between the industrial system and the agrarian system. When *industries* begin to develop in villages, the wages of labor become higher to the farmer. The pay roll of the industry makes the village more independent and the farmers resent it. And finally, one of

¹ *Ibid.*, p. 101.

² *Ibid.*, p. 104.

the least common occasions of antagonism is that based upon *differences of political opinion* as brought out in election contests.

2. ITS DISTINCTIVE PLACE

It is significant that probably the first scientific study¹ in rural sociology made in this country should have dealt with the basic problem of the relations of the agricultural community to its village or trade center. Galpin says that

the prevailing school of thinking on the rural problem, commonly expressed in recent books, magazines, newspapers, and the agricultural press, sounds the slogan "keep the boy on the farm." There goes with this cry the demand that the farm home shall be "brighter," country schools shall be "redirected toward the land," business shall be "coöperative," religion shall be "social." This program of pure ruralism may be reduced to a segregation of the farm population—keep the farmer a country man; erect his schools in cornfields; build his churches in the far open; create an agricultural class consciousness; and restrict farm business largely to coöperation of farmers.

But, he points out,

. . . study is gradually disclosing such a mesh of interrelated social interests uniting small-city dweller and farmer that no doctrine seems adequate to the rural situation which does not frankly recognize both factors.

The creation of magnificent, large-scale farm social institutions in the open will simply create new magnetic centers; and if these new centers are accessible and comprehensive, people will be diverted from accustomed paths and settle about them, and villages will be started and the making of a city will begin. The primitive antagonisms between buyer and seller, employer and employee, and borrower and lender, are being slowly mitigated through enlightenment by readjustment to the facts. The ancient antagonisms between countryman and city dweller under the dynamics of a new democracy, may possibly in like manner be transformed into community alliances. A community platform may possibly be erected so high that the mutual interests of the land basis and the civic cluster shall ever be in plain view. It is quite certain that the successful modern farmer, whose business methods have become social, whose products, such as fruit, live stock and milk, reflect in their quality wide and exacting social demands, who has full scope for scientific methods and intellectual satisfaction, cannot be segregated away from business centers. The main question is whether the farmer

¹ Galpin, C. J., *The Social Anatomy of an Agricultural Community*, Research Bulletin 34, Agricultural Experiment Station, University of Wisconsin, Madison, 1915, pp. 34.

shall be willing to enlarge his social responsibility beyond the small rural neighborhood and accept the large-scale responsibility of a comprehensive community. Socially he is now a free lance. His automobile takes him quickly beyond the bounds of his little kingdom. "Rurbanism" would ask the farmer to assume his full share of responsibility in community alliance, both social and governmental, from which he would gain the removal of his present social handicaps and maladjustments without loss of his native independence.¹

As has already been pointed out, many small towns have difficult problems of readjustment confronting them today in the changing structure of civilization due to automobiles, improved highways, and the competitions of neighboring towns and emerging and realized city developments. The most of them must candidly face the fact that the principal reason for their continued existence depends upon the range and quality of service which they can render their rural constituencies. The mutual implications of this situation are for the townsman that it means his town must become the specialized service station for the larger community. It is essential that each town should specialize in the service for which it has the greatest advantage.

This means of course that no one town and its community can live unto itself but must work out interrelations with other towns and their communities. The implication for the farmer involves the assumption of a keener responsibility for the larger community life rather than attempting to hold to a family or a neighborhood economy. The farmer is in real need of this larger organization relationship where his own interests may be safe-guarded and at the same time united with those of his town or city in order to effect an efficiency commensurate with the greatly expanded needs of his day.²

A discussion of the distinctive place of the town cannot be concluded in better sentiment and phrasing than the following:

The little town is a field for altruistic service of thrilling importance. Here stands greatness humbly clad; here patriotic labour is involved with charm; here deep social processes are bound up with intimate personal contacts; here especially the high futures of the open country are to be centred and inspired; here lies the pleasant middle-ground through which if one will have it so the Garden of Eden merges into the City of God.³

¹ *Ibid.*, pp. 33-34.

² Kolb, J. H., *Service Relations of Town and Country*, Research Bulletin 58, Agricultural Experiment Station, University of Wisconsin, Madison, 1923, p. i.

³ Douglass, H. P., *op. cit.*, p. 224.

3. THE TOWN'S PEOPLE

Just as the little town stands between the country and the city, so does its people in their characteristics. While there are hundreds of thousands of people in the United States who have never known any other life, there is a considerable number of the small-town population who are either direct from the farm, or only a generation or two removed from it. The small town may be looking towards the city, but its origins are not far removed from the surrounding countryside. Frequently, its professional leaders, the doctor, the minister, the lawyer, and the teacher are city-bred or at least city-trained, and altogether too often for the good of the town, and perhaps of themselves, are making their stay in it a steppingstone to the real or imagined larger opportunities of the city.

The town is characterized by its happy medium between the isolation of the country and the congestion of the city. The atmosphere of neighborliness prevails; everyone speaks to everyone else, and visiting over the fences dividing lot from lot is a common occurrence. Even in this age of automobiles the townsman more often than not walks to and from his work, and it is difficult to estimate the value of contacts originating in this way, both of a social and business nature. His life may be well described as *bifocal*. The two centers are home and the downtown store or office. "Main Street and home again" rather accurately pictures the life of man, woman, and child.

The work of the small town is principally indoors, but not nearly so much as in the city. Lower prices of real estate make gardens possible, and the chores of chopping fire- and stovewood have not as yet been supplanted by gas and electricity in many of the village centers. In contrast with farming the occupations of the townspeople are more varied, and this becomes increasingly so the larger the town and the greater its specialization.

The small town sustains a bad reputation as a place to bring up children. The chores are not sufficiently extensive to train the child adequately in the importance and dignity of work. Educative play, or that properly supervised, is altogether too infrequently available. But perhaps the greatest of all deficiencies affecting youth is the lack of serious vocational atmosphere. The only redeeming feature

of this situation is that it operates to keep the children of the town longer in school than is the case in either country or city.

For womanhood, the town offers but little opportunity for employment outside of the home. The young men of the town migrate in large numbers to the cities, and the result is a surplus of unmarried women. The town has more than its share of spinsters. A compensating feature in this situation is the fine resources here provided in voluntary community activities. "Church, women's clubs, and all pursuits of ideals find an army of women with some measure of leisure and desire to be useful, ready to be mobilized for service. This constitutes one of the choicest assets of the little town in solving its immediate problems. Here is the most plentiful and unhurried supply of workers—if not the most competent—for every good work."¹

As for old age, the little town is most nearly its earthly paradise. A simple, leisurely life, with enough chores not taxing physical vitality too severely; a garden to work; strength enough to walk back and forth to store, post office, and church; and congenial friends of like circumstances—these are the sorts of things which make those of advanced years feel that they are still wanted and useful on earth.

4. ITS PHYSICAL PLAN

A distinguished young British social scientist on an extensive visit to this country once remarked to the writer that one of the traditional heritages from the mother country that was not carried over to any large degree in the structure of our civilization was the emphasis upon attractiveness of small-town homes and those in the countryside. There are a few notable exceptions but his indictment in general is correct. Nature has been generous in lavishing beauty of surroundings, but the customary small town in America is a rather drab affair. A wide main street, with three or four times as much space as is necessary, stretches through the town; its business establishments exhibit an anomalous variety, and there is little of architectural beauty about the homes which make up its residential section.

The most of these towns are laid out after a rectangular fashion,

¹ *Ibid.*, p. 88.

though, and it is often possible to achieve, through well-considered town planning, rearrangements that would greatly improve the situation. Many large corporations in planning their industrial villages have demonstrated what it is practical to achieve in the way of a beautiful small town. Particularly in the New England region, it has been demonstrated what good taste and some degree of spiritual unity in developing a town can bring about. Of course, New England civilization was built up around the towns as centers, and wealth accumulations from commercial interests made it possible to have considerable architectural variety. But shrubbery, lawns, painting from time to time, are possible in every American small town, if the general feeling that they are the expected things to do can be made to prevail.

The accompanying diagram (see Fig. 9, page 611) illustrates what has been done in a small Midwestern community in the past decade or two and remaining steps practical to be taken. Douglass says in discussing the matter:

A little foresight and radical action at the right time—especially as the law comes to authorize town-planning commissions—can gradually work over thousands of planless little towns into fairly unified and not unbeautiful condition. Thus a small Middle-Western community within the last fifteen years has erected its high school, public library, government building and three churches, and has done all its street improvement. At an unappreciable additional cost—perhaps \$30,000—used to purchase a block and a half of land with nine dwellings and to move one church to a new site, this town may even now obtain a civic centre on which will face nine of its ten accidentally placed public buildings. In hundreds of American communities it is not yet too late to take radical and far-reaching action, while almost every little town in America can decidedly improve itself by making the inevitable changes of its next quarter-century according to a definite plan.¹

5. KNOWING ITS CONSTITUENT COMMUNITY

In its economic life the town has the needs of its own population to consider, as well as those of its surrounding rural community. The degree of specialization in meeting the needs of its local citizenship has a distinct bearing upon the similar problem with regard to its rural clientele. A factor of considerable moment here is the size of the center. If the industrial development is considerable,

¹ Douglass, H. P., *op. cit.*, pp. 103-104.

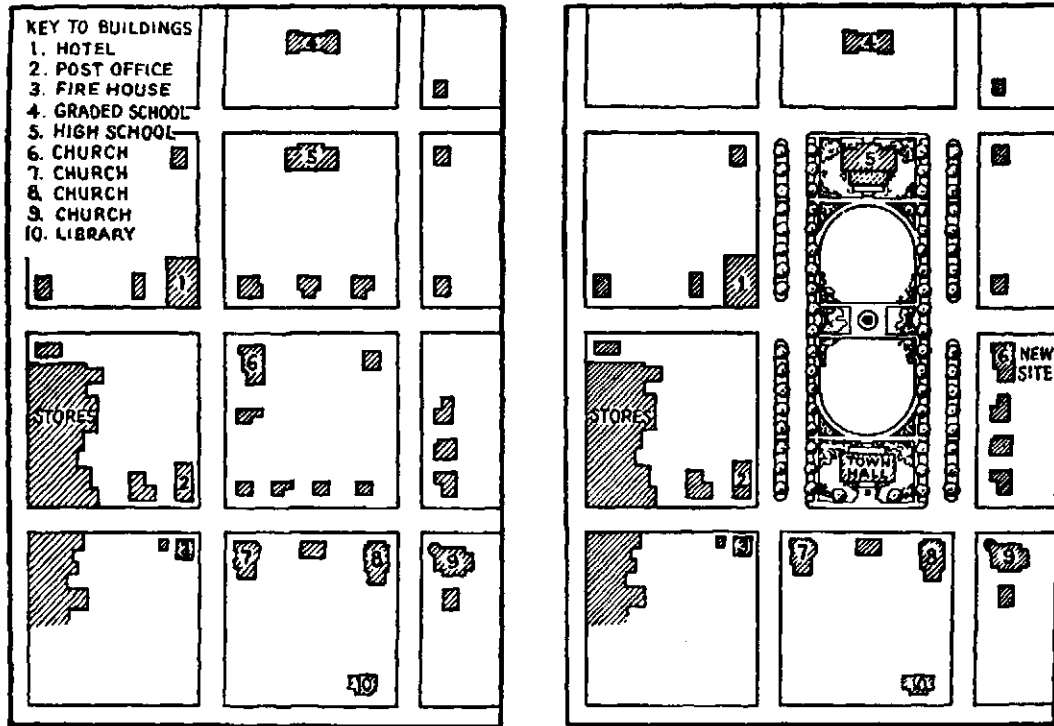


FIGURE 9. Replanning an Old Town.
 (Source: Douglass, H. P., *The Little Town*, The Macmillan Company, New York, 1927, p. 104.)

many more facilities are likely to be present. When the town is simply a service unit for a prosperous and thickly settled countryside, the interests and population are likely to be much more homogeneous.

A classification has been made of agricultural villages on the basis of the functions performed, and in this connection a close relationship is found to exist between such classes and their population.

(1) *The single, simple service type.* This type of center is usually an open-country neighborhood or hamlet center where single and comparatively simple or undifferentiated services are performed. The agencies in such centers may be school, church, general store, Grange hall, or repair shop. These centers usually fall into the hamlet classification; that is, places of less than 250 persons.

(2) *The limited, simple service type.* This type of service center may range in size from about 200 to 400 or 500 people. Villages in this class fall short of providing what may be termed a "six-service standard," that is, of having agencies in all of the following groups of services: economic, educational, religious, social, communication, professional.

(3) *The semi-complete, intermediate type.* This type of center averages about 800 or 1000 people with a range from about 400 to over 1200. In certain Middle Western states it is the most frequent type. It is intermediate because it stands midway between the type last mentioned and the larger centers represented by county-seat towns or centers of larger size, and farther away from the average farm. It is incomplete because it is frequently lacking in fulfillment of the six-service standard. It may have a bus line but no railroad; a high school but a small one; a market but with inadequate processing agencies for raw products. Its trade area is relatively large and its merchandising agencies frequently draw as much as 75 per cent of their business from farm sources.

(4) *The complete, partially specialized type.* This type averages about 2500 or more persons and may range from 1200 to 5000 or just a little over. Its agencies are numerous enough to cover all the more common needs and differentiated enough to take on specialized characteristics. Its services are often rendered on a less personal basis than in the small centers. Together with its tributary community area, it has some elements of functional self-sufficiency.

(5) *The urban, highly specialized types.* These types, which need further refined classifications, are, of course, represented by the larger city or even metropolitan centers. Their interests assume larger proportions and are divided into such occupations as manufacturing, wholesaling, and financing. They are the centers in which farmers and their wives as well as the villagers shop when quality, variety, and opportunity for a wide and discriminating selection are the determining factors. They cannot cater to general trade needs as can the small town. They special-

ize to a high degree. The farmer does not look for spools of barbed wire on the city square, but his wife does shop there for some of her choice, ready-to-wear clothing—at least, she likes to do her window shopping there.¹

Since the town is usually so largely dependent upon its rural constituency, it is exceedingly important that accurate knowledge should exist regarding the economic functions which it can and should most satisfactorily and profitably perform. An intensive study has been made of this set of problems by rural sociologists at the University of Wisconsin. The findings² are to the effect that the community area surrounding the towns falls naturally into three zones: the first is a *primary or personal service zone*; the next a *secondary or general trade service zone*; and the third a *specialized service zone*. The investigators visited 787 farm families in Dane, Walworth, and Waupaca counties, Wisconsin, and secured answers to questions as to “where” and “why” they went for thirteen different kinds of goods and services.

The set of town-country relationships in the first of these zones were naturally of a more or less personal, intimate, or close-by character. This is particularly the case around the smaller, unincorporated town where there is little or no industry. The kinds of services sought in the town by those families closest to it were the educational facilities of the elementary or graded school; the religious service of the church or Sunday school; the relationships of the clubs, the lodges, and the similar social and semisocial organizations; and the goods supplied by the general store such as groceries, and general household and farm supplies. When questioned as to why they went to the particular town for these facilities, the answers given in the majority of cases were that they “had friends there,” they “knew folks there,” “relatives lived there,” or that it was simply “handy and convenient to do so.”

The secondary or general trade service zone extends much beyond the first but includes the first for its particular sets of services. In this larger area, the families either visited the town for or secured from it the services of the bank, the stores, the marketing agencies, the educational service of the high school, and such facili-

¹ Kolb, J. H., and E. de S. Brunner, *A Study of Rural Society*, rev. ed., Houghton Mifflin Company, Boston, 1940, pp. 84-86.

² Kolb, J. H., in Gee, Wilson, *The Country Life of the Nation*, *op. cit.*, pp. 179-180.

ties as the telephone, delivery of mail, and the newspaper. Among the reasons assigned for doing so were those of proximity, good roads, favorable prices, and fair and considerate service.

The attraction of the town for the larger specialized service zone is contingent upon its ability to furnish the economic service of the larger department store for women's "ready to wear," and men's "good clothes," the health facilities of the hospital or clinic, the educational service of a normal or special training school, and the recreational advantages of the motion-picture show, the musical concert, or the theater. The selection of a particular town for such goods or services is conditioned upon established confidence in the quality of the facilities offered.

The approximate nature of any such classification is apparent from the statement that

it becomes important not only to know one's own constituent community, but also to know of the relationships to other towns and their communities. A southern Wisconsin farmer, for example, may expect to find a small town of about four or five hundred population within perhaps four or five miles of his home. He may find a center of about a thousand or twelve hundred people about eight or ten miles away, but he will be driving through another small place before he gets there. If he wishes to go to a city of five thousand or larger, he may have to drive, on the average about thirty or thirty-five miles and en route will pass through other smaller centers. These distances, of course, will vary in different sections of the country.¹

The practical application of the relationships involved in the foregoing descriptive analysis is not a simple one. Towns and villages are not static any more than other phases of our civilization. Some of these centers are growing, while others are declining; and the competitive interrelationships involved are numerous and complicated in the economic and social forces which are operative. It is certain that the small town, if it is to prosper, must in an intelligent way determine upon its reasonable task, and set its houses in order to perform these services in a manner which is effective in developing its rural patronage because of the high-grade service rendered. Applying the familiar analogy, if a town makes better mousetraps than another, it will secure the trade over its competitors; and modernizing the illustration somewhat, this will prove particularly the case when the roads leading to it are of a satis-

¹ *Ibid.*, p. 183.

factory nature. The farmer of the present day by means of the automobile is becoming more and more a citizen of the larger community, and the traditional forces of habit and custom no longer determine his movements and activities in the thickly settled areas as they did a few decades ago. Towns are a natural and necessary part of the structure of human society, but a particular town is seldom justified in the complacency of a conclusion that it necessarily will always continue to flourish. The statement may safely be ventured that it will not unless it proves its solid worth to its constituency.

6. ITS INSTITUTIONAL LIFE

The most extensive survey which has been made of the small town in this country is that undertaken by the Institute of Social and Religious Research under the direction of Edmund de S. Brunner. Its concern was primarily with the agricultural village, which also is the more immediate interest of the present discussion. In the matter of *schools* it was found that these institutions in general are held in high esteem by their communities.

Buildings are good, teachers' training and salaries conform to the generally accepted standards, the attendance of pupils is good, even if not quite as high as in the cities, and village youth remain longer in school than do city boys and girls. Education as a social service is not narrowly interpreted. Instead, many of these schools are enriching their programs with vocational and social subjects, and in the development of varied extra-curricular activities, they are making an effective contribution to the social life of their student bodies and communities. It should be added that many buildings were used for community meetings, lectures, boy and girl scout meetings, winter chautauquas, clinics, daily vacation Bible schools, banquets, band rehearsals and meetings of various organizations, while school gymnasiums were usually at the disposal of the community when not needed by the school. In short, the public school is the most important factor in the social life of villages.¹

One must be careful however, not to picture the school situation in these villages too idealistically, for there is room for large improvement in them as to facilities, curriculum, instruction, and financial support. By way of comparison, though, "village schools are larger, better equipped, have better trained teachers, longer

¹ Brunner, E. de S., Gwendolyn S. Hughes, and Marjorie Patten, *op. cit.*, p. 171.

terms, and spend more money per pupil than do those of the open country.”¹

The *church* situation is far from being satisfactory. The coöperation of denominations, and the development of programs of community service among village churches, were notably lacking. A depressing phase of the matter is that in many of the areas studied, satisfaction was evidenced with conditions as they were; a hopeful sign in other villages was that the membership was in open revolt against the inadequacy of the manner in which their churches were meeting the spiritual needs of their constituencies. The village churches were found to be organized on an adult basis, and while there were Sunday schools and young people's socioreligious societies, “the heart of the young people's problem had been reached by only the exceptional church.” A comparison of the interest on the part of the adult males in lodges and economic groups and in the work of the church showed striking evidence that “church interest hangs low in the balance with that of other village institutions so far as adult males are concerned.” The church in the village has shown little tendency to adjust itself intelligently to the rapidly changing conditions of the day, either in the village or in the surrounding rural community.

The situation with regard to *public health* facilities, also, was found to be a decidedly unsatisfactory one. A number of different studies have been made, and in every type of community except cities of 50,000 inhabitants and above, the number of physicians in proportion to the population has declined. In places of from 1,000 to 2,500 people, the relative decline was 26.5 per cent, and in communities of less than 1,000 there was a further decline of 10 per cent. The seriousness of the situation is intensified when it is stated that there are practically no physicians living outside these village communities, and that the surrounding countryside looks to the villages in considerable measure for such professional service. Moreover, there seems to be almost complete lack of concern about health matters in the agricultural villages. Of the 140 villages studied by Brunner, Hughes, and Patten,² “in fewer than two-fifths of them is there a separate heading for health in the village budget. This statement applies especially to the South and Middle

¹ Kolb, J. H., and E. de S. Brunner, *op. cit.*, p. 426.

² Brunner, Hughes, and Patten, *op. cit.*, pp. 230-231.

West and least to the Far West." In the case of the fifty-five communities which itemized their health expenses separately, only nine spent more than \$500, and three of these were in counties where public health demonstrations were being carried on.

There seems to be no relation between the size of the village and the amount of money it expends on health. Some of the largest villages failed to appropriate even as much per capita as the medium-size or small communities, and they failed to itemize health expenditures almost as often. Nor was any significant difference found between the general type of health service offered by the large village and by the smaller centers. The probable explanation of these facts is, first, that much of the health program is determined by county and state laws or by services that the small place has as good a chance to secure as the large, and, secondly, that much of the remainder of the health work is inspired by enlightened individuals, often members of the school faculty, and apparently the small community is just as likely to have such leadership as the one that is slightly larger.

The most encouraging ray of light in the general situation is the growing extent of county public health units such as have been discussed in a preceding chapter dealing with rural health.

7. SOME REMEDIAL PRINCIPLES

If all of the incorporated places under 2,500 population are taken together over the census decades 1910-20 and 1920-30, and compared with the total population and the rural population, it will be found that they are just about holding their own in the general trend of population growth.¹ But as has already been stated, some of these small towns are growing, some are marking time, some are declining, and yet others are completely disappearing from the map. A study of this situation in Minnesota led to the following conclusions:

The small town not only lost most heavily during the depression years, but it failed to stage a come-back during the recovery years. The larger towns on the other hand, not only lost least during the depression, but they gained comparatively more business units in the recovery than did the smaller centers.

A large part of the recovery "gain" was in "filling stations" for man and machines—restaurants and gas stations.

Distance from a major trade center is an important factor affecting the growth or decline of the smaller trade centers, subsequent to 1929.

¹ Kolb, J. H., and E. de S. Brunner, *op. cit.*, p. 87.

The net result of the depression and period of recovery has been to accelerate the differential growth of the large town apparently at the expense of the smaller centers, the effect of this competition being most marked in the case of the smallest towns located nearest to the large centers.¹

Among the leading causes for the growth of agricultural villages, Jenkins lists government projects, new industry, suburbanization, retirement of farmers, county seat or the centralization of county services, relief benefits, Dust-bowl migrants, improvement of trade, and increased farm population as the leading causes he discovered in a sample of villages studied. The principal reasons advanced for the decline in villages were loss of industry, unemployment, and exhaustion of natural resources.

It is not practicable to discuss here in an extended way the suggested solutions of the many problems that have been touched upon in connection with the preceding discussion of the small town. Of course anything that serves to strengthen the economic base of these centers, the educational, the religious, the social and recreational, the governmental, and even the physical attractiveness of them contributes to the enrichment of the life of the people who dwell in them. Some of the small towns are purely mining and industrial towns, and the problems of these are quite different to the farm trade centers with which we are concerned here. These service-station towns depend in large measure for their existence upon the trade of the surrounding countryside, and as has been pointed out in a preceding chapter, the trade center and its trade area together form a natural community. Consequently, it is but logical to state that many of the problems of both may be much more soundly accommodated on the basis of a wise coöperation between town and country. Does the small town need a high school and is the tax burden likely to be too heavy in supporting it properly? Would a hospital make the community a safer one in which to live? Is a library desired and the resources of the village inadequate to its development and maintenance? The answer is that the surrounding rural community also needs these same things. Why cannot much of the institutional life of the country be firmly established in the village center? Through such an arrangement suffi-

¹ Nelson, Lowry, and Ernst T. Jacobson, "Recent Changes in Farm Trade Centers of Minnesota," *Rural Sociology*, June, 1941, Vol. 6, No. 2, p. 106.

cient population and taxable property would be available to make these things possible. The chief barrier to such a solution at the present time is in the structure of our local government. The shackles of an outworn system, adapted to a pioneer settlement, cannot continue indefinitely to retard such logical developments. The new rural municipality is already being heralded, and no plan among all of those which have been suggested will do more to bring country and town closer together to their mutual benefit. It may not be too visionary to say that some day in the not too distant future the natural community surrounding its nucleus, the little town, will perhaps be a corporate part of the village, reinforcing its trade, social, and institutional life in a way which is almost impossible under existing governmental arrangement.

QUESTIONS

1. Is the prevailing conception of the place of the small town in our national life a correct one? Give reasons for your answer.
2. Within what population range is the village or small town customarily placed? About how many such places are there in the United States? What proportion of the total population lives in them?
3. Why may the small town be viewed correctly as the capital of the countryside? Interpret the significance of this relationship.
4. Describe the attitude of the average farmer toward the small town.
5. How does the average townsman view the countryman?
6. What is meant by town-country antagonism or conflict? To what basic cause is it attributable? Name the chief causes contributing to such conflict.
7. Illustrate how inadvertent acts, prices, and schools are fertile sources of such misunderstanding between town and country.
8. Who made the first scientific study in this country in the field of rural sociology? What was the title of it, the year of its publication, and the nature of the subject matter?
9. Discuss the implications and desirability of a program of pure ruralism, which would keep the farmer a country man.
10. Describe the problem of readjustment faced by the small town today, and the essential principles which should motivate its adaptations to the changing conditions.
11. Give the characterization which Douglass makes of the distinctive place of the small town.
12. What is meant by the statement that the life of the small town is a bifocal one?

13. Enumerate the advantages and disadvantages of the small town as a place of residence for children.
14. How well is the small town suited as a place of residence for women? Why is it an especially pleasant place for those of old age?
15. Criticize the physical plan of the typical small town in America and illustrate how it can be improved.
16. Give five classes of towns on the basis of the functions performed by them for farmers, and show the close relationship between them and their populations.
17. Into what three zones can the community area surrounding the small town be classified? Characterize each of these.
18. Discuss why it is important for the small town not only to know its constituent community, but also to know of its relationships to other towns and their communities if it is to prosper as it should.
19. Describe the institutional life of the small town, evaluating in that connection the general effectiveness of the schools, churches, and public health facilities.
20. What are some of the principal reasons contributing to the growth of small towns, and to their decline?

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CHAPTER XXV

THE FARM FAMILY

In a consideration of social institutions the family ranks first in importance. It has its *biological* foundations in the fact that it grows out of the expression of one of mankind's strongest impulses, and thus it serves as an institution for the reproduction of the human race. It was the first *economic* unit in society, and continues to function in that capacity as an important economic institution, a situation which is particularly true with regard to the farm family. Moreover, the family is still the principal center about which the *social* activities of all peoples revolve, and serves with profound significance in the preservation and diffusion of culture. Therefore, the family is no longer viewed as a purely private concern but also as an institution distinctly affected with the larger social welfare.

Sumner states that

men in groups are under life conditions; they have needs which are similar under the state of the life conditions; the relations of the needs to the conditions are interests under the heads of hunger, love, vanity, and fear; efforts of numbers at the same time to satisfy interests produce mass phenomena which are *folkways* by virtue of uniformity, repetition, and wide concurrence. . . . However, the folkways take on a philosophy of right living and a life policy for welfare. Then they become *mores*, and . . . they undergo improvement and are made consistent with each other.¹

In stressing the importance of folkways and mores as societal materials, he says further:

The life of society consists in making folkways and applying them. The science of society might be construed as the study of them. . . . The societal concretions are due to the folkways in this way—that the men, each struggling to carry on existence, unconsciously cooperate to build up associations, organization, customs and institutions which,

¹ Sumner, William Graham, *Folkways*, Ginn and Company, Boston, 1906, pp. 33-34.

after a time, appear full grown and actual, although no one intended, or planned, or understood them in advance. They stand there as produced by "ancestors." These concretions of relation and act in war, labor, religion, amusement, family life, and civil institutions are attended by faiths, doctrines of philosophy (myths, folklore), and by precepts of right conduct and duty (taboos). The making of folkways is not trivial, although the acts are minute. Every act of each man fixes an atom in a structure, both fulfilling a duty derived from what preceded and conditioning what is to come afterwards by the authority of traditional custom. The structure thus built up is not physical, but societal and institutional, that is to say, it belongs to a category which must be defined and studied by itself. It is a category in which custom produces continuity, coherence, and consistency, so that the word "structure" may properly be applied to the fabric of relations and prescribed positions with which societal functions are permanently connected.¹

In this connection it is well to make a distinction among folkways, customs, traditions, and mores. Lundberg² considers that all of these designations of group behavior patterns are the collective aspect of what we call "habit" in the individual. In this connection he views *folkways* as a word currently used to designate those "uniformities in the behavior of a group which develop relatively spontaneously and even unconsciously in adapting to common life-conditions and which become established through repetition and general occurrence." Customs, he regards, as "those folkways that persist over relatively long periods of time so as to attain a degree of formal recognition and so as to be passed down from one generation to another. *Convention, fashion, fad, and craze* are words used to denote the present, contemporary, or relatively transitory aspects of custom." Traditions are viewed as "the memories and verbal reports of customs and the reputed past experience of the group." Then mores become "those behavior patterns of a group to which conformity is required on pain of group coercion."

Social institutions are the most stable, uniform, formal, and general of the expressions or concatenations of the folkways, mores, customs, and traditions, or of what may be designated as *group behavior patterns*. All social institutions possess the same essential features: (1) a concept, disclosing its function and purposes; and (2) a structure, which is the embodiment of the concept, or the

¹ *Ibid.*, pp. 34-35.

² Lundberg, George A., *Foundations of Sociology*, The Macmillan Company, New York, 1939, pp. 181-182.

instruments by means of which the purposes are to be realized, together with the way in which the instruments are to be used.¹ Chapin says in this connection:

There have been many definitions of institutions and in a general way we know what we mean when we use the word. Some students have found it important to distinguish between the function of an institution and its structure. Allport has attempted an analysis of political institutions and comes to the conclusion that ". . . social structure from the psychological standpoint is reducible to common and reciprocating attitudes of individuals and variations in such attitudes as to both content and degree of generality." Thus the structure of a social institution is reduced to a form of behavior. It is obvious, of course, that social institutions are significant as they influence or express human behavior, but the social institution is also a culture complex and this unity of characteristic human behavior and associated culture complex is sufficiently definite so that we recognize such different institutions as the family, the state, religion, industry, and a host of lesser forms.²

Elaborating further upon the three basic functions of the family given in the opening paragraph of this chapter it is instructive to consider some other classifications.³ Ogburn classifies the functions performed by the family as: (1) the affectional, (2) the economic, (3) the recreational, (4) the religious, (5) the educational, and (6) the protective. Reed lists the following as the basic functions of the family: (1) race perpetuation, (2) socialization, (3) regulation of sex, and (4) economic activity. Groves enumerates these functions as: (1) protection and care of the young, (2) regulation of sex, (3) conservation of culture, and (4) provision of intimate contacts. Mowrer looks upon the family as a unit of interdependent members, the activities of which interdependence are expressed in four fields: (1) the biological, (2) the economic, (3) the emotional, and (4) the cultural. It will be noted that all of these can readily be grouped under the broader categories of biological, economic, and social.

Much speculation has been engaged in by various classes of scientists as to what stages the family as an institution passed through in its evolution to the present monogamic type. Whatever may have been the case in the earlier periods of the history of mankind, the social and the physiological functions of the race un-

¹ Nimkoff, M. F., *The Family*, Houghton Mifflin Company, Boston, 1934, pp. 8-9.

² Chapin, F. S., "A New Definition of Social Institutions," *Social Forces*, March, 1928, Vol. VI, pp. 375-377.

³ Nimkoff, M. F., *op. cit.*, pp. 48-49.

questionably seem served best by the existing order of one wife to one husband. In this way marriage regulates the legal association of the sexes, and assigns to every individual born a definite place in that society by which his or her social relations to the rest of society are determined.¹

The family as an economic unit has undergone quite considerable changes since the middle of the nineteenth century. In its earlier structure, the arts of spinning, weaving, knitting, sewing, baking, brewing, pickling, canning, and preserving were largely household operations. This gave to the housewife an economic status as a producer almost equal that of the husband; but the marked industrial expansion of the last half century and more has done much to place the emphasis upon individual effort rather than upon that of the family as a group. Moreover, these significant changes are still much evident in their continuing effect upon family unity.

The home is the cradle of religion, the center of inspiration for education, and the training ground for the social relationships of life. The measure in which the individual homes of the nation attain unto perfection in these matters is the proportion in which society measures up to the wholesome. As to religious influences, Graham Taylor calls the family the "birthplace of religion," reflecting that it is difficult if not impossible to conceive of religion apart from the family. The Holy Family is spoken of as the "great seal of Christianity" and the statement made that "it is less difficult to think of reconstituting the human race, and the relations which make the race human, if it had to begin over again, without the church rather than without the home. Indeed, religion could be more readily reproduced from the family, if the church were lost, than it could be maintained by the church if the family were lost."²

It is a matter of common knowledge that the children of educated parents, the products of cultured homes, unless exceptionally recalcitrant, themselves take on like or higher levels of education and resultant culture. The marked similarity of grammar, rhetoric, and enunciation within family groups shows how potent is the home circle in the matter of language. While the tendency in modern education is to remove it more largely than ever before from the

¹ Tozzer, A. M., *Social Origins and Continuities*, The Macmillan Company, New York, 1925, p. 127.

² Taylor, Graham, *Religion in Social Action*, Dodd, Mead & Company, Inc., New York, 1913, p. 21.

home, neither home nor school is improved thereby. This tendency is but another outcome of the weakened economic unity of the family above referred to, and is baneful because a child with rare exceptions cannot "lift himself by his own bootstraps," but needs the intelligent interest and sympathy of the members of his family in determining the degree and direction of his education.

The social heredity of an individual is of like importance with his physical heredity. The family traditions, the little niceties of life, the thoughtfulness of one member towards another, the broader relationships in the business and social world of parents and older brothers and sisters, are things that serve to orient the child and make the success or nonsuccess of his adaptations to the complex relationships of the modern social order. In other words, the family is the training ground in habits of industry, self-restraint, manners, and the general body of folkways, mores, and attitudes which we are accustomed to call "culture" in the varying connotations of that term.

1. CHARACTERISTICS OF THE RURAL FAMILY

All of the members of the farm family are partners in the same enterprise. The occupation represents varied interests and the procession of the seasons relieves, in some measure at least, the dull monotony of the same tasks day after day characterizing the industrial position. But the different duties performed by father, mother, son, and daughter are but parts of the one enterprise of farming. Failure to accomplish his allotted portion reacts upon the efficiency of the whole, and brings down upon the offender the reproach of the other members of the family. The children are healthfully employed, from their early days, in the numerous chores on the farm, and thereby are taught the meaning of labor. Usually all are together at the meals around the table. The mother, more often than not, has the dreariest grind of all; but the consciousness that in the affairs of the household she has the most important phase of the farm, even from the economic standpoint, strengthens her loyalty and stays her endurance. On the American farm there is still much of privation and hardship, but in meeting and solving these difficulties shoulder to shoulder is one of the greatest influences known for welding together human sympathies.¹

¹ Gee, Wilson, "Family Unity in Country Life," *Rural America*, May, 1925, Vol. III, No. 5, pp. 5, 12.

At times, in the country, one feels that his neighbors know too much about his affairs, but the fact that his every deviation from the basic moral standards would be observed is a wonderful restraining influence in favor of right ways of living. The farmer sees fewer people than the city dweller, but he has the advantage of knowing those whom he sees. Moreover, he becomes acquainted with his own family; and much of its recreation is provided within the home. When it is not, it is usually at the church or the school-house.

It is a matter of record that the country environment produces less of vice and crime than does the city. Nothing is so destructive of family ties between husband and wife as invasions of character. The happiness of the whole relationship is largely destroyed when mutual distrust creeps in. The most insidious and vicious of the disharmonizing tendencies are sex offenses. This is the cancer, more than any other, with all of its attendant forms of jealousy, subterfuge, and deceit, gnawing at the very vitals of the most sacred institution evolved in human civilization. The white light of public conscience and consciousness shines intensely in the countryside, making clear the path of right and duty; and it bears fruit in a comparative minimum of these unspeakable shames.

Children are the center about which the farm home revolves. The average size of the country family is larger than that of the city. This situation is due mainly to the fact that, from an early age, children are profitable on the farm. The family-sized farm is the typical area for farming in most of the sections of the nation; the farmer plants only so much as he can tend with his own labor. With the plain living of the countryside, and the contribution of the child's labor, larger families are a matter of course. It is a notable fact in the history of the divorce problem that there is no greater cementing force in family life than children. Fortunately, the country environment is a superior one in which to rear children, and develop in them the qualities that make for an unusually fine type of manhood and womanhood. With the improving school facilities and the increasing social contacts of the rural sections, this is even more the case today.

The frontiersmen of our nation, who are the progenitors of our farming population, on the whole, were men and women of stout hearts, strong wills, and high ideals of living. Their God, their

family, and their country were the objects of their devotion. At a moment's notice, they were ready to die for any of these revered institutions. Such traditions have become a strong part of the social environment of the countryside, and thoroughly ingrained have passed down by social heredity from generation to generation.

In discussing the characteristics of the rural family, Lynn Smith evaluates them in the following manner:

As compared with the urban family the rural family has several outstanding characteristics. (1) . . . the rural family performs the various functions of the family much more thoroughly and completely than the urban group. (2) As a union of husband and wife, parents and children, the rural family is much more closely integrated and more permanent than the urban family. Statistics of divorce and desertion leave no room for doubt that marriage ties are more permanent in the country than in the city. In addition to this, the rural family retains its children under the parental eye and supervision to a much greater extent than is possible in the city; it also retains the children under the parental roof for a considerably longer time than the urban family. Not only do rural children remain at home longer than urban children before marriage, but frequently rural families retain the children in the old homestead even after they have married, a thing practically unknown in cities until the recent developments growing out of the recent great depression. (3) The rural family fuses its members into one organic whole, obliterating the individual personalities to a much greater extent than the urban family. This results from the highly cumulative nature of the rural familial group, the interdependence engendered by division of labor within the group, the long-continued and constant nature of the association, and the comparative weakness of competing institutions. In comparison with other social institutions, the rôle of the family is much more important in the country than in the city.

Taylor has indicated that the great extent to which familism is characteristic of rural areas has both advantages and disadvantages. On the positive side he mentions that the close daily contact between parents and children deepens their regard and affection for one another, constantly subjects the children to the traditional moral integrity of the farm family, and keeps constantly before the children's eyes the social ethics and acceptable behavior patterns of the family. But, on the negative side, the following must be recognized: (1) the family is somewhat of a closed corporation, altruistic with respect to members but selfish with regard to outsiders; (2) limited contacts make for narrow and inflexible views and practices; (3) the nature of the family associations promotes clannishness; and (4) the personalities of the individuals are kept near the same level.

Considerable disagreement would inevitably arise out of any at-

tempt to evaluate the negative and positive results of a highly integrated family organization. There can be little doubt, however, that the development of a high degree of familism has been and continues to be an outstanding feature of agricultural societies, that familism persists most unabated in the most rural areas of the nation and particularly in the South and West, and that the family continues to be by far the most important group in rural society.¹

From the historical standpoint, Sanderson calls attention to the fact that permanent home life was not begun until the agricultural stage in human development. He continues:

As he became a farmer, primitive man stayed at home with his wife and shared with her the nurture of the children. Before then the family had been *hers*, now it was *theirs*. The mere fact that the home and the business are both on the farm, that father is in the house several times a day and that the whole family are acquainted with his farm operations, will always give the farm home a superior solidarity, so long as the farmer lives on the farm. Though but few farm homes are ideal and some of them have but little that is attractive, yet nowhere are conditions so favorable for the enjoyment of all that is most precious in family life as it is in the better American farm homes.²

2. MARRIAGE AND DIVORCE

In 1930, there were more married persons in proportion to the population than characterized any preceding decade for which the data are recorded. The 1890 Census reports 55.3 per cent of the population as married, and the corresponding figure for 1930 was 60.5 per cent. These figures disprove an idea widely prevalent, because of the high divorce rate in this country, "and the publicity given to sensational extramarital adventures, that marriage has fallen into disrepute and is on the decline. But such a belief is far from the truth. Not only are we one of the 'most married' peoples in the western hemisphere, but for several decades we have been steadily becoming 'more married'; that is, the percentage of the population married has risen."³

These increases have been principally among the earlier age groups, while marriages from thirty-five years and above have de-

¹ Smith, Lynn, *The Sociology of Rural Life*, Harper & Brothers, New York, 1940, pp. 360-361.

² Sanderson, Dwight, *The Farmer and His Community*, Harcourt, Brace and Company, New York, 1922, p. 17.

³ Baber, Ray E., *Marriage and the Family*, McGraw-Hill Book Company, Inc., New York, 1939, pp. 17-18.

creased in proportion to the population. However, these trends are more characteristic of the city than of the country, because there is a much larger percentage of older women married in the country than in the city. This is perhaps to be accounted for in the statement that there is a greater marital demand for older women in the country than in the city, due probably to the greater economic value of the maturer woman in farm life. On farms in the United States in 1930, there were 616 married persons per 1,000 of the population fifteen years of age or over, whereas in the large cities the corresponding figure was 597. This means that there is about 15 per cent more marriage on the farms than in the big cities. Among the farm women the figure is 20 per cent higher than for the women in the large cities, and for farm men 10 per cent more.¹

In accounting for this situation, Reed explains the matter as follows:

In the case of every population class covered by the census statistics, marriage on the part of women is less common and longer deferred in cities than in rural communities. This may be attributed in part to the fact that the ratio of men to women in rural communities is higher, for this circumstance seems to affect the marriage situation favorably for women in other instances. Another factor which accounts for the high proportion of rural women married is the situation with respect to their employment. Farm work is performed with greater efficiency by men than by women, and consequently the work of women is limited for the most part to the home and its immediate environment. Since the farmer's wife thus performs all domestic work generally without assistance, and since married women find very little other employment open to them in rural districts, they are impelled to seek positions in more populous industrial districts. The women who have not married and those who are seeking favorable conditions of employment are thus attracted to the city by the hope of personal betterment, leaving a high proportion of married women in the rural districts.

On a somewhat similar basis, the lower proportion of married women in the city can be explained by the variety of occupations open to them. The home in the city is of less importance as a social and economic unit than the home in the country. In the city it is possible to secure a variety of satisfying social contacts without the necessity of establishing a home, and comfortable living arrangements can more easily be secured for single persons than for families. Attractive forms of recreation and amusement can also be found with greater ease in the city than in the country, and this greatly diminishes dependence upon home ties. The

¹ Ogburn, W. F., and M. F. Nimkoff, Houghton Mifflin Company, Boston, 1940, pp. 524-525.

fact that marriage customarily implies a large measure of economic dependence for the wife must lessen somewhat the inclination to marry because of the heavy burden which this dependence entails under urban conditions. In the rural districts the home still has important economic functions to perform, and the services of the wife in the capacity of homemaker have a definite economic value. On the other hand, the wife of the city apartment dweller is, unless gainfully employed, almost entirely dependent upon her husband, since the services which she performs have slight economic value. . . . Employed women, on the other hand, may show a reluctance to marry because they are unwilling to surrender the position which they have gained in business or the professions, and because they are not eager to assume the additional part-time performance of domestic duties. . . . Opportunities for advancement, the occupational status, and the more varied interests of city life tend to absorb the individual's attention to the exclusion of the question of marriage.¹

Another ² student of this problem asks the question: "What is more forlorn than the lone man or the lone woman on a farm?" He supplements the question by the statement that "since boarding houses are unsuited to the country, agriculture *commands* people to marry. Everywhere in the country districts married life begins earlier for both sexes, lasts longer before being broken by divorce or death, and, if thus broken, is more likely to be succeeded by a new union than in the large cities. Family life prevails, therefore, in country rather than in city, and this is so because on the farm the family is a more natural and indispensable unit for life and work."

It is worth while to follow the speculations of Hawthorn ³ as to just why this is the case. The living conveniences of the boarding and rooming houses are not to be found in the rural districts, thus making it difficult for the single man or woman to find a home other than of his own establishment. A young or old bachelor may and often does find work and living conditions that are congenial in the city or town, but he would not long attempt farming under such conditions. In addition, a wife is an economic asset in the country, caring for the poultry, garden, dairy, and numbers of similar sources of farm income. From the standpoint of the woman,

¹ Reed, Ruth, *The Modern Family*, Alfred A. Knopf, New York, 1929, pp. 58-60.

² Ross, E. A., *The Outlines of Sociology*, D. Appleton-Century Company, Inc., New York, 1923, p. 22.

³ Hawthorn, H. B., *The Sociology of Rural Life*, D. Appleton-Century Company, Inc., New York, 1926, p. 142.

the farm home provides an occupation, fully engaging her talent in its many diverse interests. Another reason offered is that courtship is taken more seriously in the rural sections, more often ending in marriage. "Few young farmers have the guiles of the city 'sheik' who glories in the long list of 'shebas.'" Also, a factor which is operative is that the men outnumber the women in the country and it is easier for women to secure husbands. At the same time, there are comparatively few opportunities for women to earn a living outside of the home in the rural districts, and the building of a home and family is the best career afforded.

All studies of the problem have shown that the divorce rate is significantly less in the rural areas than in the urban. The accompanying table is important evidence in this connection.

TABLE XXVI
NUMBER OF DIVORCES PER 100 MARRIAGES IN RURAL AND URBAN
AREAS OF THE UNITED STATES, 1922-32¹

| <i>Year</i> | <i>Total United States</i> | <i>Rural</i> | <i>Urban</i> |
|-------------|--------------------------------|--------------|--------------|
| 1922..... | 13.1 | 7.2 | 12.4 |
| 1923..... | 13.4 | 7.7 | 12.6 |
| 1924..... | 14.4 | 7.7 | 15.0 |
| 1925..... | 14.8 | 7.8 | 14.9 |
| 1926..... | 15.0 | 8.4 | 15.2 |
| 1927..... | 16.0 | 7.8 | 16.9 |
| 1928..... | 16.6 | 8.7 | 18.2 |
| 1929..... | 16.3 | 7.8 | 17.7 |
| 1930..... | 17.0 | 8.3 | 18.9 |
| 1931..... | 17.3 | 7.4 | 19.1 |
| 1932..... | 16.4 | 6.4 | 19.0 |

This matter of divorce has long given concern in this country to thoughtful students of the problems of human society. As early as 1885, there were 23,742 divorces in the United States as against 20,131 for all the rest of Christendom. In 1905, the proportion was 68,000 for us as compared with 40,000 for all of the other civilized countries. In 1935, there were 218,000 divorces in the United States. The ratio in 1890 was one divorce to approximately every 17 marriages, while in 1935 the ratio had become one divorce to about

¹ Mowrer, Ernest R., *Family Disorganization*, University of Chicago Press, Chicago, 1939, p. 297.

every 6 marriages. This tendency under the most liberal construction must be considered as measuring an unhealthy degree of family disorganization, and a strong point in favor of the wholesomeness of country life is registered in the fact that this evidence of family disorganization is much less prevalent in rural than in urban life.

Among the conditions contributing to family solidarity in the country are the stigma which attaches to a divorced person in the country; the greater number of children in the rural family over the urban, and the larger proportion of families with children; a less extent of dissipation in the life in the rural areas, as expressed in the disrupting influence of "night life" in cabarets and similar establishments characterizing certain sections of the metropolitan centers; the unifying influence of the economic interdependence of life for the members of the family upon the farm; and the superior housing conditions in the country over the apartment and congested tenements of the city.

For whatever may be the reasons, and they become of little consequence in the presence of the fact, the beautiful thing is that family life flourishes vigorously in the country. This is but another bit of evidence that most of the stable institutions of our civilization have found their origin and their best flower and fruitage among our country folk. It is also argument that the crowded tenement house should be abandoned for the cottage in the suburban area, town, or smaller village where the smoke and stench of the man-made industries may be dissolved in the vast purifying air spaces and the sunlight of God's great open stretches, and the urban family find more wholesome conditions for expression. The importance of a steady retention and strengthening of the forces making for family unity in our national life cannot be overemphasized. May the day never come when they will be less potent than at the present time, either in our urban or in our country life.

3. THE LIFE CYCLE OF THE FARM FAMILY

The term *family* is used to characterize such flexible and variable relationships that it is difficult to define. MacIver considers that "the family is a group defined by a sex relationship sufficiently precise and enduring to provide for the procreation and upbringing of

children."¹ He elaborates on this conception of the family by enumerating five characteristics which are almost universally recognized in that connection:

(1) A mating relationship, (2) a form of marriage or other institutional arrangement in accordance with which the mating relation is established and maintained, (3) a system of nomenclature, involving also a mode of reckoning descent, (4) some economic provision shared by the members of the group but having especial reference to the economic needs associated with childbearing and child rearing, and generally (5) a common habitation, home, or household, which, however, may not be exclusive to the family group.²

It has been pointed out that a larger percentage of farm families have children than is the case with city families, and also that farm families tend to be larger due to the fact that they have more chil-

TABLE XXVII³

THE DISTRIBUTION PER THOUSAND OF THE DIFFERENT TYPES OF FAMILIES IN CHICAGO AND ON FARMS, 1930⁴

(Where the wife is under 45 years of age—and the husband when listed without a wife is under 50 years—in a sample of native whites of native parents in the east north-central states)

| Type of Family | Metropolis | Farms ^a |
|---|------------|--------------------|
| Husband and wife only | 398 | 163 |
| Husband, wife, and 1 child | 229 | 205 |
| Husband, wife, and 2 children | 122 | 202 |
| Husband, wife, and 3 children | 42 | 135 |
| Husband, wife, and 4 children or more | 19 | 214 |
| Husband only | 63 | 25 |
| Husband and 1 child | 5 | 6 |
| Husband and 2 children | 2 | 5 |
| Husband and 3 children or more | 1 | 5 |
| Wife only | 72 | 14 |
| Wife and 1 child | 31 | 12 |
| Wife and 2 children | 11 | 6 |
| Wife and 3 children or more | 5 | 8 |
| Total of all types of family | 1,000 | 1,000 |

^a When the farms have the same age distribution as the metropolis, the frequencies of the different types of families on the farms are affected only very slightly.

¹ MacIver, R. M., *Society: A Textbook of Sociology*, Farrar & Rinehart, Inc., New York, 1937, p. 196.

² *Ibid.*, p. 197.

³ Ogburn, W. F., and Clark Tibbitts, "The Family and Its Functions," *Recent Social Trends*, McGraw-Hill Book Company, Inc., New York, 1933, p. 684.

⁴ Original schedules of the U. S. Bureau of the Census.

dren. The statistical data in Table XXVII, on page 633, show this fact in a striking manner. It will be noted that there are almost twice as many unbroken families with children in the country as in the city, and the larger the size of the family, the greater is the proportion in favor of the farms.

A number of investigations have shown that there is a more or less definite life cycle of the family, and particularly of the unbroken rural family. Sorokin, Zimmerman, and Galpin¹ list four stages, as follows:

(1) The young married couple, just beginning their independent existence. In this case, the holdings of the family are usually relatively limited, but sufficient to support the couple, because both husband and wife are capable of work, and as yet have no children for whom to provide.

(2) The married couple with children, one or more. The base of support here is broadened because more holdings are necessary to support a larger number of members of the family. This is the most difficult period, requiring harder and more efficient work, and often a great deal of self-denial in the consumption needs of the parents.

(3) The older family, with one or more of the children old enough to be self-supporting. In this stage, with a more abundant labor force, the economic resources of the family will have increased. This is viewed as the easiest period, since all members of the family are now producers as well as consumers.

(4) The old family, in which age overtakes the parents, and the children have started out upon the establishment of their independent homes. This stage is one of increasing hardship for the paternal family and its successor, for the parents become more and more consumers only, and their support devolves largely upon the son or sons who remain on the farm.

Kirkpatrick, Tough, and Cowles² studied the life cycle of the farm family in relation to the variability in the character and type of goods consumed, the ability of the families to provide at the different stages, and the extent to which young operators and home-

¹ Sorokin, P., C. C. Zimmerman, and C. J. Galpin, *A Systematic Source Book in Rural Sociology*, University of Minnesota Press, Minneapolis, 1931, p. 31.

² Kirkpatrick, E. L., Rosalind Tough, and May L. Cowles, *The Life Cycle of the Farm Family*, Research Bulletin 121, Agricultural Experiment Station, University of Wisconsin, Madison, 1934, pp. 1-2.

makers take these factors into consideration in planning for the future. Their sample was selected for four stages, based primarily on the growth or advancement of the family. These were the *pre-school family*, with children under six years of age; the *grade-school family*, with children of six to thirteen years; the *high-school family* with children of fourteen to eighteen years; and the *all-adult family*, with children nineteen or more years of age. These different stages in the life cycle of the family are characterized by Kirkpatrick, Tough, and Cowles, in part, as follows:

Changes in the family's stages of development necessitate making readjustments in its standards of living. Since the time required for a family to pass from the first stage of development to the last is approximately 25 years, long time planning is essential. This planning must take into consideration the changing behavior patterns from one period to the next and anticipate these changes wherever possible.

Pre-School

The pre-school family is a young family in two senses: it has existed a relatively short period of time and usually its operator and homemaker range from twenty-five to thirty-five years of age. In general, both operator and homemaker in this family have more schooling than those in the high school and all adult groups, and are usually more interested in community affairs and activities. In comparison with the other stages of development, families in this group spend a good deal of time in reading and listening to the radio.

Ordinarily, if the pre-school family is attempting to climb the "agricultural ladder" it may have to make real sacrifices in the form of doing without the luxuries and many of the necessities of living. On the other hand, a number of these young families receive help from the operator's or homemaker's parents and even if this takes the form of kind rather than cash it tends to mitigate the effect of the monetary sacrifices. . . .

Grade School

This group, somewhat older than the pre-school, in ages of operators and homemakers, is similar to the younger group in many respects.

It too is making sacrifices to climb the "agricultural ladder," is finding it difficult to meet interest and tax payments, has relatively high expenditures for medical attention, incurred partially because of new births in the family, and desires many of the amenities of living which limited "pocketbooks" fail to provide. In addition, like the pre-school family, it usually provides for future needs in the form of insurance and participates rather generally in community activities.

In talking about plans for the future, homemakers and operators in

this stage of development stress primarily education for the children. . . .

High School

There is a decided contrast in the behavior pattern of the high school group to the two earlier stages of development. In this period the family is larger than at any other stage reaching its maximum size of 5.1 persons; thus three fifths of this family is constituted of adolescents.

In this group, labor of adolescent boys and girls is a substitute for hired help. For the most part the boys and girls do not receive a cash compensation for their work but rather board and room and sometimes the use of the car.

In a large number of these families, there is an income from outside sources. However, this does not add much to family income because the amounts are relatively small per family.

Wants in the high school stage are many and varied. They make themselves felt in expenditures for clothing and advancement goods and services for the children due largely to schooling costs. In some rural areas, particularly in the "cut over," it is necessary for the children to go twenty-five miles or more to the nearest high school and this involves either expenditures for transportation or for board and room in the neighboring village. In addition expenses for advancement goods take the form of relatively high outlays for reading materials, for organization dues, and for recreation. Hours spent in reading and listening to radio programs at home drop for the high school group as compared with the others.

Since the cash available for purchased family living in the high school group is not widely divergent from that at the other three stages of family development relatively large amounts spent for clothing and advancement must result in curtailment of expenditures for other goods and services. This reduction occurs in such items as furnishing, household operation, maintenance of health, and insurance.

All Adult

A greater expenditure is made for family living in the all adult stage than in any other group. This indicates not only that the wants in this group are greater or more diverse than those at the other stages of development but also that the tendency to gratify them in terms of purchasing power exceeds that in earlier years. Relatively large expenditures are made by families in this stage for clothing, furnishings, schooling, reading matter, church support, recreation, and personal goods. The family surplus, after all other expenditures have been met, is low in comparison with the other groups, but the amount of life and health insurance carried is relatively large. It is noteworthy that life and health insurance is also relatively high in the pre-school group; a period in which the farm operator recognizes that the risk element of loss of his life

is very significant to the family; plays a less important part in the pattern of expenditures as the children get older and again becomes increasingly felt in the all adult group. Its increased importance for the all adult families rests not only on the realization of possible future needs on the part of the operator and homemaker but the fact too that grownup sons and daughters anticipating the establishing of families and having incomes of their own are taking out insurance.

Often the all adult stage of development indicates a period when anticipated wants on the part of the operator and homemaker for the children are fulfilled, at least in part. The children are educated, may have positions, have been married and are very often beginning the cycle for another family.¹

Still another classification of these periods in the life cycle of the farm family is that of Loomis,² who includes in the first stage only childless couples of childbearing age; in the second stage, families with children, the oldest of which is under fourteen years of age; in the third stage, those families in which the oldest child is past his fourteenth year of age and less than thirty-six; and the last stage consists only of old families. It is obvious that the matter of separation into stages is more or less an arbitrary matter, and only incidental to a study of the significant continuous process of a family from its start to its finish, or to express the same idea differently, from its birth to its death. In order to understand almost any phase of the behavior of the family fully it must be viewed in the light of the stage of the life cycle of the individual family or the group of families under consideration.

4. THE WOMAN ON THE FARM

The American farm woman has always been a sturdy and courageous character in our national life. Of the early days in the history of this country, Emerson Hough says that

the chief figure of the American West, the figure of the age, is not the long-haired, fringed legging man riding a raw-boned pony, but the gaunt, sad-faced woman, sitting on the front seat of the wagon, following her lord where he might lead, her face hidden in the same ragged sun-bonnet which had crossed the Appalachians and the Missouri long before. That was America, my brethren! There was the seed of America's wealth. There was the great romance of all America—the woman

¹ *Ibid.*, pp. 28-31.

² Loomis, C. P., *The Growth of the Farm Family in Relation to Its Activities*, Agricultural Experiment Station, North Carolina State College, Raleigh, 1934, p. 57.

in the sunbonnet; and not, after all, the hero with the rifle across his saddle horn. Who has written her story? Who has painted her picture?"

In the opinion of Mary Meek Atkeson, her equality with man was recognized in those days, for she showed herself equally capable in all of the tasks of life which they had to meet together, and a sense of dignity and worth grew out of the knowledge that this was true. Regarding the situation today, the same author points out that while her tasks may be physically less hazardous than those of her prototype in the conquering of the wilderness, still she is pioneering amid the new and conflicting forces interacting in the rapidly changing rural environment which is her sphere of intense activity.

Of course conditions have changed greatly in America in the past one hundred years. But even yet farm life is decidedly a vigorous adventure. The woman who succeeds in that environment must still be strong in body, quick of brain, and indomitable in spirit. And in the farm life of today she has even more need for that adaptability which has been so necessary in the past. Our country life is in a state of rapid change, and many an inefficient family is being ground beneath the wheels of its progress. For the good old days of the early American frontier, with their crude methods and open-handed hospitality, are passing, by successive stages, into an organization of forces and cultured ease and refinement similar to that prevailing in the cities. And the woman on the farm today, with her husband and her children, stands somewhere midway, alternately torn by influences toward the old and toward the new.

It is a most difficult position to hold with stability and common sense. And it is the woman on the farm, with her keen sense of values in life, who must decide where her family shall stand. On one side of her may live a family of the old days, with ideas and living conditions little removed from those of the early settler's cabin in the forest, or a family of recent immigrants with the customs of their old home in Europe. On the other side may live a family of wealthy and cultured city people, who maintain a country home for health or pleasure. Yet somehow under these difficult conditions the woman on the farm must evolve a wholesome home life—not too much like the one nor too much like the other—so that her children will be happy and contented and equally at home in conditions the most primitive and the most modern.¹

The life of the farm woman has always called for a large measure of optimism, and that has been a necessary quality in the recent

¹ Atkeson, M. M., *The Woman on the Farm*, D. Appleton-Century Company, Inc., New York, 1924, pp. 5-6.

prolonged hard times which the farm industry has encountered. This is sustained by the fact that she loves the soil and believes in its certainty of yielding a living. There is an elemental security in farm life which appeals to her deepest sensibilities, and she feels that whatever may be the change in the affairs of state or nation her feet are planted upon bedrock. A few excerpts from letters of farm women express these sentiments eloquently. A Wisconsin farm woman writes that

we, the farm women, are where we belong. I feel that this close-to-nature elemental existence, is the fullest, richest source of emotional satisfaction. We give our services, and we give up the superficial, sensational stimulants of society and fashion, so we feel square and honest as we take our gifts.

From a New York farm comes this woman's estimate of country life:

I wish people generally knew what we on the farms know—that there is comfort, real comfort, in plain living and calm, clear-headed thinking, in the sweet old-fashioned way of working till you are tired, commending yourself to God at night, and enjoying a good deep sleep till morning breaks and you wake up rested. In walking over the fields in the spring to see how the "new-seeded" are coming, in watching things grow, in making your own delicious butter, in picking the raspberries from your own patch, and in getting the first peas and sweet corn, and in the fall gathering the apples from the trees that your own grandfather planted on the farm years ago. They are simple things, all of them, but there are the simple virtues back of them that make life worth living.¹

Nor is the farm woman lacking in the fundamental elements of culture. A genuineness of attitude characterizes her relationships with fellow-humankind. She eschews faddishness, but in this age of larger communication, she is usually well informed in terms of essential matters. It is a striking fact that the average farm woman is better read and better informed on current questions than the average city woman, perhaps because there are fewer distractions in the country and much of her leisure time is spent in reading. The automobile and good roads are additional factors extending the sphere of her social interests, and she is entering increasingly into organizations promoting better home and community life.

One does not ordinarily think of the farm woman as an economic

¹ *Ibid.*, pp. 10-11.

factor in farming operations. Not to do so, however, is inaccurate analysis; for anyone at all familiar with the fundamental principles of home economics knows how much of waste or of saving can be brought about by the inefficient or the thrifty housewife, as the case may be.

Viewed as a producer, the farm woman has a large part in the management of the vast quantity of milk, butter, chickens, and eggs added annually to the wealth of the nation. In 1939, the gross farm income (value of farm production sold plus value of production retained for use in farm homes) from dairy products was \$1,723,484,000, while the eggs produced were valued at \$539,684,000, and the chickens raised were worth \$346,628,000. These items alone constitute approximately \$2,500,000,000. Obviously, to attribute all of this value to the care of farm women alone is inaccurate, but there are the home gardens which in no small measure are the result of the planning and even the physical labor on the part of the women of the farm family. Over 75 per cent of rural homemakers do a large part of their own sewing, and the amount of saving in canning, preserving, and drying fruits and vegetables is tremendous. A very small percentage of the homes, outside of the South, have hired help throughout the year, and not a large per cent for a part of the year. Thus, as a contributor to farm income and wealth, the farm women are an exceedingly significant factor.

5. THE FARM WOMAN'S PROBLEMS

No one believing in the fundamental place of farm life in general will dispute the soundness of view presented by a former head of the agricultural extension work of the Federal Government when he says that

the future rural home and the future rural life should be the most attractive home and the most attractive life of all the ages, a home the child leaves with regret and returns to with outstretched arms, a home of plenty—fields, flocks, orchards, gardens—of beauty and grace, where intelligence, hospitality, culture and happiness abound. The folks who feed and clothe the nation and furnish the revivifying blood of our urban population are entitled to no less.¹

¹ Smith, C. B., quoted in Gee, Wilson, ed., *The Country Life of the Nation*, University of North Carolina Press, Chapel Hill, 1930, p. 127.

In order to accomplish such a desirable ideal it is necessary to visualize the outstanding problems of the farm woman, and the means by which their amelioration may be brought about. A national survey¹ of the farm woman's problems points out that there are five outstanding situations which demand correction.

(1) The working day of the average farm woman was discovered to be 11.3 hours, and 87 per cent of the homes reporting state that they have no regular vacation during the year, with the exception of scattered "days off" in the family automobile. The best interests of the farm families require that the working hours of the farm woman be materially lightened, and a larger leisure be provided for rest, cultural advancement, and recreative activities.

(2) Women in the country have too much heavy work to do. For example, 61 per cent of them still carry water an average distance of 39 feet; 96 per cent of them do their own washing, and only 57 per cent of them have washing machines with which to lighten the load. It is for the good of the future farm population as well as the present that such a condition should be remedied.

(3) The pull of the city is strong today for country youth. The necessary proportion of the choicest may be held in the country only through the establishment and realization of higher standards of comfort and beauty for the farm home. It is possible that there shall be much of beauty about every home in the country, well-planned yards, neat fencing, cleanly kept barnyards, and farm buildings located with some sense of proportion with regard to each other. Also, at least a reasonable minimum of comfort can be maintained inside the home coupled with cleanliness and attractiveness of arrangement of furnishings.

(4) There is a dearth of facilities in many parts of the country for safeguarding the health of the farm family, and especially of the mother and growing child. For example, among the several thousand families studied, the average farm home is more than $5\frac{1}{2}$ miles from the family doctor, nearly 12 miles from a trained nurse, and about 14 miles from a hospital. More often than not, a part of these distances must be traversed over roads that vary between poor and impassable by automobile. These things mean that often the

¹ Ward, Florence E., *The Farm Woman's Problems*, Department Circular 148, States Relations Service, U. S. Dept. of Agriculture, Government Printing Office, Washington, 1920, p. 16.

farm family must act unaided in case of sickness, childbirth, or serious accident, and the general result is such as emphatically to call for a marked betterment of these conditions.

(5) If given the opportunity, and allowed to spend the returns upon home improvements, there are many money-yielding home industries which can be introduced and developed by farm women. The actual experience of a few farm women demonstrates what may be accomplished along these lines. One farm housewife writes: "The money I get from the market is buying things for the comfort of my family; it has installed water in the kitchen, it has bought a Chevrolet car, purebred poultry, two cows, furniture, rugs and clothing for myself and other members of my family. My plans for next year are to get a new dining-room suite, furnish a bedroom for my son and finish some work on the house." Another states that "the money I made on the market was for the comfort of my home. I have sold produce to the amount of \$644.42." Still another reports that at the end of a summer marketing season she had made a profit of \$278 on products from her own garden, pantry, and poultry yard—articles which otherwise would have gone to waste because, as she says, "I didn't realize I had the things."¹

Fortunately, a number of agencies are developing systematic programs which are effectively aiding the solution of these vital problems of the farm home. A few of the more outstanding of these are the Extension Service and the Bureau of Home Economics of the United States Department of Agriculture, the state colleges and universities through their state extension services, the United States Public Health Service, the various state departments of public health, and their local branches—the county health units, and many others. The work of a number of these agencies has been considered in appropriate connections in preceding chapters of this volume.

Some of the main practical measures which are calculated to improve the deficiencies in American farm homes have been summarized as follows:

1. Introducing improved home equipment, principal among which are running water and power machinery, and adopting more efficient methods of household management, including the rearrangement of the

¹ Quoted from section on the "Farm Family" in Gee, Wilson, ed., *Country Life of the Nation*, *op. cit.*, p. 118.

inconvenient kitchen and the installation of a modern heating system for the whole house.

2. Helping farm people to understand and apply the laws of nutrition and hygiene through home demonstrations in child care and feeding and food selection for the family, and through training in the essentials of home nursing and the installation of sanitary improvements.

3. Cultivating the idea that investment in the comfort, beauty, health, and efficiency of the farm home and the rural community is a wise and legitimate expenditure and perhaps the only means of stopping the drift of young people to the city.¹

QUESTIONS

1. Why does the family rank first in importance among our social institutions?
2. Explain what is meant by *folkways* and *mores*. Distinguish between *customs* and *traditions* as parts of the folkways.
3. Define the term *social institution*, explaining why both marriage and the family are considered to be social institutions.
4. Name the functions performed by the family.
5. Describe the changes which have taken place in the family as an economic unit since the middle of the nineteenth century.
6. State the importance of the rôle played by the family in the preservation, transmission, and extension of culture in human society.
7. Discuss the characteristics of the rural family in contrast with the city family.
8. Compare the general extent of marriage in the country and in the city and account for the differences.
9. Describe the trend in the divorce rate in the United States since 1885, and give reasons as to why this is a serious tendency in our current national life.
10. State the principal reasons why divorces are less frequent in the country than in the city.
11. Define the family and enumerate five characteristics by which it is almost universally recognized.
12. Compare the families of the big cities and of the farms as to size and composition.
13. Explain what is meant by the life cycle of the family, and the importance of the social phenomena it involves.
14. Give four stages of the life cycle, according to one of the classifications given in the text and describe each of these stages.
15. Why is the rôle of the woman on the American farm today in a rapidly changing environment an especially difficult one?

¹ Ward, Florence E., *op. cit.*, p. 16.

16. Is the farm woman of America today lacking in the fundamental elements of culture? Give reasons for your answer.
17. In what important respects are the farm women in this country producers in the farm industry and to what extent?
18. Name five outstanding situations that a national survey of the farm woman's problems revealed as demanding correction.
19. Discuss the importance of money-yielding home industries which can be introduced and developed by farm women as a factor in the improvement of the farm home.
20. Along what three principal lines should practical measures proceed to improve the deficiencies in American farm homes?

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CHAPTER XXVI

THE FARMER AND HIS CHURCH

Symbols of faith, they lift their reaching spires
Above green groves down many a country way;
And on the wide plains there are altar fires
That light the forms of those who kneel to pray.
Oh, I have seen them stand knee-deep in wheat;
White country churches rising from the sod,
Where men in gratitude for bread to eat,
Have paused and reared their altars to their God.

Symbols they stand of mankind's daily need:
The urgent need to pray, the need to praise.
Without their altars men grow blind indeed,
And grope bewildered down unlighted ways.
The look of God is over every land
Where men have toiled—and where their churches stand.

—GRACE NOLL CROWELL

The religious sense is deeply implanted in the make-up of every human race which has ever existed. From the primitive worship of nature it has ranged to that of the sublime exaltation of one supreme, all-powerful Being. Various opinions have been advanced as to the usefulness of religion, and some have declaimed loudly against it as a barrier to the progress of human civilization. Perhaps its best definition is to the effect that it is the "worship of higher powers from a sense of need."¹ The exercise of it is largely of the realm of faith, though its concrete effects on human attitudes and actions are significantly apparent about us every day of our lives. Amiel says:

Society lives by faith, develops by science. Its basis, then, is the mysterious, the unknown, the intangible—religion—while the fermenting principle in it is the desire of knowledge. Its permanent substance is the uncomprehended or the divine; its changing form is the result of its intellectual labor. The efficiency of religion lies precisely in that which is not rational, philosophic, nor external; its efficacy lies in the unforeseen,

¹ Menzies, Allan, *History of Religion*, Charles Scribner's Sons, New York, p. 13.

the miraculous, the extraordinary. Thus religion attracts more devotion in proportion as it demands more faith—that is to say, as it becomes more incredible to the profane mind. The philosopher aspires to explain away all mysteries, to dissolve them into light. It is mystery, on the other hand, which the religious instinct demands and pursues; it is mystery which constitutes the essence of worship, the power of proselytism. When the cross became the “foolishness” of the cross, it took possession of the masses. And in our own day, those who wish to get rid of the supernatural, to enlighten religion, to economize faith, find themselves deserted, like poets who should declaim against poetry, or women who should decry love. Faith consists in the acceptance of the incomprehensible, and even in the pursuit of the impossible, and is self-intoxicated with its own sacrifices, its own repeated extravagances.¹

Warren H. Wilson characterizes religion as a form of behavior in the presence of the unknown. In spite of the advances of modern science, mystery continues to predominate and the greater part of the universe is unmapped, uncharted, unexplained.

Toward this greater reality our attitude must be religious. Awe and fear, humility and forgiveness, are thus the expressions of man in the Jewish-Christian religions covering reality. Other religions have sacrifices, ceremonies, taboos; and we inherit from them some of their forms because we have not fully emerged from paganism. But the followers of the Hebrew prophets and of the apostles of Jesus have for more than two thousand years translated religion into moral conduct appropriate to the fear of one God who does righteously.²

The choicest phases of civilization have been derived from religion.³ The primitive civilization's *law* was simply the will of the gods, and morals were determined by the religious taboos which developed. The earliest expressions of *art* took the form of carving idols, or the semblance of the gods, and the decorating of their shrines. *Music* and *the dance* originated through the crude expression of primitive man's sense of rhythm expressed vocally in repetitions of hymns, and bodily in his prancings at ceremonies in honor of his deities. The *drama* was developed within the chancel of the church as a part of religious service, and the remnants of early *literature* coming down to us through the ages uniformly are the sacred

¹ Quoted in Wilson, Warren H., *The Farmer's Church*, D. Appleton-Century Company, Inc., New York, 1925, p. 47.

² *Ibid.*, pp. 47-48.

³ Potter, C. F., *The Story of Religion*, Garden City Publishing Company, Inc., New York, 1929, p. xix.

books. Moreover the early church was the fostering mother of the *sciences* and the *arts*. In the earlier stages of human civilization, religion and life were one, and in the correct interpretation of the term such should be the case today.

The history of religion reveals that all religions have as their beginning some man's religious experience interpreted to and reproduced in others. As these religions have become established their body of creed and doctrine has taken form, and temples of worship built to be attended by a priesthood. And thus we have the organization known as *the church* even in the modern sense.

The church has played a significant rôle in our national history. The first churches were country churches, erected among the earliest of the buildings constructed by our forefathers in the settlement of the wilderness. And the spirit which animated the first godly ministers in attendance upon their flocks persists today in the experience of one of the foremost students of the country church, and a host like him for whom he speaks. The importance of this institution in our earlier and present civilization is well characterized in the following statement in Brunner's own words:

I have been a country pastor. I ask no greater claim to distinction. Stand with me on the crest of that favorite hill in my first charge. Away to the left stretch fields white already to the harvest, broken here and there by small woods rich in the foliage of the maturing summer. Yonder at the foot of the hill lies the little town. It seldom figures in the news of the world; it contributes little to the wealth of the nation; but I view it with affection. It was part of my field. There is a home, and there, and there, whose occupants looked to me, their pastor, to supply a definite need in their lives. There is a house that hides the tragedy of a living sorrow. There is a home that exerts a powerful but little suspected influence. There is the school—what will it and its youthful country lads and lassies mean to the big workaday world some years hence? There is a flash, a rumble, and the inter-urban trolley has sped into the village and out of it. Farther away, beyond the trolley line, are more farms, stretching away to the distant hills. The westering sun is slowly sinking to its rest. Its rays strike the high steeple of a country church, and once again, as in the days of Constantine, the cross is seen emblazoned in the sky. "In this sign conquer." The vision fades with the sunlight, but its message remains. It is the moment of rededication to the Hero of the Cross, whose Kingdom is yet to come in rural America.

There is need for such a vision, for the field is a typical one—small and not growing. Denominational prejudice, superstition, cramped lives, narrow outlook, confront any country pastor. There are thousands

of similar situations in America, lighted here and there by their bright spots, and in the midst of these conditions, by means of everyday toil and typical experiences, the Kingdom of Heaven is being wrought out.¹

1. THE PRESENT CONDITION OF THE COUNTRY CHURCH

An eminently sound and wholesome interpreter² of American rural life thus summarizes statistically the condition of the country church in this nation today. Among our rural population, only one-fifth goes to church. Two-fifths of our rural churches are either marking time or showing signs of loss. One out of every four of all rural churches has no Sunday school. Home-mission aid must be extended to one-fifth of these churches in order that they may be kept alive, and a large number of such subsidized churches are in active competition with churches of closely similar doctrines. Seven out of every ten of our rural churches have only a part-time pastor. One-third of all rural pastors must needs work at some other occupation so that they can make a living, and not a very satisfactory one at that. Only one out of every two of the rural churches makes an annual gain in membership of as much as 10 per cent.

The statement by the same authority that many American country children are virtual pagans is a difficult one to believe in a nation which contributes many millions annually to foreign missions. But here are the facts in his own words: "Of the fifteen millions of farm children—children under twenty-one years of age—more than four millions are virtual pagans, children without knowledge of God. If, perchance, they know the words to curse with, they do not know the Word to live by." These figures are based upon a careful survey of a representative area in different parts of the United States, made by the Institute for Social and Religious Research. That agency asserts with confidence "that 1,600,000 farm children live in communities where there is no church or Sunday school of any denomination," and that there are "probably 2,750,000 more who do not go to any Sunday school, either because the church to which their parents belong does not have any, or because they do not care to connect themselves with such an organization." Moreover, these 1,600,000 pagan children are not

¹ Brunner, Edmund de S., *The Country Church in the New World Order*, Association Press, New York, 1919, pp. 3-4.

² Galpin, C. J., *Empty Churches*, D. Appleton-Century Company, Inc., New York, 1925, p. 9.

distributed evenly, among the other millions of children who are in contact with the Bible, but in a great measure are homed in bibleless, godless communities. "The nation might possibly assimilate a million bibleless children if they were brought up among several millions of children who know the concepts of religion; but absorbing godless children in great numbers from whole godless groups is a bird of a different feather. What is still more disconcerting, the trend, we are led to suppose, is not from bad to better, but from bad to worse."¹

Quite in contrast to the unchurched communities, there is a large part of our nation in which there are too many churches for adequate financing and hence efficient operation. A recent survey in Virginia found that there is "an average of 37 rural churches per 225 square miles, an area 15 miles square, or a circular area with a radius of 8.5 miles. Were these churches distributed evenly all over the state, there would be 13 churches within 5 miles and 52 churches within 10 miles of any one farm home."² In some of the rural districts of the United States, there are ten times as many churches per thousand of the population as there are in New York City. In spite of this situation, the percentage of attendance in these rural sections is somewhat lower than that obtaining in the great metropolitan center. Such a showing points in a startling manner to the lack of system in the distribution of country churches, and to a woeful waste of religious potentialities in the American countryside.

Goodwin³ says:

Who with any knowledge of country life, has not seen the pitiful spectacle of a little village of three or four hundred souls trying to support two, three, or even five, churches? The inevitable result of this denominational rivalry is the conspicuous abandonment of rural and village churches, a fact cheerful or alarming according to whether your church or someone else's is the one abandoned.

In a town of 800 persons in a mid-western state there were eight churches. Three of them, including the Episcopal Church, were closed. A few church folk from a nearby city moved in, and the rector from an adjoining town came over and opened up the Episcopal Church for

¹ Galpin, C. J., *op. cit.*, pp. 31-33.

² Hamilton, C. H., and W. E. Garnett, *The Role of the Church in Rural Community Life in Virginia*, Bulletin 267, Agricultural Experiment Station, Virginia Polytechnic Institute, Blacksburg, 1929, pp. 38-39.

³ Goodwin, F. D., *Beyond City Limits*, The National Council, New York, 1926, p. 55.

services twice a month. "We must reopen ours too," said the officials of another of the closed churches. "And we likewise," decided those in authority in the third church. So again the community of 800 was called on to divide its interest and support among eight churches, whereas three would probably have satisfied every fundamental racial, social, theological, ecclesiastical, and temperamental difference in the community. With equal sincerity they all sing, "We are not divided."

The Census of Religious Bodies for 1936 gives the total number of church members in the United States as 55,807,366, of which 38,519,170 were classified as urban and 17,084,410 as rural. The corresponding figures for 1926 were a total membership of 54,576,346, of which 35,126,927 were reported as urban and 19,386,734 as rural. These statistics show a growth of about 2 per cent in total church membership. There was a 9.7 per cent increase in urban membership, but a decline of 13.5 per cent in the rural. The comparability of these rural and urban figures is considerably vitiated by the fact that the 1936 tabulation includes as urban not only the incorporated places of 2,500 inhabitants or more, but also "townships and other political subdivisions (not incorporated as municipalities, nor containing any areas so incorporated) which had a total population of 10,000 or more, and a population density of 1,000 or more per square mile. Rural churches are those located outside of the above areas." In the 1926 tabulations only those places of 2,500 or more inhabitants were included as urban. While the *Census of Religious Bodies: 1936* states that this modification of earlier procedure affects the results to "a very limited extent," the trend is so out of line with that of recent decades, where the rural areas have shown increases in the number of members, that the accuracy of the whole comparison is brought into question. In a thorough analysis of the religious statistics from 1906, the date of the first United States census taken of religious bodies, through 1926, Fry concludes that "the net result of the changes since 1906 in the number of churches and their members has been for churches in large cities to decrease in membership and for those in smaller cities and in rural areas to increase."¹

This situation with regard to the lack of comparability between the data of the censuses of 1926 and 1936, makes the analysis of Fry perhaps more truly indicative of the situation with regard to

¹ Fry, C. L., *The U. S. Looks at Its Churches*, Institute of Social and Religious Research, New York, 1930, p. 54.

the rural church. His study answers some interesting questions. The churches in the United States, during the decade from 1916 to 1926, grew in membership at a rate of 17.3 per cent. Adult population, for these purposes made up of those thirteen years of age and over, had increased 17.2 per cent over the same period. Thus the growth in church membership had kept pace almost exactly with the growth of population. The same situation characterized the ten-year period from 1906 to 1916.

In 1926, 55 per cent of the adult population in the United States were enrolled as church members. Among the rural population, 52 per cent of the adults as above defined were church members as contrasted with 58 per cent for all cities 2,500 in population or above.

This comparison may be slightly modified, because the country people who belong to city churches probably outnumber the city people who belong to country churches; but this factor alone can hardly affect the conclusion that urban people belong to church in relatively greater numbers than do country people. This does not necessarily mean that country folk are less interested in organized religion than are the inhabitants of cities. Rather the low rural ratio reflects differences in opportunity arising from the fact that many sparsely settled country areas have no churches.¹

Nearly four-fifths of the churches had Sunday schools. The number enrolled in them was 15 per cent less than the number on the rolls of public schools, both elementary and secondary. During the twenty-year period from 1906 to 1926, the reported scholars in Sunday schools increased about 45 per cent. In the decade following 1906, however, the increase was 35.7 per cent; while from 1916 to 1926, the net growth was only 5.5 per cent. A part of this decline can be explained by differences in methods of reporting, but by no means all of it.

The opinion prevails that the larger the city, the lower the percentage of church membership. It is supported by the reasoning that the larger the city, the more agencies and interests with which the church has to compete, but statistics do not bear out the widely current opinion.

Places with 300,000 inhabitants and over have 59 per cent of their adults in church, which is identically the same as the ratio for cities

¹ *Ibid.*, p. 15.

having 100,000 to 300,000 people. Cities from 50,000 to 100,000 report 57 per cent; those from 25,000 to 50,000 have 60 per cent; while large towns ranging from 2,500 to 25,000 inhabitants return 55 per cent. Obviously, the mere size of a city does not seem to influence the relative number of people belonging to the church. There are, however, significant differences from city to city.¹

However, we are told that the relative number of city inhabitants belonging to church has been declining while the proportion of town and country population who are church members has tended somewhat to increase. The census data show for cities of 25,000 and over 66 per cent of the population on the church rolls in 1906, 61 per cent in 1916, while the figure had declined to 59 per cent in 1926. Outside of these principal cities, this proportion had increased from 51 per cent in 1906 to 53 per cent in 1926.

2. REGIONAL CHARACTERISTICS

There are rather striking geographic differences in the proportion of the adult population belonging to church. In the southern and eastern states, a larger percentage are church members, while in the Middle West, the corresponding figure is somewhat lower, and more conspicuously so in the Far West. Utah is an outstanding exception, because in that state, nine out of every ten of its adult population are on the church rolls. North Carolina, South Carolina, and Alabama make the best showing in the East. In these states, more than seven-tenths of the adult population are church members. As has been pointed out, most of the western states have comparatively few church members; for example, Washington, Nevada, and Montana have fewer than three out of every ten adults enrolled in church. The generalization that the church is more firmly established in the older sections of America than in the more newly settled areas seems a warranted one.

In every area of the nation, a larger proportion of women are in church than is true with the male population. The highest proportion obtains in the east south-central division made up of Kentucky, Tennessee, Alabama, and Mississippi. In that group of states, three-fourths of the women are church members, but only about half of the men. The New England states show a less marked difference, with 56 per cent of the men and 67 per cent of the women on the church rolls.

¹ *Ibid.*, p. 17.

In the light of these general facts, it is significant to view more in detail the situation by fairly well-defined regions in the United States, and fortunately an excellent study of the problem has been made from this approach.¹

(1) *Colonial Region.* The urban population shows a marked preponderance in this region, consisting of the New England states, New York, New Jersey, and Pennsylvania. Here the country churches show the characteristics of the European traditions back of them. The church buildings at an average cost of \$3,600 present a fairly adequate plant; the pastorates are long, and the churches are missionary in spirit. The Puritan influence is traceable in New England; the Dutch in New York; and the German, Scotch-Irish, and Quaker in Pennsylvania. An important factor in the rural church situation is the increasing racial complexity. Less than one-half of the churches in the colonial region are growing; and only one-third made a net gain of 10 per cent in membership over a period of ten years.

(2) *The Southern Region.* Virginia, North and South Carolina, Georgia, Mississippi, Alabama, Louisiana, Tennessee, and Kentucky constitute the southern region. This area has one of the highest percentages rural of any in the United States. In these states the country church is characterized by conservatism in religion and backwardness in education. The circuit system is still in vogue, though its effectiveness is outgrown in most communities. Only 6.1 per cent of the churches have full-time ministers; 15.1 per cent part-time resident ministers; 69.7 per cent have nonresident ministers; and 9.1 per cent of the churches have no ministers at all. The average salary paid the minister is about \$1,300 per year, and this includes \$250 for the use of a parsonage.

This area, relatively speaking, uses more "toiler preachers" than any other section, ministers who make part or all of their livelihood by following some other occupation. This greatly reduces the economic overhead. Consequently, although the South has the most churches in proportion to population and is by no means the best able financially to support them, comparatively few of these churches are listed as without ministers. The prevailing type of church work places less stress on the need of the resident minister. More churches are accustomed to having

¹ Morse, H. N., and Ed. de S. Brunner, *The Town and Country Church in the United States*, Doubleday, Doran & Company, Inc., New York, 1923, pp. 17-36, and Goodwin, F. D., *op. cit.*, pp. 64-71.

public service on only one or two Sundays a month. Social and educational aspects of the churches' programs are less emphasized.

The church buildings are usually of the one- or two-room type, with an average value of \$1,500. The South is the stronghold of Protestantism in the United States. One-half of the rural church organizations in America are to be found in the South. The Southern Baptists have 20,000 rural churches, the Southern Methodists have 17,000, and the Presbyterians 1,000. In the southern region 63 per cent of the churches are growing, while 54 per cent gained as much as 10 per cent or slightly less.

(3) *Middle West Region.* The settlement of the Middle West was derived largely from three main population movements: (a) From the New England states and New York; (b) from the near-by South, by way of the Ohio River Valley; and (c) by direct European immigration, principally from Germany and the Scandinavian countries. This section is composed of Iowa, Illinois, Indiana, Ohio, Michigan, and Wisconsin. It is often referred to as the "Valley of Democracy" or the "Heart of America." The region is progressive, and constitutes a rather prosperous agricultural section except for certain retarded areas. Pioneer traditions are evident in the country church, and except in the German and Scandinavian communities, the country churches usually do not have resident pastors. There are 19.2 per cent full-time resident pastors; 46.6 per cent of the churches have a nonresident pastor; and 12.7 per cent of the churches are without ministers. About 3 per cent of the town and country population are without Protestant churches. Sixty-one per cent of the churches are growing; 55 per cent gained 10 per cent or more in a decade.

(4) *Southwestern Region.* The churches of this region are influenced by both Southern and Western characteristics. The original population was of the Southern tradition, but progressive Western elements have come in, particularly in Oklahoma and Texas. Missouri and Arkansas are the other two states composing this region. Country churches are small; and 54.1 per cent are without resident pastors, 19 per cent having no pastor at all. About 7 per cent of the town and country population are without Protestant churches. Tenancy is high, and is an important retarding factor in the functioning of the rural churches. The population is not a homogeneous one; Negroes are numerous, Mexicans and Indians

are present in many thousands, and there is a considerable number of foreign immigrants. The social conditions are much like those characterizing the poorer parts of the South. Denominationalism is everywhere an important factor, and is accentuated in many communities by the fact that there are Northern and Southern branches of some of the denominations.

(5) *Northwestern Region.* Minnesota, North and South Dakota, and eastern Montana are characterized by large farms, a low tenant rate, and by a sharp cleavage between town and city on the one hand, and open country districts on the other. The real and suspected exploitation of the country by the town and city led to the movement known as the Nonpartisan League in this section. Due to racial differences, language lines, the size of farms, and the resulting dispersion of population, social and religious life lacks a certain necessary cohesiveness. This area is a difficult one for the country church. It is estimated that about 8 per cent of the population of town and country are without Protestant churches. Twenty-four and four-tenths per cent of the churches have a full-time resident minister; approximately 27 per cent have a part-time resident minister; 40 per cent have ministers who are nonresident; and about 9 per cent are without ministers at all. The population of this section is predominantly rural. This is the country of the *Daughter of the Middle Border* and *Main Street*.

(6) *The Prairie Region.* Kansas, Nebraska, and part of Oklahoma represent a comparatively prosperous and wealthy farming section. In Nebraska 75.6 per cent of the farmers own cars, and in Kansas, 62 per cent. The region is largely rural and coöperative principles are successful. These states represent the Puritan survival. They were among the first to take a stand for prohibition, and they have again taken steps designed to limit the use of tobacco. The influence of the churches has been strongly in support of these movements. It is estimated that around 8 per cent of the town and country population are without Protestant churches. Approximately 36 per cent of the churches have full-time resident ministers, 39 per cent are served by nonresident ministers, and 11 per cent have no ministers. Rather generally the church buildings are good, and a strong religious feeling is evident. This region ranks highest in the proportion of its church membership which is resident and active. Four-fifths of the membership come within such a classification.

(7) *The Range Region.* The Range includes Arizona, New Mexico, Utah, Colorado, Wyoming, Idaho, Nevada, and western Montana. The region is characterized by the mountainous nature of the country and the light rainfall. These states have very distinctive features; New Mexico, a sparse population, two-thirds of it originating from Spanish ancestry; Colorado and Nevada, great mining industries and deserted mining towns; Utah and southern Idaho, high-grade farming of the dry and irrigation types, together with a predominantly Mormon population; Montana, Wyoming, and Idaho, great resources of mine, forest, and agriculture, largely undeveloped; and Arizona and Nevada, important mining states, with a small percentage of land devoted to farming, though much is used for grazing. An outstanding characteristic of the region is the general isolation of its population, which has made for a diffused type of settlement. Naturally, this makes for a lack of neighborhood or community organization and for an absence of social life. There is a high quality of population, which is chiefly American, with a high average of property holders. "These states are all characterized by a low estate of religion, unless one should make an exception in favor of the Mormon establishment, where the church has very evident influence. Elsewhere the churches are generally inferior in type, insecurely rooted, with little social sympathy. They have not yet taken hold of the life, or commanded the spiritual attention of the people." In this region, 37 per cent of the churches have full-time resident ministers, 25.5 per cent part-time resident ministers, 24 per cent nonresident ministers, and about 13.5 per cent of the churches are without ministers. Indicative of the possibilities in this area for further church extension, it is noted that 71 per cent of the churches in the Range counties are growing, and all of these gained annually at least 10 per cent.

(8) *The Pacific Region.* In California, Oregon, and Washington, farming is generally of a specialized nature. Coöperative-marketing associations flourish vigorously in this region. The spirit characterizing the economic development is a progressive one. People from the Middle West and the East have been largely influential in such development, particularly in southern California. Somewhat like the Range region, social life is nontraditional and is characterized by freedom and initiative. Only 10.7 per cent of the total town and

country population are members of Protestant churches. This, together with the increasing population, helps to account for the fact that 73 per cent of the churches are growing. Sixty-four per cent of the churches show an average annual gain of at least 10 per cent. This region has the largest percentage of its churches with full-time resident ministers—about 42 per cent. The churches have not been highly successful. "They are still too much under the Eastern tradition and are poorly appreciated by the population."

3. THE COUNTRY MINISTER

"The ministry itself will be the chief pioneer of the revitalized country church. When the arch of the social structure is to receive its keystone, they look for one man to place it—the modern country preacher."¹ Masters says there are not fewer than four classes of rural ministers. These are (1) the influential group of educated country pastors, whose worth is rather generally recognized by the responsible leaders of the several denominations, and it embraces preachers of fine gifts and culture, who have chosen the country field because they see its great possibilities. Then (2) there is an impressive group of country ministers, with commanding personality and a large degree of self-education, both from books and from experience. "By reading and the study of men, these preachers have developed an intellectual and moral leadership among rural communities which is more influential and helpful, though less conspicuous, than it is usually possible for a pastor to gain in an urban environment." (3) There are the faithful, loyal, untrained men who are doing all they can to take care of the spiritual destitution about them. "These are usually one- and two-talent men. In the sight of God, the one-talent man is as pleasing as the man of ten talents. If he is more faithful than his more gifted brother in the use of his one talent, he outranks him. The one-talent country preacher is practically always uneducated and his natural gifts are limited." (4) The fourth class is made up of the indifferent and reactionary ministers, those who are "time-servers," men who stand still. "In retarded rural sections are still to be found not a few preachers who are fixed in their opposition to missions, education and all progress.

¹ Masters, V. I., *Country Church in the South*, 2d ed., Home Mission Board, Southern Baptist Convention, Atlanta, 1917, p. 86.

The ignorance of the people often makes it easy for the preacher to fortify them against the influence of any chance ray of light which might disquiet them from their habitual repose." ¹

One of the most serious deficiencies of the country-church situation today resides in the fact that there is entirely too small a proportion of trained preachers in the country ministry. The *1926 Census of Religious Bodies* reports that of the 25,000 city ministers among the seventeen white Protestant bodies, only 20 per cent reported that they were not graduates of either college or seminary, while 52 per cent claimed graduation from both. The situation for the rural areas is practically the reverse of that for the urban. Among the 46,000 reporting Protestant country pastors, only 23 per cent were graduates of both college and seminary, and 53 per cent—more than half—were not graduates of either.²

It is exceptional today that the well-equipped young minister is looking to the country for his field of endeavor. The situation is strikingly analogous to that of the young medical doctor. A considerable factor operative in this connection is the low salaries which are paid the country minister in proportion to the difficulty of his task if he accomplishes it as he should. A study ³ made of the salaries of 565 town and country ministers throughout the United States shows that most of the men who give full-time to the ministry fall within these four salary groups—\$751 to \$1,000; \$1,001 to \$1,250; \$1,251 to \$1,500; and \$1,501 to \$1,750. The peak is reached in the two middle groups; 237 ministers of the 565 receiving a salary between \$1,000 and \$1,500. And it must be remembered that included in these figures is \$250 for the rental value of each parsonage that is provided free of charge. The laborer is worthy of his hire, and it is apparent that such a salary is ridiculously low for a well-trained, aspiring leader, young or old.

The statement has been widely made that the country church is too largely led by ministers who have failed to keep step in their city charges and young preachers serving an apprenticeship in the rural church, their ears keenly attuned to the expected city call. One of the remedies for this condition is in the broader equipment of the young minister, and as far as possible the older one too, for

¹ *Ibid.*, p. 93.

² Fry, C. L., *op. cit.*, pp. 65-66.

³ Morse, H. N., and E. de S. Brunner, *op. cit.*, pp. 143-144.

his gigantic task. The National Commission on Country Life made an excellent statement ¹ of the needs along such lines. In part it said:

We must have a complete conception of the country pastorate. The country pastor must be a community leader. He must know the rural problems. He must have sympathy with rural ideals and aspirations. He must love the country. He must know country life, the difficulties that the farmer has to face in his business, some of the great scientific revelations made in behalf of agriculture, the great industrial forces at work for the making or unmaking of the farmer, the fundamental social problems of the life of the open country.

Consequently, the rural pastor must have special training for his work. Ministerial colleges and theological seminaries should unite with the agricultural colleges in this preparation of the country clergyman. There should be better financial support for the clergyman; in many country districts it is pitifully small. There is little incentive for a man to stay in a country parish, and yet this residence is just what must come about. Perhaps it will require an appeal to the heroic young men, but we must have more men going into the country pastorates not as a means of getting a foothold but as a permanent work. The clergyman has an excellent chance for leadership in the country. In some sections he is still the dominating personality. But everywhere he may become one of the great community leaders. He is the key to the country church problem.

It is just this task which the theological seminaries, church boards, agricultural colleges, state universities, and other related agencies have set about to accomplish in recent years. A committee of the Federal Council of Churches on this subject has recommended that students who look forward to the rural ministry should have an understanding of rural sociology, instruction in making rural surveys, and experience with pastorates in the country, research work, and reports on rural movements, and "elsewhere than in the seminary, they should make a study of agriculture, including farm practice and management and the application of science to farm problems; agricultural economics, including coöperation and market distribution; farm business methods; and advanced rural sociology, including rural education, art, literature, recreation, sanitation, and social organization. These may be pursued by means of summer schools, correspondence courses, or one or two years in

¹ *Report of the Commission on Country Life*, The Macmillan Company, New York, 1917, pp. 137-144.

an agricultural college." In a number of universities and colleges in different sections of the nation, institutes of a week or more are being held for rural ministers. Such meetings serve the very useful purpose of stimulating conference for groups of rural ministers and of instruction of men already in the ministry who need to supplement their limited previous training. But what must be accomplished along these lines has merely been begun. Concerted and heroic efforts are necessary if this basic problem of the country church is to be materially improved.

4. EQUIPMENT AND FINANCE

Nationally we have ceased to laud the one-room school. It is necessary that we begin a similar onslaught against the one-room church. Three out of four of our town and country churches are one- or two-room buildings of unattractive and nearly uniform design. It is true that the church building is not a material but a spiritual symbol, and that a severely plain, unpainted frame house of worship is often used with wonderful effectiveness in promoting the Kingdom of God. But it is also a matter of fact that churches with three rooms or more make proportionately from 50 to 300 per cent better records through various features of the church program, especially in relation to religious education.

Morse and Brunner ask the question:

What idea of religion in rural America would a visitor from Europe glean if he were to study nothing but our church buildings?

And they proceed to answer it by saying:

How different from the outward appearance of the churches, or even of the wayside chapels of Europe, would the visitor find the bare, board exterior of this, our average church. And its interior would be, for him, devoid alike of either dignity or beauty. Instead, there would be the bare floor, the hard pews, the pine or golden oak pulpit set, and the asthmatic "organ." Manifestly, structures of this type, designed as buildings in which people may assemble periodically for worship, and to hear the word of God expounded, are a prized legacy from a day that is gone.¹

As a practical matter, no church simply because it has one or two rooms should despair of adopting a modern, efficient program. The instances are too numerous where this has been done successfully.

¹ Morse, H. N., and E. de S. Brunner, *op. cit.*, p. 137.

Also, it is an unwise policy to build so large a church plant that there is waste and inefficiency in the failure to use it adequately. But it should be firmly impressed that the church must become a modern institution if it is to keep its place in the life of the community. Usually the first room which has to be added is a kitchen, and often along with it housing facilities for the primary department. Then logically come additional rooms for the young people's and the adults' classes. Such a plant readily lends itself to related community functions such as the Boy and Girl Scouts. With a practical vision of plant extension, these improvements often can be financed a little at a time, and this has the advantage of preventing the development of unnecessary building space.

An encouraging sign is that more modern methods of church financing are being applied in town and country churches.¹ One-third of the town and country churches have the annual budget, every-member canvass, and envelope system. A number of others have adopted one or two of these practices. As a result the per capita contributions have been increased sometimes as much as 100 per cent. Where there is a resident minister such measures are greatly enhanced in effectiveness. The average annual budget of a country church with a full-time resident minister is \$3,064, while the church with a nonresident minister averages only about \$559. It is a significant fact that in the matter of per capita contributions they are not necessarily determined by the prosperity of the community. Some churches in poor communities are found to put to shame the per capita contributions from others much more able to give.

5. THE CHURCH SCHOOL

There is no more neglected field in American education today than that of religious training. It is well recognized that the most effective method of evangelization, and the building of the church of tomorrow, is found in the Sunday school. Yet as has been pointed out in the introductory section of this chapter about four millions of the total fifteen millions of farm children today are without religious instruction of any kind worthy of the name.

We are told that about one-fourth of the town and country churches in the United States have no Sunday schools. The attend-

¹ *Ibid.*, p. 147.

ance at the exercises held in these averages only two-thirds of the enrollment. For the most part, the teachers in them are untrained; the lessons are ungraded, except with some of the younger class groups. In the average school, there is a woeful lack of modern educational equipment. It is interesting to note that "the schools which produce the greatest number of church members and of life-work recruits for Christian service, are the schools which have the leadership of an active resident minister," and that "the churches with classes to prepare for church membership are only 20 per cent larger than those without; but they add four times as many members per year."¹ Certainly the conclusion is justified that the real problem of the average country Sunday school is largely untouched by present programs.

The neglect in this important matter, and the existing inefficiency in its operation where such schools are carried on, is one of the gravest problems of the country church. Entirely too many pastors and church leaders seem to have forgotten the fact that there will be no church of tomorrow unless it is built upon the boys and girls of today. McLaughlin² points out the influence of educated, cultured ministers in meeting this situation. He says that

trained leadership is needed in the country Sunday schools today as never before. There is a movement of the better educated people to the cities. High school graduates and college men and women enter professions or a business career. Not many country communities have a minister capable of discovering and training leadership. Frequently ministers do not maintain friendly relations with the schools and the teachers. There is need in the country communities for educated, cultured ministers, not only that people may be attracted to the churches, but that leaders may be trained among them.

Where such guiding genius is present teacher-training schools may be successfully conducted, and the Daily Vacation Bible School can be utilized not only for the children but also for the equipment of teachers. Most of the denominational boards are attacking this problem of religious education in a serious and scientific manner, but as yet the country sections are woefully lacking in really effective provision in this matter.

¹ *Ibid.*, pp. 135-136.

² McLaughlin, H. W., *The New Call*, Presbyterian Committee of Publication, Richmond, Va., 1926, pp. 153-154.

6. TOO MANY CHURCHES

A study¹ made of the churches in Culpeper County, Virginia, a rather typical rural county, as a coöperative study between the Culpeper Land Use Planning Committee and the Bureau of Agricultural Economics, United States Department of Agriculture, indicated the outstanding problems of the country church, in village and open country as: (1) There were too many competing churches; (2) pastors were serving too many churches to work effectively in the community; (3) a need was evident for more regular church services; (4) the attendance was poor at both Sunday school and preaching; (5) there were not enough members per church; (6) country people were more attracted to town churches; (7) many members were living too far away from the jurisdiction of the church to which they belonged; (8) there was a need for more capable and interested leadership; (9) a general lack of interest in the church was found to exist; (10) new families moving into the neighborhood did not tend to take an interest in the church; (11) the churches seemed to grow weaker as older members died because young people did not become sufficiently active in their interest and participation; (12) there was a need for more community programs; (13) competing outside interests were distracting attention from the church; and (14) the financial support of the church was a heavy strain on a limited membership.

Ensminger and Page say that "the rural church must become an integral part of the community life, spiritually, socially, mentally—it must lend guidance and inspiration for better rural planning and rural life—it must supplement the economic well-being of man."² And they suggest a number of matters which the church must consider in meeting this situation:

1. Attendance figures for special activities indicate that to the layman the church is primarily regarded as a center for social activities.

2. Few pastors—many churches. Many pastors serve as many as seven churches. The few organizations and special activities sponsored by the churches show the present program to be inadequate.

¹ Ensminger, Douglas, and John S. Page, *A Study of Churches of Culpeper County, Virginia*, Mimeograph, Bureau of Agricultural Economics, U. S. Dept. of Agriculture, Washington, July, 1940, p. 17.

² *Ibid.*, p. 8.

3. The churches must face their problems on a community basis. Too long has attention been confined to church members. The community non-church members should be considered as potential church goers.

4. "What can you do with a young people's organization with less than a dozen young people in your church?" one minister asked. Small membership and poor attendance make it difficult to maintain a balanced program for all ages.

5. Coöperation among churches must extend through the entire church program. Not only young people's organizations but women's and men's organizations, prayer services, Christmas and Easter services, picnics, suppers, and the like, if sponsored on a community basis, can, in these rural communities where interest and attendance are equally small, augment interest and make the community a better place in which to live.

6. A clergyman should serve his community as well as his denomination. By coöperating with other pastors, by exchanging pulpits, by working out systems of alternate services where regular services are not now possible, a clergyman can be of greater service.

7. Coöperation among churches does not mean the disappearance of denominations, nor does it mean increased financial burden. It simply means taking stock of the church situations, understanding the present assets, physical, mental, and spiritual—and through common sense, working out a system by which the capacity for religious living and community development can be achieved in the highest degree.

8. Church leaders, and especially clergymen, must assume a new perspective for the church. They must better understand their community and appreciate the present and possible future rôle of the church in the community. Whatever the problems of the community are, they are also the problems of the church.

9. The church needs to analyze the needs of the people to be able to provide adequate facilities for cultural and recreational activities.

10. The assumption that regular and frequent preaching services will solve all ills of the church has not been borne out by this study—rather it is seen that the church problem is complex and all of its phases must be considered.

11. The church problem is not necessarily a land use problem. It is true that soil and social problems are inter-related but the solution of one, alone, will not necessarily solve the other.

12. There must be early recognition of the fact that the church problem is difficult but that it is one that can be solved. There is too

much of a tendency among leaders, when attempting a solution of this problem, to come together with a suspicious or a defeatist attitude.¹

Around 8 per cent of the town and country population of the United States is to be found in communities without Protestant churches. These are the areas which are "underchurched." On the other hand, it has been pointed out that in many town and country communities there is a much larger number of churches than can possibly be operated on an efficient basis from the standpoints of adequate membership and sufficient financial resources for support. Where there are too many churches for an area to support them, it is said to be "overchurched." It is clearly obvious from many foregoing facts that a church functions as it should only when it has the services of a resident pastor. The frequency of churches in the older settled areas of this nation harks back to an earlier day when they were so placed that their constituencies might reach them by horse and buggy, on saddle, or on foot. Good roads and the automobile have greatly changed these earlier limitations of time and space that once existed.

(1) *United Churches*. It has been suggested by many authorities on this subject that the solution of the country-church problem is in large measure the establishment of united churches. Many of these have already been established in the United States and other countries and are effectively functioning. Hooker,² who has studied this problem, found four kinds of united churches in this country: the federated, the denominational, the undenominational, and the affiliated.

The *federated church* she defines as

composed of two or more organized churches differing in denomination, each related to its own denominational body, which have entered into an agreement to act together as regards local affairs. The denominational units retain their own rolls, usually keep in the hands of their own trustees their separate property, and almost always continue to send benevolences to their separate denominational boards. They combine in calling and in paying a minister, hold services of worship in common, almost invariably conduct a common Sunday school and frequently join in other local activities.

¹ *Ibid.*, pp. 7-8.

² Hooker, Elizabeth R., *United Churches*, Doubleday, Doran & Company, Inc., New York, 1926, pp. 35-101.

In the thirty states investigated, there were discovered to be a total of 312 federated churches.

The *denominational united church* is defined as

a church connected with a single denominational body, that has definitely undertaken and had allocated to it responsibility for the religious needs of a public not confined to one denominational group, and that includes in its membership—whether regular or associate—elements of different denominational origins. Members received from other than the official denomination are not required to surrender creed, form of baptism, or denominational loyalty, denominational united churches being easily distinguished in this way from the numerous denominational churches of the traditional kind that have received a large proportion of their members by letter from churches of other denominations.

It was found that not fewer than 528 denominational united churches exist in the northern and western parts of the United States.

The *undenominational united church* is characterized as “an organized church, not connected with any denominational body. Such churches are often called ‘union’ churches.” The total number of undenominational churches in the town and country areas of the northern and western parts of the United States as discovered through careful and repeated inquiries, was only 137. The type had its greatest development in the Middle West, which had sixty undenominational united churches.

The *affiliated church* “signifies a church that in freedom to form its own constitution and control its own local affairs resembles the undenominational church, but that is connected with a denominational body for certain specific purposes, usually including ministerial supply and distribution of benevolences. Persons from other denominations are received to full membership with equal voting powers.”

As would be expected on an issue of this kind opinion is sharply divided. One authority¹ says that highly successful instances are found in all four of these types of united churches “but that denominational united churches, measured by the usual statistical foot rules make the best record on number of tests. As a whole the united church movement is spreading rapidly. It has an official organ and

¹ Brunner, E. de S., *The Church and the Agricultural Crisis*, The Pilgrim Press, Boston, 1928, pp. 43-44.

holds an annual meeting. The desire for union and coöperation is of the people. It must be reckoned with, not fought."

On the opposing side, may be quoted a student¹ of the problem who has decided convictions. He says that

the united church movement is clearly a fad—the result of sincere but misguided sentiment, the foolish notion that a community can organize for worship just as it organizes for education, recreation, economic efficiency, etc. This notion misses the mark, as we have seen, because religion essentially involves dominating beliefs which divide, as well as unify. A sound community program must make a place for the grouping of those who believe alike. If my contention is correct, united churches must, sooner or later, take the logical line of development and become another denomination, or gradually decline and disappear.

(2) *The Larger Parish Plan.* Another plan for meeting the problem of increased efficiency and adequate support of the country church is known as "the larger parish plan." It is thus described by M. A. Dawber:

The Larger Parish is based on the idea of several churches under coöperative and comprehensive leadership. Instead of two or three churches on a circuit, with an untrained pastor struggling alone, the plan seeks to group several churches under a combined ministry that will be trained to meet the varying needs of all the people in a given territory.

A minimum of leadership would be, first, a supervisory preacher-pastor who will be responsible for the general program. Second, a man who, in addition to preaching, will care for the young men's and boys' work for the entire field. Third, a woman who will have general charge of the program of religious education and the girls' and children's work. Such a group working together can render service to a larger group of people with a broader program, eliminate duplication, and include the vital elements of a Christian program which are frequently omitted under the present system.

A number of years ago, G. F. Warren told the farmers of New York that they did not have sufficient income to support many small churches, and that they should greatly extend the area of pastoral care so that they might have more effective service and better financial support.² Wilson, in discussing the larger parish

¹ Jent, J. W., "United Churches Do Not Solve the Country Church Problem," in McLaughlin, H. W., *The Country Church and Public Affairs*, The Macmillan Company, New York, 1930, pp. 132-133.

² See Wilson, Warren H., *op. cit.*, p. 240.

plan gave several examples of its successful operation. To cite two of these will serve to make the operation of the plan clearer. One of these was located in western Colorado:

There two ministers serve a ranching population over a radius of ten miles and the result is satisfactory. In each place a minister and two assistants render service not only at the center, at which they live, but in every "basin" in which their people live. They offer in the school-houses a regular moving-picture service, in every section a recreational program; and in every section, also, a Sunday-school and a church are brought near to the people. Church membership has grown and the people's attitude toward the church has changed from indifference to glad support. Men who were asked to canvass for the church budget had accepted, one of them saying, "It is no longer embarrassing to canvas for the church in Plateau Valley." . . .

The best example of the larger parish known to me in an Eastern State is that in Warren County, New York. The smaller churches in a part of this county have fallen into disuse, but at Glens Falls are strong and vigorous churches of all denominations, the wealth and leadership of the county being congregated there. Over a segment of the county, therefore, the Presbyterian Church in Glens Falls has assumed responsibility. The assistant minister, Mr. Twitchel, maintains services of worship in six of these, with congregations of four of the greater communions. He visits the families, organizes their religious activities, and gives especial attention to maintaining the church properties. Where a congregation is alive, he fosters it. His own salary is paid from the funds of his own church, of which Dr. J. Lyon Caughey is pastor; and to that church go all benevolent gifts, as well as all accessions of membership, except in the case of a preference for the rural church. The result has been excellent for a term of five years.

I believe that the basis of the farmer's church must continue to be the acquaintance derived from residence upon the same area of land, marketing in the same place, and use of the same schools. It would seem that with the broadening of areas of social intercourse the area of religious activity should be enlarged. It remains for able and far-seeing ministers to organize the religious service of country people upon a scale suitable to the experience of modern life and to the extending sympathies of farmers. We have the greater areas. The machinery of wider organization is offered. Only the ministers are lacking who love the land and the life of the people well enough to travel country roads with the tidings of heaven.¹

(3) *Consolidation within the Denomination.* Many close students of the country-church problem believe strongly in the retention of

¹ *Ibid.*, pp. 241-243.

denominational lines. Warren H. Wilson says: "I am convinced, after observing many congregations, that nothing is gained by mongrelizing the Methodist church with independency, or adulterating Baptist efficiency by the control of a bishop. The best thing a church can do is to be what it professes. Therefore a congregation ought to serve the communion to which it belongs. Denominations are the best religious agencies we have at the present time."¹ Some very practical suggestions are made by Hamilton and Garnett² in a survey of the country-church problem in Virginia. They recommend the exercise of caution and patience in the movement to consolidate rural churches, expressing faith in the view that sooner or later the movement will gain impetus where the consolidations are among churches of the same faith. Home-mission aid is a factor of much importance with the country church and it should be used judiciously in order to prevent denominational duplication.

After a discussion of the excessive number of country churches, their antiquated physical equipment, and the inadequacy of their financial support, Ormond, in an extensive study of the country churches in North Carolina, says:

These conditions show quite clearly the failure of the country church to readjust itself to the changing demands of the country people. The multitude of poorly equipped, inadequately financed, and unsuitably located country churches are hopeless so far as rendering a satisfactory service to the country people of modern times is concerned. The country church scene which this study presents calls for an urgent and immediate consolidation and relocation of many rural churches in North Carolina. This statement refers to those large areas where communities are over-churched and where the lines of traffic have shifted so that the church houses are now remotely situated.

Inter-denominational consolidation is not contemplated in this discussion, though the day may sometime come when it should be expected as a natural result, but intra-denominational consolidation is now practicable and necessary in many sections. For any denomination to operate several struggling church organizations in a region where one well equipped and suitably located church could render a more satisfactory service is a policy which is wasteful and unwise.

Along with the process of consolidation must go that of relocation, because many of the old sites are inaccessible and isolated. The shifting population has in some areas left old church buildings in uninhabited

¹ *Ibid.*, p. 262.

² Hamilton, C. H., and W. E. Garnett, *op. cit.*, p. 186.

territory while the people have moved out to the newly located highways.

The author does not wish to be understood as favoring the policy of locating all country churches in towns or villages nor even that they should be placed by the side of public schools, though in many cases it will be desirable to do so. There is yet good reason for many of the churches to be situated in the open country. No hard and fast rule can be applied to the locating of churches. Common sense and effective service to the people must be the guide in every case. There are some notable illustrations in the state of the effectiveness of actual consolidation of churches. But there are also many difficulties in the way of such a process in very many communities. One of the most pronounced difficulties is that of religious sentiment which clusters about the old church. Another one is the presence of the cemetery in the church yard. These difficulties will have to be overcome patiently and wisely, but the church cannot refuse to accept its obligation to serve the people who are now in need of its good offices.¹

Nothing can be quite so apparent from these varied expressions of opinion, often conflicting in nature, as that no cut and dried formula can be applied to the solution of the country-church problem in the different communities of the nation. It does seem sensible to agree, however, that where the needed improvement can be secured by action taken within the boundaries of the particular denomination, it can be more quickly, certainly, and perhaps effectively accomplished. The traditional conservatism of religious bodies is too deeply ingrained to expect that it can easily be swept aside.

QUESTIONS

1. Give a good definition of religion. What is meant by the statement of Amiel that "society lives by faith, develops by science"?
2. Explain how the choicest phases of civilization have been derived from religion.
3. Why is the rôle of the country pastor to be considered one of great distinction?
4. Outline concisely the present status of the country church in the United States. About how many farm children in this country are without the advantages of religious instruction?
5. Are the churches in the United States growing? Compare the situation in the rural and urban areas.

¹ Ormond, J. M., *The Country Church in North Carolina*, Duke University Press, Durham, N. C., 1931, pp. 350-351.

6. Discuss some of the outstanding regional characteristics of the country church, with particular application to the part of the United States where your home is located.
7. Why must the ministry itself be the keystone to the arch of a revitalized country church? Into what four classes may country ministers be divided?
8. Name several reasons why it is exceptional today that the well-equipped young minister is looking to the country for his field of endeavor.
9. Compare rural and urban ministers with regard to college and theological seminary training.
10. What general qualifications should the country pastor have, and by what sort of special technical training is it recommended that his mental equipment be further strengthened?
11. Would a European visitor in rural America be impressed if he were to study nothing but our rural church buildings? Give reasons for your answer.
12. Discuss the lines along which rural church equipment and finance can be improved.
13. Are the provisions for religious instruction in this country anything like adequate? Why is neglect in this matter fatal to a church?
14. List the outstanding problems revealed by a study of the country churches in a rather typical rural county in Virginia.
15. Discuss the part which the rural church should play in the life of the community in which it is located.
16. How do you account for the fact that there are too many churches in most parts of rural America and too few in others?
17. Suggest several reasons why it is essential to the efficient operation of a country church that it should have a resident pastor. What barriers does an overchurched community have to the accomplishment of this ideal?
18. Explain what is meant by a united church. How effective are such institutions toward ameliorating the problems of the country church?
19. Describe how the larger parish plan is designed to improve the situation of many country churches.
20. Discuss the merits of the idea of strengthening the work of country churches through a wise consolidation of churches within the same denomination.

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CHAPTER XXVII

COUNTRY SCHOOLS

The public-school system in the United States is weakest in the rural areas. The city schools are generally much superior to the rural schools. A study¹ of the problems of rural education attributes this situation in large measure to inadequate financial support, and lists as characteristic weaknesses and shortcomings in rural education such matters as (1) bleak, unattractive school buildings that often are real menaces to the health and safety of the occupants; (2) a lack of a sufficient amount or suitable nature of equipment and supplies; (3) relatively immature, untrained, inexperienced, and underpaid teachers; (4) school terms that are too short; (5) the complete absence or inadequacy of rural library facilities, both in the school and in the community; (6) a deficiency in the availability of supervisory assistance for teachers, and of health service and remedial care for children; (7) meager school programs, characterized by traditional academic exercises that are largely without relation to the children's experiences, interests, and needs; and (8) a lack of enough accessible high schools to provide for the potential enrollments. These indictments are serious ones, indeed, and until such deficiencies shall have been corrected, as has already been done in some progressive rural communities, there can be no slackening of the effort to achieve adequate buildings and equipment, together with well-rounded programs, in rural schools generally.

The Advisory Committee on Education says in this connection:

The strong public school centers in the United States are found most frequently today among the small and middle-sized cities. The school boards in these cities are usually free from unwise forms of political inter-

¹ *Progress in Rural Education, Research Bulletin, National Education Association of the United States, Washington, 1940, Vol. XVIII, No. 4, p. 138.*

ference and tend to be made up of competent citizens, although those citizens are frequently more representative of business and the professions than of other groups in the community. Administrative control is effective and the local tax base in most such communities is adequate to support a liberal measure of educational service without reliance upon any other source of support. The leadership by school administrators is in general as good as can be found in any phase of governmental service, and in many cases reaches a very high level. The classroom teachers in those cities typically are well prepared, are seldom without experience, and are both interested in their work and desirous of improving it.

Under such conditions, schools can give effective attention to stimulating the maximum development of the children. The courses of study are adaptable and can be adjusted to changing conditions. Textbook teaching is still the rule, but some use is being made of reading materials other than textbooks. Health, welfare, and noncommercial recreational activities are provided to some extent. School and community activities are frequently blended to provide a more inspiring curriculum and to achieve other values.

The school systems in the middle-sized cities are capable of much further improvement, but their great virtue lies in the fact that improvement is going on at a rather rapid rate. They have the necessary resources and enough autonomy for leadership to function. They may well continue to provide much of the educational leadership for America. Every effort should be made to encourage them to do so.

The school situation in the great metropolitan areas is often less satisfactory. Their wealthy and autonomous suburban areas have perhaps the finest public schools in the United States, but the large cities themselves present another picture. They unquestionably have the financial resources for good educational programs, and in many cases provide educational service at a high expenditure level. They suffer, however, from the chronic handicaps of mammoth urbanism. In all cases they adapt to changing conditions only at a slow rate. They have not yet found techniques by which to instill a progressive spirit throughout the entire personnel of centralized school systems, each as large as those of many whole nations in other parts of the world. In some cases they suffer from the most flagrant applications of the spoils system and other phases of corrupt political action.

The least satisfactory schools in the United States are now to be found for the most part in rural areas. The rural schools are better than they were formerly, but under present conditions there is no prospect that the rural areas will be able through their own resources to lessen the wide gap between rural and urban levels of educational service.¹

¹ Reeves, Floyd W., chairman, *Report of the Advisory Committee on Education*. Government Printing Office, Washington, 1938, pp. 7-9.

The education of all of the citizenship of the state, poor and rich, white and colored, is a definitely accepted function of the modern state. The time is not so long past since such was not the case in several states of the nation. The poor considered that they were being dubbed as paupers by the early efforts to provide free educational facilities for their children, and the rich felt that such attempts were unnecessary and an addition to their tax burden. This situation has completely changed, and today the children of all classes secure their educational equipment in the public-school system, and the foundations of democratic government are thereby strengthened. No institution in American life has in it such fine elements of national solidarity and of great usefulness as does the public school. A richer meaning is imparted to the life of the average citizen, a keener sense of social values is created, and the whole effect is to elevate the standard of living of our citizenship.

While not the most important of its contributions, yet certainly not the least significant is the fact that education pays the state in an economic way. A study made of this problem by the United States Bureau of Education shows that those states having the highest per capita incomes today are the ones which a decade or two ago spent more per capita for education. If we consider the matter of per capita wealth by states, a high degree of correlation is found between high expenditures for education 10 or 20 years before and the average per capita wealth at the present time. The converse is true that states spending less for education were lower in per capita wealth 12 and 23 years later. Moreover, the higher per capita incomes and wealth accumulations are usually found in the states with the lower percentages of illiteracy, and these are generally the states with highest educational expenditures. The same government report concludes its findings with the statement that "notwithstanding obvious difficulties of proving such matters statistically, it seems clear that properly applied expenditure for education is profitable to the State, because it tends to increase income and wealth, aids in the decrease of illiteracy, and gives to the individual better opportunities for self-development and achievement, as well as a higher standard of living."

Since education is so important a function of government in both its economic and social values, the quality and extent of the educational offering of a state is extremely significant. The best edu-

cated state will become the wealthiest, and with proper sort of education, as a result, the most advanced in its civilization. Education obviously cannot smooth out entirely the inequalities of natural ability among its citizenship, but it is the most potent of agencies operating in this direction. Often, well-trained individuals of less native ability forge far ahead of the unequipped brighter mind. Thus education is an agency working towards the goal of equality of opportunity so much sought as an objective in a democracy.

1. EQUALITY OF EDUCATIONAL OPPORTUNITY

The ideals and objectives of the public educational system in a democracy mean that it is incumbent upon the government, local, state, and Federal to provide as nearly as possible equality of educational opportunity for the several component parts of its population. Every citizen has the right to expect from the public school, for his children and his community, the largest opportunities practicable for individual and social development. In view of the fundamental place which public education occupies in the life of a great democratic nation, it is not unreasonable to expect that the following services should be universally available to all of its people:

1. A well-planned program of general education for all children and youth, and also suitable preparation for particular vocations in accordance with the needs of the children and youth.
2. Instruction by carefully selected teachers who are competent and well-prepared, and who are interested in the development of community life.
3. Safe and sanitary school buildings adapted to a modern program of instruction and related services.
4. Suitable school equipment and instructional materials, including books and other reading materials adequate for the needs of the children.
5. Student aid when necessary to permit able young people to remain in school at least up to age 18.
6. Suitable opportunities for part-time and adult education.

The community facilities for educational and related services should include:

1. Adequate school and community libraries.
2. A broad community program for the protection of the physical and mental health of the children.

3. Adequate provision of educational and related services for handicapped children.
4. Well-organized and competently staffed educational and vocational guidance services for all children and youth.

The organization of the local school system should be adapted to democratic methods and needs:

1. The school district or other local administrative unit, whether urban or rural, should be large enough to permit economical organization, effective supervision of schools, and a broad base for local taxation.
2. The board of education should be broadly representative of the entire community.
3. There should be competent supervision of instruction and other services through a staff with supervisory capacity and social vision.
4. The teachers should be encouraged and given opportunity to participate actively and intelligently in the development of educational and administrative policies for the school system; they should also be encouraged to participate in community activities appropriate for public servants.
5. There should be definite coöperative arrangements for the coordination of the work of the schools with that of other community agencies concerned with the health, education, welfare, and guidance of children and youth.
6. In rural areas, the school system should be as efficiently organized and as well supported as in urban areas; so far as feasible school attendance areas should follow community lines.
7. Where separate schools are maintained for Negroes, they should be as well adapted to the needs of their pupils as are the schools for white children and youth.¹

That such equality of educational opportunity among states does not exist is clearly evident from an examination of the chart on page 678 (see Fig. 10). The depressing list of weaknesses and shortcomings of rural schools given in the opening paragraph of this chapter makes apparent the tremendous disparities in the educational offerings as between rural and urban boys and girls who happen through no choice of their own in the matter to have been born in the country rather than in the city.

The major reason for these inequalities adheres in the fact that over three-fourths of the annual cost of public education is derived from taxation of property, chiefly by local jurisdictions. This situation holds in spite of the fact that in recent years there has been an increasing amount of financial support by means of other kinds of

¹ Reeves, Floyd W., *op. cit.*, pp. 17-18.

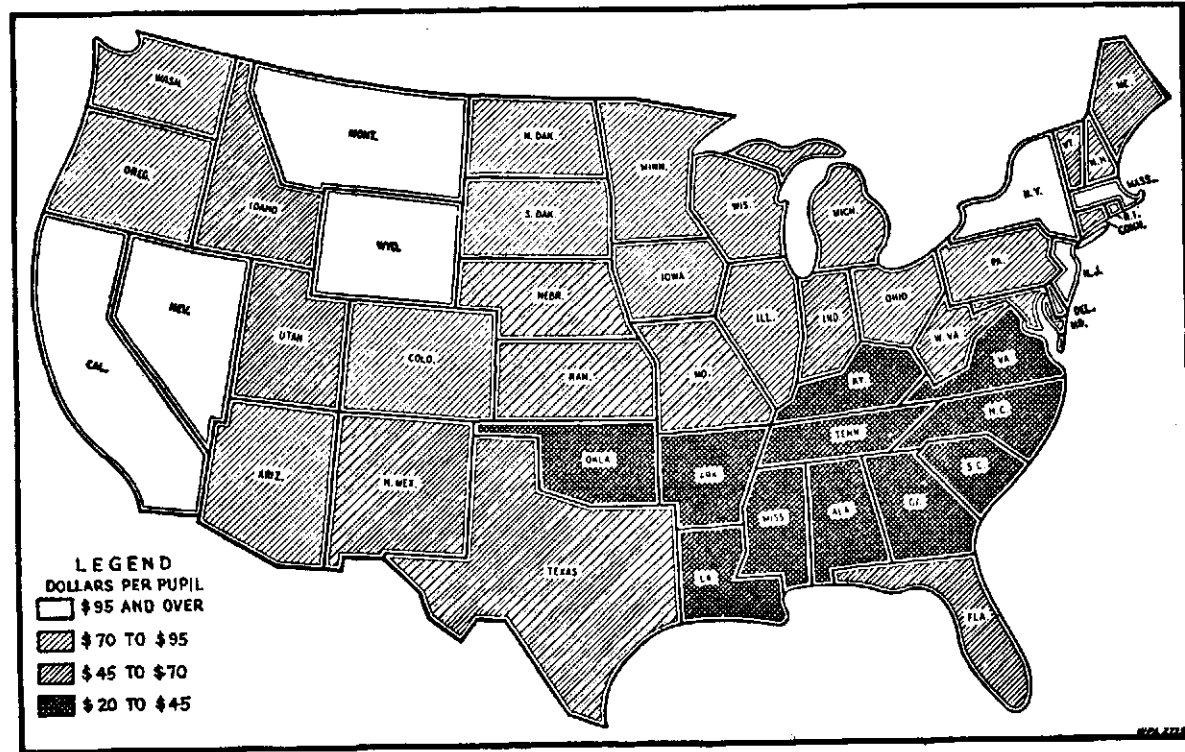


FIGURE 10. Current Expenditure per Pupil in Average Daily Attendance in the Various States, 1935-36.
(Source: Report of the Advisory Committee on Education, Government Printing Office, Washington, 1938, p. 23.)

taxes levied by the states, a part of which is appropriated from the general fund of the state to supplement the notable inadequacies of local funds to care for the educational load. It is interesting to note in this connection that the great disparities existing among states in the support of education are not due to a lack of interest or of effort on the part of the states that are providing the least support, for it has been found that, in general, those states having the least adequately supported schools are the ones putting forth the greatest effort.

Not only is this the case among states, but it is true among the local jurisdictions within the individual states. In almost every state of the nation, there are notoriously poor counties. Such a political unit in supplying the major part of the funds for the education of its citizenship cannot measure up in the quality of such efforts when compared with the more compactly organized and wealthier cities, as well as with the richer counties in taxable values. Clearly, it is a case for the help of the weaker at the hands of the stronger—a fundamental principle of an enlightened age.

Is the inequality of wealth distribution the fault of the poorer unit? That it is to some extent a lack of initiative and enterprise in developing latent resources and opportunities cannot be denied. But to a much greater extent the differences are due to favorableness of geographic location, the presence of wealth-bearing natural resources, and similar irremediable disparities. There has always been the tendency to greater wealth aggregations in the city than in the country. But it may pertinently be remarked that a great part of this wealth comes from the manufacture or elaboration into finished products of raw materials derived from the farm, the forest, and mine.

Moreover, it should be recalled that the rural population makes large contributions to the urban population.

It is probable that the urban population of the Nation as a whole has produced less than 50 per cent of its present members. . . . Approximately 40 per cent of the farm boys and girls who were 10 to 20 years old in 1920 left the farm between 1920 and 1930. A smaller proportion of those 20 to 50 years of age migrate to the city. In late adult life, however, migration from farms is resumed and continues at a rapid rate, especially among elderly women.¹

¹ National Resources Committee, *The Problems of a Changing Population*, Government Printing Office, Washington, 1938, pp. 109, 110.

These phenomena of cityward migration have a decided effect on the economic balance sheet of the farms and cities.

It is evident that the farm population bears the expense of rearing and educating a large number of children who move to the city just as they begin to be able to repay this cost. A large amount of wealth is transferred from rural to urban areas by this movement. During the past decade the farms have had to feed, clothe, and educate a large proportion of the young people who have joined the urban productive population. If an allowance of \$150 per year is made for the cost of rearing a child (including community costs), the average farm youth fifteen years of age represents an investment of from \$2,000 to \$2,500. At this rate the 6 million net migration of youths from farms between 1920 and 1930 would represent a contribution of about 14 billion dollars from the farming communities of the Nation to its cities.

There are many other movements of wealth to cities, one of the most important of which is interest paid to persons other than farm operators. Baker has estimated that during the past decade the total movement of farm wealth to cities may have amounted to nearly one-third of the gross farm income. There is a large margin of error in estimates of this nature, but they suggest the magnitude of the problem. The consequences are reflected in inadequate health facilities, inferior schools, and the difficulties of maintaining essential community services.¹

In 1940, only 30.3 per cent of the urban population was composed of persons under 20 years of age, while the similar figure for the rural-farm population was 42.8, indicating a much greater educational load for the farm areas. Moreover, the farms have a smaller proportion of persons in the more productive years of life to carry their heavier educational burden, because 32.5 per cent of the rural-farm population is in the age group 20 to 44 years as compared with 41.9 per cent of the urban population. Thus, with 12.5 more children per 100 of the population to educate in the country than in the city, there are 9.4 less individuals of productive years to provide the means for doing so. And what is the cause of this aberrant age distribution? It is that the city attracts those within the productive years of life, and leaves larger proportions of the young and old in the country.

In directing attention to the fact that what happens in the rural schools of the nation is not alone the concern of the individual community, but concerns everyone, Embree says:

Furthermore, the people who live in cities have a very direct interest in country schools because to a great degree the future citizens of the

¹ *Ibid.*, p. 111.

large centers are being educated not in the schools of those centers but in the rural communities. Urban populations are not reproducing themselves, and rural regions are continuing to produce surplus populations which are continually moving into cities. In the southern rural States, for example, the number of children under five years old per 1,000 native white women of childbearing age (twenty to forty-four years) is more than double that of northern industrial regions, figures for typical States being 827 for North Carolina, 786 for Alabama, 777 for South Carolina, and 740 for Mississippi, as contrasted to 363 for Rhode Island, 362 for New York, and 359 for Massachusetts. And during the three decades from 1900 to 1930, 3,500,000 of the people born in the rural States of the Southeast moved to other regions, chiefly the industrial North. This heavy migration from country to city occurred also in other rural sections, especially the Midwest and the Great Plains. Thus the education of rural children, many of whom will be the future citizens of Chicago, New York, and similar metropolitan centers, is a matter of concern to cities as well as to rural communities.¹

The proposition is submitted that because they are all citizens of the same state, the rural and the urban boy and girl are entitled to as nearly equivalent educational opportunities as can be approximated. But is not the logic of the position indubitably confirmed when it is realized that a great part of the wealth of the city comes from the country in its origin, and that the urban population increase is so largely at the expense of the country, leaving greater proportions to educate and smaller proportions to produce the wealth resources for such educational facilities? One cannot ponder over these facts for long and not be convinced that the equalization of educational opportunities is one of our most important national problems. While it is now a matter of concern only for state government, there is much argument for and considerable agitation to have the Federal Government take a substantial part in adjusting the inequalities among states.

2. A LARGER ADMINISTRATIVE UNIT

While recent years have been characterized by considerable progress toward improvement of the situation, one of the serious retarding factors in rural education resides in the fact that in many parts of the United States the administrative units are too small.

¹ Embree, Edwin R., "Education for Rural Life," *Farmers in a Changing World, 1940 Yearbook of Agriculture*, Government Printing Office, Washington, 1940, pp. 1036-1037.

The old district system, organized on the basis of foot or horse-and- buggy methods of transportation decades ago, admirably served its purpose in the pioneer days of our national life; but today, in more instances than not, it is outmoded and a great contributing factor to inequality of educational opportunity. It is rather well accepted that the major principles which should be followed in the determination of local school units are: (1) that the local unit of school government should be large enough in size and resources to maintain satisfactory schools with a complete educational program, elementary and high school, for all the children within its borders; (2) that it should be of sufficient size to maintain efficient administrative and supervisory services; and (3) that school unit boundaries should be flexible, because population and resources are subject to change, and transportation facilities are constantly improving.¹ The following statement will serve to make considerably clearer this problem of too small a unit of administration:

Factors like improved highways, changes in means of transportation, social movements affecting population growth, and modern methods of doing business are constantly building up some areas of a state and destroying others. Shifts in resources and population are continuously under way in all states. Many small towns are growing smaller, and cities more strategically located are rapidly extending their boundaries. Areas that once supported many families are practically uninhabited. *It is fundamentally unsound to allow local areas to have complete control of the nature of the districts and schools to be operated when changes of the kind referred to are continuously in progress.* School district organization cannot remain static and unchanging under such circumstances. Educational problems must be viewed not solely for their local application but must find their solution through studying them in relation to the state as a whole.

In the past, even though the principle that "education is a state function" was generally accepted, the state's educational program had been considered too largely *from the local point of view.* *It was assumed that the school offering must be adjusted to the prevailing separate administrative divisions, even though there was no justification for many of the school districts in existence.* Educational leadership has frequently overlooked the fact that the legislature, in operating a school-district system, did so to provide the educational services needed at that time, and that the legislature continues to have the power to modify the school district system in such ways as will provide public education of the type and form needed today.²

¹ Cook, Katherine M., ed., *Reorganization of School Units*, Bulletin 1935, Office of Education, Government Printing Office, Washington, 1936, No. 15, p. 48.

² *Ibid.*, pp. 48-49.

"We glibly speak of 'equality of educational opportunity' and in the same breath laud the district system because it is so 'democratic,' " says one writer on this subject. And he continues: "What democracy or equality of educational opportunity is there in a system which will make it possible for one rural school district to raise \$202.83 per pupil on a 4 mill tax levy, while another rural school district in the same county can raise only \$113 per pupil on a 6 mill levy, and a third can raise \$369.03 per pupil on a 7 mill levy, as is the case in one of the counties in Washington"?¹ The illustration is widely applicable in various sections of the nation.

What are the results of such wide disparities in the distribution of school resources? Just what would be expected: Many school districts suffer from short terms; poor buildings; underpaid teachers and hence immature, inexperienced, and poorly qualified ones; and a whole train of similar conditions traceable to the same general cause. Accompanying these disadvantages, the district is often too limited an area to find school boards which are really qualified to administer school matters at all properly.

In general, two types of administrative units have been provided by state laws. The first type, created directly by act of the legislature, is characterized by school units which are coterminous with counties, cities, townships, or towns. The other type is established by some board or state or local official or by the people themselves under authorization from the state legislature. Examples that may be cited are the common-school district, central-school district, consolidated-school district, and high-school district.

Since education is a state function, the public schools are wholly within the control of the legislature, subject only to constitutional limitations. For this reason the legislature can create school districts or delegate the authority to create them. The legislature usually delegates the authority to create districts to some central board of education or to the people themselves. The legislature can abolish school districts, or alter or change their boundary lines, or delegate authority to stipulated bodies to do so, and such action is held by the courts to be no impairment of the obligations of contracts, since school districts do not maintain contractual relationship with the state, but they perform certain duties imposed upon them by the state.

The law should provide that each school district shall be under the control of a small board elected by the people for overlapping terms.

¹ Mueller, A. D., *Progressive Trends in Rural Education*, D. Appleton-Century Company, Inc., New York, 1926, p. 5.

This board should have authority to elect a superintendent of schools and such assistants as he may need, to levy taxes within the limitation of state law, locate schools, provide buildings and other school property, contract with teachers and other employees, and administer, within the limits of the power granted to them by the state law, all affairs pertaining to the schools within the respective district.

The law concerning the establishment of school districts should be written in conformity with the principles that the district should be large enough to provide satisfactory schools; that all districts should be sufficiently large to furnish needed administrative and supervisory services at a reasonable cost; that districts should be such as will best contribute to the equitable and economic distribution of state school funds; and that district boundaries should be flexible so that they can be changed as economic and social conditions change.¹

There are a number of advantages, particularly in the states where the county is the chief political unit of local government, in using the county as the unit for school administration. In those states where the county is not a political unit of considerable importance, and some other unit such as the New England town occurs, the township seems to have about the same advantages as the county in other states. In other parts of the country, the township has been designated as the administrative unit for school purposes, and it proves satisfactory where it is of sufficient size in population and resources to maintain a complete school system. However, the majority of townships do not meet these specifications.

The rural areas are provided with an excellent example by city school organizations which point the way to remedy the situation. No longer are city schools supported and administered by wards. The city provides for all of its schools as a part of the annual budget, and equal opportunity is afforded all of its children. The county is increasingly becoming the unit of school administration. In the strong county-unit form, the county board of education selects the county superintendent of schools, and in advisement with him, hires the teachers, determines the county school tax, makes appropriations, and in general manages the school system according to the plan of the customary city school system. Not all of the states with the county-unit form have so compact and effective an organization as is provided in the strong type. In the weak county-unit form the district boards constitute the dominant administrative

¹ Cook, Katherine M., ed., *op. cit.*, pp. 57-58.

agencies, the county superintendent of education is elected by the people, and the county remains as a contributor to school finances. No matter how many additional duties are added so long as the district authorities have the dominant power for local school purposes, the county unit must be characterized as "weak" in form.

The advantages¹ of the county unit have been demonstrated as numerous and significant. Only the principal ones will be enumerated. (1) Attention has already been directed to the fact, that in using the county as a unit, it is possible to distribute available school funds equitably over the county, removing the inequalities of support among the poorer and wealthier areas in taxable value. (2) A more efficient administrative machinery is provided. A county board of education of good caliber is elected by the people of the county, and responsibility for efficient management is placed upon their shoulders. (3) Uniformity is established throughout the unit with regard to length of school terms, qualifications of teachers, supervision, adequate school equipment, and similar matters. (4) The county superintendent of education is appointed by the board, insuring a higher grade official and an indefinite tenure. This makes for the establishment of long-time policies in the development of the school system largely removed from the sphere of politics. (5) A definite, uniform salary schedule can be established which will provide as good a teacher in the poorer as in the wealthier areas of the county. (6) Medical service in the form of a county physician, public health nurses, and dental facilities are much more practical for a county than for a district plan of organization. (7) Consolidations of schools can be intelligently and systematically planned and effected, a situation impossible under the district type of organization. (8) The larger unit makes possible effective supervision of the schools of a county. Instead of the supervision being limited to one visit a year from the county superintendent, well-trained, experienced rural-school supervisors may be employed with tremendous benefit to the entire school system. (9) Many economies are effected in the larger unit which are impossible under the district plan. Supplies may be purchased in bulk, trustees' salaries and office expense are reduced, permanent improvements are more economically provided, and often it is found possible to decrease the number of teachers, due to a more sensible location of the schools.

¹ Mueller, A. D., *op. cit.*, pp. 13-15.

However, because of the differences in political organization within the several states, flexibility must be a characteristic of a wise policy in determining the best local unit for administrative purposes in each of them. Such reorganization should be effected only after careful studies made by state departments of education, or some similar agency, and before new administrative units are created such plans should be approved by the state department. Undoubtedly, "in view of the fact that a large majority of the 127,000 administrative school units in the United States are incapable of providing educational facilities for their children,"¹ the several states should proceed without delay to the needed reorganization of administrative units within their borders so that an improved educational program may be advanced.

3. CONSOLIDATION OF SCHOOLS

Around one hundred years ago, Horace Mann said that one-teacher schools "crumble the teacher's time into dust." He considered this to be true because of the great diversity of subjects and the large number of classes which the teacher in such a school must handle. A few decades ago, students of the problems of rural education were designating these small schools, as "little buildings, where little teachers, with little training and experience, at little salaries, with little equipment, taught little children little things for a little while."

The consolidation of contiguous school districts into larger union districts began in New England as early as 1834, but provision for transportation of pupils at state expense was not developed until 1869. From New England, the consolidation movement spread to New York and the Middle West before 1900. Since that time it has reached over the entire country, manifesting its most rapid extension in the southern states.²

Numerous advantages are attributed to consolidation, principal among which are:

1. It makes possible the grouping of pupils according to age and ability to achieve, so that instruction and learning may be carried on with maximum efficiency and at a minimum cost in proportion to the quality of service rendered.

¹ Cook, Katherine M., ed., *op. cit.*, p. 60.

² Lewis, C. D., *The Rural Community and Its Schools*, American Book Company, New York, 1937, p. 197.

2. It enables school boards to secure a higher type of teacher since the best teachers are always attracted by teaching conditions which make the best results possible.

3. It reduces overhead expenses so that a larger proportion of the funds expended will bring a definite educational result, thereby proving an economy to the governmental units which finance the school.

4. It saves in the cost of teaching equipment since it is often possible for two or more rooms to make use of the same articles, such as library books, maps, globes, charts, musical instruments, and demonstration materials in nature and science instruction.

5. It makes possible a broader curricular offering, in that way meeting the needs of children more fully and serving society more effectively.

6. It makes effective supervision possible, and consequently improves the results obtained by teachers of a given standard of training, experience, and teaching ability.

7. It provides an opportunity for a fuller development of the physical, mental, cultural, and moral natures of the children through larger common-interest groups, which can work together with greater profit in all forms of class and extra-class activities.

8. It provides a better social center than does the small school, more nearly corresponding to community boundaries as determined by other factors.

9. It makes better living and social conditions possible for the teachers employed, thereby introducing another factor that tends to improve the type of teachers secured for consolidated schools.

10. It improves attendance, as to actual numbers, regularity, and punctuality, thereby increasing the efficiency of service rendered to society.

11. It provides better health conditions and moral surroundings for children on the road to and from school.

12. It broadens the outlook of rural children by throwing them with a greater number of associates, and thus relieves them from dependence upon near neighbors for companionship.

13. It makes possible high school training for many children who could not obtain it otherwise.

14. It is an invaluable agency for equalizing opportunities between sections, and placing the financial burden of educating children upon the wealth of a state instead of upon parents or a small, poor community.¹

In 1917, the Federal Bureau of Education estimated at 195,000 the number of one-teacher schools in the United States. In less than two decades, the number had been reduced in 1934 to 138,542. In that year, there were 213,484 rural school buildings in the

¹ *Ibid.*, pp. 184-185.

United States, of which 138,542 were one-teacher schools, and 24,411 were two-teacher. Thus, as many as 74 per cent of all the rural schools were taught in buildings of two rooms or less, and there were probably more children enrolled in them than in the consolidated schools. One of the important problems of rural education is to make such schools more efficient. That task is at times a discouraging one in the light of Horace Mann's strictures, but much time and serious investigation have been given to the problem with results that have justified the effort. Perhaps the most important consideration in this regard is the personality and equipment of the teacher of the one-room school. In this connection, one of the students of the problem, who sees great possibilities of improvement in the functioning of the small school, says:

The smallness of the enrollment, long one of the points of administrative criticism, actually is considered an asset under a modern conception of education. Not only does the teacher in a small school have the opportunity of knowing each child intimately, but if he remains in the school long enough, he can also know his parents, often his grandparents, and much of his home and family background. Children are not promoted out of his room until they go to high school, and consequently his knowledge of the children year by year becomes richer and more subtle. The long study periods, necessitated by many grades, for which the teacher of an earlier period strove so diligently to provide busy work, have developed in modern education into something significant and worthwhile. The average rural community provides a "million dollar" laboratory for nature study, geology, astronomy, and the other natural sciences to which rural children can be scientifically introduced. Within the heterogeneous grouping of many grades, many ages, many interests, the modern teacher sees an opportunity for education in citizenship. This organization, considered for many years as a liability, in the hands of a skillful teacher becomes an asset.¹

It is now generally recognized that there is a point beyond which the consolidation of schools should not extend, and that we shall always need a considerable number of one-teacher and small schools. But

there is little reason for believing that the consolidation movement is nearing completion. On the contrary, it apparently must go much farther before its advantages are fully realized. The current literature on consolidation emphasizes one point of view, however, that has not

¹ Wofford, Kate V., *Modern Education in the Small School*, The Macmillan Company, New York, 1938, p. 14.

always been kept in the foreground. This simple but important truism is that consolidation is only a *means* of providing better education for rural boys and girls—not an *end* to be achieved in rural school administration. Growing, too, is the conception that there is no single best size and type either of schools or of administrative districts which should be established throughout the country regardless of local conditions. The prevailing counsel now is to conduct careful surveys in advance of proposed consolidations and to make consolidations in terms of existing educational, social, economic and geographic conditions rather than according to some standard or preconceived pattern.”¹

It should be recognized in this connection that the form of consolidation under discussion is that of school-attendance units, and that the consolidation or reorganization of administrative units, along the lines discussed earlier in this chapter, is in many states definitely prerequisite to the formation of satisfactory attendance units.

4. RURAL SCHOOL TEACHERS

In 1934 there were 138,542 teachers in one-room schools, and 48,222 in two-room schools, constituting a total of 187,364 teachers, a figure which represented around one-third of all the elementary teachers in the United States.² A composite picture³ of the white teacher in the rural areas shows that in three cases out of four the teacher is a woman. More rural teachers are found in the open country than in town schools. If he is employed in the open country, the chances are about even that he is the only teacher in his school. While the rural teacher is twice as likely to be single as married, he has on the average the equivalent of one other person who is likely to be wholly dependent upon him for support. In two cases out of five, he maintains a home either personally or in cooperation with someone else, but as a rule, he neither owns nor is buying a home. About half of the rural teachers own or are buying automobiles, but since on the average he lives only a mile from his school, he is as likely to walk as to ride to and from school. Cultural advantages are rather limited in most rural communities, and the rural teacher usually works in the summer or attends summer school to improve his preparation for teaching. His average annual income

¹ *Progress in Rural Education*, *op. cit.*, pp. 151-152.

² Wofford, Kate V., *op. cit.*, pp. 55-58.

³ *The Rural Teacher's Economic Status*, Research Bulletin, National Education Association, Washington, 1939, Vol. XVII, No. 1, pp. 40-46.

is \$967, of which \$876, or 91 per cent, is his salary for school service. The other 9 per cent is derived largely from contributions made by relatives who live with him, or from his own earnings in work other than teaching.

As to their professional training, 30 per cent of all rural elementary teachers, including those in towns and villages under 2,500 in population have had less than two years of college work. In one-teacher schools, 25 per cent of the teachers have had only a high-school education or less. "Low salaries account for much of this situation, the average annual salary for rural teachers in 1935-1936 being \$827 as contrasted with \$1818 for urban teachers. In one-teacher rural schools the median salary in 1935 was \$517 or only \$43 per calendar month. The tenure of rural teachers is short, the average teacher being in the same position for only three years and in the profession only seven."¹

Carney characterizes the median rural teacher, as follows:

The typical white teacher in the one- and two-room open country school in 1930-1931 was a young woman, unmarried, about twenty-four years of age, of farm or village background. Her education consisted of four years of high school and one year or more of professional preparation somewhat directed to rural school needs. The experience of this typical rural teacher was 4.6 years during which time she had taught in two different rural schools. Her median annual salary in the fall of 1930 was \$788 but during the year she received a salary reduction of 10 per cent. She worked eight months out of twelve teaching twenty to twenty-five children through eight grades of elementary curriculum and performing, especially during the depression, a considerable number of community and welfare services as well.²

A committee of the National Education Association investigating the status of rural teachers reached, among others, the conclusions³ that (1) while the professional qualifications of rural teachers are not ideal, they are sufficiently high to warrant larger salaries, on the average, than they are now being paid; (2) a majority of these teachers have family responsibilities; (3) conditions are not such in the profession that home ownership is encouraged and the permanent identification with the life of the community which it con-

¹ *A Policy for Rural Education in the United States*, National Education Association, Washington, 1940, p. 26.

² Carney, Mabel, quoted in Wofford, Kate V., *op. cit.*, p. 58.

³ *Teachers in Rural Communities*, National Education Association, Washington, 1939, pp. 9-13.

notes; (4) in general, the housing facilities of rural teachers are inadequate, fewer than half of them having the advantage of central heating, a heated bedroom, or a telephone; (5) a substantial proportion of them lack the automobile as a means of transportation for their work and access to cultural facilities in adjacent towns and cities; (6) there is a widespread lack of adequate opportunities for cultural and professional growth during the school year; (7) rural teachers devote more time to work than to recreational activities during the summers when school is not being held; (8) the salary situation for rural teachers is definitely unsatisfactory; (9) in general conditions for rural teachers are less satisfactory in the open-country districts, somewhat better in the town districts, and least adequate in the one-teacher schools; and (10) there is a definite need for better financing of rural schools, and accompanying it further improvement in the selection and training of teachers for rural schools.

5. THE ELEMENT OF SUPERVISION

The situation just described with regard to the rural teachers' relative immaturity, inadequacy of training, and inexperience, together with the many deficiencies which limited financial support creates in school plant and equipment, emphasize the importance of professional supervision in rural schools. If a satisfactory program of instruction in rural schools is to be secured, there must be adequate professional supervision because rural teachers are comparatively isolated from their fellow workers; they have unusually heavy and varied responsibilities; the turnover is more rapid among rural teachers than in any other teaching group; and "supervision supplies the continuing integrative and dynamic element essential to hold and advance the growth made during preceding years."¹

In calling attention to the serious need for supervision in rural schools, Knight says:

Schools of this kind do not have and cannot have a social vision. The teachers are not centers of light and leading. Spiritless, uninspired, and uninspiring they grope their way clumsily and aimlessly through the routine and monotony of giving and hearing lessons, which number in some cases thirty-five to forty a day in the one-teacher schools. Many of the teachers are doubtless doing the best they can, as well as their little light will allow. But most of them are without adequate prepara-

¹ *A Policy for Rural Education in the United States, op. cit.*, p. 24.

tion and training and a great many of them are in charge of schools for the first time. They go on from day to day, week to week, and from month to month without any professional help or supervisory guidance whatever from those who know. Chained in their own helplessness they are allowed to warp the plastic minds of little children, many of whom seek and find escape from the dreary surroundings as soon as they are able, probably to become, as they grow older, stubborn opponents to any proposal for schools better than they themselves have known. Most of the teaching in the rural schools is, for these reasons below acceptable standards and a great deal of it is far below such standards. Superior teaching is not often seen; it is generally lifeless and marked by a lack of acquaintance with modern materials and methods of instruction. The poor preparation of the teachers, the short terms of the schools, the lack of supervision, poor equipment and unwholesome surroundings, and the irregularity of attendance, make many of the rural schools mere makeshifts of educational agencies. Much of the instruction in many of the small rural schools is probably no better today than that found in such schools twenty-five or thirty years ago.

The rural schools suffer seriously from a lack of proper supervision, a defect that reflects itself in the absence among the teachers of a professional attitude, the absence of any observable unity of purpose, and in the absence of any general understanding of educational ideals, objectives, and policies. It reflects itself also in the absence of wholesome community spirit. School societies, parents and teachers' organizations, debating, athletic, library, musical, civic and other clubs are not numerous in the rural areas. The possibilities of making the school the community center have not been realized generally. . . .

Intelligent and effective supervision justifies itself as an agency for unifying the educational work of the county. It enables the county school authorities to gain an intelligent view of the teachers as individuals, it encourages a community to desire and to make effort to get good teachers, and it also encourages and assists the weaker teachers to become stronger. Supervision helps to remove isolation, one of the greatest obstacles to effective educational work in many of the rural schools. Isolation is the mother of many evils, among them retardation and backwardness for pupil, teacher, and community. Sympathetic supervision helps to break down barriers, to foster understanding, and to organize all the forces of the community. Supervision works against provincialism and narrowness and makes for a wider educational and social outlook.¹

Foremost in any plan of effective rural supervision comes the county superintendent of education. For many years in the history of rural education, he was the only supervisor whose services the

¹ Knight, E. W., in Gee, Wilson, *The Country Life of the Nation*, University of North Carolina Press, Chapel Hill, 1930, pp. 142-144.

county had by which to ameliorate the deficiencies of training in his teacher personnel. With the many duties which such an official has upon his shoulders, he could reach the individual school about once a year. Such an occasional visit could do little more than strike terror into the heart of the isolated country teacher, who under different conditions, would reveal an eagerness to talk over her numerous school problems with some one approaching her with tact and understanding. To meet this situation, experienced teachers have been developed into rural school supervisors, and their contribution to increased school efficiency has been enormous. But if such work is to be developed, first of all the county superintendent must appreciate the value in the light of the need and the demonstrated achievement of such efforts in numerous parts of the nation.

(1) *The County Superintendent of Education.* A wholesale indictment of the county superintendents of education would be unwarranted. Many of them, particularly in the states where the larger administrative unit has been established, are experienced, and well qualified for their job. However, in the majority of states the method of selection and the salaries militate against such satisfactory conditions. Election by the people, too often upon handshaking ability rather than educational qualifications, is still the prevailing method of selecting the county superintendent. This method is practiced in twenty-five states. In sixteen states these officials are appointed by local boards of education or local civil boards. The state board of education or the state commissioner appoints the county superintendent in seven states.¹ The term of office varies from one to five years. In the states in which the county superintendent is an elective officer the term is two or four years.

For the United States as a whole the salaries are most frequently between \$1,500 and \$2,000. The best paid superintendents are those in whose supervisory area a large city is included, in such instances the salary reaching as much as \$10,000 or over. These instances unfortunately are relatively rare. In general, the rural superintendent is paid much less than corresponding urban positions provide, and the factor operates to limit the qualifications of the rural official.

¹ Cook, Katherine M., *Salaries and Certain Legal Provisions Relating to the County School Superintendency in the United States*, Rural School Leaflet 45, Bureau of Education, Government Printing Office, Washington, 1929.

Fortunately, there is a growing tendency to establish for rural superintendents by state law certain eligibility requirements of an educational nature.

Educational qualifications for county and other rural superintendents, as prescribed by law, are not so high nor so specialized as the importance of the position appears to justify. Fortunately in many states, especially those in which the appointment is made by boards which have some freedom in fixing salaries, the legal qualifications are considered only as setting a minimum standard of eligibility. Actual qualifications of the superintendents in service, particularly when established by appointing boards and sometimes even in states in which the elective system prevails are higher than the legal requirement. On the other hand, there are many counties in which minimum qualifications prescribed by their respective state laws are considered adequate.¹

The conclusion is justified that the situation with regard to the county superintendency of schools in the United States in the majority of states is far from satisfactory. The first step in adequate supervision is improvement in this strategic position, and the adoption of the larger unit will prove an effective move in that direction.

(2) *Rural Supervisors.* Native teaching ability, academic and professional training, and opportunity to gain experience under intelligent guidance are the three factors which make for skillful teaching.² The last two of these are too largely lacking in rural schools, thus making effective supervision a necessity. This work is usually performed by rural supervisors, who are largely field agents operating from the office of the superintendent.

Effective rural school organization will provide for general elementary supervisors, freed from administrative responsibilities, who can give full time to guiding and assisting teachers. In most rural situations one or more supervisors on the superintendent's staff will be required, depending upon the number of teachers to be served. Ordinarily these supervisors should serve consolidated as well as one-teacher rural schools, since the principal of the consolidated school with heavy administrative responsibilities for both elementary and secondary grades can scarcely have the time or the special qualifications for adequate supervision of the elementary school.

Owing to the varied types of state organization and even more varied means by which supervision is offered, it is difficult to specify the extent to which rural schools for the country as a whole are supervised. In 1935

¹ *Ibid.*, pp. 16-17.

² Mueller, A. D., *op. cit.*, p. 79.

there were 184 rural supervisors attached to state departments of education and located either in the state office or in regional offices. There are a few states, probably 10, in which rural supervision may be said to be statewide. In several other states a beginning has been made in the establishment of supervision, although fifteen states report no supervisors devoting half time or more to classroom supervision. The number of both state and local rural school supervisors increased slightly between 1930 and 1935 and approximately 27 per cent of the counties, or similar administrative units in the 28 states in which rural school supervision is established, provided some supervision in 1935-36. Probably few of these could be said to provide adequate supervision since all persons giving as much as half time to supervision were included, and the teacher load in the large majority of cases was excessive. Measured by the number of supervisors employed and the number of administrative units, state and local, in which professional supervision is established, the service is wholly inadequate.¹

The principal functions of rural supervisors may be listed as follows: (a) Giving advice as to methods of teaching. (b) Deciding upon special methods for required use. (c) Meeting the problems of in-school work as presented to her by the teacher. (d) Making recommendations with regard to the details of in-school work. (e) Carefully observing methods of instruction and management, and offering constructive suggestions for improvement in these features. (f) Fostering and guiding the work of local or group teachers' meetings. (g) Furnishing assistance to the teacher in organizing worth-while school clubs. (h) Special advice as to reading and study designed to advance professional equipment. (i) Analyzing the data from tests and measurements, and interpreting the results to the teacher.

These duties call ideally for an unusual combination of leadership qualities, competency in teaching, and a sound understanding of educational theory and principles, so as to stimulate and assist teachers not only in their classroom work, but also in their community relations. And, obviously, it is a full-time job, and cannot be performed efficiently as a side line to an administrative position. It is encouraging to note that the type of supervision in rural communities seems to be improving. "There is a trend toward a more creative type of supervision; more emphasis on the activities of children, less on those of teachers; an expansion of activity programs leading to the development of curriculums based on child

¹ *A Policy for Rural Education in the United States, op. cit.*, p. 25.

needs and experiences; and greater participation of teachers in curriculum-making; in supervisory programs, and in the study of child development.”¹

6. COMPULSORY EDUCATION

It would not seem that it should be necessary to bring force to bear upon a people in order that they educate their children. But the travesty of the situation is that those who are least able to educate their children at their own expense are very often the ones who are most negligent in availing themselves of the facilities offered by the public-school system. So that at least a minimum of educational equipment may apply to all of the citizenship, every state has passed compulsory education laws, varying in the standards that are set.

The compulsory idea in education is not a new one. About a hundred years before the first permanent settlement in this country at Jamestown, Virginia, Luther propounded to the Elector of Saxony the proposition that: “Government, as the natural guardian of all the young has the right to compel the people to support schools.” The Pilgrim Fathers, before they left the Mayflower to land on the soil of the new nation, passed a resolution to the effect that “we have come to this new world that we may educate our children”; and among the first legislative acts under the Colony charter of Massachusetts Bay is to be found the statement: “It is ordered, that the selectmen of every town in the several precincts and quarters where they dwell shall have a vigilant eye over their brethren and neighbors to see that none of them shall suffer so much barbarism in any of their families as not to endeavour to teach, by themselves or others, their children and apprentices, so much learning as may enable them perfectly to read the English tongue and knowledge of the capital laws.” Kleesecker says in this connection that

in 1642 the General Court of Massachusetts Colony ordered that the chosen administrative officers of every town should be charged with the duty and power to take account of parents and their children, “Concerning their calling and employment of their children, especially of their ability to read and understand the principles of religion and the capital laws of their country.” The order imposed fines upon any re-

¹ *Ibid.*, p. 25.

fusing to render such accounts as shall be required by the administrative officers. This law was supplemented by further order of the court in 1647, which required every town with fifty families to provide a schoolmaster to teach all children who "shall resort to him, to write and read;" and which furthermore required every town of 100 families to "sett up a grammar schoole." These orders sprang from the conviction that all children should be educated, and that the parent, community, and state should be jointly charged with this responsibility. They embodied the principles upon which modern compulsory education rests and became the basis of the public-school system of Massachusetts and the prototype of similar state systems throughout the United States.¹

A fairly summary picture of the compulsory-attendance requirements in the several states may be secured from the following list of states and the ages between which full-time school attendance is required. It should be noted in this connection that "every compulsory attendance law provides for exemptions within the compulsory age limits on several conditions. The principal ones are: A minimum amount of education, as the completion of certain grades; distance from school; dependent children; physical or mental incapacity; attendance at private or denominational schools; and work permit in certain conditions."²

In connection with the enforcement of compulsory school attendance laws, one of the first steps necessary is that of the school census. Every state now provides by law for such an enumeration: Thirty-three states provide for an annual census, seven for a biennial census, three for a continuous census, and the others at periods from three to five years. Obviously, the data provided by such censuses make it possible to check nonattendance and discover the causes. The enforcement officer, usually selected by district or county boards of education, is known as the *school attendance or truant officer*.

The several states are constantly modifying their legislation along these lines, but "few problems have defied solution more persistently than this; and few there are whose solution still seems more

¹ Kleesecker, W. W., *Laws Relating to Compulsory Education*, Bulletin 20, U. S. Bureau of Education, Government Printing Office, Washington, 1928, pp. 1-2.

² Deffenbaugh, Walter S., and Ward W. Kleesecker, *Compulsory School Attendance Laws and Their Administration*, Bulletin 1935, no. 4, Office of Education, Government Printing Office, Washington, 1935, pp. 11-15.

TABLE XXVIII
 COMPULSORY SCHOOL ATTENDANCE AGES BY STATES: 1934¹

| <i>State</i> | <i>Compulsory Attendance Ages Full-Time School</i> | <i>State</i> | <i>Compulsory Attendance Ages Full-Time School</i> |
|--------------------|--|---------------------|--|
| Alabama..... | 7-16 | Nebraska..... | 7-16 |
| Arizona..... | 8-16 | Nevada..... | 7-18 |
| Arkansas..... | 7-16 | New Hampshire..... | 8-16 |
| California..... | 8-16 | New Jersey..... | 7-16 |
| Colorado..... | 8-16 | New Mexico..... | 6-16 |
| Connecticut..... | 7-16 | New York..... | 7-16 |
| Delaware..... | 7-17 | North Carolina..... | 7-14 |
| Florida..... | 7-16 | North Dakota..... | 7-17 |
| Georgia..... | 8-14 | Ohio..... | 6-18 |
| Idaho..... | 8-18 | Oklahoma..... | 8-18 |
| Illinois..... | 7-16 | Oregon..... | 7-16 |
| Indiana..... | 7-16 | Pennsylvania..... | 8-16 |
| Iowa..... | 7-16 | Rhode Island..... | 7-16 |
| Kansas..... | 7-16 | South Carolina..... | 8-14 |
| Kentucky..... | 7-16 | South Dakota..... | 8-17 |
| Louisiana..... | 7-14 | Tennessee..... | 7-16 |
| Maine..... | 7-17 | Texas..... | 8-14 |
| Maryland..... | 7-16 | Utah..... | 8-18 |
| Massachusetts..... | 7-16 | Vermont..... | 8-16 |
| Michigan..... | 7-16 | Virginia..... | 7-15 |
| Minnesota..... | 8-16 | Washington..... | 8-16 |
| Mississippi..... | 7-17 | West Virginia..... | 7-16 |
| Missouri..... | 7-16 | Wisconsin..... | 7-16 |
| Montana..... | 8-16 | Wyoming..... | 7-17 |

remote, especially in states where numerous small districts exist.”²
 In this connection, the following statement is pertinent:

In many states the compulsory attendance laws applicable to rural children are wholly inadequate. Too many exceptions and exemptions are provided; no provision is made for attendance supervision and enforcement; and the minimum school term required is far too short. Nearly all the school terms in the United States of less than nine months and all of less than eight months are in rural areas.

Compulsory attendance laws should provide for school attendance at least to the age of sixteen years, for a uniform minimum school term of

¹ *Ibid.*, p. 12.

² *Progress in Rural Education*, *op. cit.*, p. 145.

180 days per year, uniformly applicable in rural as well as in urban areas. Provision should be made for adequate attendance supervision by persons specially fitted for that work through training in school administration, school law, child growth and development, and principles, methods, and technics of social case work. Adequate attendance service includes not only enforcement of the law, but also social case work, supervision of work permits, investigation of employment conditions of the youth granted work permits, and the keeping of complete and continuous school census records. Child labor laws regulating the gainful employment of children and youth should be applicable to employment in agricultural pursuits as well as in commercial and industrial establishments.¹

It is significant that the ten states having the highest percentages of illiteracy among persons ten to twenty years of age also have the least rigid and least definite compulsory school-attendance laws. These same states also ranked far below the average percentage of school population in attendance.² It would be difficult to separate cause and effect in this situation, but the relationship is sufficiently definite to emphasize the necessity for adequate and efficiently administered compulsory education laws. Unfortunately the sentiment for such measures is least strong among the parts of the population whom they are calculated to benefit most.

7. THE RURAL SCHOOL CURRICULUM

Much attention is being given these days to the revision of school curriculums. In both the rural and urban areas focus is upon two principal directions, the first of which is that of relating the child's education more immediately toward the environment or community in which he lives; and the second is the increasing emphasis upon vocational equipment for making a satisfactory living. There is no disposition in seeking these desirable goals to sacrifice educational values already attained along the lines of a sound mastery of the fundamentals of education necessary for the largest success both in living and in making a living. What is meant here is that the line of demarcation between general education and vocational education cannot be sharply drawn, for a knowledge of the reading, speaking, and writing of English, of essential mathematics, of the history of the nation in relation to the rest of the world, of scientific principles, and of civics is important equipment in the vocational

¹ *A Policy for Rural Education in the United States, op. cit.*, p. 44.

² Deffenbaugh, Walter S., and Ward W. Kleesacker, *op. cit.*, p. 58.

pursuits of the farmer, the businessman, or professional man, and the skilled worker. Therefore, one of the best kinds of training for rural youth even from a vocational standpoint is a sound elementary and general secondary education.

Proceeding on this basis, the vocational educational problem in rural schools must be attacked along two principal lines. The first of these inheres in the important needs for vocational education in the occupations of agriculture and homemaking, because a considerable proportion of country boys and girls are going to follow these pursuits in the rural areas. But, as has been pointed out in numerous connections in the preceding pages of this text, each year hundreds of thousands of rural youth seek life and livelihood in the cities. As the matter now stands, the greater proportion of these find their way into the ranks of the unskilled laborers and low-income groups of the urban centers, although some of the more ambitious and intelligent of them acquire training in the semiskilled and skilled trades after reaching the city.

The problem of providing vocational training for rural youth who will migrate to the cities presents many difficulties. In the first place, it is not a simple matter to identify those who will migrate. In the second place, a rural environment, where urban trades are not practiced, does not constitute a good laboratory for training a person in terms of such occupations, as for example that of a machinist. Moreover, the multiplicity of small administrative school units accentuates the difficulties of organizing and financing an expensive form of education, and most kinds of urban vocational training are costly in the cities themselves and still more so in the country. Besides, there is a deep-rooted prejudice against educating country boys and girls away from the farm that has to be overcome.

Some suggestions as to ways in which these difficulties can be met are:

In part the need for vocational preparation of young people in rural areas could be met by the establishment of regional centers where schools which include in their programs training for various types of urban occupations could be maintained. The young people who do not have access to suitable schools in cities near their homes could go to these regional schools for education of the type they desire. Some states already have such a program and the plan seems worthy of encouragement. In every case, of course, it will be necessary to determine the admission to a given type of training in terms of the capabilities of the in-

dividual and in the light of the demand for workers in that field of employment.

The provision of suitable facilities for vocational preparation in rural areas is closely connected with the need for consolidation of schools and the creation of larger local school units. Suitably diversified opportunities can be maintained economically and on a sound basis only when the school unit is larger than that now typical of most rural areas. Exploratory courses, so essential to a well-considered choice of a vocation, are readily made available only in a reasonably large school. Guidance services offer much possibility of rendering assistance in solving the problems of vocational education for rural youth; such services might be maintained on a county-wide basis without necessitating further consolidation of schools.

It should be possible in rural areas to arrange some vocational training around the occupations of an urban type that are carried on in most small communities. In many rural areas it now seems necessary to import workers from cities for many nonagricultural occupations, because of a local dearth of well-trained garage mechanics, repairmen for electrical apparatus, lunchroom cooks and waitresses, and similar specialized occupations. The program of vocational education in the rural areas should give attention to the nonagricultural occupations of the region as well as to agriculture and homemaking.¹

Since the migrants from the country to the cities become urban citizens there is a responsibility upon these centers, in cooperation with the state and Federal Governments, to provide adult educational facilities for the new accessions to their population to train vocationally for the lines in which they have secured or seek employment. There are distinct possibilities in a similar connection toward providing training for trades and industries in smaller communities.

Whether the rural school is located in the open country or in the small town, its curriculum should be directed toward meeting the individual and group needs of the pupils, it should grow out of the life of the community in which it is located, and it should be distinctly affected by the future welfare of society as a whole. The curriculum should be subject to continuous revision, effected on the basis of the best thought of both local and state officials working cooperatively. These broader objectives of an enriched and constantly adjusting rural school curriculum should be sought with a clear appreciation of the fact that perhaps only about a third of the

¹ The Advisory Committee on Education, *Vocational Education*, Government Printing Office, Washington, 1938, pp. 203-204.

farm youth will continue to live on farms; the other two-thirds will probably be divided more or less equally between villages or towns and cities; and only about one out of each eight enrolled in high schools will enter college.¹ As the situation now stands, the curriculum revolves too greatly about the minority who go to college, and while these are so important that they cannot be neglected, more attention and facilities must be provided for the needs of the great majority who would stay in school longer if it afforded more satisfactory equipment for the rôles they expect to assume in the economic and social order.

8. THE SCHOOL AND THE COMMUNITY

In the old established rural communities, the church, the farmers' organization, and other social organizations are undoubtedly potent influences for community progress. Due to the denominational lines, the church usually cannot function for the community as a whole, though it is the powerful religious center for its separate clientele, and for that matter, to many without its fold. Such organizations as the Grange are rather specialized in the extent of their activities, and altogether too infrequent in its branches throughout rural sections. But there is everywhere a school within easy reach, the recognized property of everyone in the community. Each one of these is a logical community center, and it is well recognized in the planning of the modern consolidated school that it must function as such. These modern buildings have kitchens in the home economics laboratories, and thus facilities are present for the preparation of community feeds. There is an auditorium for meetings of all worthy kinds affecting community welfare; and usually a stage is provided where amateur theatricals may be given, widely enlisting the talent and the attendance of all the people. Playgrounds and athletic fields make possible intercommunity athletic contests, and the support of the home team is a strong unifying force in community life. Carney says that "the school is the best and most available center for the upbuilding of the country community and may become the most immediate and effective local agency in the solution of the farm problem."²

¹ *A Policy for Rural Education in the United States, op. cit.*, pp. 19-24.

² Carney, Mabel, *Country Life and the Country School*, Row, Peterson & Company, Chicago, 1912, p. 136.

In tracing the historical development of school and community relationships, Wofford discovers three stages:

The first American schools were closely connected with community interests—the outcome indeed of coöperative, neighborhood efforts. A group of friends and neighbors met, pooled their resources, and built a school. The teacher usually a man in the winter session and a woman in the summer term, “boarded around.” The itinerant schoolmaster of those early days was often more than a schoolmaster, he was a friend bound with affectionate ties to the family groups of his community. While no one would advocate a return to these primitive ways, the efficacious results stemming from the close relationships of parents, teachers, and children were mutual understanding and coöperative effort. Moreover, that intimate knowledge of the child’s tendencies and activities in his out-of-school time, which is considered important in modern education, and of which the teacher is often ignorant, had its advantages under the régime of the pioneer pedagogue who “boarded around.”

The pioneer farm family coöperated with the school in yet another field which cannot be overlooked. It supplied many practical features, now a part of the regular school life. The teacher was left free to specialize in the essentials of education, the three R’s. The home assumed responsibility for the vocational education of children and for much of their character education. In the old days it was under the tutelage of their fathers that boys were taught farming, blacksmithing, and tanning. Mothers gave to their daughters training in cooking, housekeeping, the care of children, and dressmaking. When the young people had finished the rudiments of learning at the neighborhood school, they had also acquired vocational mastery at home. Girls were then ready to establish their own homes, and the boys were prepared to support them. Thus home and school so supplemented each other in the pioneer educational process that it was difficult to tell where the responsibilities of one began and the other ended. . . .

The next stage witnessed a widening difference in the interests of the home and the school. This change was influenced by the shifting of America from an agricultural to an industrial nation and by the development of professional leadership in education which paralleled the shift. These leaders believed that the school was best served when teachers withdrew from community contacts and held themselves aloof, especially in matters of religion and politics. The monthly report card and carefully controlled conferences were the contacts that were approved and encouraged.

The third stage has grown out of the modern conception of the educational process held by progressives in education. Under this philosophy the relationships of school and community bid fair to develop into something powerful and vital. Education is recognized as a continuous

process developing from experiences received from both within and without the school. It is a coöperative enterprise in which the school shares the responsibility with all the community forces which affect the child.¹

Modern education inclines to the view that the chief responsibility of the school to the community is to provide for the integration of community efforts and to train leadership for active participation in them. Dewey has pointed out that "no educational system can be regarded as complete until it adopts into itself the various ways in which social and intellectual intercourse may be promoted; and employs them systematically, not only to counteract dangers which these same agencies are bringing with them, but so as to make them positive causes in raising the whole level of life."² In line with this principle, the rural educational processes to be vital must be related to the work of the various religious, economic, social, health, public welfare, and other public and private organizations operating in and through the community in such a way that the developing young minds and personalities see what is valuable in these activities, if possible what their limitations are, and especially the part which they as individuals, in both their present and future status, should perform in the support and strengthening of them. Only in such a way can education be made truly vital and full of meaning to the boy and girl. It is only through such an approach that he can be made keenly conscious that every effort soundly directed toward improving his community makes it a better and a more profitable place for him to live, and he can be motivated to take an active, intelligent, and constructive rôle in all the concerns to improve the levels of living in the community and in the larger society of which it is a constituent part. The greatest lack today is that of such inspired and social-visioned leadership. It is a chief responsibility of the school to furnish it in a steadily increasing measure.

QUESTIONS

1. List the characteristic weaknesses and shortcomings of rural education in the United States.

¹ Wofford, Kate V., *op. cit.*, pp. 347-348, 365-366.

² Dewey, John, "The School as a Social Center," *Proceedings of the National Education Association*, National Education Association, Washington, 1902, pp. 376-377.

2. Why would you say that the least satisfactory schools in the United States are now to be found in the rural areas, and to what factor is this situation chiefly attributable?
3. Discuss the responsibility of the state in the matter of public education.
4. Show how education pays a state in greater wealth and income of its citizenship.
5. Explain what is meant by equality of educational opportunity.
6. Describe the general extent of inequalities of educational opportunities among states and localities in this country. Is this caused by a lack of effort on the part of the areas providing the least support?
7. Justify the proposition that the rural boy and girl are entitled to receive at the hands of the state public educational facilities equal to those received by the urban boy and girl.
8. Discuss the problems created by a changing population in relation to the educational burden and the base of support for it in rural areas.
9. Describe the situation widely existent in the United States with regard to size of local units, and give the major principles which should be followed in the determination of a satisfactory size of such units.
10. Discuss the desirability of the county as a local administrative unit for rural schools. What are the principal limitations of the township in this connection?
11. Explain why consolidation of schools has been necessary on so wide a scale in this country in recent decades, giving in this connection the principal advantages of such a movement.
12. Why is it likely that a considerable number of one-teacher and small schools will continue to persist, and what are some of their advantages when in the hands of a skillful teacher?
13. Give a composite picture of the white rural teacher in the United States.
14. List a number of conclusions which have been reached as a result of a study of the status of rural teachers.
15. Explain why the element of supervision is so important in rural education.
16. Discuss the status of the office of county superintendents of education. Along what principal lines should improvements be made in this matter.
17. What is meant by rural-school supervisors, and what are their principal duties?
18. Explain why compulsory education is necessary and the general extent and adequacy of such legislation. What are the requirements for the state in which you make your home?

19. Discuss the need for changes in the curriculum of the rural school, including the general extent to which the vocational phase should be emphasized.
20. What is the nature of the responsibility of the rural school to the community of which it is a part?

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