

## WITH AN EYE TO BETTER OUTCOMES: THE OPENING OF THE TRANS-MISSISSIPPI GRAIN BELT MIGHT HAVE BEEN TEMPERED AND MORE GRADUAL

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### ABSTRACT

Though historians and the general public applaud our rugged frontier ancestors who conquered the plains, a rational examination of the data makes it clear that the opening of the Trans-Mississippi grain belt at mid 19th century was a mixed blessing at best. More carefully understood, it set the stage for overproduction and diverted capital and labor from industrialization. Today the same land is being abandoned.

It is fitting that Frederick Jackson Turner and his apostles will never let us forget the significance of the frontier in American history. It played a major role in shaping our character and no doubt many families today are fiercely proud of what their forebears accomplished in places such as Nebraska and the Dakotas in the decades after the Civil War. Stories of grit and perseverance on the agricultural frontier are not to be dismissed casually by today's pampered academics whose hardships stem primarily from a failed computer or a malfunctioning air conditioner. Put another way, anyone might ask: who are we to question these stoic fabricators of amber waves of grain?

Yet, if we are not careful, we simply celebrate the myths and ethos of hardy frontier types without asking the ultimate nasty question: Did the creation of another grain belt west of the Mississippi—and well east of the 98th meridian—always make good economic sense? The short answer, in this essay, is no.

The argument here is elegant in its simplicity. If the American farmer more than doubled acreage under the plow between 1860 and 1900 (most of this on the Plains) that led to overproduction<sup>1</sup> that, in turn, generated plummeting farm prices, mortgage foreclosures, and retreating homesteaders; why have scholars frequently neglected to point to the folly of this? The numbers do not lie, nor do they lend themselves to multiple interpretations—even when exports, deflation, and the tariff are considered. Stated differently, severe dislocation in the agricultural marketplace for a century was the price America paid for promoting free land, speculation, and financially adventuresome homesteading on the sod house frontier.

Parenthetically, one reason why the criticism of the surge into the Trans-Mississippi West has been so muted (beyond state and regional pride) is that there were so many promoters and colonizers—even some with motives other than profit. For example, the state of Kansas, the Roman Catholic Church in New York City, the Church of the Brethren, Western railroads (maintaining Land Departments and Bureaus of Immigration), land companies, steamship companies, New England abolition societies, and

southern slave interests all organized colonizing efforts. In addition, the Children's Aid Society, established in 1853 by Charles Loring Brace, sent orphan trains into the west as a means of facilitating the placement of city kids in foster homes.<sup>2</sup> Thus, if unfortunate decisions were made, many were collective or group or institutional decisions as opposed to the irrational exuberance of individuals.

### Now For Some New Evidence

In 1850 there were almost 1.5 million farms in America that utilized 294,000,000 acres. By 1860 there were over 2 million farms with 407,000,000 acres.<sup>3</sup> Between 1860 and 1900, however, the number of farms increased to 5,740,000 and the acreage more than doubled to 839,000,000.<sup>4</sup> Furthermore, between 1860 and 1900 the investment in farm implements and machinery tripled, from \$246,000,000 to \$750,000,000.<sup>5</sup> The growing influence of technology in food production was complemented by the growing role of land grant colleges. And yet Fred Shannon, in his classic *The Farmer's Last Frontier*, contended that many farmers turned a deaf ear to the preaching of the land grant institutions. In a gloriously cynical observation that portrayed the farmer as land speculator he noted: "If the 19th century farmer had little scientific guidance in the management of his land, it is equally true that he seldom lived on it long enough to fathom its mysteries by empirical methods."<sup>6</sup> Nevertheless, the meteoric growth in farms, farm acreage, and machine technology between 1860 and 1900 strongly suggests that production was threatening to outstrip both domestic and foreign demand. Or, as Douglas North put it: "... with surges of new farmers ... into the industry and a vast expansion of acreage under cultivation, lengthy periods of depressed prices resulted."<sup>7</sup>

Robert Cherny, writing in *A Righteous Cause: The Life of William Jennings Bryan*, stated the problem just a bit differently. Between 1866 and 1889 corn production rose by 214 percent and wheat production climbed by 175 percent. Concurrently, population grew by only 69 percent.<sup>8</sup> Again, this hints at *overproduction*, if the concept is to be tolerated.

Of course, the growth in food exporting should have narrowed the widening gap between supply and demand, and to a degree it did. For example, in 1866 the United States exported crude food stuffs valued at \$17,000,000, and this figure rose to \$155,000,000 by 1878 and dropped back down to \$132,000,000 by 1890.<sup>9</sup> More specifically, "England's consumption of American wheat increased yearly during the 1870s, reaching a high point in 1880 when 153,000,000 bushels were sold there for \$191,000,000."<sup>10</sup> Foreign demand, however, did not prevent falling prices at home. A bushel of corn in 1866 sold for 66 cents, but by 1889 it brought only 28 cents. Wheat sold for \$2.06 per bushel in 1866, but only 70 cents in 1889.<sup>11</sup>

Admittedly, some of the falling prices stemmed from deflation. Milton Friedman has argued that the Populist's complaints were not irrational for indeed the money supply had not expanded rapidly enough and therefore had been choking a burgeoning economy. Specifically, between 1865 and 1890 the amount of currency in circulation

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actually declined from \$30 to \$27 per capita.<sup>12</sup> This deflation was also in evidence in a “base-price index of general commodities” that stood at 132 in 1865, 87 in 1870, and 46.5 in 1896.<sup>13</sup> Parenthetically, that there was no meaningful tariff protection for cereals in the 19th century.

Having cited the appropriate caveats regarding the influence of exports, deflation, and the tariff, the fact remains that the opening of the trans-Mississippi grain belt ultimately sent a good portion of American agriculture into a tailspin. Furthermore, as Walton and Rockoff have noted, “. . . federal land policy was economically inefficient and reduced total output. Because people of all sorts and circumstances settled on the land, there was a high rate of failure among the least competent settlers who eventually lost their holdings and became either poor tenants or low-paid farm workers.” Walton and Rockoff added, “. . . it is alleged that the rapid distribution of the public domain laid the groundwork for modern industrial problems by inducing too much capital and labor into agriculture thereby impeding the process of industrialization.”<sup>14</sup>

### Private Financing of the Thrust

The thrust on to the Plains was financed by both midwestern and eastern lenders, with the latter totally unfamiliar with the differences in farming technique west of the Mississippi. What the eastern investor was drawn to was a high rate of return. Alas, to more prudent investors, western mortgages were the equivalent of modern junk bonds. Even the most careful midwestern lenders such as John and Ira Davenport of Illinois, who put out millions of dollars between 1868 and 1900, had foreclosure rates of 3 percent in Nebraska (48 of 1,610), 7 percent in Kansas (38 of 571), 8 percent in Iowa (65 of 878), and 23 percent in the Dakota Territory (32 of 140).<sup>15</sup> Obviously, then, even in the best of circumstances western mortgages were high risk. Western farmers were rolling the dice as well, but preferred to think of themselves as humble yeomen in the Jeffersonian tradition. Furthermore, foreclosure on the farm was hardly the end of the world. There was always back migration and, as Walton and Rockoff just noted, other ways to make a living.

Allan Bogue astutely observed that, “settlers failed because they miscalculated the ease with which farms could be cut from the tough sod of the plains.”<sup>16</sup> He commented that even with the passage of the Homestead Act, the need for capital remained—“and you couldn’t cut back to subsistence.”<sup>17</sup> Bogue stated categorically: “The subsistence farmer had little place in the plains states.”<sup>18</sup> In more common language he concluded, “a settler could in all honesty play a losing gamble with *borrowed* chips.”<sup>19</sup> Stated a bit more gently, Douglas North said that the Homestead Act “. . . attracted people to agriculture that would have been better elsewhere.”<sup>20</sup> For public consumption, however, the Plains farmers readily identified their villains and archvillains. Railroads charged ruinous freight rates and grain elevators were no better. Land prices were subject to boom and bust cycles and bank interest rates that could reach thirty percent were deemed criminal. A deluge of greenbacks and silver dollars were needed to inflate the currency and thereby

provide relief to the debtor and yet somehow the Bland-Allison Act of 1878 and Sherman Silver Purchase Act of 1890 were never enough. The list could go on, but essentially the Populists pictured themselves as victims surrounded by nefarious foes; not Hofstadterian land speculators who got burned.

What no one bothers to ask in this great debate that has generated its fair share of books, articles, and conference papers is: Who determined that it was a good idea to be growing corn in Nebraska in 1880, or wheat in the Dakotas in 1888; essentially gambling with someone else's money? To what degree should farmers in Nebraska or the Dakotas be held responsible for their decisions to migrate and the resulting hardships? The major assumption—though rarely stated explicitly—has been that American citizens had certain *Jeffersonian entitlements* that included the right to settle most any frontier and furthermore the right to both survive and prosper there. Ultimately, if the environment or economic reality conspired against the adventuresome and the speculative, it was up to government to somehow make it right. For example, the federal land law of 1821, known as the "Relief Act," permitted citizens to return purchases in excess of 80 acres and not be charged for it. Not surprisingly, the citizenry did not always want to be held responsible for bad decisions or runaway dreaming.

Surely there was no shortage of inspiration for dreaming. Government land policy had promised very cheap or free land since the days of Andrew Jackson; and the Pre-emption Act of 1841, the Homestead Act of 1862, and the Timber Culture Act of 1873 helped make this a reality.<sup>21</sup> In the words of Ray Allen Billington, "All the world knew that a bountiful government would award honest enterprise with priceless grants . . ." <sup>22</sup> Yet again, thinking of Douglas North's earlier caveat, the high sounding rhetoric assumed that all were competent players.

### A Wonderful Illusion

A number of developments created an *illusion* of civilization on the Plains that was more *imagined* than real. The presence of railroads, for example, meant that America's largest corporations had made a commitment to the prairies, encouraged by incentives from the U.S. Congress. Telegraph lines had a similar impact. Surely these technologies were harbingers of modern America and many other good things to come. The appearance of *Rand McNally Atlases*, beginning in 1876, provided impressive maps that featured railroads and towns. What is more, the atlases included railway timetables and brief stories about each town, accompanied by rose-colored estimates of their population. The subtle or subliminal suggestion created by these maps was that social and economic development was so well established on the Plains that anyone could readily catalogue and quantify it.<sup>23</sup>

Railroad advertising designed to sell lands in the West was never regulated for its truthfulness or realistic content. Manifest Destiny, the glib creation of a newspaper editor, ultimately provided westward motion with Divine sanction. The Mexican War and the gold and silver strikes taught Americans that the West was more than The Great

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American Desert. Francis Parkman, Owen Wister, and other writers stretched the literary imagination to the West. Thus, the American people, ever awash in optimism, got all the encouragement they needed to open the grain belt of the Great Plains.<sup>24</sup>

### Getting Back to the Question

Returning to the political or emotional side of the issue raised by this paper, how does anyone suggest to someone that their home state was, to some extent, fabricated out of thousands of questionable decisions in agricultural economics? Realistically, given what we know about buoyant 19th century Americans, their lust for land in the West, and the westward thrust inherent in the transcontinental railroads, there was probably no politically attractive way to stop this trek into the trans-Mississippi West. At the same time it seems reasonable to ask whether this migration might have been tempered? Most of the known influences, already cited, were *accelerants*. Could anyone, or any policy, or an amended Homestead Act have served to in any way *mitigate* the movement?

### Consider a Modest Alternative

Data for the 18 years between 1863 and 1880 reveal that homesteads were filed on 469,000 tracts.<sup>25</sup> Simple math produces an average of 26,000 filed each year. By contrast, suppose the filings had been limited in number—let us suggest for the purpose of argument—to 15,000 per year. Is it possible that in a more competitive context that only the more capable and confident “tillers of the soil” would have forged ahead? Is it possible that by placing a cap on the number of filings, less capital and labor would have been drawn away from industrial expansion? Finally, is it possible that limitations would have delayed the ravages of overproduction? Perhaps the best answer to all three questions is yes! Admittedly, the thought of delaying any of this westward push might have been the political equivalent of “thinking the unthinkable,” and yet the idea has merit. (Roughly half a century did elapse between the Louisiana Purchase and the Lewis and Clark expedition on the one hand and aggressive settlement on the other.)

### Alas, Cheap Food for the East

Parenthetically, just as the United States was the only nation without a master plan for railroad development, so too there was no master plan for settling the West. Indeed, had Canada been acquired in the War of 1812 or some time thereafter, settlement patterns might have looked very different. From a macro perspective, however, adding acreage under the plow in the Trans-Mississippi West in the second half of the 19th century was hardly a good idea; unless you view the pioneers as a *colony* of the East—people intentionally sacrificed by rapacious financial and industrial capitalists in the name of cheap food and resource gathering for the East.<sup>26</sup> For some, cheap food for the East might justify exploiting another region.

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By criticizing behavior that might have been difficult or nearly impossible to alter, this essay runs the risk of sounding a bit ahistorical. The essayist is also aware that decisions to migrate were frequently made on a family to family basis without the aid of a financial consultant or an economist.

The hearty folks that settled Nebraska, and the Dakotas, and perhaps other parts of the Plains, were not the first, nor would they be the last to plunge into the wilderness in a spirit of rugged individualism and then turn 180 degrees and ask the government to make their world viable. They surely felt justified in their request. Thus, the tone of the Grange, the Farmers' Alliance, and the Populist Party was that of injured parties. They simply did not want to be held responsible for their own decisions. After all, they were good Americans with Divine sanction to tame the frontier. Some of their descendants are still with us today—in recent decades they have become known to the larger culture as “welfare cowboys”—farmers and ranchers whose only hope of survival is a federal check. And yet, even this is changing.

### The same Region after 150 Years of Sweat Equity

*US News and World Report* for May 7, 2001 reported the startling and grinding depopulation of portions of today's Great Plains in an article entitled: “A Broken Heartland.” The thrust of the article is remarkably simple: a region that sometimes seemed hostile to human habitation in the 1860s seems equally forbidding in 2001. “Nearly 60 percent of the 429 counties on the Great Plains lost population in the 1990s, according to . . . new census data.” The story underscored the “degeneration of a large swath of this country's midsection—covering a 317,320 square-mile area spread over parts of . . . ten states.”<sup>27</sup> Perhaps Hamlin Garland said it best, while looking back on his trip west in 1887: “The farther I got from Chicago. . . . The houses, bare as boxes, dropped on the treeless plains . . . and the towns mere assemblages of flimsy wooden sheds with painted-pine battlement, produced . . . the effect of an almost helpless and sterile poverty.”<sup>28</sup> Robert Louis Stevenson, looking at Nebraska in 1879, asked poignantly, “What livelihood can repay a human creature for a life spent in this huge sameness?”<sup>29</sup> Dare anyone begin to believe the evidence?

### Conclusion

This brief essay serves to reiterate some well-established truths: the opening of the trans-Mississippi grain belt in the 19th century generated more than a little anxiety, frustration, and grief for those who settled—in addition to being a source of overproduction and a drag on industrial expansion. On the positive side of the ledger, the adventuresome had a opportunity to pursue their dreams; and, when the dust settled, the easterner found himself with an abundance of cheap food! This ultimately led to the charge that the Plains had been exploited as a *colony* of the East.

Let the record show that today this same region—from well east of the 98th merid-

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ian to the Mississippi—is failing to support a population outside of a few large cities, and this is unlikely to be significantly altered, even by the wildly generous farm bill of 2002. In sum, is it possible that there would have been some wisdom in a more tempered and controlled movement to the Plains some 150 years ago?

### Notes

1. A recent discussion with a farmer who had spent several years raising corn and soybeans in northern Iowa taught me that there really is no such thing as “overproduction.” He reminded me that drought or pestilence could eliminate alleged overproduction very quickly. He went on to add that he was pretty sure there had never ever been overproduction at any time in our history. This same source was thoughtful enough to also point out that that was no such thing as a “farm subsidy” from Washington. He admonished me to substitute the words “cheap food” for farm subsidy. Conversation with Rich Murphy, Lancaster County, Pennsylvania, August 26, 1999.

For a more academic discussion of “overproduction” see Ray Allen Billington, *Westward Expansion: A History of the American Frontier* (New York: The Macmillan Company, 1963), 726. Billington points out that western farmers viewed the concept of overproduction as a fabrication of eastern experts. The real problem was underconsumption—“eastern workers starved because bread prices were too high.” In reality, in some respects the issue was global: “All over the world—in Canada, Australia, New Zealand, and the Argentine—fertile new lands were becoming agriculturally productive.” See Ross M. Robertson and Gary M. Walton, *History of the American Economy* (New York: Harcourt, Brace, Jovanovich, 1979), 284.

2. Fred A. Shannon, *The Farmer’s Last Frontier: Agriculture, 1860-1897* (New York: Harper and Row, 1945), 46. See Stephen O’ Connor, *Orphan Trains* (Boston: Houghton Mifflin, 2001), xvii. Between 1853 and 1929 some 250,000 orphans travelled to foster homes.

3. *Historical Statistics of the United States: From Colonial Times to 1957* (Washington: U.S. Government Printing Office, 1961), 239.

4. *Ibid.*

5. *Ibid.*, 285.

6. Shannon, 9.

7. Douglas C. North, *Growth and Welfare in the American Past* (Englewood Cliffs: Prentice-Hall, 1974), 136.

8. Robert Cherny, *A Righteous Cause: The Life of William Jennings Bryan* (Boston: Little, Brown and Company, 1985), 30.

9. *Historical Statistics*, 544, 545.

10. Billington, 708.

11. Cherny, 30.

12. See Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963) and George B. Tindall and David E. Shi, *America: A Narrative History* (New York: W.W. Norton, 1999), Volume II, 1015.

13. Shannon, 184.

14. Gary Walton and Hugh Rockoff, *History of the American Economy*, 8th edition (Dryden Press, 1998), 332.

15. Shannon, 189.

16. Allan G. Bogue, *Money at Interest: The Farm Mortgage on the Middle Border* (New York: Russell and Russell, 1955), 29, 47, and 61.

17. *Ibid.*, 274.

18. *Ibid.*

19. *Ibid.*

20. North, 127.

21. Bogue, 275.

22. See Billington 698, 699, and 704. In reality, however, there were times in the 19th century when

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the U.S. Congress was more interested in acquiring land than distributing it. Furthermore, Congress was often far more interested in the defense implications of new lands than their economic development. See Vernon Fowke, "National Policy and Western Development in North America," *Journal of Economic History*, Vol XVI, 1956, No. 4, 461- 481.

23. John Rennie Short, *Representing the Republic, Mapping the U.S., 1600 - 1900* (London: Reaktion Books, Ltd., 2001), 222- 227.

24. For a few fascinating views on "outcomes" see Morton Rothstein, "A British Investment in Bonanza Farming, 1879 - 1910," *Agricultural History*, Vol. 33, No. 1 (April, 1959), 72-78 and Alan and Margaret Bogue, "'Profits' and the Frontier Land Speculator," *Journal of Economic History*, Vol. 17, No. 1 (March, 1957), 1 - 24. Robert A. McGuire in "Economic Causes of Late-Nineteenth Century Agrarian Unrest: New Evidence," *Journal of Economic History*, Vol 41, No. 4 (December , 1981), 835 - 849 found a positive correlation between "economic instability in agriculture" and the "location and intensity of agrarian unrest" for 14 northern states between 1866 and 1909.

25. North, 123.

26. For a fully developed argument on this theme see Gerald D. Nash, *The Federal Landscape: An Economic History of the Twentieth Century West* (Tuscon: University of Arizona Press, 1999.) See also Douglas Dowd, "Economic Development in the West and South," *Journal of Economic History*, Vol. XVI, 1956, No. 4, 558 - 574. Let the record show that in 1956 the Economic History Association devoted their entire program to "The American West As An Underdeveloped Region." By underdeveloped they meant the region had not exploited their resources to the fullest. Gerald D. Nash writing in *Creating the West* (Albuquerque: University of New Mexico Press, 1991) 102, observed that "between 1945 and 1960 regional historians regarded the West as America's Third World, much like other underdeveloped regions abroad."

27. Jeff Glasser, "A Broken Heartland. Nothing Manifest About the Destiny of Small Towns on the Great Plains," *US News and World Report*, May 7, 2001, 16-22. Reinforcing this story, the National Trust for Historic Preservation reported on July 12, 2001 that over "400 of North Dakotas 2,000 prarie churches are vacant and poorly maintained, and at risk of falling apart . . ." [C:eudora\attach\win.jpg](#) (local) - Microsoft Internet Explorer. It should also be noted, for the historical record, that the great military-industrial boom that came to the West during World War II and thereafter, took place roughly between Colorado Springs and San Diego—in essence skipping over the Plains.

28. Hamlin Garland, *Main-Travelled Roads* (New York: New American Library, 1962), ix.

29. Robert Louis Stevenson, *Across the Plains*, see Saxe Commins (editor) *Selected Writings of Robert Louis Stevenson* (New York: Modern Library, 1950.)