

# PRINCIPLES OF RURAL ECONOMICS

BY

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## PREFACE

Though agriculture is our oldest and by far our largest and most important industry, it has only recently occurred to us in the United States that we had a rural problem. Nations, like individuals, are wont to prize the things they do not have rather than the things they have. Agriculture was so natural to our conditions, and established itself so easily, that we took it as a matter of course and gave our attention to the development of industries which did not show a disposition to grow naturally. Accordingly, during the first century of our national existence, our economic policy was framed mainly in the interest of the urban industries. The logical result of this artificial fostering of manufactures and commerce was the rapid building up of great overgrown cities and the creation of a group of urban social problems for which we were woefully unprepared. During the next twenty-five years these problems occupied the attention of economists and students of social science almost to the exclusion of everything else. It is only during the last decade that we have awakened to the fact that there is a rural as well as an urban problem. The agricultural colleges and the universities began offering courses on agricultural and rural economics, and there has been a remarkable development of interest in agriculture in the high schools of the country, which augurs well for the future of rural civilization in America.

The present treatise is written in the hope that it may direct attention toward some of the salient features of the rural problem. It emphasizes the public and social aspects of the problem somewhat more, and the business aspect somewhat less, than do most treatises on this subject. As a partial defense for his

presumption in writing on so large and difficult a problem, with so little to guide him, the author may be allowed to mention that he grew up on a farm very near the center of the great agricultural region of the upper Mississippi Valley, that he later farmed independently on the Pacific coast, that he has made an effort to keep in touch with agriculture and rural life ever since, having, in addition to the ordinary methods of study, traveled a good many thousand miles on horseback and with a bicycle among the farms of this country and of Europe, and that he has been for several years teaching the subject of rural economics to classes varying in size from seventy-five to a hundred students in Harvard University.

The author desires to express his thanks to many of his former students for their helpful suggestions; to a brilliant group of young instructors in agricultural economics in several of our leading universities, particularly Professors H. C. Taylor of the University of Wisconsin, J. L. Coulter of the University of Minnesota, and George F. Warren of Cornell University; to Dr. L. G. Powers of the Bureau of the Census; to Sir Horace Plunkett, the leader in the economic regeneration of Ireland; to Dr. Howard L. Gray of Harvard University for valuable criticisms; to Miss A. E. Gardner of Cambridge, Massachusetts, for help in preparing manuscript; and, most of all, to his wife for her merciful but unerring criticism.

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# PRINCIPLES OF RURAL ECONOMICS

## CHAPTER I

### GENERAL PRINCIPLES

#### I. WAYS OF GETTING A LIVING

**The subject matter of economics.** The study of man's efforts to get a living, which is the subject matter of economics, may well be considered one of the most serious and important topics which can possibly engage the attention of the student. We may begin this study with the rather commonplace observation that the race must get its living out of the material world which surrounds it; that is, its living must ultimately come out of the soil and the water. But when we consider man as an individual rather than as a race, we find that he sometimes makes his living directly out of other individuals, and not invariably out of the soil and the water. In a primitive or savage state, unrestrained by a sense of justice or by a code of laws, he usually followed the method which promised the largest returns for the least effort. If war and plunder offered much more attractive opportunities he resorted to war and plunder. If hunting animals rather than men offered an equally good opportunity, he hunted animals. But when neither of these methods proved profitable enough, he resorted to the herding of animals, sometimes to the herding of men under the form of slavery, sometimes to the cultivation of the soil and the selection, planting, and harvesting of desirable crops.



**War as a means of livelihood.** The terms "war" and "plunder" are usually applied to efforts of one nation, tribe, or community as a whole to get land, wealth, or some other economic advantage from another community as a whole. Where the same methods are practiced by the members of a nation, tribe, or community against their own fellow citizens they are called murder, robbery, and theft. Cannibalism and slavery have seldom been practiced except against members of outside communities, — against people to whom one did not feel any of the obligations of a common citizenship. It is obvious that such methods of getting a living are destructive rather than productive. The world as a whole could obviously never be enriched by war and plunder, for example, though the successful party may be enriched if the plunder is rich enough to more than balance the cost of the war.

Even within the same nation, tribe, or community there are sometimes practices which enrich one man or group of men at the expense of others. Such practices are always the mark of a weak and inefficient or of a corrupt government, and are growing less and less in proportion as governments become efficient and honest. There are also practices by means of which men get a living by serving other people or the community as a whole. These include the commoner industrial and business practices and the leading forms of professional and personal service. The fewer there are in any nation who get their living at the expense of others, and the more there are who get their living by productive and serviceable practices, the better it is for that nation, and the more it will prosper.

**Economic and uneconomic methods.** Accordingly the first and fundamental distinction to be made among different ways of getting a living is that between the uneconomic or unproductive methods and the economic or productive methods. The uneconomic methods of getting a living are sometimes destructive, and include all those occupations in which one's success depends