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THE WORK OF RURAL ORGANIZATION

The purpose of this paper is to point out the need that now exists for a better organization of rural interests and the difficulties that must be overcome before that need can be fully met.

One of those movements which thinking men of every generation have regretted is that which is known as the rural exodus. A little discrimination, however, will convince anyone that such an exodus has its favorable as well as its unfavorable side. Agriculture is limited by space or superficial area. After an agricultural region has once become settled, with all the land in cultivation, and with enough labor employed on it to cultivate it somewhere beyond the point of diminishing returns, it must do one of three things: First, it may limit its birth-rate and keep the population stationary. France is an example. Secondly, it may increase the intensity of its cultivation, getting continually smaller products per man, though increasing the product per acre. Parts of Italy and Japan are examples. Thirdly, its surplus rural population may migrate either to new agricultural regions or to cities. Rural America is an example. Among these three possibilities, the last named probably has the fewest objections.

While a normal and healthy rural community will, in all probability, swarm, or send its surplus people elsewhere, it is always to be hoped that it will retain its fair share of ability and talent.

Otherwise it must deteriorate as its stock deteriorates. It is the belief of many observers that our rural communities have not retained their fair share of talent, but have sent an undue share to build up the cities. This is the one aspect of the problem which should give us concern. It should be studied in a sensible way, and treated constructively. It cannot be said that this has been done with many of the proposals which have recently been made.

If we were distressed to find that water was flowing from one lake into another, we should not think it a very wise plan to try to pump some of it back into the upper lake. That would only accelerate the flow downward again. We should try rather to prevent the flow downward. For a long time many people have been distressed to find that population is moving from the country districts to the cities and towns. It has occurred to some of them that the thing to do is to colonize city people in the country. This plan is just about as wise as that of pumping water back from the lower into the upper lake. It would only accelerate the movement cityward. It ought not take a very wise man to see that it would be wiser to find out why the people are moving cityward and then, if possible, remove the cause.

One reason undoubtedly is that, for some years at least, the rewards of labor have been higher in the cities than in the country. That which we now call the rising cost of living is partly a movement toward an equilibrium; that is, toward a condition where the rewards of industry are approximately as great in the country as in the city. When the farmers are enabled to get a little higher price still for their products we may expect that the equilibrium will be reached.

There is another reason, perhaps still more important, why country people move to the city. Some of the most prosperous of the country people do not find in the country the means of social, intellectual, and aesthetic satisfaction which their prosperity enables them to afford. They find them in somewhat greater measure in the towns and, since they can afford to do so, they retire from the farms to the towns. This movement of prosperous people from the farms to the towns will never be stopped until the country

offers as great attractions as the towns. Until this is done, the faster farmers become prosperous enough to afford to retire to the towns the faster they will retire.

Another reason why country people move to cities is that some of them have not been trained to see and appreciate the real satisfaction which country life affords. People who think that an electric sign is more beautiful than a sunset, that shop windows are more beautiful than grass and trees and flowers, that crowded streets are more beautiful than open fields, that one of our modern plays, most of which are written by men who mistake neurosis for mentality, is more beautiful than an outdoor pageant will probably continue to go to the cities. Well, the country will be well rid of them.

There are two things above all others which need to be done: The rewards of labor, abstinence, and enterprise in the country must be still further increased, and more of the adornments and embellishments of life must be made available for country people. In order to increase the farmers' income we must spread scientific information more effectively, we must have better methods of marketing, of purchasing farm supplies, and of financing the farmers' business enterprises. In order to increase the adornments and embellishments of life in the country, we must have better schools, better sanitation, better recreation, and more general beautification of the countryside. These are all essential parts of a constructive rural program. Every item in that program calls for organization.

First in order is the problem of increasing farm production. The glib urbanite who tries to cure the rural community by the method of absent treatment is always ready with his favorite prescription of intensive cultivation. During the closing years of the last century England was suffering from an agricultural depression. In 1897 a parliamentary commission was conducting inquiries into the state of agriculture and the reasons therefor. A great deal had been said about intensive agriculture and the increase of crop yields as an offset to the low prices which products were bringing. The sublime intelligences which set forth this theory did not seem to be blest with even a sense of humor. Otherwise they would have

seen the absurdity of trying to increase the supply of farm products as a remedy for low prices.

Sir John Lawes, probably the greatest promoter of agricultural science in modern times, was called before the commission and was able to prove conclusively that, as you increase your yield beyond a moderate amount, each bushel added to the yield costs you more and more and that the last bushel so added always costs you more than any of the others. He also showed that when prices are low the individual farmer must reduce rather than increase his yield, because under such intensive cultivation as will force a high yield the last bushels would then be produced at a loss. Nothing but high prices will justify the farmer in trying to force a high yield from each acre cultivated, since, as Sir John Lawes clearly showed, the extra bushels added to make the high yield are always produced at an extra cost.

Not only does it take an increased cost to increase the yield per acre, but, normally, an increased acreage involves increased cost. Land differs in its productivity, and the cost of production per bushel is greater on one acre than on another. When prices are low it pays to cultivate only the better acres, or those on which the cost of production can be kept below the price at which the product will sell. But when prices rise, it then pays to cultivate inferior acres, and it pays under no other conditions whatsoever.

Here we have, therefore, one of the most important laws of agricultural economics. As prices fall, not only must the farmer reduce his yield per acre, but he must reduce his acreage, if he would avoid bankruptcy. He must reduce his yield per acre to the point where the last bushel forced from the soil costs no more than the price which he gets for it; and he must reduce his acreage, keeping the better acres in cultivation and rejecting the poorer, to the point where the poorest acre cultivated can be made to yield some bushels at a cost no greater than the price which they will bring.

When farmers generally do this, and they who do not will speedily be eliminated through bankruptcy, the result is not only a reduction in the yield per acre throughout the country, but also a reduction in the acreage in all old and well-settled communities.

New communities, where there is virgin land to be had for the asking, may still attract settlers. In fact, the presence of vast areas of this virgin land, rapidly settled and reduced to cultivation, has been, during the last half of the nineteenth century, a cause of the low price of farm products. The settlers were not farming for profit, but farming to make a living. Their profit came through a rise in the value of the land which cost them nothing. This frontier condition, however, we must now begin to regard as temporary and abnormal. We must henceforth base our calculations and our agricultural policy on the permanent and normal conditions of old settled communities.

Inquiries made by Secretary Houston show that, even within the humid belt, only a fraction of the tillable land is under cultivation, and of that which is under cultivation only a fraction is yielding satisfactory returns. This is easily explained by the fact of low prices for farm products in the past—low prices which were due in large part to the rapid settlement of virgin land, together with the economic law just explained. Prices have been so low that farmers did not find it profitable to try to force a high yield per acre, which, as shown above, involved high cost of production. Moreover, they have found it profitable only to cultivate the more productive acres or the acres where the cost of cultivation was lowest, leaving the less productive acres untilled.

Now that prices are rising we may expect these conditions to be cured automatically, provided hindrances be removed and provided time be given. The habits of fifty years cannot be quickly changed by any farming community. As prices rise, however, not only can each farmer afford to cultivate his land more intensively, thus forcing a larger product per acre, but acres which were formerly unprofitable will become profitable to cultivate.

Several difficulties will retard progress in this direction. In the first place, the scarcity of good farmers is a hindrance. Perhaps it ought to have been mentioned earlier in this discussion that not only does land differ in productivity, but farmers as well. The effect of low prices is not only to force the poorer acres out of cultivation, but also to force the poorer farmers out of business. Only the men who can produce at lowest cost will remain in the business.

If, when things start upward, the supply of good farmers is scarce, prices must rise until poor farmers can succeed before agricultural production can expand very rapidly.

In the second place, in order that the farmers of the present may expand their operations, both by cultivating their land more intensively and by cultivating lands which were formerly unprofitable, and in order that new farmers who could not succeed before may now succeed in the business, the cost of farm supplies must be kept down. If everything which the farmer has to buy rises in price as much as what he has to sell, his cost of production rises as much as his gross income, and he makes no more profit than before. It is therefore of the utmost importance that the farmers be encouraged to buy at least the raw materials of their business at wholesale rather than retail. By the raw material of farming is meant such things as machinery and tools, fertilizers, seed, lumber and building materials, and fuel. Any organization which attempts to exploit farmers in these fields, and to add to the cost of these materials, adds to the cost of producing crops. This has the same effect on the depression of agriculture as does a fall in the prices of farm products.

Since capital is coming to play such an important rôle in agriculture, the cost of credit is coming to be an important factor in the cost of growing crops. This, again, affects agricultural expansion precisely as does the price of farm products. That is to say, poor credit facilities and a high interest rate will depress agricultural production as surely as will a fall in the price of farm products. On the other hand, good credit facilities with a low interest rate will stimulate agricultural production as surely as will a rise in the prices of farm crops. The poor credit facilities and high interest rates of the present time must be regarded as a third obstacle to the proper expansion of our agricultural production, helping to counteract the stimulating effect of high prices.

How can a farmer possibly get credit on easy terms unless he has a good basis for credit? This question is asked more frequently than any other by skeptics on the subject of rural credit. Of course, there is only one answer: He cannot. But it is too often assumed by people who pride themselves on their hard-headedness,

and who fail to distinguish between hardness and impenetrability, that the only good basis for credit is property or collateral. Real financiers have always seen deeper than this, but many of the rank and file of those who deal in securities, credits, and collateral are not financiers of any kind, either great or small, though they imagine that they are. They are sometimes unable to see beyond the things which clutter their desks and fill their pigeonholes. To such men the suggestion that character may be a satisfactory basis for credit doubtless seems rather humorous.

The suggestion loses its humorous quality when we consider its fundamental importance. Unless honesty is, or can be made, an advantage in business, honest men cannot generally win against rogues in business competition. The result will be that rogues can never be eliminated from business. It is difficult to see how honesty can have greater advantage over dishonesty anywhere than in the field of credit. Unless the honest man can secure credit on easier terms than a dishonest man, where does honesty pay? Of course, men ought to be honest, whether it pays or not, but this kind of a preachment is not going to eliminate dishonest men from business. So far as collateral is concerned, a rogue may have it as well as a saint.

The possibility of making character a basis for credit is of peculiar and vital importance to our agricultural development. The men upon whom we must depend for the future expansion of our agricultural production have not much else. The well-to-do farmer, who has already accumulated a considerable fund of property, is not the farmer who is likely to clear and reclaim new land, and bring under cultivation the vast area of tillable land both east and west, north and south, which is still untilled. This gigantic task will be performed, if at all, by young men who have little except their hands and their pluck and determination. Such were the men who reclaimed and subjugated the lands now tilled, and such will be the men who reclaim and subjugate the lands still untilled. Such were the men who built the rural homes in which the best of our present population was nurtured, and such will be the men who build the rural homes in which the best of our future population will be nurtured. It is through such men that our

financial interests must work if they are to be of the greatest use to the agriculture and the rural civilization of the future.

The farmer who is to cultivate the present untilled area has one problem to face which did not worry the pioneer farmer of the past, though the pioneer farmer had a good many problems which the farmer of the future will not have; that is the problem of supplying himself with capital. Most of the land upon which a farmer could begin growing crops without a considerable preliminary expenditure of capital has already been brought under cultivation. That which remains requires such an investment as pretty generally to exclude the home-seeker who has nothing but his own labor to invest. Unless some method can be found which will enable him to supply himself with the necessary capital, farming will cease to be an opportunity for the home-seeker in America.

So generally is this fact understood that some students of the problem have concluded that the day of the small farmer is ended, and that hereafter we must depend upon the large capitalist farmer or the farming corporation. That would be a pity. Where the two have equal opportunities, the small or middle-sized farmer has always beaten the big farmer and the farming corporation in competition. There are only two conditions under which the big capitalistic farmer has won out. The first is where he has had a large supply of cheap labor, such as slaves, or gangs of coolie laborers, which he could direct and control. The independent small farmer who works with his own hands has then found himself compelled to compete with those cheap laborers, and he has had "a hard row to hoe." The other condition is where the big farmer, or the farming corporation, has had some advantage in bargaining over the small farmer. If he can buy his supplies to better advantage, if he can secure capital on more favorable terms, if he can sell his produce to better advantage, he may succeed in competition with the small farmer. But when it comes to the real work of production, as distinct from bargaining—that is, as distinct from hiring labor, borrowing capital, buying supplies, or selling produce—the small farmer can beat the big farmer and eventually run him out of business. That is to say, as a producer the small farmer has no equal; as a bargainer he is often at a disadvantage.

From the standpoint of the statesman, efficient production is more important than efficient bargaining. Something should be done, therefore, to put the small farmer, who has proved to be the most efficient producer, on an even footing, as respects bargaining, with the large farmer. If that can be done we shall enable the small farmer to flourish, and through him we shall have the most efficient agricultural production possible.

One of the best ways to begin is to find some plan which will enable the small farmer to borrow capital on terms approximately as easy as those which the big farmer can secure. If the small farmer lacks both character and collateral, it is difficult to see how anything can be done for him. But if he possesses character, there is a way out of the difficulty.

By character is meant possession of such economic virtues as industry, frugality, sobriety, forethought, and honesty. Let us suppose that a certain farmer, Jones by name, possesses these virtues—that he is willing to work and to save, that he is sober and forehanded, and that he will always pay his debts if he can possibly raise the money. But there's the rub; can he raise the money to pay a debt when it is due? If he can, it is safe to lend him. If he cannot, it is unsafe, no matter how honest he may be.

Here is where the banker may come in and amply justify his existence. It is not enough that he sit in his office and scrutinize the security and collateral of would-be borrowers. That is the job of a cashier, or someone without discretion who must follow fixed rules. It is the banker's job to see that the money which Jones borrows is so used as to provide the borrower pretty surely with the money with which to pay his debt when it is due. By this is meant that the banker's function is to finance productive enterprises, and his first qualification is the ability to decide what is and what is not a productive enterprise. That is what a good investor is. The banker, especially the country banker, ought to be a good judge of investments. There may be room for a finer differentiation of functions in a city, where some bankers may be financiers, and others mere custodians of funds, to receive deposits on the one hand and lend them out on good security on the other. But a country banker must be both.

Now, if our country banker is a good financier, that is, a good judge of investments—one who can tell what enterprises are likely to succeed and what are not—he can be of great service to Jones. That is where Jones is weak. He has probably had little training or experience in that direction. His expertness lies in other fields. He may be an excellent judge of live stock, a good hand at growing corn, cotton, or wheat, but he has not—more's the pity—been trained in the keeping of cost accounts. His investments are therefore largely guesswork. He *thinks* that he would like to have this or that—a pure-bred bull, a few dairy cows, some brood sows, a silo, some tile for the drainage of his land, a new barn, etc. If he could get the money he would have them. But it is hazardous to spend good money for things which one only *guesses* may pay. It is, therefore, hazardous to lend money for such a purpose.

Now, if the banker, with his expertness in the matter of investments, could form an alliance with Jones, with his expertness as a grower of crops, we should have an ideal arrangement. The banker should have studied for years the investments of hundreds of farmers in all the surrounding country. He ought, therefore, to have pretty clear ideas as to whether a silo will be money in Jones's pocket or not, whether a pure-bred bull, or a herd of dairy cows, will provide Jones with enough money to enable him to pay back a loan, and leave him a profit besides. If so, it is safe to lend him the money. Being honest, Jones will pay his debt if he can possibly raise the money. The purpose for which he borrowed the money being a profitable one, he will have the money. And there you are.

It is, of course, much easier for a banker to sit in his office and scrutinize the notes offered, their security, or the collateral on which they are based. It is a much harder job to estimate Jones's character, and to determine whether it will pay Jones to borrow or not. Character is not self-registering. Therefore it requires judgment and discretion on the part of the lender if character is to be made a basis for credit. But while this job is harder, it is infinitely better worth doing. Besides, the banker who performs this function will be an active builder of agricultural prosperity in his community. In the end it will add to the prosperity of bankers

because of the increased volume of business, and the greater wealth and prosperity of the entire community. After all, that is what banks exist for. Agriculture does not exist for the support of banks. Banks exist for the support of agriculture and other industries.

Bankers owe it as a duty to the country to see that the capital which they control gets into the hands of those who can make the best and most productive use of it, and that it is used for productive rather than for unproductive purposes. Suppose that on an irrigation project water were used on poor lands, where it would not produce much, merely because the owners were able to pay for it, while good and highly productive lands were deprived of water. That would clearly be a waste of good water. The total productivity of the project would be increased if the water were put where it would produce the most, that is, where the land would respond most abundantly. It would be an equally bad waste of water if a poor farmer were permitted to use a quantity, merely because he were willing to purchase it, thus depriving some better farmer who could produce more with it. Again, it would be a waste of good water if it were allowed to be used in the irrigation of crops which didn't pay, while highly profitable crops were suffering for water.

It is similarly a waste of good capital to allow it to be used by less-productive men when more-productive men might use it, or for a less-productive purpose when it might be used for more-productive purposes. The productivity of the would-be borrower does not always depend upon the amount of tangible property or collateral he can put up as security, nor does the productivity of the purpose for which he wishes to use the borrowed capital depend upon that kind of security. In order to secure the maximum economy of capital, which is the banker's function, he must, therefore, look beyond the tangible security and scrutinize the character of the borrower and the purpose for which he wishes to borrow.

The banker who secures an economic use of the capital which he controls is one of the most productive members of his community, contributing largely to its prosperity. The banker who does not secure an economic use of capital is a parasite, living off the community and contributing nothing to its prosperity. He does, of course, help to secure an economic use of capital when he merely

borrow, or receives deposits, from those who have no immediate use for their capital and lends to those who do. But he should go farther than this, and see to it that the capital which he lends is put to a productive rather than to an unproductive use.

There is probably not a farming community in the United States which does not need some, at least, of the things named in the above outline. Yet none of these things can be secured by individual farmers each working alone. Some form of "team work" will be found necessary or advantageous in every case. They who cannot or will not work together are always in a weak position when brought into competition with those who can and do. Team work counts as much in business competition as in athletic contests; but the team work, in either case, needs to be wisely directed according to a well-considered plan.

Excellent work has already been done by a number of farmers' organizations. They have undertaken a stupendous task, and they have grappled with it courageously. But the work of organization is inevitably slow and difficult; for the more than six and a half million farmers in the United States are widely scattered, they have a great diversity of interests, many of which are difficult to harmonize, and farmers are temperamentally an independent, headstrong, individualistic class, disinclined to union of any sort. The recognition of the work of rural organization by the Secretary of Agriculture as a legitimate part of the work of his department should be a great help, and will probably mark an epoch in the history of American agriculture.

Since the opening up of the vast territory west of the Appalachians, and the first beginnings of the public-land policy of the United States, the farming in this country has been more individualistic and less organized than that of any other civilized country. Our methods of disposing of the public lands, under the preemption and homestead acts, encouraged this system. Each settler was treated as an isolated individual and his farm as an isolated economic unit. So long as there was an abundance of fertile soil to be had for the trouble of living on it, agriculture could flourish under this system, and the statistics of agricultural production and exportation could continue to swell. The indi-

vidual farmer frequently remained poor, or profited, if at all, through the rise in the value of his land rather than through the sale of his products. This condition of the individual farmer did not always attract the attention of statesmen and publicists. They were interested rather in the expanding figures of total national production and exportation, to which they could always point with pride.

Only the best and most easily tilled lands were suitable for this kind of farming. The result has been, as ascertained by a recent inquiry of the Secretary of Agriculture, that only a fraction of the tillable land, even of the humid portion of the country, has been reduced to cultivation. The tendency has been to pass by the second- and third-grade lands, or the lands whose initial expense of cultivation was high, and cull out the best and most easily cultivated lands. The time has now arrived when the continuation of that policy is carrying our pioneer farmers beyond the boundaries of the United States into Canada and Mexico. Meanwhile vast areas of tillable land at home remain neglected.

If it were invariably true that superior lands beyond our own boundaries were being taken up to the neglect of inferior lands at home, there would be much to be said in favor of this policy. At any rate it would be hard to find a convincing argument, aside from the appeal to patriotism, to show a farmer why he should remain on inferior land within our own borders when he might find superior land just over the boundary. There are reasons, however, for believing that the farmer finds abroad no better lands than he has passed by at home. The new lands may appear more profitable, for they are virgin soil, capable of lucrative exploitation for a few years; they can be made to grow heavy yields of a single money crop, and that, too, a crop like wheat, for which there is a highly efficient and very active market. The farmer's marketing problem is solved for him, and he can continue his highly individualistic farming. And yet the lands left untilled might also be highly productive, not with a big single staple crop, but with various kinds of agricultural specialties.

Now the characteristic of an agricultural specialty is that there is no organized market for it, and it does not regularly sell at a

quotable price. If it did it would not be a specialty. The isolated small farmer could scarcely make a living by growing this kind of a crop unless he was near a large city, and even there he would probably have to give as much time and thought to the marketing of his crop as to the growing of it. If he were not thus favorably located he could scarcely market his specialty at all, unless he were either growing it on a very large scale so that he could maintain a selling agency of his own, or were co-operating with a group of other farmers for the same purpose. Farmers thus organized could make more off some of this land which is now being neglected than they could possibly make off the virgin lands of the far Northwest; but as isolated, unorganized farmers, they can doubtless make more off those new lands, growing a staple crop which almost markets itself. Until we succeed in developing an organized rural life—until our farmers are willing to work together instead of working as isolated, unorganized units—they will continue to neglect such lands as require organization for their successful cultivation, and migrate to new lands which are capable of being farmed by the old methods.

A similar problem is met with in the promotion of irrigation farming. There are only a few places where an individual farmer can reclaim land and bring it under irrigation. Until some organization could be formed to handle the problem, or until the state or federal government took up the matter, individual farmers ignored very productive irrigable land in favor of inferior land which had the advantage of being capable of individual reclamation. Again, there are vast areas which require drainage. In only a few cases can this drainage be done by individual small farmers. Consequently these lands have generally been neglected in favor of lands which, though ultimately less productive, have the one advantage of being suitable for immediate cultivation by unorganized, individual farmers. Even government enterprise, in the case of irrigation and drainage projects, unless supplemented by organized work on the part of the settlers, will prove insufficient. Such government projects will eventually fail to attract settlers unless the government either sells the land to them below the cost of reclamation, which would be bad economy, or else organizes them to work out

their marketing and financial problems so as to enable them to make enough off the land to pay the cost of reclamation.

The issues which depend upon an organization which will bring about the utilization of lands now neglected are more far-reaching than most of us are prepared to believe. The migration of our people in great numbers to other countries in their search for new, easily tillable soil may be productive of serious international complications. When the new settlers find governmental and social conditions satisfactory, as they do in Canada, trouble may be avoided. When they find them unsatisfactory to themselves, as they did in Texas and Hawaii, as the English did in South Africa, and as we are certain to do in countries whose civilization is different from our own, then trouble cannot, by any possibility, be avoided. Therefore, even the problem of international peace depends upon our ability to find productive opportunities for our expanding rural population at home, and this in turn depends upon a rural organization which will make possible the successful farming of lands now being neglected.

More important even than international peace is the preservation of the prosperity of the small farmer, who does most of his own work on his own farm. His salvation depends upon his ability to compete with the large farmer or the farming corporation. Two things threaten to place him under a handicap and to give the large farmer an advantage over him in competition. If these two things are allowed to operate, the big farmer will beat him in competition and force him down to a lower standard of living, possibly to extinction.

One thing which would tend in that direction is a large supply of cheap labor. The small farmer now has an advantage because of the difficulty which the big farmer has in getting help. So great is this difficulty that many of the bonanza farmers are giving up the fight and selling out to small farmers. That is, the big farms, the farms that can be cultivated only by gangs of hired laborers, are being divided up. Give the owners of these farms an abundant supply of cheap labor—make it easy for them to solve the problem of efficient help—and they will begin again to compete successfully with the small farmer who, because he does his own work, has no

labor problem. If we can keep conditions such that the capitalistic farmer has great difficulty in getting help, the small farmer will continue to beat him in competition, and the bonanza farm will continue to give way to the one-family farm.

Another thing which threatens the prosperity and even the existence of the small farmer is the handicap under which he finds himself in buying and selling. The big farmer that can buy and sell in large quantities, and also employ expert talent in buying and selling and in securing credit, has an advantage over the small farmer who must buy and sell in small quantities and give his time and attention mainly to the growing of crops rather than to selling them. Much of the supposed economy of large-scale production, even in merchandising and manufacturing, is found, upon examination, to consist wholly in an advantage in bargaining; that is, in buying and selling. When it comes to the work of *growing* farm crops, as distinct from *selling* them and *buying* raw materials, the one-family farm is the most efficient unit that has yet been found. But the big farmer can beat the individual small farmer in buying and selling. It would seem desirable, from the standpoint of national efficiency, to preserve the small farm as the productive unit, but to organize a number of small farms into larger units for buying and selling. Thus we should have the most efficient units both in producing and in buying and selling.

If this is not done, the only farmers who can enter successfully into the production of agricultural specialties, where the problem of marketing is greater than the problem of producing, will be the big capitalistic farmers. The small farmer may hold his own in the growing of staple crops, in which field the problem of economic production is perhaps greater than that of efficient marketing. But even in the growing of staple crops the small farmer will have a hard time of it if he is forced to compete with the big farm cultivated by gangs of cheap laborers. The two worst enemies of the small farmer are the opponents of co-operative buying and selling on the one hand, and the advocates of enlarged immigration to the rural districts on the other. The latter would help the big farmer in the *buying* of labor for his farm, and reduce the price of the small farmer's own labor when he undertook to sell it in the form of produce.

How to organize the rural interests of this country effectively is one of the most difficult problems in the world. A very little study of the history of farmers' organizations in this and other countries ought to convince anyone of this. While there have been many successful organizations, yet the number of failures easily outnumbers the successes two to one; but the fact that there have been a large number of successes in the aggregate makes it possible to believe that there may be more in the future. If we can only find why some have succeeded and others failed, we shall then be in position to follow the policies which have succeeded and avoid the errors which have led to failure. This will materially increase the percentage of success and decrease the percentage of failure.

The difficulties in the way of effective organization of rural interests are not hard to find. They may be classified under four general headings: arithmetical, geometrical, economic, and psychological.

By the arithmetical difficulties we mean the difficulties growing out of the fact that the farming class is by far the most numerous economic class in the country. Six and one-half million individuals would be difficult to organize effectively, whatever other conditions might exist.

In addition to the vast number of farmers there is a second fact, that they are so far apart. This is what we mean by the geometrical difficulty. The mere geometrical fact that they live farther apart and are more widely scattered than other classes adds materially to the difficulty of organizing them. This in turn grows out of the fact that agriculture more than any other industry requires land surface, superficial area, space. That being the case, it is impossible for farmers to live close together in compact masses as other classes do.

By the economic difficulties is meant the fact that there is a great diversity of interests with many antagonisms among this vast number of farmers living over such wide areas. The truck farmers of one section, for example, have to compete for a market with the truck farmers of other sections. Even though the farmers of one section were all organized, it would be difficult for them to adjust their rivalry in such a way as to form an effective organization with those of other sections.

By the psychological difficulties is meant a very large but somewhat intangible fact, namely, that a process of selection tends to attract to the cities those members of our population who are easily herded together and to leave in the country those who are strongly individualistic, who prefer to be their own bosses, and who have the capacity for self-direction. All of those people to whom the pain of a new idea is excruciating, who find it a great hardship to have to decide what to do next, will find farm life unendurable. That perhaps more than any other single fact characterizes the life of a farmer. His work never can be standardized. He must always be in the act of deciding what to do next. His work from day to day, even from hour to hour, has to be adjusted to the conditions of soil and climate, the exigencies of plant and animal life, as well as of the weather. This is no kind of a life for a man who is only capable of doing what he is told, and incapable of deciding himself what is the next thing to be done. This process of selection, as I said, makes a rural population very independent in spirit and temperamentally difficult to organize.

Another psychological difficulty perhaps grows out of the fact that the farmer's success has in the past depended very little upon his mental adaptability to other men. He has had to control the forces of nature rather than the forces of society. He is therefore less adept in those arts and graces which adorn social life, simply because his living has not depended upon it; but those of us, and we include a large proportion of the urban population, who, however useful our work, live because we succeed in pleasing other people, who succeed not by making two blades of grass to grow where one grew before but by making two dollars emerge from other people's pockets where one emerged before, must of necessity be somewhat successful in the art of getting along with people. The urbanite who cannot get along easily with other people will starve, and the process of natural selection tends to breed up a race of urban people who get along easily together. In the past this has not been true of the farmer. If he could grow good crops or breed good animals he could succeed whether he was successful in the art of getting along with people or not. We have therefore bred up a race of country people without that principle of selection which has made city folks "urbane."

However, because a thing is difficult to do is no reason for not doing it, if it is really worth while. That the effective organization of rural interests is worth while, that it is in fact about the most worth-while thing in the world, will be apparent upon a very little consideration.

Good transportation facilities and means of communication have destroyed an older condition under which each local community had to be mainly self-supporting. I am not speaking now so much of the still earlier condition where we had the self-sufficient farmer who produced on his own farm practically everything which he consumed. I am speaking of a somewhat later period when a farmer sold a portion of his material at least, but sold it to the neighboring town, which was usually within hauling distance, and who got his supply of things not produced on the farm from the workmen of the shops of the neighboring town. The marketing problem was here fairly settled. The farmer hauled his produce to town and showed it to the buyer who could inspect it and "paw" it over, if necessary—and buy it if he liked it.

Again, the age of machinery has destroyed the conditions which existed at one time, even within the memory of a few very old men who are still living. I refer to the condition under which capital could scarcely be called a factor in agriculture. Capital is tools and machinery, though it is sometimes referred to as the money necessary to purchase tools and machinery. In an age when farming was done with a few simple tools which the farmer made himself or which were made by the local blacksmith there was no demand for capital in the modern sense; that is, it was not a limiting factor as it now is. It was not a factor which by reason of its scarcity relative to the need would make successful farming impossible. At that time you could not say of any farming community, "The great need is more capital." If the farmers had had an abundant supply of capital they would not have known how to use it, because the invention of agricultural machinery had not yet appeared.

At the present time all of that is changed. The farmer who cannot equip his farm with an adequate supply of stock and tools cannot compete and is foredoomed to failure. Capital is one of the limiting factors. There are many communities of which you can say, "If they had more capital they would succeed. Without more

capital they will fail." Therefore it has come about that one of the great agricultural problems is that of supplying farmers with capital.

Again, there was a time when most of the diseases which prevailed in rural districts were either regarded as visitations of divine Providence, or at least as something which could not by any possibility be avoided. He who embarked upon life had to take the chances of life, as he who enlists for war has to take the chances of war. Such a thing as preventing disease by stopping it at the source was impossible, because people did not know the source. Organizations for rural sanitation would have been out of the question, because however well organized the country people were they would not have known what to do with their organizations in the way of improving sanitary conditions.

So in a multitude of other respects the agricultural situation has so changed as to make it absolutely necessary that the modern farmers organize. Since the farmer produces not for a local but for a far-distant market, he cannot haul his stuff to town and sell to the consumer. He must part with it at the station and consign it to the tender mercies of the middlemen whom he has never seen and concerning whom he knows only the names. The individual, unorganized farmer is not in a position to market successfully under these conditions.

When his success as a farmer depends upon his having an adequate supply of capital he is about equally helpless unless he has inherited or otherwise acquired the necessary funds. For perfectly legitimate and obvious reasons the possessor of capital does not like to let it get out of his hands unless he feels reasonably certain of getting it back again at some time or other. He cannot be blamed for that. We are all alike in that respect. But the market for capital, like the market for farm produce, is nation-wide or world-wide, and not a local market. They who possess the capital which the farmer needs are seldom his near neighbors. They live a long way off and do not know him even by name. Under these conditions his only chance of getting capital is through a series of brokers or middlemen, unless he can organize with his neighbors to perform for themselves the function which these middlemen perform. And with the purchasing of his farm supplies the same conditions arise.

His tools and machinery, his fertilizer, etc., are not usually produced in his immediate neighborhood. An individual, unorganized farmer is under about the same disadvantage here that he is in marketing his produce in distant markets.

Sanitation, the extermination of the fly, the mosquito, the hookworm, and other pests which afflict the lives of the country people, is possible only by a thorough organization of rural neighborhoods. An individual farmer may be ever so careful to destroy all breeding places for flies and mosquitoes on his own farm, but it will do him little good if all his neighbors are careless.

These are some of the reasons which make the organization of rural interests of such transcendent importance at the present time.

At one time the idea seemed to prevail that agricultural education consisted mainly in informing the farmer as to the best methods of growing crops and feeding animals. This idea has rapidly broadened out until the idea has already taken possession of the minds of the people that it is equally important that farmers be informed as to the best methods of marketing the products which they have grown, of purchasing the raw materials for farms—for the farmer is now a purchaser of raw materials almost in the same sense as the manufacturer is—and of supplying themselves with capital.

The idea therefore seems to prevail at the present time that all that is necessary is to enable the farmer to grow his products and to buy and sell to advantage in order that his income may be increased. I dare say that most people who are thinking on this problem today believe that the problem is solved when the farmer has been assured a satisfactory income. I wish to insist, on the contrary, that this is only half the problem. Paradoxical as it may seem, it is a matter of actual observation that the sections of the country where the land is richest, where crops have been most abundant, where land has reached the highest price, and the farm-owners attain to the highest degree of prosperity, are the very sections from which the farm-owners are retiring from the farms most rapidly and leaving them to tenants.

Now I need not enlarge upon the evils of absentee-landlordism. It is perhaps sufficient to say that absentee-landlordism never did

work in the history of the world and it is not likely that any miracle will happen to save this country from disaster if it drifts into that vicious system. When the owners of the land live at a distance they have no particular interests in country schools, churches, or any of the civilizing influences which make country life attractive. Therefore all these civilizing agencies tend to disappear. Similarly, the tenants who are here this year and somewhere else the next have no interest in maintaining the social institutions of any rural neighborhood. I am willing to state deliberately that there is no pest or plant or animal disease known to man which will bring ruin upon a country so rapidly as the system of absentee-landlordism.

But why do these prosperous farmers leave the farms and go to town? Simply because the town contains the things they want to buy with their money and the country does not. We may as well face the fact first as last that there are only two things that will keep people in the country. One is poverty, or the inability to live in town. The other is an attractive country life which will induce people to stay in the country even though they are financially able to live in town. As between these alternatives there is no room for choice. To try to hold people in the country by their poverty or their inability to get away from the country and get to town would be criminal. The only thing, therefore, is to make country life sufficiently attractive to keep people in the country even when they are prosperous enough to live in town.

This will indicate that the problem of organizing rural interests is very much wider than the problem of marketing; or of marketing, of rural credits, and of purchasing combined. It is much wider than all the problems connected with the increase of the farmer's income, because getting the income is only half the process. It is just as important that we solve the problem of spending it wisely and rationally in order to get the maximum of enjoyment as it is that we solve the problem of getting it. I think it is a fair proposition that the American people are more expert in the getting of incomes than they are in the spending.

Conditions, however, vary in this respect. There are many poor sections where farming is unprosperous and the first and most acute

problem is to increase the farmer's income; but there are many other sections which are so prosperous that the other question has become more acute, namely, the question of spending the farmer's money. There being an imperfectly organized social, intellectual, and aesthetic life in the country the farmers are driven to the towns to find the satisfactions of life which their prosperity enables them to purchase.

While, as stated above, the conditions vary considerably in different parts of the country, it is my belief at the present time that the latter of these two questions is for the country as a whole, on an average, even more important than the former.

I have classified problems calling for organization under the following outlines:

- I. For increasing the farmers' income:
 - a) the marketing of farm products
 - b) the purchasing of farm supplies
 - c) the securing of adequate credit
 - d) the improving of means of communication and transportation.
- II. For better living conditions in the country:
 - a) education
 - b) sanitation
 - c) recreation
 - d) beautification.

Every part of this program calls for organization and it must ultimately be the work of any government agency, such as the Office of Rural Organization, looking toward the effective organization of rural interests to promote it in every detail.

In beginning this work the first thing for us to do was to study the field, in order to discover what is actually being done by the American farmers in the way of organization. Much of the time of our staff during the present year has been given to this general survey of organization conditions in the country, the theory being that it is better to develop what we have, or build upon the foundations already laid, than to try to invent or import new methods of organization.

Again, it is quite as essential to study the failures as the successes in the way of organization in order that we may form some idea as to why those which failed have failed and why those which

succeeded have succeeded. Even this is a very large task, as anyone will find who tries it. It is not a thing which can be accomplished in a single year.

Along with this general survey we are trying a few modest experiments to see whether our generalizations are correct or not, the theory being that it is better to go too slow than too fast, for a few bad mistakes or conspicuous failures in the beginning of this movement will produce a reaction and set the whole movement back for another generation. We have found certain methods of purchasing farm supplies which seem thoroughly business-like and satisfactory, both to the manufacturer and to the farmer. These are being tried out, others are being encouraged, and the information is being given out in order that others may make use of the experience already gained by the successful communities.

No experiments are being tried by the Office of Rural Organization in the field of rural credit, although a number of experiments actually going on are being carefully studied. Many would doubtless be surprised to know just how much is being done in the way of credit organizations among farmers. In a closely allied field, namely, insurance, the work of organization is long past the experimental stage, and the upper Mississippi Valley is dotted with mutual insurance companies.

We are attempting a comprehensive organization of the rural interests in one selected county in the South to see what can be done there in order to gain experience. We shall carry the results of that experience to other counties whenever we feel sure of our ground. These are very modest beginnings, it is true, and may be disappointing to some people, but, as I said before, we are of the opinion that it is better to go too slow than too fast, and in the second place, it is better to study the experiments which other people are carrying on than to attempt to carry on many independent experiments of our own.

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