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STANDARDS OF LIVING DURING THE PERIOD OF AGRICULTURAL ADJUSTMENT

by

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## STANDARDS OF LIVING DURING THE PERIOD OF AGRICULTURAL ADJUSTMENT

by

Carl F. Kraenzel

"Standard of Living" is a broad subject. One needs only to review the literature on the subject in order to be impressed by this. The concept itself is used very loosely. Under it are included income and expenditure studies of family living. At present the Department of Labor and the Division of Home Economics in the United States Department of Agriculture are carrying on two separate studies, one in urban areas, the other in selected rural farm type areas, dealing with consumer purchases. The emphasis is placed on items purchased by consumers. The Farm Population and Rural Life Division of the Bureau of Agricultural Economics is sponsoring Family Living studies in various states, with the emphasis on the distribution of living expenses by items of expenditures for different rural income groups. Other studies have stressed the family as the consumption unit, since the family is thought of as the smallest "complete social role" and fundamental unit of society.

Some Standard of Living studies have emphasized the statistical approach and others the case method. Most studies in the field depend upon estimates of expenditure and income over a year's period, following the close of the period. To make a study over a period of time by having interviewers check on a group of families during the period of study is a very expensive program. If as the result of finances, it is limited in scope, the conclusions must be very limited. If the study is confined to the financial transactions of obtaining a living only, it again has a definite shortcoming. To illustrate: the housewife of a family with an income of \$1000.00 buys a certain item at the J. C. Penny Store. Another with an income of \$5000.00 buys the identical item in a high priced store. Why should one housewife insist on paying a higher price? Again, a study of two families with the same income and the same number of consumers, shows that one is in the "red" at the end of the year, the second has laid aside savings. Both had no unusual expenditures. How does one account for the difference? It is just this difference between the two families that we would like to have explained to us. How can the variation be measured, and what are the factors responsible for such variations?

In no other field does one meet so many difficulties by way of research as in "Standards of Living". The subject must always be taken out of its setting in order that it may be properly delimited. The setting is the culture, the ideals and ways in which people live, bound in by tradition and custom. To illustrate: the Scandinavian who is farming in a Scandinavian small town community has an entirely different conception of the use of his income for family living, its distribution as between food, clothing, household needs, saving, education and recreation, than has the native born American, farming in the vicinity of a cosmopolitan area. Thus, when speaking of Standards of Living one must distinguish clearly between the following two concepts, namely (1) level of consumption and (2) standard of living. The actual commodities and services which a person, family, or a group consumes may be termed the level of consumption of the person, family, or group. The level of consumption is not to be confused with the standard of living which is a desired manner of living and is not necessarily the level of consumption. The standard of living includes the ideals and beliefs covering all the needs which people feel belong to them.

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includes the psychic phases of life which may be or may not be realized. The level of consumption, in contrast, is the actual way of living. The standard of living may not be the best imaginable way of living from the standpoint of an outsider, but is "the best way" from the standpoint of the group concerned. Without the attainment of the needs demanded by the particular group there will be a feeling of dissatisfaction. The standard of living is a social product and, from the viewpoint of the individual, appears as something which is imposed upon him from outside. (1)

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(1) Waite, W. G., Economics of Consumption. McGraw Hill - 1928, p. p. 16-117.

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When the two phases, the level of consumption and the standard of living are in close harmony or agreement a people feel relatively well satisfied. If the two are in disharmony, especially when the level of consumption is considerably below the standard of living, people are generally dissatisfied. This is particularly true of America. In our country the scale of social values, for the average man, is measured largely in terms of material conveniences and tangible objects. The standard of living values are made up largely of material things, more so than is true of most European and Oriental countries, especially countries having a peasant-economy type of culture. Therefore, when economic fluctuations occur in our country, and they are undoubtedly more erratic and severe in a country placing such strong emphasis upon the material things of life, we feel the inconveniences and discomforts more readily. Most of you will grant that the average American places most emphasis upon the material conveniences and satisfactions as a measure of well-being and social prestige, and when the actual material conveniences that he can buy are below what he thinks he ought to have he feels greatly dissatisfied.

What are some of the evidences of the disharmony between the level of consumption and the standard of living in America, especially rural America. You are all acquainted with the outworn expression "agricultural parity". Although 21.4 per cent of our gainful working population were engaged in agriculture in 1930, they received only \$7.2 billions of our total \$81 billions of national income in 1929. (2)

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(2) Brookings Report, "America's Capacity to Produce and America's Capacity to Consume".

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That is only 8.8 per cent and includes allowances for rent, furnished goods and products, as well as earnings from other than agricultural sources. In 1929, the average income of farm families was estimated to be \$1240.00 contrasted with \$3226.00 in average income for town and urban families. The farm population income showed a range of 900 per cent by states, with California, on the one hand, having \$1246.00 per person to South Carolina, on the other hand, with only \$129.00 per capita. (3)

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(3) Brookings Report, "America's Capacity to Produce and America's Capacity to Consume".

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This is evidence of disparity, not alone as between rural and urban population, but as between the rural population of different areas. Further, it is also evidence of the fact that the standard of living as well as the level of consumption varies as between rural and urban and between different agricultural areas.

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The implication is that if both the standard of living and level of living is low in one area compared to another, and in each there is a relatively high degree of harmony between the two, there is no immediate necessity of equalizing the level of consumption in all regions. The error is made when it is assumed that all regions should have the same level of living. This is well brought out when the same standards are forced upon a three generation agricultural community in Southern Wisconsin and a one generation agricultural community in the Northern out-over area of Wisconsin or a three generation agricultural community in the Eastern part of the continent and a one generation agricultural community of the Western part of the continent. This attempt at "standardization" of ways of living is a product of the extension of transportation and communication to larger areas, the enlarging of the size of the community, the urbanization of rural areas, and the consequent greater mobility of population.

This greater mobility of population is evidenced by the following facts. In 1890 about 66 per cent of our population lived in rural areas, that is towns and villages of less than 2,500 people and the open country. By 1930 this figure had dropped to 44 per cent. (4)

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(4) United States Census. Population Volume.

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Further, many people now living in rural areas are no longer associated with agriculture but represent city people living in small suburbs on the outskirts of large cities. Therefore, one can estimate that only about 30 per cent of the population at present is "rural" in the sense that 66 per cent were rural in 1890. Again between 1920 and 1929 the city was the chief source of population attraction. In 1920, it was estimated that about 896,000 people moved from farms to cities. In 1926 this figure had increased to 2,334,000. In 1929, 2,081,000 persons moved to the city from farms. Since then this movement has been considerably lower, but appears to be on the increase again. (5)

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(5) Agricultural Situation, April 1934. During this period the movement of families from cities to farms had increased similarly. After 1930, for a number of years, this city to farm movement exceeded the farm to city movement.

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The direction of the movement in the decade of the "twenties" and the direction as well as its extent in the future was and will be associated with the different ideas concerning the content of the standard of living we may have and give expression to.

What are some of the immediate problems associated with the prevailing level of consumption and standard of living? If we insist upon emphasizing the material things in the standard of living, and a consequent high level of consumption the following data will give us considerable reason for pause. In Montana, and I dare say in most western states, one in every five families living in the rural areas was on relief in the month of February 1935. From the standpoint of family composition of relief households, 34 per cent of the households consisted of husband and wife with children under 16. Another 13 per cent consisted of husband, wife and children both under and over 16 years of age. About 41 per cent of the heads of households were between 25 and 45 years of age. The average size of relief family was smaller than the average size of family for the total population and the relief population tended to have a larger proportion of

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young persons than the total population. About 49 per cent of the relief population as compared with 39 per cent of the total population was under 20 years of age. (6)

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(6) These figures were taken from "Relief in Montana" by C. F. Kraenzel and Ruth B. McIntosh. To be published.

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The implication was that the majority of the farm population on relief had their resources so severely depleted that it is difficult to put them on a self-supporting basis unless an outside agency steps in. The significance of these figures is as follows. A large proportion of the farm population on relief consists of children, young adults, and those in middle aged life, who represent the most productive families from a biological standpoint. The births may be higher for these families than for the non-relief families, but this is because the majority of families on relief are those having husband and wife between 25 and 45 years of age. The community and the social group to which a person belongs and not the individual husband and wife may be very important in setting the prevailing pattern of size of family. If this is true, an adequate dietetic, medical and health program is necessary for these families. Nor should the educational, and community living phases be forgotten.

The above type of farm family on relief is the one in serious need of rehabilitation. How are these families to be assisted? The usual answer is as follows. "They must be given a means to earn enough purchasing power so that they can buy a living similar to that in urban areas". The emphasis is placed on the ability to obtain a satisfactory material level of living. As long as social values and social position are reckoned in terms of material possessions and conveniences, the above is a valid argument. The Brookings Report recommends that this be accomplished by a price lowering policy, and that families have a purchasing power that will enable them to buy \$2500 worth of services and conveniences.

But is that the ultimate method and final step in rehabilitating families from the standpoint of standards of living? What are the phenomena accompanying such an emphasis upon the material phase of living? They are the following. A low birth rate. The appearance of this phenomenon in rural areas disturbs the whole population base. It is a very important factor in the decrease of the nation's total population for the arrival at the point of a static population. This in turn affects the amount of land to be utilized in agriculture and the location of such lands as well as land use. This also affects industrial activity. Further, an emphasis upon the material conveniences in the standard of living is related to a highly mobile population. This, in turn is related to citizenship in a community and a whole pattern of values in the standard of living associated with the community or neighborhood such as creating and furnishing one's own entertainment, the role of custom and tradition, religious values, in short a "philosophy of life". To illustrate, if the Resettlement Division, in order to meet the demands of a society that places emphasis upon material conveniences, spends \$5000 on a family, it expects a return of at least a part of that investment. If such a rehabilitated family is thrown into a highly commercialized economy, the chances are that only a small part of the investment will be repaid. The implication is that the family, in addition to being financially rehabilitated, must also be socially rehabilitated. The family must be made a definite part of the community. The community in turn may need to be rehabilitated by getting its

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habitants to stress other than material values. The following illustration will bear out the contention of this paper. In 1935 the Land Purchase Division of the A. A. A. and the Rehabilitation Department of a certain state had "blue-print" plans made out for land purchase and relocation of families. The community happened to be made up of Bohemian residents. At first all were eager to get in on the program. Success was at hand. Finally several of the members of the community raised the question as to what would happen to the church and the cemetery in their old home. The entire community was upset by the introduction of this question. In a few weeks the sentiment of the community had all swung in the direction of not moving out of their home community. Resettlement was faced by a problem that cannot be solved by emphasizing material values.

In short, the whole problem narrows down to one of two opposing policies. Shall we be an agricultural nation or shall we be an industrial and urbanized nation? (7)

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(7) C. C. Taylor, "What Kind of Rural Life Can We Look Forward to in the United States". Rural America, Vol. XIII, Oct. 1935.

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From the standpoint of Standards of Living, which includes both material conveniences and satisfactions as well as the non-material phases of life - social relationship on an intimate face-to-face relationship basis - the question is as follows: Do we wish to emphasize material conveniences as a means of measuring social status and prestige, or do we wish to emphasize the non-material values as set by custom and tradition, small group face-to-face relationships? The one implies a dynamic society with rapid social change; the other implies a static society, one with little social change, less mobility of population.

No country and no nation, has as yet been able to follow the middle path. The Oriental countries represent the extreme of the static society; the Occidental countries represent the extreme of the dynamic. No country or nation has ever reached the extreme that America has reached in the direction of the dynamic relative to its cultural facilities, except possibly the Roman Empire. The Romans were confronted by a similar question; shall we be a rural and agricultural nation or an urban and industrial nation? They recognized their problem; they sought to go in the direction of the stable rural life. (8)

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(8) See Sorokin, P. "Principles of Limits". Proceedings of the American Sociological Society. 1932.

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The whole import of this paper is as follows. In order to talk intelligently on Standards of Living in a period of agricultural adjustment it is first of all necessary to divest ourselves of our prejudices. We must forget whether a farm family should have \$2500 or \$1500 to make a living, or whether 25 per cent or 40 per cent of a certain income level should go to food and 15 per cent or five per cent to savings and investment. The first thing to be recognized is that the standard of living has two distinct phases: the material phase consisting of conveniences and physical objects and the non-material phase consisting of ideals, beliefs, customs, traditions, personal and intimate face-to-face contact of members of a small group. We must also realize that in practical life it is difficult to bring into harmony with one another and give equal emphasis to the material and non-material phases of the Standard of Living. Emphasis upon material phases calls forth material values as the criteria of success, and depends



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pon economic and social processes and relationships that put a premium on material values. Non-material values tend to become minimized. The result is likely to be a dynamic society. If the emphasis is on the non-material values, prestige and social values are reckoned in such terms rather than in terms of material values. Tradition, custom and institutions become strong. Society tends to become static.

The objective of a planned society is to attain a social system which has a combination of both the material and the non-material values in such proportions that the population has security, not alone in the economic and social sense, but also in the psychological sense. Such a society must not have too rapid social change, must not be too dynamic, so that the population may be able to make the most desirable adjustment to new institutions and economic and social conditions and forces. Nor must such a social system be static, overinstitutionalized and dominated by tradition and custom. Historical instances may argue that such a "middle path" cannot be attained. The ideals of a society, and its policy may need, however, to be definitely directed at such a "middle path".

Once we have clearly recognized the distinction between these two phases of the standard of living and the difficulty of bringing the two together in practice, then we can carry on our research on standards of living or level of living. The research will, however, be limited by the policy of the nation. Sociologists are accused of not doing research on standards of living with emphasis upon the non-material phase. In a social order that stresses material things, in which people think in material terms, in which scientists speak of scientific research and statistical method in one and the same breath, emphasis upon the non-material phase of research in standards of living is a difficult task. Even the "scientist" is biased by stressing statistical method. The non-material phase of standards of living can be treated only by the case method. Once the nation has decided whether it will go agricultural, industrial, or definitely accept a "middle path" from the standpoint of policy; once the people have individually decided for themselves and are in harmony with such a policy, then worthwhile research on standards of living can be carried out.

As for Standards of Living in a period of agricultural readjustment, past research permits the following conclusions. If a family is being rehabilitated on a farm, in addition to giving the family sufficient income to buy the material necessities on a level corresponding to that available to urban families, community and neighborhood rehabilitation is also essential. Otherwise, the agency will not collect on its investment. Such community and neighborhood rehabilitation must stress social relationships of the intimate face-to-face type, decreased mobility, identity with the community and its institutions. The family is the most important of these institutions. Such emphasis will mean a more balanced rural life than we have had in the past two decades. In the long run it will mean a more static total society than we have had in the past two decades.

By way of summary, the following procedure suggests itself as an experiment in research on Standards of Living for rural families. It would appear desirable to set up several Resettlement projects. In the one case the families would be grouped around a community center with a church, recreational center, cooperative marketing and buying organization, a community school, library and hospital. In addition to studying expenditure and income items of farm and

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family living, the community life ought to be studied from the standpoint of what this phase contributed to standards of living. In contrast, a second project should be set up on the basis of isolated farms, adjacent to a city of several thousand population. No effort is to be made at having these families obtain an organized and unified community life. They are to obtain their economic and social services in a commercialized way from whatever facilities and resources are at hand. Here again, in addition to studying the expenditure and income items of farm and family living, data is to be obtained on the community life in order to note the total standard of living of the families. The results, when compared, should assist materially in formulating plans for an agricultural policy in reference to standards of living.