

Address delivered by Mr. James J. Hill  
at the Thirty-Fifth Annual Convention  
*of the American Bankers Association*

James J. Hill Papers  
Minnesota Historical Society

*Chicago, September 14, 1909*

# National Wealth and the Farm

The well-being of a country, its political institutions, the direction of its industrial progress and ultimately of popular genius itself depend intimately upon the amount, distribution and employment of its capital in the shape of cash and credit. This is the motive power of the national engine. It always has been so. "Commercialism" has been common and must be common to every time and every race above the barbaric level. Men are always seeking to better their condition. The increase of wealth is an outward and visible sign of an increase in intelligence and power. The use made of that wealth will determine largely the quality of the next national era and the ideals that move the new generation. The bankers of a country, for centuries past but more completely now than ever before, rank high among the custodians of the nation's future. This gives to the deliberations of a body such as yours a profound and far-reaching significance.

I may, therefore, be excused for departing from precedent if I devote this opportunity to a brief review of one of the larger national needs of the United States, since the wealth and the industry of the whole country are represented here, rather

than to some topic directly connected with the conduct of the banking business. It will be, I hope, more profitable to leave these matters to the experts among your own number; and to consider instead the rapidly changing balance of our industries which leads to disturbance and possible disaster to the nation. If there be any dislocation of the process of wealth-building in sight, the bankers of the United States have more interest in a clear perception of the fact and an effort to forestall misfortune than any other class.

The public is now to some extent awake to the relative value of the different occupations as sources of wealth. The farm is our main reliance. Every other activity depends upon that. The farms of this country are now adding annually over eight billion dollars to the total of our assets; a total which, unlike that of manufacturing and other industries, represents not value conferred by human labor upon some material already existing, but value actually created out of elemental things. This is the annual miracle of the earth; quite as wonderful as if a new planet should appear in space each twelvemonth. It is the mother of every other form of human industry. Our tillable area may be made to support millions of people greatly multiplied after the last bit of mineral has been extracted from the earth, and man's ingenuity in fashioning tools and fabrics has passed its limit. There is no comparison, in volume, in value and in relation to human enterprise and the very continuance of human life, between the cultivation of the soil and any other occupation.

So far the majority of people will agree. What they fail to realize practically is the declining status of agriculture in this country. They are misled by the statistics of farm values and products, mounting annually by great leaps, into thinking that this absolute increase implies a relative advance of this industry as compared with others. Exactly the opposite is the case. I refer not merely to the quality and results of our tillage, concerning which something may be said a little later on, but to the setting of the human tide away from the cultivated field and toward the factory gate or the city slum. This is something whose consequences for evil are as certain as if the aggregate deposits in all the banks of this country were decreasing by a fixed percentage every ten years, while their loans were increasing by another percentage just as stable. You would know what catastrophe that assured by and by. It means the same thing, in kind and consequences, when the agricultural population, the producers and depositors in the great national treasury of wealth, is declining year by year, while the city population, which thrives only by drawing drafts upon the land and cannot live a year after these cease to be honored, rises at its expense. Yet not only is such a crisis approaching, but it is being hastened by legislative stimulation in favor of other industries while overlooking this.

In 1790 only about 3.4 per cent of the American people lived in towns. At the time of the Civil War the percentage had risen to 16. In 1900 more

than 31 per cent, of our population was urban. The change is portentous; and there is no doubt that the coming census will show it to have proceeded in the last ten years with accelerated speed. In spite of the warnings of economists, the amelioration of farm life, the opening of new and attractive employment on the land through the spread of irrigation and the growth of the fruit industry, the encouragement of public men and the wider dissemination of agricultural education, the percentage of our population who work on the farm constantly declines. If that proceeds too far, it is as if dry-rot had eaten through the timbers supporting some great structure. We should consider now the change accomplished and that impending. In the earlier history of the country, it is well known that the great majority of its people followed the cultivation of the soil. The census of 1870 was the first to group the population of ten years old and upwards in great divisions according to occupation. The drift away from the land became pronounced in 1880. Since then the process has been continuous and the results cumulative. The percentage engaged in agricultural pursuits of the whole number of persons ten years old and upwards engaged in gainful occupations in this country is as follows by decades:

1870	47.36
1880	44.3
1890	37.7
1900	35.7

From all the states, East and West alike, comes the complaint that the children will not stay on the

farm, and that other labor cannot be enticed there except by high wages for a few weeks in summer. It is quite probable that the new census will show this farm population reduced to 30 per cent, of the whole. We may certainly say that it does not exceed one-third. And, unless this tendency is counteracted, no one can now predict to what inconsiderable fraction it may one day be reduced. Totals of farm products expressed in dollars and those expressed in bushels or pounds tell quite different stories. We maintain the showing because new and fertile land is still being opened, while at the same time older lands are abandoned or deteriorate. The possibility of this disappears with the appropriation of most of our available unoccupied land. The further fact is that we are now and have been for more than a generation, in spite of our boasted progress, in the grip of a revolution that has preceded declining wealth and falling institutions wherever it appeared since history began.

The effect of a constant decrease in the number of those engaged in producing any foodstuff, while the number of consumers steadily grows, is already evident in our markets. We exported last year 68,000,000 bushels of wheat, which was about 30,000,000 bushels more than we had to spare. We drew down our supplies to that extent, and the market responded with the highest prices known for many years. Last May wheat that had been shipped from Kansas City to Chicago and sold there was re-sold and shipped back to Kansas City at an advanced price. In the same month wheat was taken out of storage in New York City, shipped

by steamer to Galveston and sent by rail to supply the immediate needs of mills in the wheat belt. This season there will be an unusual wheat crop, probably 700,000,000 bushels or upwards. At six and a half bushels per capita for home consumption and seed, this leaves us a surplus of 115,000,000 bushels. We shall probably export 125,000,000 bushels, under the pressure of foreign demand, leaving us nearly as badly off as we were last year.

With our annual increase of over 1.5 per cent in population from natural causes, and immigration that has not been less than three-quarters of a million any year since 1902, there will be from two to two and a half million more mouths to feed every year. Having in view this increase in population, the declining average yield per acre of cultivated land in the United States after it has been farmed for a few years, the rise of per capita consumption with a higher cost of living and the movement of the working population away from the land, the time is now approaching when we shall not only cease to be a wheat-selling nation, but will find it necessary to import a portion of what we consume.

Last year the value of our total exports classified as foodstuffs, either crude or partly or wholly manufactured, and food animals, amounted to \$433,000,000. We imported of the same classifications nearly \$329,000,000. The idea that we feed the world is being corrected; and unless we can increase the agricultural population and their product, the question of a source of food supply at home will soon supersede the question of a market for

our own products abroad. Our foreign trade in the past has rested mainly on our exports of products drawn from the earth directly, or only once removed. Our manufactures for export are to a large extent natural products subjected to a few simple processes. How are we to meet the immense trade balance against us, how prevent financial storms of frequent occurrence and destructive force, how feed the coming millions, if the farmer, who pays most of the bills, has retired to the city or the country town in order that his children may the better enjoy their automobiles and enter into the delights of the social game?

Since the percentage of those at work on the soil declined by about one-fourth in the last thirty years, we have to consider not only the increase of food demand over its domestic supply but also that disturbance of the balance between one form of industry and another upon which prosperity and stability depend. This industrial interdependence appears to be one of those universal laws that prescribe harmony and proportion as essential to health. Just as the soil itself must have a change of crops, as every member of the body must have its appropriate exercise, as a hygienic food ration must include a proper amount of each of the chief chemical constituents to produce physical and mental vigor, so human occupations must be distributed with reference to one another if the big machine is to work without loss of efficiency or collapse. Up to this time other industries than agriculture would have flourished and grown amazingly in the United States without any artificial



stimulus, because the large percentage of the total population engaged in agriculture furnished an adequate market. This condition is changing rapidly.

If, in a population of 100,000,000 people, which we shall have shortly, 45 per cent, are engaged in agriculture, then 45,000,000 people are calling upon the labor of 55,000,000 for clothing, professional service, commercial help, tools and furniture and all the smaller comforts and luxuries. If, instead, the agricultural percentage is reduced to 30, only 30,000,000 people instead of 45,000,000 people make such demands, while 70,000,000 instead of 55,000,000 compete in supplying them. A stationary or declining product, a soil becoming annually less productive, a revolt against the life of the farm and a consequent rise in wages amounting, since 1895, to 55.6 per cent for ordinary day labor on the farm without board and 61.3 per cent, with board, compel such a rise of all prices as bears ruinously upon town and country alike. Our real concern is not so much to save the home market from the inroads of the foreigner as to keep it from destruction by an enlarged city life and a neglected country life, a crowded artisan population clamouring for food and a foreign demand for the product of their wages limited to fields where the competition of all the world must be met and overcome.

This problem besets Great Britain to-day. We must not seek voluntarily that calamity which has been forced upon her by physical conditions. The time of her greatness was the era of prosperous

agriculture, with other industries proportioned to it duly. Long after that balance was disturbed, she maintained herself because the growth of her colonies was equivalent to added farms in England. At the same time she improved her domestic agricultural methods and doubled her product. Thus she protected and preserved herself until the growing tyranny of her trade unions made much of her production too costly for the markets of the world. Their limitations on output, their embargo upon exceptional skill and industry, their opposition to enterprise and their practical control of legislation have at the same time raised prices and lost markets. From such a dilemma Great Britain has turned to the socialistic hallucination; and even some of her truest friends doubt whether she has vitality and recuperative power enough to save her from permanent decline.

There are few more interesting chapters in history than those detailing the relation between industrial development, the food supply and the growth and decline of political institutions and national greatness. Civilization is mostly the story of the triumph of the human stomach in its struggle for food equal to the work of physical and mental evolution. Events and epochs that puzzled the historians of the past are explained by a study of common human experience. An economic cycle runs through all the affairs of men from the earliest times. There is a period of foundation-laying, in which agriculture is the accepted resource of the state and national strength is built upon it. Then the demand for an enlarged life stimulates

the manufacturing and the commercial interests, and there ensues a period of great prosperity, which sees the rise of great fortunes, the relative decline of the food supply, the introduction of luxury, the growth of indolence and a universal increase in prices.

Never yet has this enhanced cost of living, when due to agricultural decline and inability to supply national needs, failed to end in national disaster.

Professor Ferrero, in his story of the Greatness and Decline of Rome, after describing the agricultural depression of Italy, the ruin of her peasantry and the distress of all classes that followed, attributes it "simply to the increased cost of living." This, rather than imperial ambition or race decay, is the key by which history unlocks the secrets of the past.

Once the valley of the Euphrates was earth's garden spot. Its greatness passed with the deterioration of its soil. When Greece was at the summit of her power, her ambition was to capture the grain trade by holding sway over the Black Sea and the Bosphorus. Even in good seasons Attica is said to have been obliged to import about 12,000,000 bushels of wheat. Every one of the great nations of antiquity guided its foreign relations and directed its invasions and conquests with a view to obtaining an adequate food supply. That was the value of Egypt to the Roman empire. That determined her policies in the East. Spain, in her greatness scoured the world for the food which her own soil had ceased to yield. With the decline of agriculture every one of these nations

lost its leadership and either disappeared or remains a mere name.

The consumers of bread throughout the world increase by probably from four to five millions every year. In our own country we shall require from 13,000,000 to 15,000,000 bushels more annually for seed and home consumption. The domestic supply cannot be maintained by present methods. Not only is the cultivation of the soil being neglected, but it is also notoriously ineffective. Our wheat product per acre from the older lands falls steadily. Our national average is less than half that of England or Germany, both of which have soil inferior to our own. Only by bringing rich new land under cultivation have we prevented the fall from becoming abrupt. Good farms in the Mohawk valley in New York state forty years ago were worth from \$100 to \$150 per acre; now many are sold at from \$25 to \$30. This is not because wheat has become cheap, for it is dear; not entirely because of Western competition, but because there is neither good cultivation nor enough cultivators. The younger generation throngs the cities; and the land, rented by its owners to tenants careless of everything but immediate profits, is abused and robbed of its fertility. In New York state 20,000 farms are for sale. The southern central portion shows a progressive loss of population. Professor Tarr, of Cornell University, in an article published during the present year, says: "I have driven much over the country roads of this section, and have been astonished at the evidence of general decline in the farming industry, espe-

cially in the hilly sections. Abandoned houses in all stages of decay abound, and in some cases the forest is encroaching on the pasture." Schuyler county had 3,815 less population in 1895 than in 1860, "Tioga county 2,000 less and Yates 922 less. If anybody imagines that this process of exhaustion and abandonment or transfer to other uses is peculiar to the East, let him look at Iowa, whose average wheat crop in the five years 1883—87 was 29,682,560 bushels, and in the five years 1904-08 was 9,976,483 bushels. In 1908 it was 8,068,000.

All this has come about notwithstanding economic changes favorable to the occupant of the farm. In the introduction to the Census of 1870, relating to the agricultural interest, we read this: "It is sufficient barely to allude to such notorious facts as corn selling in New England at 90 cents and being burned for fuel in Iowa; wheat selling at \$1.35 in New York and for 45 cents in Minnesota; beef bringing \$7 a hundred on the hoof in the East, while cattle are being slaughtered for their hides in Texas." Such inequalities are unknown to-day. The perfection of our transportation system has made a market accessible to every farmer, and carries his produce at the lowest rates in the world. His life has become more comfortable and desirable. But the increased cost of living bears most hardly upon him, while it entices his children to the centers where they think that the larger income now found necessary may be won more easily. And while the enhanced price of grain may induce him to enlarge his wheat acreage, it does not lead him to more careful tillage.

The situation, then, sums itself up thus: We have almost reached a point where, owing to increased population without increased production per acre, our home food supply will be insufficient for our own needs; within ten years, possibly less, we are likely to become a wheat-importing nation; the percentage of the population engaged in agriculture and the wheat product per acre are both falling; at the same time the cost of living is raised everywhere by this relative scarcity of bread, by artificial increase in the price of all manufactured articles, and by a habit of extravagance which has enlarged the view of both rich and poor of what are to be considered the necessities of life. These plain facts should disturb and arouse not only the economic student but the men who are most intimately related to the wealth of the nation and most concerned that it shall not suffer loss or decrease.

You deal with wealth in its most condensed and universal form. That wealth is the slow accretion of many centuries. It changes its form and occupation with wonderful facility; but, so slight at all times is the margin between the world's production and its consumption, that its savings have been acquired almost as slowly and painfully as the miser's hoard. Practically only a few months lie between a universal cessation of production and the destruction of the human race by starvation. The marvelous diversity of modern industry and its products blinds us to the bare simplicity of the situation. Those who, like you, are main factors in supplying to industry the means to carry it on,

who open up the main and lateral channels through which the fertilizing stream of capital may be turned upon the otherwise barren field of labor, should be always mindful of the first great source and storehouse of national wealth, and the most sensitive whenever it is depleted or endangered.

"What we must come to—and the signs of the times indicate that we cannot make head in that direction too rapidly—is the smaller farm, with a, more intensive agriculture. "We support, in round numbers, ninety millions of people on three million square miles of land. We should be able to support 150 per square mile as easily as 30; and then we should have but a fraction of the density of population of Denmark with 167 inhabitants per square mile, Holland with 448 or our own state of Rhode Island with 4.07 in 1900. But the education of a whole people in right methods of tillage is a stupendous task. It took England nearly fifty years to do this, with powerful agencies at command and with a control over her farmers through leasehold conditions that no one in this country possesses. She has raised her average wheat yield from 12 and 15 to upwards of 30 bushels per acre. If it should take us fifty years, we would by that time probably have doubled our population also, and barely kept pace with our necessities, But we have not yet accomplished the mere preliminaries of such a process.

Not only have we not begun, except in a few cases so rare that they furnish striking illustrations for magazine articles and experiment station bulletins, to mend our farm methods, but the ma-

chinery by which the great body of farmers may be reached—as they must be reached if any change worth considering is to be brought about—has not yet been determined upon. While we do considerable for the boys and girls who attend them through our more than three score agricultural colleges, but little impression is made upon the bulk of all the people engaged in farming. Here are some extracts from a letter written recently by an intelligent farmer for publication: "I don't think one-half of one per cent, of the farmers of the state are in touch with the State Agricultural College and Experiment Station. It is practically unknown to the mass of the farmers." That is true everywhere. There were more than ten million people at work on the farms of this country in 1900; and it needs a big school and a big teaching force to take them all in.

That is what we have to do. There are between six and seven million farms in the United States to-day. Their annual product of over \$8,000,000,000 could be doubled without adding anything to the labor or money now expended. The average wheat yield of the country is now about 14 bushels per acre in good years. The same land might produce 30 bushels if properly cultivated. The average cotton yield is about four-tenths of a bale per acre, and possibly four times that amount could be raised as easily. The same holds true of the whole list of farm products. The fanner has been discouraged by seeing every other industry preferred to his. A false policy of stimulating these by legislative favors has naturally tended to tempt the



intelligent, energetic and ambitious into other occupations.

While much praise is due to what is now being done, and well done, by the Agricultural Experiment Stations and Colleges, by the Department of Agriculture and by farmers' institutes and other agencies, the job is too big for them. When we set out to educate the children in the public schools, we do not establish one or two large ones in each state and expect them to go there. The farmer is almost as numerous, as much in need of instruction and as unable to leave home in search of it or to absorb it through literary channels as the child. The education must be taken to him. If all the graduates of all the Agricultural Colleges were sent out as missionaries to the farm, there would not be enough of them to do the work. But it is the sort of work in which every state should engage without delay.

What has to be taught is not abstruse. While high-grade farming can furnish employment for the best intelligence, instruction in a few simple subjects will enable the ordinary farmer to double his product. He needs to be taught how to prepare a field properly for the seed; how to select and where to get the seed that will yield the best return; how to cultivate each crop; how to combine stock raising with tillage; and how to rotate his crops and preserve unimpaired the richness of his soil. On his own farm, with the material and the object lesson before him, under instruction that comes with public authority and sanction, he will be a pupil apt to learn. It is on a par with the im-

portance of the public school. We have not yet made a beginning; but every other interest and every other item of proposed legislation might well wait until we do.

The returns of Great Britain's Board of Agriculture show that there are less than 15,000,000 acres under the plow to-day as against 18,500,000 acres thirty-five years ago. An investigation of the decline in the agricultural population in France has disclosed two main causes. One is this same rise of prices, which sends the young to the cities because they believe that they can reach independence sooner there than on the farm, where they must labor for years before they can put enough capital together to engage in business for themselves. The other is the temptation to indolence, extravagance and inefficiency offered by the pension system. "With support given by the state to civil as well as military servants, and promised to old age unaccompanied by any other claim, men seek the comparative ease and excitement of the town in early years, believing that in age and infirmity some one else will pay for their self-indulgence. But every nation will still learn and progress by bearing manfully the consequences of its own mistakes. They will stand or fall hereafter as heretofore according to their care of the one great resource—the soil; the one indispensable occupation—agriculture; and the maintenance of a proper economic relation and balance between it and all others.

It is not illogical, and I hope it will not prove unhelpful, to make this presentation of our indus-

trial case to the associated bankers of the country and to invite their co-operation. The strength of capital and the mightier force of credit, hold up your hands. "Credit," said Daniel Webster, "has done more, a thousand times, to enrich nations than all the mines of the world." The banks are creators, distributors and conservators of credit. This power, mightier than armies, is within certain limits, under their control. They can, subject to the large and general business conditions that govern us all, use this force to encourage or to discourage. You can do as much by the influence and advice to which your calling so often lends weight. I can best express the possibility and value of this by quoting from the last address of President Chapman, of the Minnesota Bankers' Association: "The banker as an individual hardly recognizes the important place he holds in the community. He is the confidant of the widow, the orphan, the business man, the farmer and the professional man. To men engaged in no other occupation do the people look for guidance and advice in business ventures more than the banker. \* \* \* It is to you, gentlemen, largely, that the father of the young man living in the country comes for advice as to what school or college the boy is to attend or what profession he should follow; and it is your duty to be so advised and posted regarding conditions in the cities that you can intelligently advise that father whether it is to the boy's interest to leave a farming community where the chances are that in five or ten years he can own a farm and be worth \$10,000 to \$50,000 by intelligently farming

the land, or whether he should go to the great cities and become the future motorman and street car conductor." Thus I am able to reinforce by the words of one of your own order my opinion that you can do much, both by direct influence and by promoting such an educational campaign as I have outlined, to restore the prestige of the farm and to raise it to that pre-eminence in profit as well as in attractiveness which is its own due and the nation's hope.

The eminent historian to whom I have already referred, scanning the history of more than twenty-five hundred years with the eye of the philosopher, determined to extract from this vast store of facts, according to the modern scientific method, some fixed principle in the affairs of men, announces this as his conclusion: "The only durable conquests, even in ages of barbarism, are conquests made by the plow." If this was true of the rude ages when men lived for the sword, and the tiller of the earth was either a slave or a still more wretched peasant, it is far truer to-day when civilization has built her imposing fabric upon the expected bounty of the earth. We must maintain, protect and extend these conquests by which the race has won its way. It is not, as in the old mythology, Atlas whom we see groaning beneath the weight of the world upon his shoulders, but the homelier and humbler figure of the cultivator of the soil. It is for each of us, in every capacity, public and private, to do what in us lies to enlighten, reinvigorate and sustain this common benefactor of our kind.