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South Dakota Town-Country Trade Relations: 1901-1931

P.H. Landis

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Department of Rural Sociology

**Agricultural Experiment Station of
the South Dakota State College
of Agriculture and Mechanic Arts
Cooperating with the Bureau of Agricultural Economics
United States Department of Agriculture
Brookings, South Dakota**

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South Dakota Town-Country Trade Relations 1901-1931

Paul H. Landis
South Dakota State College

I. Introduction¹

The Period and Its Changes

The thirty-year period covered by this study has been one of considerable change in standards of living, in farm and domestic economy, in means of transportation, and in communication. These changes, and others, are reflected in the merchandising enterprises of South Dakota towns.

Both rural and urban population here, as in all sections of the country, are increasingly dependent on the merchant and retailer for luxuries and for the necessities of life.² With the higher standard of living a desire for variety in foods and clothing, luxuries and decorations, and even for styles and models in the field of practical devices, is noticeable. Although it is usually held that urban life has been more affected by these changes, one cannot escape the conclusion that rural peoples have been participants in the ambition for the "latest" in every manufactured device.

This age is one of increased mobility, due to advances in the modes of travel. The bicycle had its day in the nineties, and was followed by the automobile. Automobiles were just beginning to appear in the early part of the century. Now their number has increased to 205,172 for the State (1930)—a little more than one automobile (1.3) for every family in South Dakota.³

With the auto has come road building. New trade centers have located on the chief highways. Many on the less-traveled roadways disappeared. Several hundred miles of railroad have been built in this thirty-year period. The railroad likewise has marked the path of the developing trade centers—conversely determining the decline of others.

One can hardly appreciate present South Dakota trade relations without having this historical perspective. Of the 670 trade centers that now exist in the state, only 370 have a history that extends back to 1901.

With the development of new products new types of stores have arisen to handle them. In 1900 not a filling station, garage or an auto sales room could have been found in the most advanced city in the state. At that time livery barns occupied a place of importance and hitching posts, rather than yellow lines, marked the parking place. The modern town has become the servant of the automobile. Filling stations, garages, tire shops, paint shops, top shops—all have increased with amazing rapidity for 20 years. Now for autos there is free air, free crank-case service, free windshield wash, free tire-mounting service, and free battery service. One

1. The author is indebted to Prof. W. F. Kumlien, Head of the Department of Rural Sociology, South Dakota State college, for making preliminary plans for this study, and for a critical reading of the manuscript.

2. Zimmerman, Carle C., *Farm Trade Centers in Minnesota, 1905 to 1929*, Minn. Agr. Exp. Sta., Bul. 269, pp. 5-6; Kolb, J. H., *Service Relations of Town and Country*, Wis. Agr. Exp. Sta., Bul. 58, pp. 9-10.

3. Includes all autos, pleasure and commercial.

can buy repair work by the month, and pay for parts while they are wearing out. South Dakota now has between 2000 and 4000 business establishments that serve auto drivers.⁴

Merchandising was far different in the early nineteen hundreds of South Dakota history. Shoe stores were "boot shops" then, and most women's clothes were simply "dry goods." Now "women's ready-to-wear" stores are found in all the larger towns. As for women's hats, they too are for the most part factory made, and the old-fashioned millinery shop which made and decorated its own bonnets has long since lost prestige. The tailor and haberdasher have not fared well. There were 73 tailoring establishments in 1900; there are 74 now, and this in the face of a 73 per cent population increase. Conversely, stores selling men's ready-made clothes have increased 100 per cent.⁵

Washing machines have become popular in South Dakota since 1900, to the extent that 17 stores in the state now deal primarily in washing machines, not to mention the numerous hardware, general and department stores that carry them in stock.

The old cross-roads general store which sold everything from nursing bottles to spectacles has had a most interesting career. In urbanized centers it has given place to more-specialized retail or department stores. In South Dakota, however, there are many sparsely-populated spaces where such a store is an asset. The general store stock now includes the gasoline pump and pop and ice cream to satisfy the tourist trade. So approximately 1130 general stores remain today.

Bakeries and grocery stores have grown altogether out of proportion to expectancy, indicating that the baker's loaf and the store's canned, boxed, and ready prepared foods have gained popularity even in a rural state—and no doubt to some extent even among the farm people. Bakeries have increased nearly 300 per cent, and grocery stores over 200 per cent since 1901. The South Dakota restaurants have also shared the benefits of this new desire for "prepared things", and have increased almost 200 per cent while the population of the state increased only 73 per cent.⁶

Merchandising is an index of the shifting of home enterprises to factory, wholesaler, and merchant. The pantry is gone from the modern home. The reserve food supply is kept on the grocer's shelf. The laundry, the bakery, the creamery and the restaurant all point toward declining home industry.

With the high cost of living has come a high cost of dying, for one who demands a high standard of living must also be provided with a "decent" burial. Undertakers' business establishments have grown from 37 to 178, or around 425 per cent. Monument works have more than kept pace, having increased from 2 to 17.⁷

In certain fields of decorations and luxuries there has been considerable growth. Antique shops have increased noticeably. Photography, on the other hand, is a losing art; there are no more photographers than supplied the demand in 1900. Larger volume may be a factor, but the inexpensive

4. See Table 1, pp. 16-17.

5. *Ibid.*

6. Changes in economic aspects of the American home have been studied by W. F. Ogburn. See "The Changing Home," *Pub. of Am. Soc. Society*, 23: 124-133. See Table 1, pp. 16-17 of this study for trends in this state.

7. See Table 1, pp. 16-17.

camera making possible home photography doubtless is the chief cause. Music stores, too, for the sale of musical instruments and sheet music are giving way to the radio shop. One hundred thirty-two new stores for radios are found in the state.⁸

The South Dakota sweet tooth has expanded. Confectionery, candy, and ice cream stores have increased almost twice as rapidly as the population, while pool and billiard establishments have increased almost 300 per cent. Soft drink parlors have increased from four in 1900 to 64 in 1931. All of these institutions have in part replaced saloons, which numbered 376 in 1900 and 421 in 1911.⁹ Their development also suggests a tendency for recreations to shift from the home to commercial institutions.

Chain stores have increased 220 per cent in thirty years. National chains in the retail selling of groceries and clothing and the chain department store, have entered all the larger trade centers of South Dakota during the last ten years, as have five and ten cent or other variety stores. Ten years ago and previously the chains were largely lumber yards and elevators.¹⁰

This period of history includes the land boom. Such a boom has affected all the central western states at some stage in their history.¹¹ Over-selling, or discoveries of mineral resources brought them a greater population than their resources would support. Then came periods of drought or adverse weather conditions of other types, followed by the dwindling of population and the disappearance of towns.

In South Dakota the speculative period in town building came late. Towns sprang up rapidly previous to 1911. They survived for a time when nature was generous. When adverse conditions came many dwindled away.¹²

These social movements and cultural changes suggest the dynamic nature of town-country relations. The relation of a town toward its hinterland, and the relation of the farmer to his town is a changing one. How have the changes of the last thirty years modified the relation of the farmer to his town, and the town to its tributary population?

8. *Ibid.*

9. *Ibid.*

10. See Part IV.

11. Folwell, W. W., *A History of Minnesota*, Vol. 1, Minnesota Historical Society, 1921, pp. 362-364, shows that the most intense speculation in Minnesota lands and town sites preceded the panic of 1857. Between 1855 and 1857 at least "seven hundred towns were plotted into more than three hundred thousand lots — enough for one and a half million people." The after-math of this over-development he graphically described as follows: "The panic struck Minnesota with extreme violence. The Eastern banks and other creditors called their loans. What money could be reached was shipped to them. There were no consignments of produce or merchandise to draw against, and there were no credits in favor of Minnesota. Eastern exchange rose to ten per cent. Everybody was in debt, and the territory was literally emptied of money. Business ceased, banks closed their doors, merchants suspended or assigned. Holders of property desiring to realize dropped their prices. City lots became virtually valueless. Thousands who had believed themselves wealthy soon found themselves in actual bodily need. The lawyers were busy with foreclosures, the sheriffs with attachments and executions. The floating population of speculators began to look for other scenes of operation and left the cities and towns none the worse for a numerous exodus. The historian of St. Paul, J. Fletcher Williams, then resident, is authority for the statement that the population of that city fell off almost fifty per cent."

12. Fig. 4, pp. 12-13.

Plan of Study

The Problem.—The town and its hinterland are permanently bound together by two distinct types of ties, (1) the geographical, (2) the cultural.

The basic factor in the geographical tie is space or distance.¹³ Other things being equal the nearest town is the farmers town, and the nearest surrounding territory the hinterland from which the town draws its business.

The basic factor in the cultural tie is trade¹⁴. The town is literally a trade center. This is its primary excuse for existence in our present organization of rural-urban life.¹⁵ There are many other cultural ties aside from trade that make the interests of the town and its tributary area one, such as the high school, the church, the hospital, the library, and the movie, as has frequently been shown in studies of these institutions.¹⁶

While the trade center is bound to its rural area by spatial and cultural ties, changes may come to radically modify this relation. Moreover, changes have come during the last thirty years that have radically modified the relationship between the trade center and the rural district. It is proposed here to study the effects of selected geographical and cultural changes (changes in the life habits of the population) on the mutual relations of town and country.

Sources of Data.—The commercial ratings of business enterprises published by the Bradstreet company, one of the rating agencies, was the basic source of data.¹⁷ The volumes used were the October ratings for the years

13. Kolb, J. H. *op. cit.*

14. Taylor, C. C., *Rural Sociology*, p. 431.

15. Where the farmers live in town and till the surrounding countryside, as in some European counties, this would not necessarily be true. See Zimmerman, C. C., *op. cit.*, p. 4, for a diagrammatic presentation of various systems of rural-urban organization.

16. Kolb, *op. cit.* Part II. For a comprehensive treatment of rural-urban relationships in South Dakota see the following bulletins by W. F. Kumlien:

High School Education of Farm Boys and Girls in South Dakota, (S. D. Agr. Exp. Sta., Bul. 250), which shows that most high school education is now carried on in the urban center and supported mutually by the town and the rural hinterland surrounding; **The Rural Health Situation in South Dakota**, (S. D. Agr. Exp. Sta., Bul. 258), which shows that hospitalization is a characteristic of the trade center only and not of the rural districts and also that doctors reside in the population centers. This means that for health care the surrounding rural environment is dependent upon its town, and conversely that the hospital is dependent for a portion of its trade upon the farmers in the surrounding territory; **Equalizing Library Facilities in South Dakota**, (S. D. Agr. Exp. Sta., Bul. 233), which shows that libraries for the most part are in towns, and also that certain libraries have been organized on the county basis, taking into account the needs of the rural population for such reading materials as the library affords.

The problems of rural recreation and religion have not been studied in South Dakota, but one is safe in assuming that much of the recreation and amusement is at present basically a village, town or city function. This is especially true of commercialized recreations such as the movie, dance hall, pool hall, etc. A study of religious and recreational agencies in North Dakota by E. A. Wilson, Bul. 221, **Social Organization and Agencies in North Dakota**, 1928, indicates that religious and recreational, as well as educational and health facilities are more adequately distributed in urban than in rural districts. The condition with regard to churches and recreational facilities would not be far different in South Dakota. South Dakota still has rural churches. Nevertheless, it is probably true that to a great extent the church institution, and ministers, are located in the city and many country people go to town or city for worship. Observation and preliminary studies in this state indicate that Catholic and Lutheran rural churches are the general exception to this trend.

17. A statement on the usability of the Bradstreet data was prepared, but space prevents its inclusion. Those desiring information on this point are invited to communicate with the author. C. C. Zimmerman gives a brief note on the reliability of the Bradstreet data. See, **Farm Trade Centers in Minnesota**, *op. cit.*, pp. 8-9. See also C. E. Lively, **Growth and Decline of Farm Trade Centers in Minnesota, 1905-1930**, Minn. Ag. Exp. Sta. Bul. No. 287, pp. 15-20.

1901, 1906, 1911, 1916, 1921, 1926 and the January ratings for 1931. The material, then, covered approximately a thirty-year period at five-year intervals.

Supplementary sources were: Federal and state census reports for census years since 1900. The federal census appears on each decade—1900, 1910, etc. The state census is also by decades, but comes 1905, 1915, etc.; thus the two series used together give an authoritative tabulation of population in incorporated places for every fifth year. Bradstreet's population figures were used for unincorporated places.¹⁸ Correspondence with headquarters of large firms brought information regarding the dates of establishment of each of their units in the state. The State banking department and the Security National Bank of Brookings supplied data on the development of chain banks; the state treasury department furnished lists of all bulk gasoline dealers in the State.

Method of Procedure.—First, a list of all trade centers in the state at five year intervals from 1901 to 1931 was compiled from Bradstreet's commercial ratings. The trade centers were grouped into population classes. They were then located on spot maps, a different symbol being used for the different sized trade centers. These maps for the respective periods indicated the territorial shifting of towns during each five-year interval. They also indicated the density of trade centers in various parts of the state.

Second, all mercantile enterprises in the state were tabulated on the authority of the Bradstreet lists for every tenth year, 1901 to 1931. For tabulating and classifying types of mercantile units in various towns a tabulation sheet similar to the outline of Table 1, (see page 16) was prepared. The reader should note the sub-classifications under each major head, for this is the standard form used in sections II to V of this bulletin.

This classification system is not perfect.¹⁹ It is based on the assumption that business enterprises can be grouped functionally into logical classes. Certain of the sub-classes might well have been included elsewhere. For instance, radio stores might have been classed as "communication" rather than as "luxury." It is simply a matter of making an arbitrary classification with this and several other items that might logically have been placed in two or more classes, and of following it consistently throughout the study.

The term "duplicate," as used in the outline, refers to any store which conducts enterprises that are listed under two of the major headings on the classification sheet. For instance, if a store is a grocery store and drug store combined, it is tabulated under both headings, "food" and "medicine and health," and also as a "duplicate." There is another type of duplicate which this study does not take into consideration. Frequently a store conducts two types of enterprises listed under one major heading—for instance, lumber and fuel. This would not be considered a "duplicate" and would be listed only under lumber, since both lumber and fuel are considered under the general topic of "shelter and building."

18. The State and United States census reports do not list unincorporated places. Bradstreet's figures for these places are more in the nature of estimates than actual counts.

19. The 1930 United States census presents material for the first time on Retail Distribution in the State. The census data are presented according to a classification scheme in many respects similar to the one presented here, and which it would have been desirable to use had it been available when this study was begun. However, the census reports did not appear until this study was completed according to the plan here presented. See *State Series, Retail Distribution, South Dakota*, published in 1932.

Third, after this tabulation was complete it was possible to shuffle the classification sheets into groups on the basis of the number of people in the respective trade centers, or on the basis of the number of mercantile units in each trade center. Both types of classification were used. In each section the classification system used is indicated.

These data made it possible to trace changes in merchandising over the thirty-year period, and also to tell whether these changes were affecting the large and small trade centers differently. By comparing mercantile enterprises in counties with urban centers with counties where there are no urban centers, it was found that certain rural-urban differences maintain.

Definitions of Terms

Trade Center.—A trade center is any sort of hamlet, village, town or city which has one or more business units. A single store at the crossroads is a trade center, as well as the largest city in the state with more than 500 trade units. The question of incorporation is not considered, as it has no bearing on trade relationships. Many of the trade centers studied are not incorporated, nor are they listed in the state or federal census reports. The trade center need not have any resident population.

The inclusion of a trade center in each case is based on its listing in Bradstreet's Ratings. All towns listed in these ratings are considered trade centers, with one exception. In the earlier Bradstreet volumes, names of places are given which have post offices but no mercantile units. Since 1918 they have dropped this practice, and are listing only those towns which have one or more mercantile units. In order to be consistent in dealing with the data for various years, only those trade centers which had some business unit were considered.

Trade Unit.—A trade unit or business unit is any mercantile enterprise, whether a branch of a chain store, or an individually owned and locally managed store. The study is confined to those business enterprises which sell merchandise. Barbers, produce station operators, livestock buyers, draymen, etc., are not included, except when they carry merchandise as a part of their activities. Contractors are one exception; since they do considerable buying from wholesalers, and frequently sell materials, they are listed in Bradstreets.

The study covers a few special services which are not mercantile. Bradstreets, under the name of each town, indicates whether it has a railroad, telegraph company, express company, post office, or bank. In the list of ratings, local telephone companies are found as well as hotels, though they are not mercantile in character. All of the above are included as trade units.

Chain Store.—A chain store as used in this study is a store operated in a local trade center with a parent branch in control of capital and management at some other point.²⁰ Bradstreets indicate that a store is a branch unit of a chain by including in parenthesis a reference to the par-

20. Zimmerman, C. C., defines a chain store as follows: "A chain organization obviously is a series of two or more units upon the same level and in the same business and which are related to each other as follows: 1. There is a tendency for inter-ownership and inter-control. 2. The inter-control tends to lead to standardization of business methods from unit to unit. 3. Inter-control and standardization of business methods enables the individual units to concentrate more closely about the average efficiency of the whole system than is the case of the unit stores. 4. These gains in higher average efficiency, if there be such, along with others supposed to accrue to greater bargaining power, may be used as a competitive weapon to secure more business." *op. cit.*, pp. 34-35.

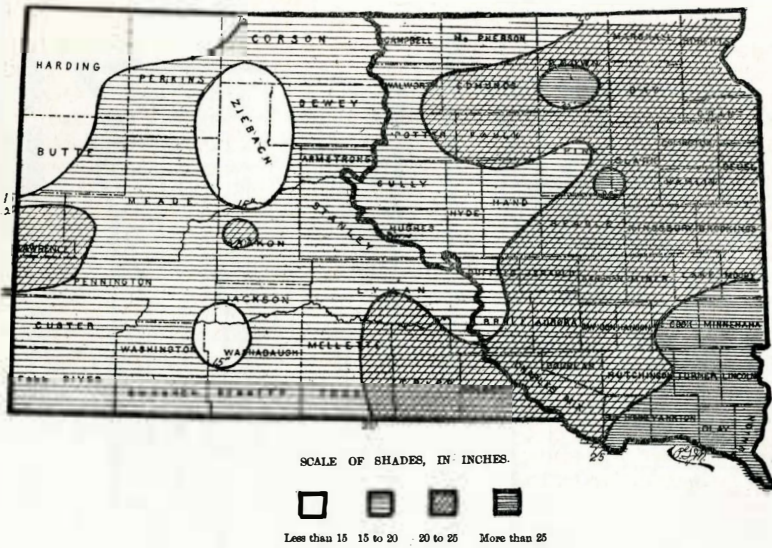


Fig. 1.—Normal annual precipitation for South Dakota. (Authority: U. S. Department of Agriculture, Weather Bureau. Based on periods ranging from 6 to 48 years.)

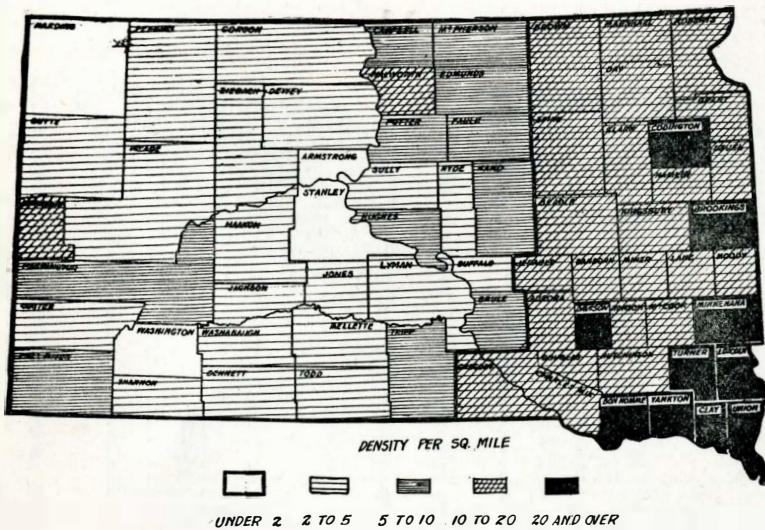
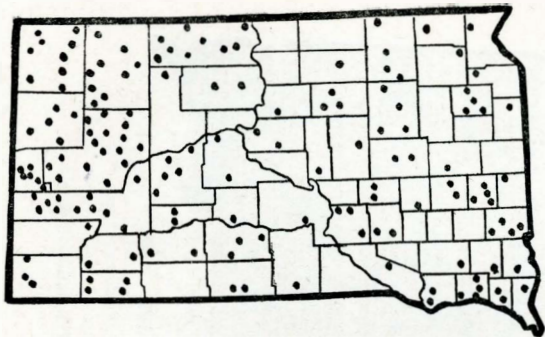
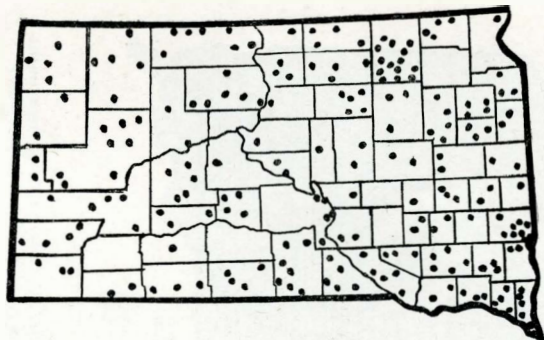


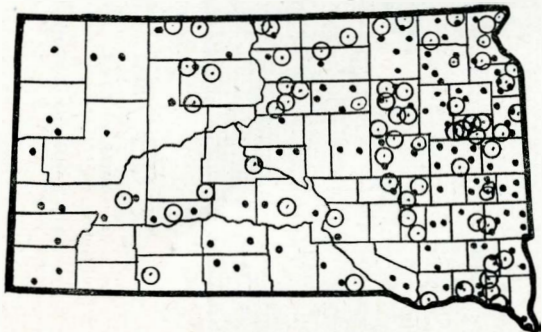
Fig. 2.—Density of South Dakota Population in 1930.



• 159 TRADE CENTERS WITH 1 BUSINESS UNIT

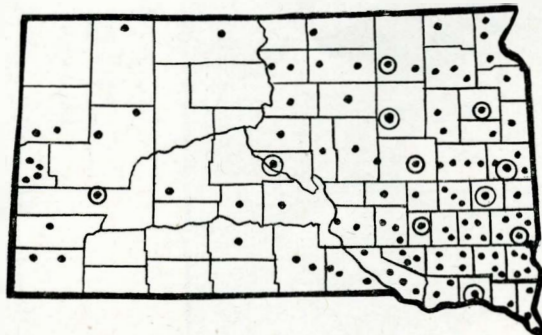


• 218 TRADE CENTERS WITH 2-9 BUSINESS UNITS



• 117 TRADE CENTERS WITH 10-19 BUSINESS UNITS

○ 68 " " " 20-29 " "



• 97 TRADE CENTERS WITH 30-99 BUSINESS UNITS

◎ 11 " " " 100 OR MORE BUSINESS UNITS

Fig. 3.—Territorial distribution of trade centers classified according to number of business units, 1931. (Each symbol marks the location of one trade center.)

ent unit. For instance, a branch unit of a chain in Redfield with the parent unit in Sioux Falls would be listed and followed by "See Sioux Falls". Parent units are not considered chains. Furthermore, the "special services" covered by the study are not chains. They are: railroad stations, express offices, post offices, and telephone companies. They are more or less in the nature of public utility monopolies and usually have not been thought of as chain units in the ordinary sense of the term.

Stores which represent a particular branch of wholesaler's merchandise, although locally owned and operated, are not considered chains. For instance, a car dealer who sells exclusively one wholesaler's products is not a chain dealer, for he owns and controls his local business enterprise.

II. Factors in the Territorial Distribution of Trade Centers, 1901 to 1931

Geographical Factors

South Dakota presents wide differences in geographical characteristics, especially in climate and soil. It is apparent that these differences are reflected prominently in town growth.

The eastern part of the state is a glaciated area with a fertile, fairly well-watered soil, while the West-river area is more arid, lending itself chiefly to grazing.¹ Rainfall ranges from 20 to 25 inches or a little above in the eastern part of the state, while the western two-thirds has under 20 inches, with some areas falling below 15 inches.

Fig. 1 shows the annual precipitation in South Dakota; Fig. 2 the density of population in the various counties, and Fig. 4 (see pages 12, 13) the distribution of trade centers in the state. These three maps indicate clearly that the areas of heavy rainfall, dense population, and numerous trade centers are approximately the same, while the areas of little rainfall are characterized by sparse population and few trade centers.

The overlapping of areas of meagre natural resources and sparse populations indicates that there is probably a limit to the population a particular area will support under given conditions of economic development. In this case rainfall seems to be a deciding factor. Naturally population density correlates with the number of trade centers an area can support, since it requires a certain minimum population to support any business unit.²

The geographic factor seems, then, to have a direct bearing upon the size of and distance between towns. A study of trade centers, classing them according to the number of business places in each, shows this fact even more conclusively.

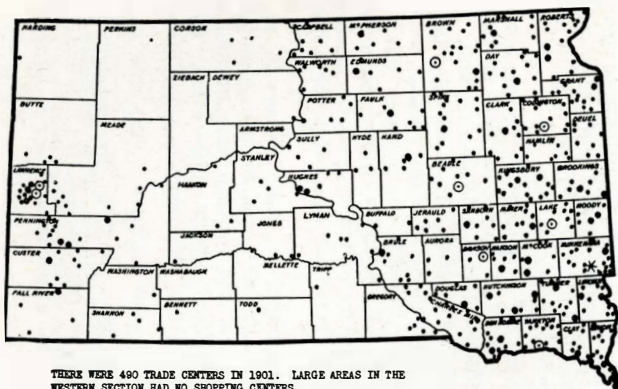
Fig. 3 shows the location of all contemporary trade centers in the state grouped according to the number of resident merchandising units.³ One-trade-unit centers are characteristic of the western part of South Dakota, although there is a scattering throughout the entire state. The central section bordering the river has fewer of this type than any other

1. See Rogers and Elliott, *Types of Farming in South Dakota*, S. D. Exp. Sta., Bul. 238.

2. See Table 7 of this bulletin for proof. Also Price and Hoffer, *Services of Rural Trade Centers in Distributing Farm Supplies*, Minn. Agr. Sta., Bul. 249, p. 12; Hoffer, C. R., *A Study of Town-Country Relationships*, Mich. Agr. Exp. Sta., Spec. Bul. 181, p. 6.

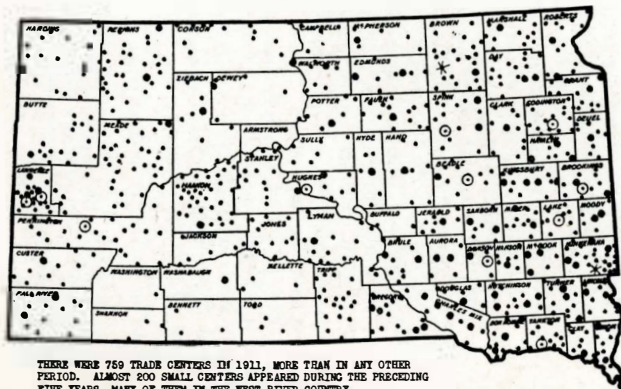
3. This part of the study omits the "special services"—post offices, express, and railroads. Classifications are based on strictly merchandising units. This permits a more exact comparison of the smaller centers.

1901



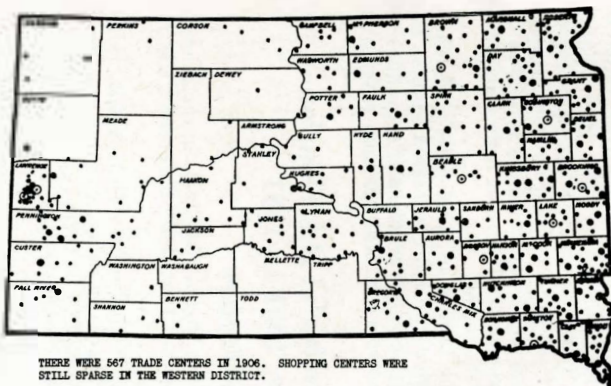
THERE WERE 490 TRADE CENTERS IN 1901. LARGE AREAS IN THE WESTERN SECTION HAD NO SHOPPING CENTERS.

1911



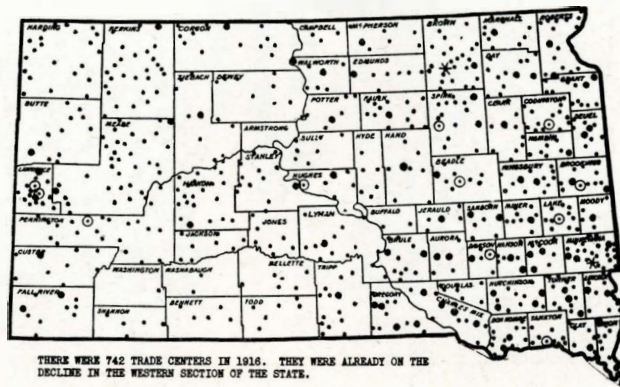
THERE WERE 769 TRADE CENTERS IN 1911, MORE THAN IN ANY OTHER PERIOD. ALMOST 200 SMALL CENTERS APPEARED DURING THE PRECEDING FIVE YEARS, MANY OF THEM IN THE WEST RIVER COUNTRY.

1906



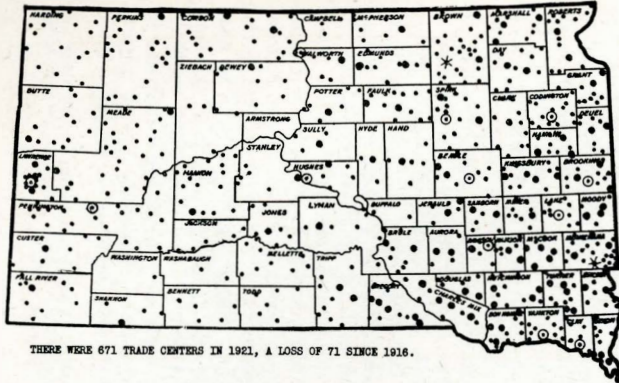
THERE WERE 567 TRADE CENTERS IN 1906. SHOPPING CENTERS WERE STILL SPARSE IN THE WESTERN DISTRICT.

1916



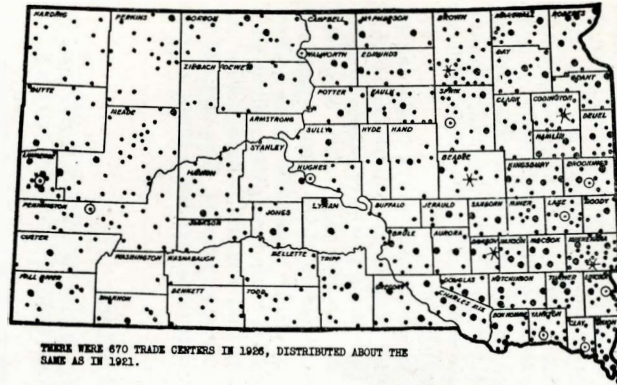
THERE WERE 742 TRADE CENTERS IN 1916. THEY WERE ALREADY ON THE DECLINE IN THE WESTERN SECTION OF THE STATE.

1921



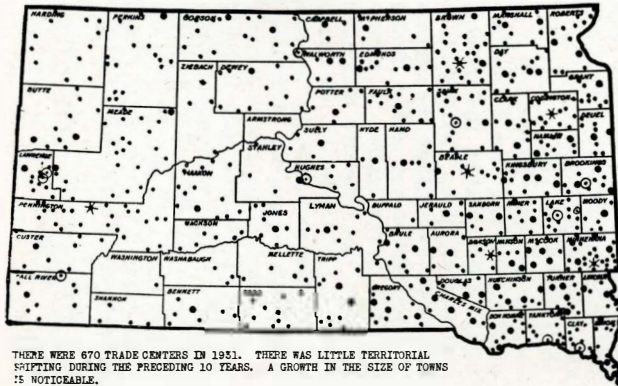
THERE WERE 671 TRADE CENTERS IN 1921, A LOSS OF 71 SINCE 1916.

1926



THERE WERE 670 TRADE CENTERS IN 1926, DISTRIBUTED ABOUT THE SAME AS IN 1921.

1931



THERE WERE 670 TRADE CENTERS IN 1931. THERE WAS LITTLE TERRITORIAL SHIFTING DURING THE PRECEDING 10 YEARS. A GROWTH IN THE SIZE OF TOWNS IS NOTICEABLE.

KEY

- * 10,000 POPULATION AND UP
- 2,500 TO 9,999 POPULATION
- 500 TO 2,499 "
- UNDER 500 "

Fig. 4.—Shifting in location of South Dakota trade centers at five-year intervals, 1901-1931.

part. Trade centers of from two units up to more than two hundred are located chiefly in the eastern section though centers with from two to nine units are found in most of the counties west of the river. Very few trade centers of 10 or more business places are found in the western and south central parts of the state. Of the eleven larger cities, with over one hundred trade units each, all but one are located east of the river, though the territorial areas east and west of the river are approximately equal. It is interesting to note that many trade centers with less than 10 business units still survive in the eastern part of the state.

Areas differ markedly with regard to accessibility to a trade center. In the southeastern part of the state trade centers are numerous, so that rural families have within easy driving distance a choice of places to shop. They may go to the cross road store, to the nearby small town, or a little greater distance to a larger trade center where their most epicurean desires may be gratified. In the most sparsely populated areas a farm family may be several miles from the nearest cross road store, and at such a distance from an adequate trade center that visiting it except very infrequently is prohibitive because of the expense of travel. The only resort in such a case is the mail order house, or occasional shopping tours to meet family needs for several months ahead.

Historical Factors

There has been considerable shifting in the location of trade centers during the last thirty years. This is more true of the West-river section than of the East-river section.

Fig. 4 shows the location of all trade centers at five-year intervals beginning with 1901 and ending with 1931. It presents a graphic comparison of the different types of trade centers in the various areas of the state over this period of history. The most apparent fact is the sparse settlement of the western district up to 1905, and then the rapid appearance of small trade centers so that by 1911 they were quite numerous over this entire section. By 1916 they were less numerous than in 1911. In all successive periods there has been a gradual decline in the northwest corner. In the southwestern section the increase began in 1911 and has persisted to the present time. The eastern part has seen a progressive growth in the larger towns since the earliest period. There has been comparatively little change in any section during the last five years. This may indicate that the reorganization of towns, brought about by new means of transportation and excessive land speculation and drought has passed its climax and that towns are now reaching a position of relative stability. Even the land boom of 1919, the depression of 1920, and later events of a similar type, seem to have had little effect in reorganizing towns in South Dakota.

The explanation for the territorial redistribution of trade centers in the western part of the state is found in the climatic conditions and in new modes of transportation and travel, probably.⁴ The first decade of the century was characterized by a series of wet years in the West-river country, followed by a land boom. This was accompanied by the rapid increase in trade centers in that area. Dry years followed, with consequent migrations from the area, which registered in the decline of trade centers. Then

4. These causes are suggested, but adequate proof is not available to justify their acceptance as final. The factors in the growth and decline of trade centers are now being studied and the results will be submitted in a subsequent bulletin.

the rural free delivery came as a shock to a good many general store enterprises which depended upon the post office either because it was located in their store, or because it was the one factor in the trade center that caused people to visit the center at regular intervals. The automobile also came, making it possible to visit larger centers to the neglect of the smaller ones. Other trade centers lost out because a rival station on a new railroad took their trade.

Perhaps the most surprising trend indicated in fig. 4 is the tendency for trade centers to approach again the situation of 1901 with regard to their location. The situation of 1911 perhaps was in disregard of fundamental laws of rural-urban growth. Nature has in time corrected the error by demanding reorganization similar to the original adjustment.

III. Changing Life Habits as a Factor in Rural-Urban Trade Relations

Changes in Merchandising as Indices of Life Habits

It has been suggested that changes in the life habits may radically change the relation of town and country toward each other.¹ (See page 6.) It is necessary to know what these changes are in order to determine their effects upon town-country interdependence.

This problem is approached through a study of merchandising during the last 30 years. In the mercantile enterprises of a state one finds recorded many of the changes in a people's mode of life. It is especially true that in merchandising one finds recorded most of the changes that are vital to an understanding of the changing trade relations of town and country. With this in mind the total business enterprises in the state have been tabulated at 10-year intervals beginning with 1901, as indicated in Table 1. This table suggests numerous historical trends in business and merchandising. Some of their implications to changing life habits have already been suggested in the introduction. (See pages 3-5.)

All business enterprises made rapid increase in numbers between 1901 and 1911 with the rapid growth of trade centers. Post offices have since remained at approximately the 1911 level. Publishers have decreased slightly in the last decade. Local telephone companies increased until 1921, but have declined since, probably due to the increase in interstate companies—Northwestern Bell and Dakota Central—which now operate in 48 and 89 towns respectively.

Banks more than doubled in number during the period 1901-1911 and almost half of them have gone out of existence since 1921. A preliminary study of Bradstreet's list of business failures indicates that most of the disappearing banks failed.²

There has been a tremendous increase in the auto industry, with a corresponding decrease in number of liveries.

Interesting changes are apparent in clothing stores. Shoe stores have grown uniformly each decade. Women's clothing stores show a radical increase, while men's clothing (general clothing is also classed under men's stores have decreased slightly.

1. Zimmerman, C. C., *op. cit.* p. 16, suggests that "the development of * * * larger and more luxurious independent towns or trade centers is a measure of the material level or the material standards of living of the surrounding populations."

2. A full analysis of this problem will be made in a subsequent bulletin on **Factors in the Growth and Decline of South Dakota Trade Centers.**

Table 1.—A Summary of the Mercantile Enterprises in South Dakota for Every Tenth Year— 1901-1931*

	1901	1911	1921	1931
TOTAL TRADE CENTERS	490	759	671	670
Finance and Exchange, Total	812	1517	1599	1298
Banks and Trust Companies	259	613	694	365
Express Money Order	265	394	384	387
Money Order: Post Office	281	507	518	542
Others	7	3	3	4
Communication, Total	824	1346	1403	1368
Post Office	288	507	518	542
Publisher	256	305	306	289
Stationery Store	28	25	21	11
Telegraph	236	342	372	385
Telephone†	15	165	181	139
Typewriter Company	1	1	2	2
Others	-	1	3	-
Transportation, Total	817	1314	2657	2924
Auto Industries	-	216	1678	2065
Bicycle	17	9	3	2
Express Company	266	394	384	387
Livery (Horse)	224	220	82	13
Motorcycle	-	-	4	2
Railroad	303	467	490	437
Others	7	8	16	18
Clothing, Total	576	799	930	886
Boots, Shoes, Repair	139	157	248	292
Dry Goods	53	73	53	55
Furs	8	25	54	35
Laundry, cleaning, etc.	28	43	58	64
Men's Clothing	63	159	186	148
Millinery	206	262	217	134
Tailor (Haberdasher)	73	71	86	74
Washing Machines	-	-	1	17
Women's Clothing	2	6	21	67
Others	4	3	6	-
Shelter and Building, Total	1390	2436	2447	2295
Building materials	320	690	568	516
Contractor	25	124	130	133
Electrical Supplies	4	19	113	127
Fuel	111	227	300	286
Furniture	173	222	194	194
Hardware	319	554	515	487
Hotel	297	413	347	288
Paint and Paper	71	51	46	60
Plumbing and Heating	24	72	163	129
Rugs, Draperies	3	4	1	3
Second-hand furniture	13	13	16	20
Tinware	22	39	30	23
Others	8	8	24	29
Food, Total	857	1462	1695	2081
Bakery	41	77	98	157
Flour	60	83	64	69
Fruit	16	30	33	28
Groceries	275	321	529	847
Ice	10	15	27	26
Meats	228	449	343	291
Restaurant and Lunch	227	478	572	658
Others	-	9	29	5

TOWN-COUNTRY TRADE RELATIONS (1901-1931)

17

	1901	1911	1921	1931
Medicine, Health (Mercantile), Total	345	585	559	569
Drugs	308	446	412	376
Optician	—	10	14	15
Undertaker	37	129	133	178
Decorative and Luxury, Total	965	1554	1337	1370
Art goods, Antiques	4	8	11	36
Billiards and Pool	98	428	536	377
Books	9	11	7	8
Cigar Store	44	58	32	23
Confectionery, Candy, Ice Cream	166	222	298	382
Jewelry	142	231	187	173
Music	33	48	56	40
Monuments	2	6	9	17
Nursery and Florist	5	16	29	31
Photography	73	96	85	76
Radio	—	—	—	132
Saloon	376	421	2	—
Soft drinks	4	1	75	64
Sporting goods	2	2	1	4
Others	7	6	9	7
Produce Stations (Mercantile), Total	86	196	258	312
Elevator†	11	128	108	86
Produce, Cream Station§	33	32	94	190
Others	42	36	56	36
Farm Supplies, Total	1393	1913	1962	1818
Blacksmith	478	557	474	385
Feed, Grain, Seed	334	513	696	631
Harness, leather goods	188	264	218	186
Implements	369	575	555	576
Lighting plants	14	4	19	40
Unclassified Retail, Total	1161	1707	1649	1531
General Store	1055	1452	1279	1130
Department Store	1	4	18	71
All Others	105	251	352	330
Duplicates, Total	1195	2224	2403	2903
Wholesale and Retail	8	19	26	—
3 or more retail functions	3	64	83	131
2 retail functions	1184	2141	2294	2772
Chain Stores	299	560	786	996
Net total retail trade units	8031	12,605	14,093	13,549

* Bradstreet's Commercial Ratings, Oct. 1901, Oct. 1911, Oct. 1921, Jan. 1931, were used in tabulating business enterprises.

A few "special services" which are non-mercantile are included: They are banks, post offices, telegraph and telephone companies, and railroads. It is also necessary to emphasize the fact that not all enterprises which might be classed under these heads are given. For instance, movies are not included under "decorative and luxury" for they are not mercantile; also "medicine and health" and "farm produce" lists only the mercantile phases. The inclusion or exclusion of enterprises is based on Bradstreet's lists, which are limited to mercantile functions except as indicated. It would have been desirable from many angles to have gone into other non-mercantile services more completely, but the absence of published lists of such enterprises made such a venture impractical on a state-wide basis due to the time and expense involved.

† N W Bell, (in 48 towns) and Dakota Central (in 89 towns) are not included. Figures are for local companies.

‡ The total number of elevators in the state according to the 1931-1932 Farmers' Elevator Directory is approximately 830. Only those handling merchandise are considered here.

§ Probably the majority of cream stations do not handle merchandise of any sort, so are not listed here. A total listing of produce and cream stations in the state would probably show that there are around 1,000 such units.

The most marked decrease has been in the millinery stores. Tailor shops have remained about stationary despite population increases. Laundries have increased at a greater rate than population.

Shelter and building functions show that building material units reached their peak in 1911, as did hardware stores, and hotels. Contractors and electrical supplies have increased consistently. Food units have increased likewise. This growth has been in the field of foods ready for consumption—grocery stores, restaurants, and bakeries. Flour stores have remained about the same regardless of population increases, indicating that baking is not done in the home as much as at the earlier period.

In mercantile phases of "medicine and health," the most apparent change has been in the growth of undertaking establishments.

Decorative and luxury devices reached their peak in the decade previous to 1911. The most striking change here is the development of confectionery, candy, and ice cream stores, and of soft drink parlors, all of which increases have probably grown in part out of the disappearance of the saloon and in part from the decline of recreation in the home. It is also interesting to note that monument works have increased, and radio establishments have come to number one hundred thirty-two during the past ten years.

In the field of farm supplies the blacksmith shop passed its peak in 1911 and has perceptibly decreased during each decade since. Harness and leather goods indicate similar trends, whereas farm implements stores have reached (1931) the same numbers as in 1911. Dealers in lighting plants have increased.

General stores passed their peak in 1911 and have declined slightly since that time; department stores and specialized retail stores have taken their places in urban centers.

Chain stores have consistently increased from the earliest period studied to the present time.

The total number of retail trade units in the state was greatest in 1921. The number has declined approximately 500 since that time.

Fig. 5 indicates diagrammatically the ratio of population growth to growth in various types of merchandising functions. This figure indicates strikingly the fact that transportation units, food units, and farm produce units handling merchandise, and department stores have grown at a rate much greater than population. The consistent decline of finance and exchange units since 1921 is noticeable, as well as the decline of farm supply stores since that time. General stores have systematically declined in ratio to population since 1911.

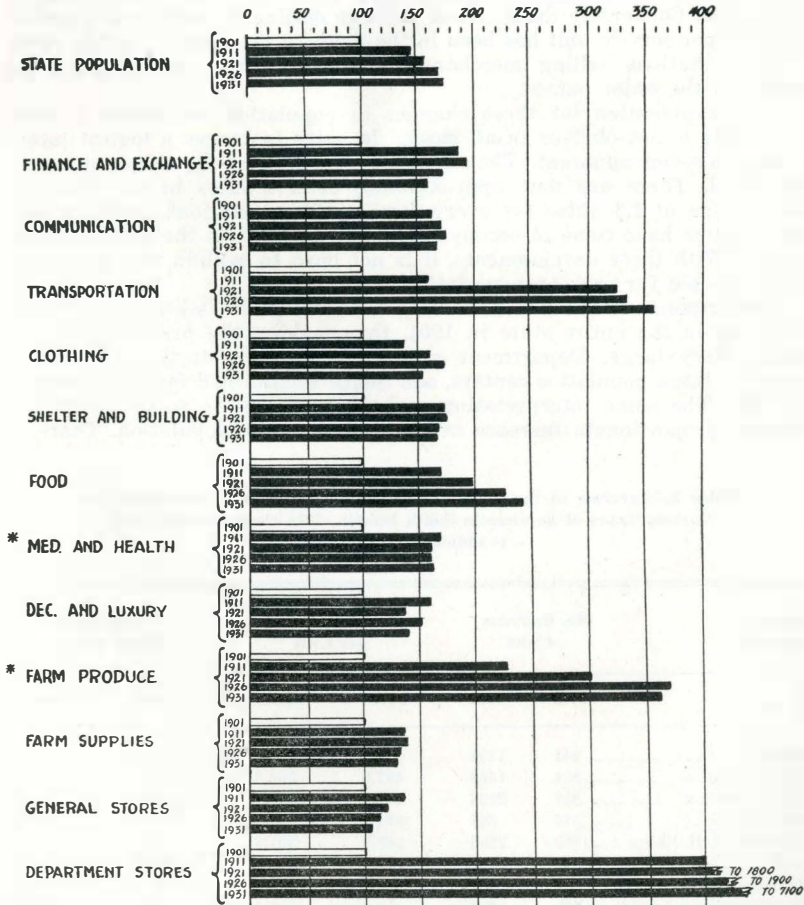
It should be kept in mind that these comparisons are based upon the increase and decrease in the number of business enterprises in each case. Volume of business per store may have changed considerably during the 30-year period, but data on this point are not available for years previous to 1930.³

The period 1906 to 1911 is of interest. Every type of merchandising unit made considerable growth during the period, and most mercantile function's increases exceeded population increases.

3. The 1930 Census of Retail Distribution presents statistics on volume of business for the first time.

Per Capita Distribution of Stores

By comparing the number of stores for a given unit of population in 1901 with 1931 one sees marked changes in merchandising. These changes are indices of social trends that may affect the relationship between the farmer and his town.



* Only units of mercantile character are listed.

Fig. 5.—An index of growth in number of various types of mercantile services for every fifth year—1901-1931. 1901 equals 100. (Population figures are for nearest preceding census.)

Table 2 shows the increase and decrease in the number of people for each type of store in South Dakota since 1901. Each financial unit now has 39 more possible patrons than in 1901; communication units approximately 19, clothing units 84.7, shelter and building units 13, medicine

and health 53.6, decorations and luxuries 89.6, farm supplies 92.8, and general stores 267 more potential patrons per store than in 1901.

On the other hand, transportation units have 254.6 less patrons on the average than in 1901; food 135.7, farm produce stations selling merchandise 2448.7, department stores 391,811.6, and chains 647.4 less potential patrons per unit than in 1901.

The greatest increase in patrons per unit has been in the general store field. Conversely the greatest average decline in number of possible patrons per service unit has been in the fields of department stores, farm produce stations selling merchandise, transportation, chains and food stores in the order named.

The explanation for these changes in population in relation to service units is not obvious in all cases. In some instances a logical interpretation seems apparent. The automobile has become the standard means of travel. There are now approximately 205,172 autos in the state, or an average of 1.3 autos for every family. Filling stations, garages, and sales rooms have come to occupy an important place in the modern trade center. With these developments, it is not hard to explain why there are fewer people for each transportation service.

Department stores are relatively new in South Dakota; there was only one in the entire state in 1901, thus making the proportionate increase very large. Department stores are business institutions which locate in large population centers, and South Dakota had few such centers in 1901. The same interpretation probably explains to some extent the greater proportionate increase in chain stores over population. There is

Table 2.—Increase in the Average Number of People per Trade Unit for Various Types of Services in South Dakota, 1901 Compared to 1931.*
(- indicates decrease.)

Classes of Services	No. Business Units		No. People per Unit		Increase in People per Unit	
	1901	1931	1901	1931	No.	Per cent
Finance -----	812	1298	494.5	533.8	39.3	7.95
Communication -----	824	1368	487.3	506.4	19.1	3.92
Transportation -----	817	2924	491.5	236.9	-254.6	-51.80
Clothing -----	576	886	697.2	781.9	84.7	12.15
Shelter and Building ----	1390	2295	288.9	301.8	12.9	4.47
Food -----	857	2081	468.6	332.9	-135.7	-28.96
Medicine and Health† ---	345	569	1164.0	1217.6	53.6	4.60
Decorative and Luxury -	965	1370	416.1	505.7	89.6	21.53
Farm Produce Stations†	86	312	4669.4	2220.7	-2448.7	-52.44
Farm Supplies -----	1393	1818	288.3	381.1	92.8	32.2
General Stores -----	1055	1130	345.9	613.1	267.2	77.24
Department Stores ----	1	71	401,570.0	9758.4	-391,811.6	-97.57
All Chains -----	299	996	1,343.0	695.6	-647.4	-48.20

* Population figures are for 1900 and 1930, respectively.

† Only those units handling merchandise are considered.

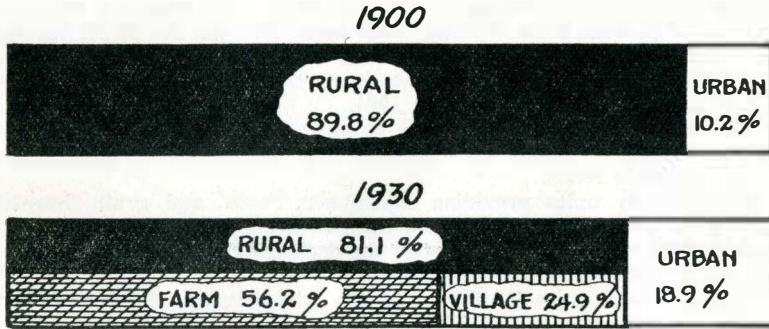


Fig. 6.—Percentage of rural and urban population in South Dakota, 1900-1930.

the added factor that chains in recent years have entered the grocery, clothing and variety fields.⁴

The decrease in the number of clothing units in ratio to population is probably a reflection of the shift to factory-made garments, shoes, and millinery. In 1900 the shoemaker made shoes; tailors were found in many of the small towns; the millinery store made and sold its own products.⁵ By 1931 clothing, shoes and millinery were the products of the factory and were sold in stores that kept a complete stock of factory-made goods in different sizes, colors, and styles. The clothing store is now of

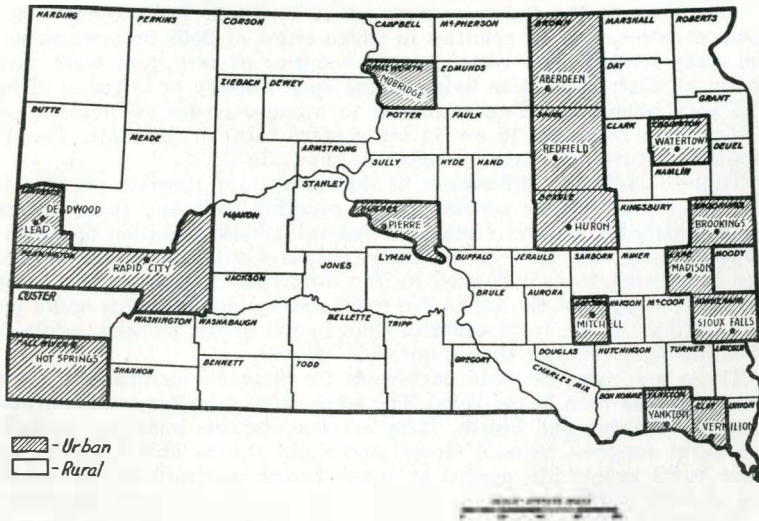


Fig. 7.—Rural and urban counties in South Dakota with their urban centers, 1930. (Authority: U. S. Census.)

4. See Part IV.
 5. See Table 1, pp. 16-17.

considerable size, and because of the quantities of merchandise required, must draw patrons from a large trade area. This has led to its leaving the small town and locating in the more densely populated center.⁶ The total effect has been that there are fewer clothing units for any given unit of population than existed in 1901.

The increase in food units for a given unit of population is a reflection, no doubt, of urbanization and to some extent the rural tendency to buy prepared foods.

Farm-supply units providing machinery, feeds, and grain, harness and leather goods, have declined in ratio to population. This is also true of blacksmith shops. A large part of the decrease can be explained by the coming of automobiles and auto trucks.

General stores have declined with the advancement of urban centers leading to proportionate decrease in the number of these stores for a given population. A general store is not a city enterprise.⁷

Urbanization as a Factor in Change

There has been a decided increase in the proportion of urban population in South Dakota since 1900, as is indicated in fig. 6. A little more than 10 per cent of the population was urban in 1900 and almost 19 per cent in 1930.⁸ It is possible that increasing urbanization may vitally affect merchandising.

An attempt has been made to measure fundamental differences in rural and urban populations as reflected in contemporary merchandising of urban and rural counties by determining the per capita distribution of specific types of stores in rural and urban counties.

According to the federal census of 1930, South Dakota had fifteen urban counties, that is, counties in which cities of 2500 or more population were located. The remaining 54 counties of the state were rural, having all their population living in the open country or in towns of less than 2500 population. Twelve of the 15 urban counties are located east of the river; 10 of the 15 are in the eastern third of the state. The distribution of rural and urban counties is shown in fig. 7.

Table 3 indicates differences in the number of possible patrons for each class of economic service in the counties with and those without urban population centers (using the federal census definition of urban—a municipality with 2500 or more population). Contrasts appear in every type of service, as is indicated by the differences expressed in the columns at the right of the table. For some enterprises there are more possible patrons in the rural counties than in the urban counties, while for other business services the situation is reversed.

There are more possible customers for financial institutions in the urban counties than in the rural. The same holds true for communication services, medicine and health, farm produce stations handling merchandise, farm supplies, general stores, and chain stores. This suggests that fewer rural people are needed to support such institutions, or that the size of such institution varies directly with the size of the trade center.

Conversely there are more people for each business unit in the rural

6. See Fig. 13, p. 41.

7. *Ibid.*

8. The 1900 United States Census, does not distinguish between farm and village population.

than in the urban counties for transportation, clothing, shelter and building, food, decoration and luxury, and department stores. Stores with duplicate functions are relatively more numerous in rural districts.

In several cases the causes for these differences are obvious, in others they cannot be stated with certainty.

Department stores represent large investments of capital, a large plant and diversified stock of goods, and cannot profitably locate in small towns. Some chain department stores have gone into centers below the 2500 mark, however, after having first covered the larger cities. On the other hand, the general store with a much smaller stock of merchandise

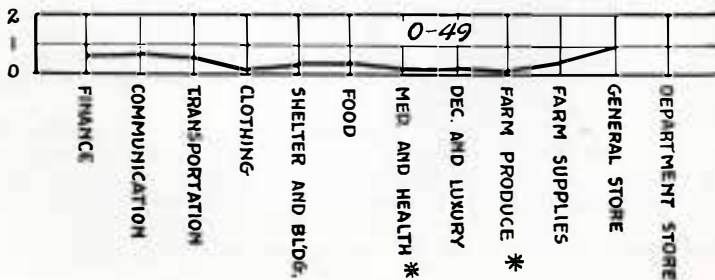
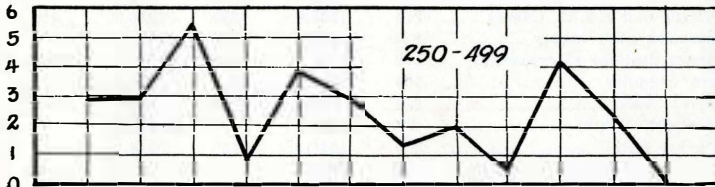
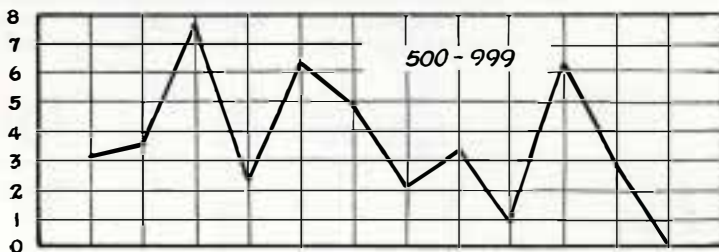
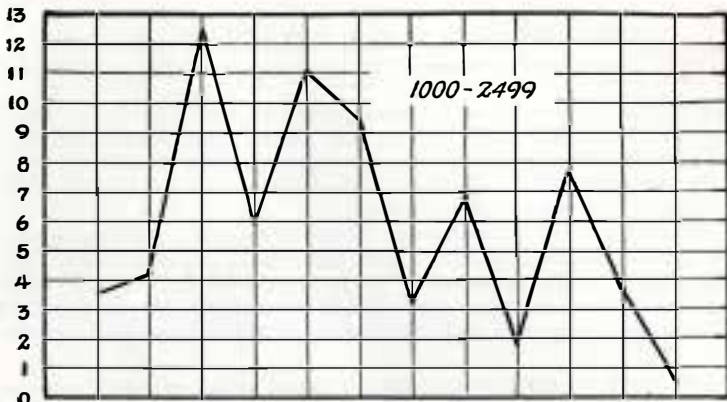
Table 3.—Number of People for Each Business Unit in Urban and Rural Counties in South Dakota in 1931 (Urban counties are those with cities of 2,500 or more population)

Class of Service	Total Pop., 269,272 15 Urban Counties		Total Pop., 423,577 54 Rural Counties		Per Capita Difference	
	Number Trade Units	Av. Pop. per Unit	Number Trade Units	Av. Pop. per Unit	Urban over Rural	Rural over Urban
Finance and Exchange	401	671.5	897	472.2	199.3	
Communication	432	623.2	936	452.5	170.7	
Transportation	1115	241.5	1809	234.1	7.4	
Clothing	441	610.6	445	951.9		341.3
Shelter and Building	974	276.5	1321	320.6		44.1
Food	1015	265.3	1066	397.4		132.1
Medicine and Health (Merc)	219	1229.6	350	1210.2	19.4	
Decoration and Luxury	637	422.7	733	577.9		155.2
Produce Stations (Mercantile).....	112	2404.2	200	2117.9	286.3	
Farm Supplies	566	475.7	1252	338.3	137.4	
General Store	294	915.9	836	506.7	409.2	
Department Store	64	4207.4	7	60,511.0		56,303.6
All other Retail	200	1346.4	130	3258.3		1911.9
Three or more retail functions --	47	5729.2	84	5042.6	686.6	
Two retail functions	850	316.8	1922	220.4	96.4	
Total Chains	486	554.1	510	830.5		276.4

has met the need (and still does in the rural counties) which the department store supplies in the urban centers. The general store is a rural institution; the department store an urban institution. This contrast is clearly seen in that there are only 506.7 people to every general store in rural sections, while there are 60,511 to every department store. In the urban counties there are 915.9 people for every general store, almost twice as many as in rural counties. In the urban counties there are only 4207.4 people for each department store, or approximately one-eighth as many people as in rural counties.

Another contrast appears regarding which one can venture only a hint of explanation. Clothing, and decoration and luxury units have a greater per capita distribution in the rural counties. This may reflect a difference in interests or in purchasing power of rural and urban populations. It is likely that it reflects a difference in the attention which these groups give to dress and ornamentation. It is generally held that

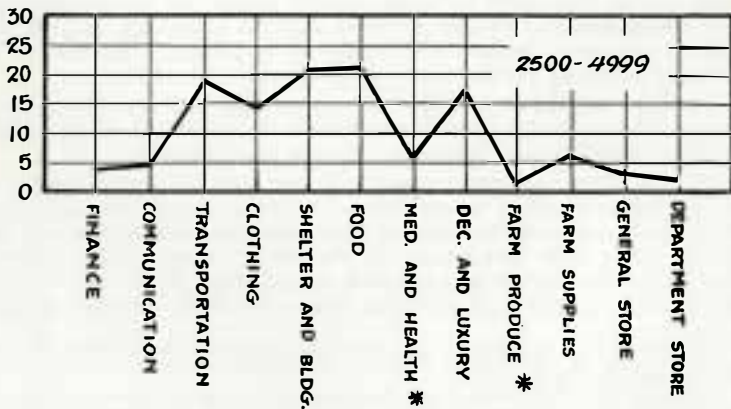
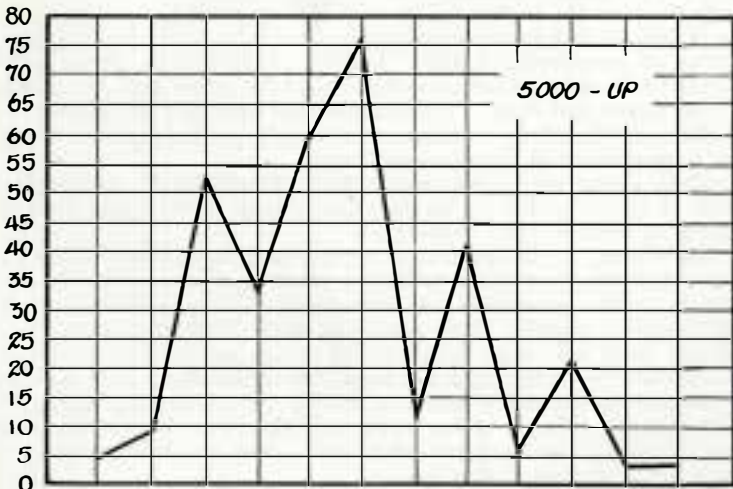
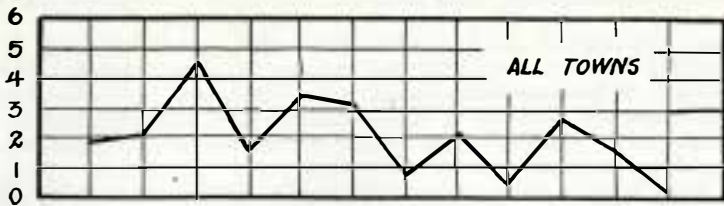
AVERAGE NO.



* Only units of mercantile character are listed.

Fig. 8A.—The average number of mercantile enterprises in South Dakota trade centers under 2500 population, 1931.

AVERAGE NO.



* Only units of mercantile character are listed.

Fig. 8B.—The average number of mercantile enterprises in various types of South Dakota cities, 1931.

urban populations are more concerned with appearance, seek greater varieties of dress and style, and indulge in more luxuries.⁹ The distribution of business units providing for these needs indicates that such differences are reflected in merchandising; this is especially true with clothing units which have a per capita distribution in urban counties more than twice as great as in rural counties.

Food supplies have a greater per capita distribution in urban than in rural counties, which may be explained by the fact that the city family depends more upon prepared foods, and therefore patronizes the grocery store and bakery more regularly.¹⁰ The city family also tends to use the store for its pantry, ordering daily in small quantities.

Business units having to do with communication have a wider per capita distribution in the rural section, while in the urban sections this is true of transportation units. The difference here is undoubtedly explained by the greater carrying capacity of the urban unit. The difference between urban and rural is slight in building materials and shelter.

Stores selling farm supplies are naturally more numerous in proportion to population in the rural sections.

Chain stores are much more thickly distributed in urban counties, which is probably due to the fact that chains have sought local trade centers in locating their branches.¹¹

While many of the contrasts in rural and urban areas mentioned above are striking, they are much less striking than would appear if one were to isolate completely the urban and rural populations. In South Dakota urban counties there are many rural dwellers, and in the rural counties there are urban families with urban tastes and attitudes, even though they live in towns of less than 2500 populations. This overlapping of populations naturally tends to modify the contrasts. Again not all rural families differ in tastes or purchasing power from urban families. Rural families near the large trade center may also take on many characteristics of the urban dwellers.

The contrasts are, however, probably as striking as they need be made, and as they exist in reality, for in actual life few business units in South Dakota are strictly urban or rural in patronage. Most of them have to take into account both types of customers, even though they may play primarily for the trade of one group or the other.

Further evidence of the effect of urbanization in mercantile change is presented in figures 8A and 8B, which show the relative numbers of different types of enterprises in various types of trade centers.

Some striking contrasts appear in comparing the proportionate number of various types of enterprises in different classes of trade centers. The following general relationship holds for cities above 2500 and trade centers under 2500 population: In the latter transportation units are most numerous, shelter and building second, food third, and farm supplies fourth. In cities food units far surpass all others in number, shelter

9. Sorokin, P., and Zimmerman, C. C., *Principles of Rural-Urban Sociology*, pp. 74-80; Taylor, C. C., *op. cit.*, pp. 111-118; Gillette, J. M., *Rural Sociology*, ch. 14; Simms, N. L., *Elements of Rural Sociology*, Ch. 21.

10. Zimmerman, C. C., *Incomes and Expenditures of Minnesota Farm and City Families, 1927-1928*, Minn. Ag. Exp. Sta. Bul. No. 255; Kirkpatrick, E. L., *Standards of Living*, Univ. of Wisconsin Circular No. 241; Freeman, Ruth C., and Souder, M. A., *Living Expenditures of a Selected Group of Illinois Farm and Small-Town Families, (1929-1930)*, Univ. of Ill. Ag. Exp. Sta. Bul. No. 372; see also Figs. 8A and 8B of this bulletin.

11. See Table 6, p. 30.

and building come second, transportation units third, and decoration and luxury units fourth.

It is worthy of note that transportation units are high in all types of trade centers but disproportionately high in small centers. This may be due to a difference in the size and carrying capacity of transportation units in small and large centers.

The high proportion of foods units in cities is probably due to the fact that in the larger population centers people depend more exclusively upon store foodstuffs, and in the larger centers people patronize restaurants more also. An interesting contrast appears between cities under 5000 population and those above 5000. The larger group has many more food units proportionately. This is explained in part by the fact that the garden is much more likely to be absent in the larger city, and also that, because of the distances from home, people working down town are much more likely to eat at least one meal a day in a restaurant.

Farm supplies have reached the greatest proportions in trade centers under 2500 population. This is to be expected, since the smaller towns reflect more intimately the needs of rural customers. Clothing units are consistently lower than food and shelter units for all classes of towns in this series, but find their higher relative distribution in cities above 5000 population. This is more true today than at earlier times, as indicated in the preceding section of this study. (See Table 1)

Interdependence of Town and Country

The data presented in this section suggest that the self-sustaining and independent rural home in South Dakota is largely a myth. The farm family like other American families consumes factory products. Rural-urban differences are in degree only. The rural family does satisfy more of its needs independently of the merchant. The gap between urban and rural families is, however, constantly decreasing as the rural standard of living is raised and as the farm family makes contacts with the urban community more easily in this day of rapid transportation. Distinctions between the urban and rural family in dress, housing, mode of conveyance, food tastes, ornamentation, luxuries, recreation, and sports which were once marked are fast becoming matters of history.

This means the increasing interdependence of town and country in their trade relationships.¹² The town is the shopping center for the rural "hinterland" around it, as well as the shopping center for the urban dwellers. As tastes of city and country become more nearly alike, merchandise for one group meets the needs of both. The town merchant is moreover as dependent, and in South Dakota even more, on rural trade than urban trade for success in his business. From the farmer's viewpoint a trade center with adequate trade units for satisfying the needs of his entire family, within easy reach of the farm home, is of vital importance. Since the church, the high school, higher educational institutions, health institutions, and most social organizations center in the town, this interest in a farm location near a town becomes even more than an interest in convenience for trade.¹³

12. Kolb, J. H., *Service Relations of Town and Country*, Wis Exp. Sta., Bul. 58, pp. 3-4 ; Hoffer, C. H., Mich. State Col., Agr. Exp. Sta., Spec. Bul. 181, pp. 17-19.

13. See footnote p. 6

IV. The Bearing of the Chain Store Problem on Town-Country Relations

Widespread agitation regarding the merits and demerits of the chain store has forced the problem to the attention of the public. Some have given the issue an alarmist interpretation¹ and others have defended the movement as one favoring the best interests of the general public. The widespread debate on the subject indicates that either side may be defended by fairly sound arguments. This study does not attempt to settle this debate but points out trends in chain store activities that are apparent in the state, and suggests certain possible implications of chain store developments as they bear on the problem of town-country relations.

The data which follow indicate that the chain store problem existed at the beginning of the century. The increase in chains and their new fields of activity are emphasized.

The Growth of Chain Stores Since 1901

Chain stores have grown at a more rapid rate than independent stores since 1901, as indicated in Table 4. This generalization holds true for each period. For the entire period 1901 to 1931 chain stores increased 222.07 per cent whereas independent stores increased only 68.71 per cent. Chains have increased three times as rapidly as the population since 1901. Independent retail stores increased proportionately less than population. During the period 1926 to 1931 independent retail stores have decreased 5.28 per cent, whereas chains increased 15.05 per cent. Independent retail stores made most of their increase previous to 1911. Chain stores made their most important increases previous to 1921, but have revived somewhat since 1926.

Table 4.—Growth of Chain and Independent Retail Stores in South Dakota 1901-1931. (- indicates decrease)

	1901	1911	1921	1926	1931
No. of Chain Stores -----	299	560	786	837	963
Percentage increase over preceding period -----		87.29	40.36	6.49	15.05
No. of Independent Retail Stores	8,031	12,605	14,093	14,305	13,549
Percentage increase over preceding period -----		56.95	11.80	1.50	-5.28

An Analysis of Chain Store Developments Since 1921

First, what proportion of trade centers have chain stores? In 1921 approximately 48 per cent of all South Dakota trade centers had one or more chain stores, in 1926 50 per cent had chain stores, and in 1931 approximately 49 per cent had chain stores, as is indicated in fig. 9.

Second, where are chain stores locating? Table 5 summarizes chains at five year intervals by location. A trend toward locating chains in smaller population centers is apparent. All cities above 5000 population had some chain unit in 1921. In 1926 all cities above 2500, and in 1931 all towns above 1000 had a chain unit. Chains have also located increasingly in all trade centers with 250 or more population since 1921.

In centers with less than 250 population the opposite trend is apparent. The percentage of such centers with chains has declined. In 1921 approximately 16 per cent of hamlets had chain stores; in 1931 only about 13 per cent. About 56 per cent of the small towns (50-249 population) had chain units in 1921, 63 per cent in 1926, and 51 per cent in 1931.

1. Davis, Barnes and Others, *Introduction to Sociology*, Revised Edition, p. 661.

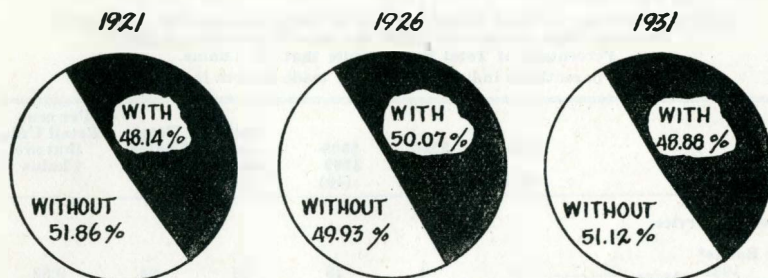


Fig. 9.—Per cent of South Dakota trade centers with and without chain merchandising units, 1921, 1926, 1931.

Third, what types of services are locating in the small and large trade centers? These data are summarized in Table 6. It is clear that most of South Dakota's small trade center chains have been in the shelter and building, farm supplies and general store fields. In the first two of these fields chains have declined in trade centers of under 250 population since 1921. The decline in shelter and building units is very marked. In fact, shelter and building chain units have declined in all groups of trade centers with less than 1000 population.

Table 5.—South Dakota Trade Centers with and without Chain Stores
1921, 1926, 1931

		50-249	250-499	500-999	1000-2499	2500-4999	5000 and above	Total
1931								
No. Trade Centers with Chains	31	104	84	52	41	8	8	328
No. Trade Centers without Chains	214	98	20	10	0	0	0	342
Total Trade Centers	245	202	104	62	41	8	8	670
Per Cent Trade Centers with Chains	12.65	51.49	80.77	83.87	100.00	100.00	100.00	48.96
Per Cent Trade Centers without Chains	87.35	48.51	19.23	16.13	0	0	0	51.04
1926								
No. Trade Centers with Chains	31	116	74	61	37	7	8	334
No. Trade Centers without Chains	226	69	24	12	2	0	0	333
Total Trade Centers	257	185	98	73	39	7	8	667
Per cent Trade Centers with Chains	12.06	62.70	75.51	83.56	94.87	100.00	100.00	50.07
Per cent Trade Centers without chains	87.94	37.30	24.49	16.44	5.13	0	0	49.93
1921								
No. Trade Centers with Chains	42	107	61	63	36	6	8	323
No. Trade Centers without Chains	226	85	20	13	3	1	0	348
Total Trade Centers	268	192	81	76	39	7	8	671
Per cent Trade Centers with Chains	15.67	55.73	75.31	82.89	92.31	85.71	100.00	48.14
Per cent Trade Centers without chains	84.33	44.27	24.69	17.10	7.69	14.29	0	51.86

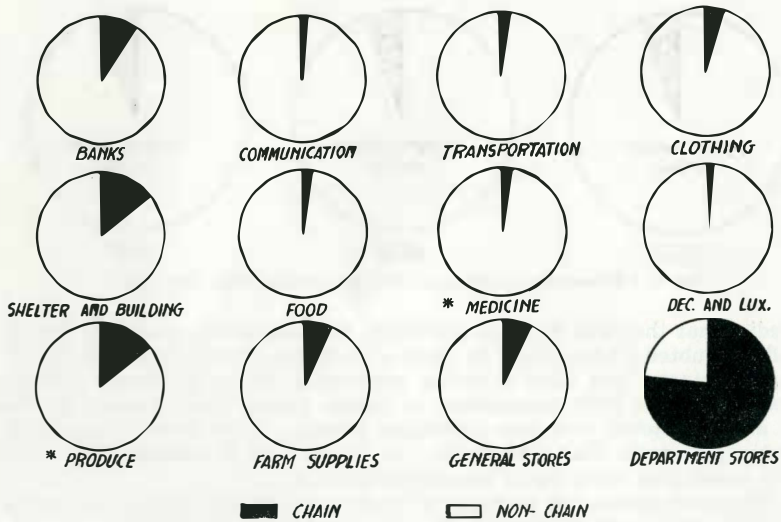
Table 6.—Summary of Chain Retail Services in South Dakota, 1921, 1926, 1931,
Showing Trade Centers in which Specified Types Operate and
Percentage of Total Retail Units that are Chains.

(Figures in parenthesis indicate number of trade centers in each class.)

Class of Service	0-249 (447)	250- 999 (166)	1000- 4999 (49)	5000 and Above (8)	Total Chains	Per cent Retail Units that are Chains
Banks*						
1931 -----	1	4	19	10	34	9.32
1926 -----	-	-	-	-	-	-
1921 -----	-	-	-	-	-	-
Communication†						
1931 -----	8	7	1	1	17	1.24
1926 -----	6	7	1	1	15	1.1
1921 -----	3	5	3	2	12	.9
Transportation						
1931 -----	6	26	32	23	87	2.98
1926 -----	5	21	15	23	64	2.3
1921 -----	3	12	9	20	44	1.7
Clothing						
1931 -----	-	7	14	19	40	4.51
1926 -----	-	-	8	11	19	1.9
1921 -----	-	4	12	15	31	3.3
Shelter and Building						
1931 -----	95	130	71	34	330	14.38
1926 -----	120	151	60	25	356	15.2
1921 -----	141	144	67	27	379	15.5
Food						
1931 -----	5	4	21	21	51	2.45
1926 -----	4	5	6	14	29	1.5
1921 -----	-	4	3	11	18	1.1
Medicine and Health of mercantile nature						
1931 -----	3	6	1	3	13	2.28
1926 -----	3	2	3	3	11	2.0
1921 -----	1	1	3	2	7	1.3
Decoration and Luxury						
1931 -----	1	3	7	7	18	1.31
1926 -----	-	-	3	9	12	.8
1921 -----	-	-	7	4	11	.8
Produce Station selling merchandise						
1931 -----	10	12	11	12	45	14.42
1926 -----	12	11	8	13	44	13.8
1921 -----	16	12	5	11	44	17.1
Farm Supplies						
1931 -----	49	52	17	13	131	7.2
1926 -----	47	49	17	18	131	7.0
1921 -----	51	35	17	19	122	6.2
General Store						
1931 -----	25	33	26	4	88	7.79
1926 -----	22	15	17	2	56	4.6
1921 -----	21	24	10	5	60	4.7
Department Store						
1931 -----	-	1	28	23	52	73.24
1926 -----	1	0	4	7	12	63.2
1921 -----	-	1	2	3	6	33.3
All Others						
1931 -----	6	14	21	33	74	22.42
1926 -----	12	14	10	29	65	17.9
1921 -----	8	17	12	24	61	17.3

* Limited to banks since other finance and exchange units are not considered chains. Certain groups of banks, in which one man held the controlling interest, operated in the state previous to 1925. They differed considerably in their organization from the recent corporation banks and are not included as chains here.

† Does not include Dakota Central and Northwestern Bell telephone companies. They now have 89 stations and 48 stations respectively.



* Units of mercantile character only are included.

Fig. 10.—Percentage of chain and non-chain stores in various mercantile enterprises—1931.

Finally, it is important to know what proportion of South Dakota trade units are now in chain control and whether the proportion of chain units is increasing. The column at the right in Table 6 answers the problem in part.

The ratio of chain to independent retail stores has increased consistently in favor of chains since 1921 in all but two fields of activity, namely, shelter and building and produce stations selling merchandise. Approximately 15 per cent of shelter and building establishments have been in chain control for the last ten years. About the same proportion holds for produce stations.

The most radical increase in the proportion of stores in chain control is in the department store line, where about one-third were chain operated in 1921 and almost three-fourths are now chain operated.

Although chain stores are on the increase and are entering some new fields of retail activity, they are by no means monopolizing most fields of business. In fact, the ratio of chain to independent operators in all fields except the department store favors the independent owner. In other lines of business the chain store represents only a very minor factor as far as numbers of stores are concerned as is indicated in fig. 10.

Trade centers with 1000 or more population have gained quite markedly in the number of chain banks, transportation, shelter and building, food, and department store units.

It is interesting to note that farm supplies chains are gravitating toward towns of 250 to 999 population. This group of towns had 35 such chains in 1921 and 52 in 1931. Large cities (above 5000 population) have experienced a decline in farm supplies units.

Grocery store chains may, no doubt, enter small trade centers. They have not done so to any great extent as yet, but it is probably safe to



Fig. 11.—Percentage of all stores that are chains—1921, 1926, 1931.

predict that they will do so increasingly. Clothing and department chains will undoubtedly be confined to large population centers. One department store company has been entering practically all large South Dakota towns (1000 to 2499 population) in recent years. Chain variety stores (5 and 10c stores) are also increasing rapidly. They constitute a large portion of stores classified under "all others." It is possible that they may eventually enter small population centers.

The total number of all types of chain units except shelter and building has increased since 1921. The most marked increase has been in banks, food, and department store chains. The increase in banks may be due in part to our classification of chain banks (see footnote at bottom of Table 7). Food chains have almost trebled in ten years, while department store chains have increased almost nine times.

Further evidence on this point is summarized in Table 7 which shows specific losses and gains in certain types of chain stores during the last 10 years. Since 1921 there has been a loss of 53 in the number of chain lumber and fuel establishments in the state. During the same period chain grocery stores have a net gain of 30, banks 34, radio shops 9, and department stores 46.

Of all types of business units operated in the state, only 6.31 per cent are chain, leaving 93.59 per cent independent retail. (See fig. 11). There

Table 7.—Losses and Gains in Number of Chain Stores in Specified Lines of Retail Services, 1921-1931.

	1921	1926	1931	1921-1931
	Number	Number	Number	Number
Businesses Losing Stores				Net Loss
Building Material -----	337	325	284	53
Fuel -----	22	11	13	9
Businesses Gaining stores				Net Gain
Grocery -----	1	8	31	30
Banks* -----	0	0	34	34
Radio -----	0	0	9	9
Department Stores -----	6	9	52	46

* Certain groups of banks, in which one man held the controlling interest, operated in the state previous to 1925. They differed considerably in their organization from the recent corporation banks and are not included as chains here.

has been a slight increase in the proportion of chain units; 5.10 per cent of stores were chains in 1921 and 5.18 per cent in 1926.

The 1930 census on retail distribution shows, regarding the volume of business of chain stores in South Dakota cities of more than 10,000 population, that the volume of business of chain units is considerably greater than for non-chain units.

In Sioux Falls 20 per cent of the total volume of business is done by chain stores but the chains make up only 13.3 per cent of the total number of stores.² In Aberdeen 15 per cent of the business is done by chain stores, whereas, chains make up only 9 per cent of the total number of retail stores.³ In Huron 21 per cent of the business is by chain stores, whereas, chains constitute only 13.3 per cent of the total number of stores.⁴ In Rapid City 14 per cent of the business is by chain stores, whereas, 7.7 per cent of the total number of stores are chains.⁵ In Mitchell 17 per cent of the business is by chain stores, whereas, the chains make up 10.4 per cent of the total number of stores.⁶ In Watertown 17 per cent of the business is done by chains, whereas, only 12.1 per cent of the total number of businesses are chains. These data indicate clearly that in the larger group of cities in South Dakota chain units represent a larger proportionate volume of business per store than retail units.

Although only about 6.5 per cent of the total stores in the state in 1929 were chain units, approximately 14 per cent of the total volume of business was conducted by the chain group, indicating that the average volume of business per chain unit in the state is more than twice as large as the average volume for independent retail business enterprises.⁸

How Does Chain Store Activity Affect Town-Country Relations?

It is possible here to suggest only possible implications of chain store development. It is important, first of all, to stress the fact that chain stores are not new in the state, so whatever benefits or hindrances the chain store as such imposes have been present for thirty years. On the other hand it is clear that the relative numbers of chain managed units has increased which should in itself tend to exaggerate these benefits or hindrances. It is also clear that chain units are now competing with the independent merchant in South Dakota in new fields of merchandising. In 1901 most chain units were lumber and fuel establishments, elevators, general stores, and farm supplies. The same situation maintained until the last ten or fifteen years, during which time food, variety and department stores have increased rapidly.

If the chain store is a factor in drawing rural trade the cities will profit most by the increasing trend toward chain management, and the hamlets will profit least. There are exceptions to this generalization, however, as chain farm supplies stores are localizing in trade centers under 1000 population.

2. Retail Trade in Sioux Falls, S. D., Preliminary Report; U. S. Census, April 25, 1931.

3. Retail Trade in Aberdeen, S. D., Preliminary Report; U. S. Census, April 14, 1931.

4. Retail Trade in Huron, S. D., Preliminary Report; U. S. Census, April 14, 1931.

5. Retail Trade in Rapid City, S. D., Preliminary Report; U. S. Census, April 10, 1931.

6. Retail Trade in Mitchell, S. D., Preliminary Report; U. S. Census, April 10, 1931.

7. Retail Trade in Watertown, S. D., Preliminary Report, U. S. Census, April 16, 1931.

8. Retail Distribution, State Series; U. S. Census, p. 8 and p. 18, 1932.

Retail branches of nationally known mail order houses and branches of interstate department store chains and variety store chains may be important factors in drawing trade from an extensive hinterland. If so, trade centers above 1000 population have profited by these new chain merchandising trends in the state.

V. Bearing of Changing Trade Relations Upon Town Growth

It is probable that the newer trends in merchandising, namely the tendency toward specialized retailing, along with the newer modes of travel and increasing desires for the factory made articles present among both urban and rural peoples, and perhaps other factors which have not been taken into consideration, may have a vital effect upon the development of trade centers.

It is frequently stated that the small trade center is declining in the face of these new trends.¹ Will the future be a future of cities and rural population, with few or no small towns, villages, or hamlets remaining? What are the actual changes that the last thirty years have brought in South Dakota trade centers in this respect?²

Differential Rate of Growth of Large and Small Trade Centers

Trade centers are ordinarily thought of in terms of the numbers of resident population. Thus a city is, according to the federal census, an incorporated place with 2500 or more population. Below this figure classifications are largely a matter of individual taste. Terms not infrequently employed to cover trade centers of less than 2500 are: the hamlet, the village, the town.

The hamlet is the trade center in the smallest population class. The town ranges from some arbitrary point up to 2499. The village lies between the hamlet and the town. In applying these terms to the classification which follows, one can think of the hamlet as having under 50 population; the village as having between 50 and 499 population; and the town as ranging from 500 to 2499 population. One can refer loosely to all trade centers under 2500 population as towns, those above as cities. This is frequently done throughout the discussion. Any number of subclasses within any of these groups can be made. Table 8 indicates there are now more cities in South Dakota than at any period of the state's history. The peak of development of hamlets (0-49 population) came around 1911, previous to the day of extensive automobile travel. Since that time these have gradually dropped in number until they have reached (1931) a level almost as low as that of 1901.

A similar peak was reached in the small villages (50-249), followed

1. Kumlien, W. F., *High School Education*, op. cit. p. 8. Blumenthal, Albert, *Small Town Stuff*, Univ. of Chicago Press, p. 15. Galpin, C. J. "Is the Purchasing Power of the Farmer's Town Declining?", *Address*, Washington, D. C., May 20, 1930. Copeland, M. T., *Recent Economic Changes in the U. S.*

2. Galpin, C. J. and Manny, T. B., in *The Agricultural Situation*, Vol. 16, No. 11, p. 3, state that the depression is causing an increase in small village population in the United States.

by a decline. However, during the last five-year period there has been an increase in the latter group.

The larger villages (250-499 population) have more than doubled since 1901, making the big increase between 1901 and 1911. Their numbers have been about constant since 1911.

The small towns (500-999 population) have increased gradually but consistently until the last five years, when they have fallen off slightly.

The large towns (1000-2499 population) made most of their increase in the five-year period 1906-1911. In the thirty-year period they have more than doubled.

Cities of 2500-4999 population have remained almost constant, ranging from five to eight; for most years there were seven in this group.

Cities of 5000-7499 reached their peak in 1906 numbering at that time five. These have, with the exception of one, gradually shifted to the next higher class. One dropped to a lower class.

There have been no cities in the 7500-9999 population group for four of the seven five-year periods. During three other periods there was one and during one period there were three. All but one of these cities have gone above the 10,000 line, indicating that once a city reached 7500 in the last decade it pushed ahead into the next population group.

Table 8.—Total Number of South Dakota Trade Centers Classified According to Population at Five-Year Intervals—1901-1931

Population	1901	1906	1911	1916	1921	1926	1931
0-49	240	286	377	343	268	256	245
50-249	148	131	188	201	192	193	202
250-499	40	69	91	92	81	93	104
500-999	37	50	58	60	76	73	62
1000-2499	16	20	32	33	40	40	41
2500-4999	7	5	7	7	6	7	8
5000-7499	1	5	3	3	3	3	2
7500-9999	0	0	1	1	1	0	0
10,000-up	1	1	2	2	2	5	6
Total	490	567	759	742	671	670	670

Fig. 12 presents the data on trade centers under 2500 population graphically. It is interesting to note that in recent years, where one group of towns has dropped radically, the drop is sometimes compensated for by a growth in the next higher class. For instance, a drop in the 0-49 population group since 1921 has been compensated for in part by a growth in 50-249 population villages.

Perhaps an even more accurate method of determining the growth in size of towns, at least from the merchandising standpoint, is to compare them by the number of business places. This comparison shows that there was an average of 14.75 business places in all South Dakota trade centers in October, 1901; by January, 1931, they had increased to 18.26, an average gain of three and one-half merchandising units per trade center.³

3. In none of these calculations are "special services," i. e. railroads, express companies, telegraph or post offices, included.

NUMBER OF TOWNS

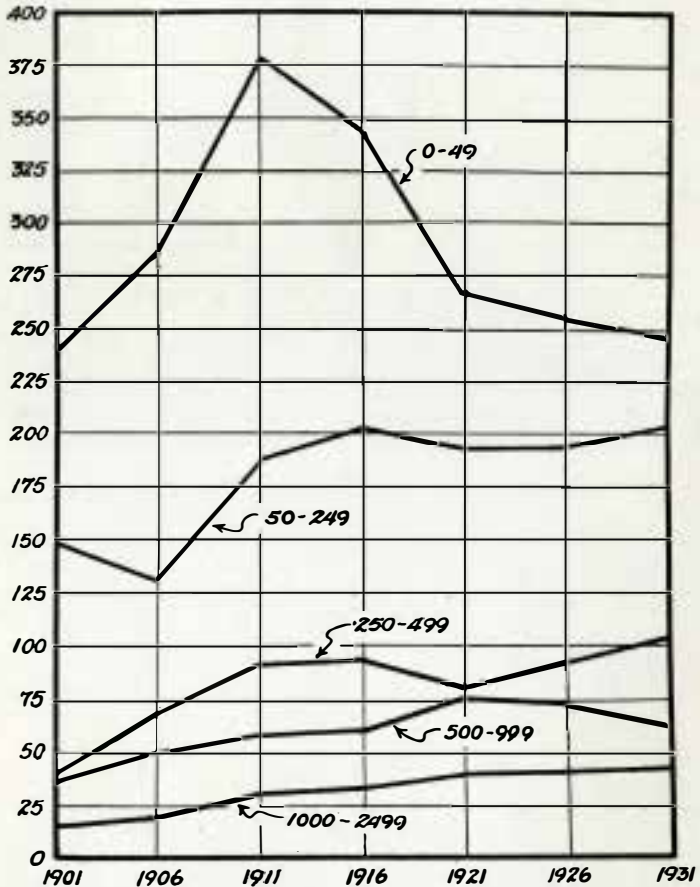


Fig. 12.—Number of trade centers in stated population classes at five-year intervals, 1901-1931.

Some of this increase is accounted for by the growth of Sioux Falls from 300 business places in 1901 to over 900 in 1931. Excluding Sioux Falls from the above average, all other trade centers in the state have made an average increase of about two and three-fourths business units. Notwithstanding, the great majority of trade centers in South Dakota are still composed of few business units.

In 1931, 159 out of 670 trade centers had only one mercantile unit. (Table 9) Two hundred seventy-six possessed under five units, 536 under 25 units, while 659 were under 100 business units, and only six surpassed 200.

Approximately 24 per cent of present trade centers are of the single unit type. Other phases of this study show that the unit most frequently present in such a center is the general store. Forty-one per cent have under five business units and probably meet only a limited range of needs of the shopping public. In general one may say the more numerous the business units, the greater the range of services offered.⁴

The automobile, while it has doubtless destroyed the cross-road general store in many places, has caused the development of combined confectionery stores with their lunch counters, and gasoline pumps on many highways. Such stores will probably ultimately replace the cross-road general store throughout the eastern part of the state.

Table 9.—Distribution of South Dakota Trade Centers by the Number of Resident Business Units—1931.

Class	Number	Per Cent
Under 5 -----	276	41.19
One -----	159	23.74
5-9 -----	101	15.07
10-14 -----	68	10.15
15-19 -----	49	7.31
20-24 -----	38	5.67
25-49 -----	90	13.43
50-74 -----	27	4.03
75-99 -----	10	1.49
100-199 -----	5	.74
200 and above -----	6	.90
Total -----	670	100.00

These findings indicate that no type of trade center is completely disappearing, but that the hamlet and cross-road store have declined to the level of 1901. The hamlet has not maintained itself in proportion to population increase.

The situation in South Dakota is a reflection of a more widespread national trend as is indicated by other studies. Galpin says:⁵

"... It is at once admitted that the general trend of the farmer in the United States is to shift his buying from country cross-roads stores, hamlets with two or three general stores, small villages having no speciality stores, to larger retail trading centers, particularly to towns with a range from 1,000 to 5,000 inhabitants, in some sections to towns up to 10,000 inhabitants. But this recognized shift is increasing the trade area of these towns, increasing the trade, and increasing their purchasing fulcrum. Towns that range from 1,000 to 10,000 inhabitants are generally spoken of now as "farmers' towns," "county-seat towns," or "retail trade centers." It will take a long time for the country store and neighborhood hamlet stores actually to disappear in trade, but the influence of these

4. Kolb, J. H., *op. cit.* pp. 5-7, classifies towns according to single service, limited service, semi-complete service, complete and partially specialized and urban and highly specialized service types.

5. Address, "Is the Purchasing Power of the Farmer's Town Declining?", Washington, D. C., May 20, 1930.

miscellaneous trading posts may well be discounted even at present. The farmer is forming a new trade habit. He is getting to feel at home with the tradesmen of the larger center.

"This admission does not mean, however, that the farmer is spending the bulk of his money in cities over 10,000 in population. He is still a country man."

The investigation of a committee on recent economic changes under the chairmanship of Herbert Hoover reported:⁶

"The major change in buying habits has resulted in a widening of retail trading areas, particularly in rural sections of the United States. This change, like most of the other business developments noted, had begun prior to 1920, but its progress was markedly accelerated after that date.

"The chief feature of this change was a shifting of trade in certain lines of merchandise away from cross-roads stores, village stores, and some small town stores, to stores located at county seats or other trading centers.

"In Nebraska, the towns with a population between 1,000 and 5,000 gain much trade from the smaller places, but it is true that the smaller towns of this class lose much trade to the larger places.

"In the commercial survey of the Southeast by the United States department of commerce, in 1927, it was stated that the shift of trade from the country districts to the larger trading centers was common in all sections of the Southeast."

Zimmerman suggests that the trend is toward a division of labor between small and large trade centers rather than the disappearance of the small trade center. From data collected on Minnesota trade centers he concludes:⁷

"It is evident that claims of substantial correlation between the appearance and growth of the larger trading center and the disappearance of the primary center are more or less unfounded. Although there are minor relationships the main change has been a division of labor between the two types of centers rather than the complete obliteration of the smaller in favor of the larger."

It is interesting to note, in harmony with Zimmerman's conclusion, that many small trade centers still survive in the eastern part of South Dakota where competition between centers is most severe, and where large trade centers have grown most rapidly during the last thirty years. (See fig. 3, page 10.)

Loss of Functions in the Small Trade Center

Further evidence of the effect of the new age on merchandising in the small trade center is presented in Table 10 which shows the percentage increase in the types of services offered in various classes of trade centers contrasting the period 1901 with 1931. Increases or decreases are significant only when considered in relation to the increase in the number of towns in the state. The increase in some groups of towns has been much greater than in others as shown in the upper horizontal row of the table.

Cities with over 5000 population have seen a greater increase than any other group and it is here that each particular type of service has experienced the largest percentage increase. It is significant that the 0-49 population trade centers, although their numbers are practically the

6. Copeland, Melvin T., *Recent Economic Changes in the United States*, quoted in the above address.

7. *Op. cit.* p. 19.

same as in 1901, have seen a radical decrease in practically all types of services. This indicates clearly that the hamlet is losing a number of its former functions. Many functions have declined more than 50 per cent.

Cities of 2500 to 4999 population have also declined in the number of business services offered. There are only eight cities in this class and so comparisons are not particularly significant. Case studies of these eight cities show that five of them have state institutions, which may explain their growth in population without a proportionate increase in business units.

The starred figures are those where the growth in trade units has not been proportionate to the increase in the number of trade centers. The groups that are most effected are those which have grown most rapidly—namely, the 250-499, 1,000-2,499, and the 5,000 population groups.

The data at the extreme right of the table summarizing the percentage increase for all towns in the state, show that the percentage increase in towns is less than the percentage increase in services for all towns, except in farm supplies and general stores. The greatest percentage increase has been in department stores, although the percentage is hardly a satisfactory index in this case, since numbers are so small. Transportation units especially have grown out of proportion to all others.

Table 10.—Per cent Increase of 1931 over 1901 in Number of Business Units In Each Class of Trade Center. (- indicates decrease.)

	0-49	50-249	250-499	500-999	1000-2499	2500-4999	5000 and above	All Trade Centers
Per Cent Increase In Trade Centers -----	2.07	36.49	160.00	67.57	156.25	14.29	400.00	36.73
Services								
Finance -----	37.50	46.33	116.55*	41.91*	108.57*	-32.56	240.00 [‡]	59.85
Communication -----	65.63	40.07	125.00*	67.91	55.45*	-11.36	231.82 [‡]	66.02
Transportation -----	19.38	131.39	396.17	262.12	541.98	166.10	1800.00	257.89
Clothing -----	-50.00	-47.88	7.06*	21.19*	90.55*	2.61*	366.66*	53.82
Shelter and Building --	-40.82	-6.70	77.63*	51.54*	140.21*	-1.23	501.27	65.11
Food -----	5.77	62.75	111.64 [‡]	95.48	181.88	21.48	684.62	142.82
Medicine and Health†	-62.50	-55.68	121.31 [‡]	67.11*	120.34 [‡]	13.16*	513.33	64.93
Decorative & Luxury--	-50.00	17.50 [‡]	49.64 [‡]	-1.46	69.05 [‡]	-14.63	291.57*	41.97
Farm Produce Stations†	-33.33	227.78	346.15	247.06	414.29	75.00	528.58	262.79
Farm Supplies -----	-55.09	4.90 [‡]	64.98*	48.48*	96.89*	-54.39	259.52*	30.51*
General Store -----	-17.15	-8.44	41.82*	6.02*	78.31 [‡]	-34.21	200.00*	7.11*
Department Store ----	--	‡	‡	‡	‡	‡	2600.00 [§]	7000.00 [§]
Chain Store -----	-27.45	75.82	302.63	137.93	561.54	195.00	1473.33	219.9

* Increased in number of units, but increase was less than the increase in the number of trade centers. This means that the average number of businesses per town has actually decreased in all of these cases.

† Only those units handling merchandise are considered.

‡ Absolute increase from 0 and cannot therefore be expressed in percentage.

§ The percentage increase is large because of small numbers involved in 1901.

The Small South Dakota Trade Center Offers a Limited Range of Services

The large town is differentiated not only by a larger resident population and a larger number of merchandising units, but predominately by a greater variety of business enterprises. It differs not so much by the number of stores as by the specialization in stores. It is this differentiation that draws trade from a wide surrounding hinterland. The following analysis indicates differences in various types of trade centers in terms of their facilities for meeting shopping needs.

Fig. 13 summarizes diagrammatically the proportion of trade centers that have the specified services. On the basis of these data one can conclude that the trade center with less than 50 population is more likely to have a general store than any other unit, as more than 75 per cent of all trade centers in this class have general stores. Next most likely will be a finance and exchange unit. This will in most cases be an express or post office, rather than a bank. Over 50 per cent have such finance and exchange units. Some form of communication and transportation unit is found in 40 to 50 per cent of these towns. Department stores are never found. Only one per cent have clothing stores. In small trade centers it was formerly not uncommon to find grocery store and drug store combined, restaurant and grocery, or other unusual combinations, but such generalized stocks of goods are becoming more rare.

Some type of finance and exchange, communication and transportation unit, is found in most of the trade centers of 50-249 population. General stores are also practically universal. Here again clothing stores, drug stores, and department stores are seldom found.

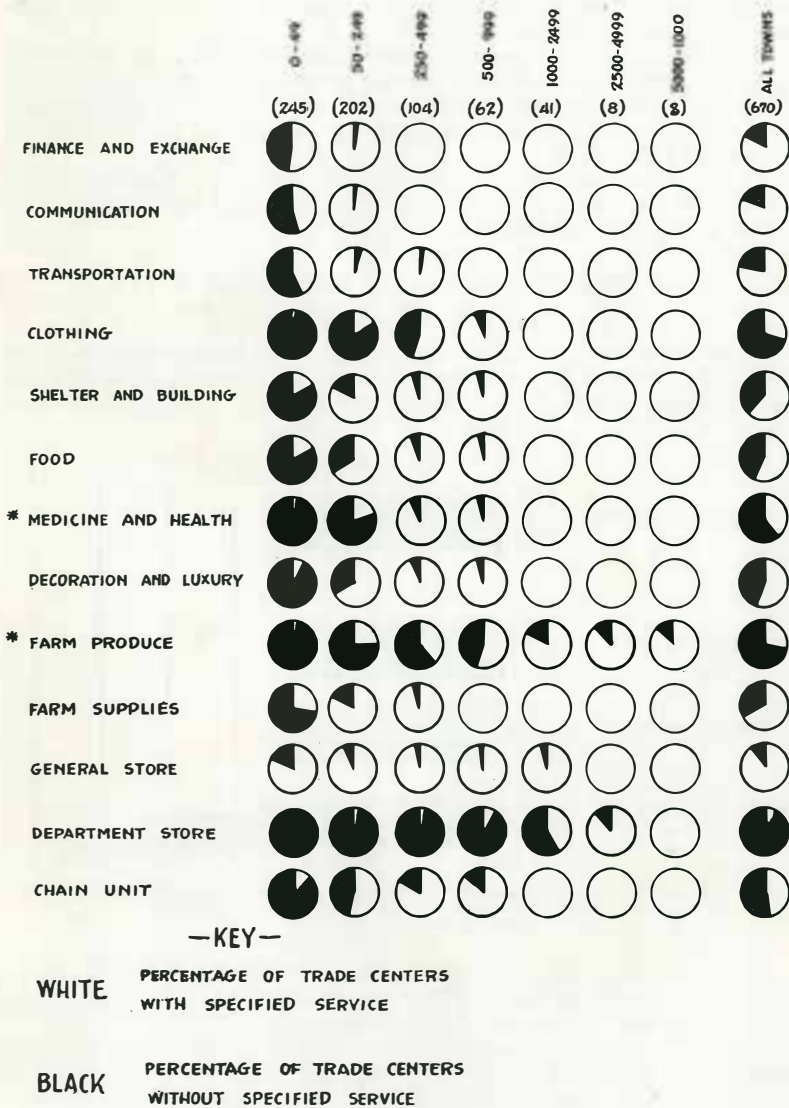
Most of the services are found in 100 per cent of the towns of 250-499 population. Department stores appear in less than 10 per cent of these towns.

Most of the services covered in the study are found in all of the towns and cities of above 1,000 population. The exceptions are those of farm produce stations selling merchandise, which are in a large part of the towns and cities. One city is built on mining rather than agriculture so has no units of this type. Department stores are in only about 40 per cent of the 1000-2400 group. Department stores are universal only in cities of 5000 or more population.

Chain stores are found in all towns above 1,000. The columns to the extreme right of fig. 13 indicate the proportion of all trade centers in the state which have each of the specified services. Department stores are less widely distributed than other retail units; clothing units are found in only around 30 per cent of the total number of towns in the state. General stores are most widely distributed, being found in 90 per cent of all towns. Transportation, communication, finance and exchange units are distributed in more than 75 per cent of all towns in the state. This is explained by the fact that the post office with its money-order department or the railroad and the express company along with the express money order, or the gas station, are found in even the smallest of hamlets.

The general store comes nearest being the universal trade station in the hamlet. In days of horse and buggy people took what it offered. Today they are likely to go where variety is offered in specialized stores.

An age of rapid transportation, specialized merchandising, with spec-



* Units of mercantile character only are included.

Fig. 13.—Per cent of various classes of South Dakota trade centers possessing specified business services—1931. (Figures in parenthesis indicate number of trade centers.)

ialized retail stores, chain stores, department stores, etc., accompanied by new life habits of the population create a situation which the small trade center is scarcely prepared to meet.

South Dakota is still one of the five most rural states in the union,⁸ yet these new trends are reflected to the disadvantage of the small trade center and to the advantage of the larger towns and cities increasingly. Small trade centers have actually declined over earlier periods, both in numbers and functions.

To the extent that these trends continue the automobile becomes a necessity to the farmer, and some small trade center merchants face a serious problem of readjustment.

Trade Center Growth in Relation to Population and Business Growth

Figure 14 gives a diagrammatic summary of trade center growth compared to growth in population, and in retail, and chain units in the state of South Dakota since 1901.

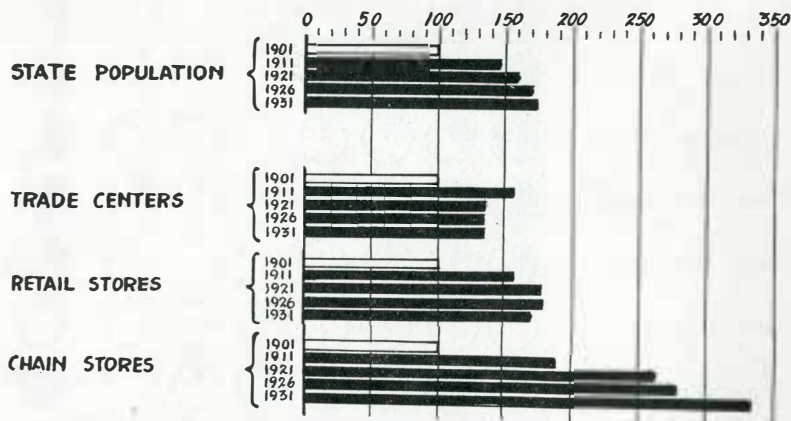


Fig. 14.—An index of trade center growth, compared to population and business growth, 1901-1931. 1901 equals 100. (Population figures are for nearest preceding census.)

Trade centers have not quite kept pace with population increases since 1911. This is undoubtedly because they have grown in size more than in numbers.⁹ Retail stores grew in numbers at about the same rate as population up to 1926 but have since declined. Chain stores have increased most during the 1901-1911 decade. Of course one must take into account that population and trade centers increased at a greater proportionate rate during the same period. The rate of increase in chain stores during the last five years has been greater than for the five years 1921-1926.

8. The other four states are North Dakota, 52.8 per cent, Arkansas, 53.4 per cent, Mississippi, 63 per cent, and South Carolina, 50.8 per cent. (Federal Agricultural Census, 1925.)

9. See p. 49.

This figure further shows that though population has increased somewhat during the last two five year periods, towns have remained stationary. Though the depression of 1921 did not cause a decline in towns it may have been responsible in part, for their remaining stationary. It is significant that the number of retail stores has declined below the levels of 1926 and 1921. This may be compensated for by a larger volume of business in the remaining stores.

VI. Conclusions and Implications

This study traces the effect of certain cultural and geographical changes upon town-country trade relations. The most important findings may be summarized as follows:

1. Geographical factors, especially rainfall, vitally affect the density of South Dakota population in different areas and consequently the territorial distribution of trade centers. The western area of the state has comparatively few trade centers and these are a considerable distance apart, whereas, in the eastern section of the state trade centers are quite numerous. Farmers in the southeastern part, especially, have ready access to any one of a number of shopping centers while west of the Missouri river some people are a hundred miles from a shopping center with trade facilities adequate to meet their needs.

2. The historical approach to the problem of territorial distribution of trade centers shows that their number has varied with changes in rainfall and subsequent land booms. The psychological over-stimulation of a land boom seems to have led to a disregard of the natural factors in the distribution of shopping centers, as well as density of population, and lead to an overdevelopment of trading units. This was obviously the case in South Dakota during the period 1906 to 1911. Recurrent drouth and the reaction following the boom period, combined with certain cultural factors such as improved means of transportation and travel and rural free delivery have brought the readjustment so that the situation is now in many respects similar to that existing previous to the boom, except that trade centers have increased over 1901 in all parts of the state, both in size and in numbers. Most of this increase, however, is in the more favorable geographical areas.

3. Other aspects of the study indicate that certain new inventions and facilities for travel and communication minimize the importance of the spatial relation between the farmer and his town. New devices for travel—automobiles, roads, and railroads—make the farmer less dependent on any particular town than previously. In other words greater mobility made possible by these new devices permits the farmer to select his trade center. On the other hand certain changes in life habits—desire for prepared foods, ready-made clothing, mechanical devices, luxuries, etc.—make him more dependent upon some town than previously.

4. Changes in merchandise indicate in a general way changes in life habits that have affected town-country trade relations. These changes are of the type that indicate that the farmer must contact the town at more frequent intervals and must also seek a larger trade center with specialized shopping units.

5. The exchange of goods in the state has increased markedly during the 30-year period as indicated by the increasing number of stores dealing

in ready-to-use goods. Volume of business has not been considered. It may be that these increases have been much more radical than this study indicates. This is true if the average volume of business per store has increased, if volume of business per store has decreased since 1901, of course, the changes may not be as radical as suggested.¹

6. Increasing urbanization in South Dakota has no doubt been a factor in changing the mode of life of rural peoples. Urban centers are characterized by high consumption of manufactured goods, and a disproportionately large number of stores dealing in prepared foods, manufactured articles and luxuries. There is considerable evidence that these urban tastes have extended into the rural area. Urban counties present marked differences from counties possessing only small towns as measured by the per capita distribution of mercantile enterprises dealing in these types of supplies. Differences in merchandising are also evident with different degrees of urbanization within towns and cities themselves; the larger the trade center the greater the proportion of food units. Clothing units are also concentrating in larger population centers.

7. There are some functions in which the small trade center seems to reflect very closely its connection with the rural population. Medium-sized trade centers (1000 to 2500 population) have a greater proportion of farm supply units than any other type of trade center, whereas general stores are found in greater proportion in hamlets which depend almost exclusively upon rural trade because very few people live in the trade center itself.

8. The new trend toward specialization is seen in the decline of the general store accompanied by the increase in the number of specialized retail stores and department stores which provide a variety of goods and give a wide range of selection.

9. Chain stores have increased more rapidly than independently-owned retail stores during the last 30 years and have entered some new fields of merchandising. They still represent a relatively small proportion of the number of stores in all enterprises except the department store which is approximately 75% under chain control. The volume of business per store is more than twice as great for chain as for independent retail stores at the present time.

10. Chain merchandising may have a bearing on town-country relations. It is possible that the chain store may be a factor in drawing rural trade. This possibly depends upon the degree to which the chain unit is known among the rural people. It is likely that chain branches of nationally known department stores, especially retail branches of mail order houses and five- and ten-cent stores, may be very important in attracting trade to a center possessing them. If so the larger urban centers have so far profited most by the new trends in chain merchandising.

11. The new trends in chain merchandising are found to be in the fields of groceries, variety stores, bakeries and department stores, all of which were practically unknown in the state previous to 1920. Chains have, however, existed since the beginning of the century in lumber, fuel, elevators, and farm supplies stores.

1. The federal census published in 1932 for the first time a study of retail distribution in the state. This publication deals with the volume of business for the year 1929 only.

12. The newer trends in merchandising combined with the newer shopping desires of the public and the newer transportation devices have apparently worked to the disadvantages of the small trade center. Hamlets have declined markedly when considered in relation to population increase, they have not only declined in numbers but also in function. They are retaining transportation, communication, and food functions to some degree. The decline in the number of general stores represents to some degree a decline in the activities of the hamlet for the general store has been basically the one-trade-unit center business organization.

13. All trade centers in the state have tended to increase in the average number of business units per center. However, a large portion of trade centers are still of the single business type. Some of these one-unit trade centers have survived in the eastern part of the state where competition is most severe because of short distances between trade centers. Perhaps those that have survived there have done so by adapting their merchandise to the new order of things—installing gasoline pumps, confectioneries, and lunch counters.

14. Small trade centers offer only a limited number of merchandising units, which cover only the bare necessities, while the larger trade centers have a wide variety of specialized stores providing a wide range of products, catering to desires for everything from necessities to luxuries. To the extent that the rural population demands variety in shopping, the small trade center is at a disadvantage and the large trade center at an advantage in an age of good roads and automobile travel.

Implications of these Findings

There are certain implications growing out of these findings which seem to have a direct bearing upon the mutual interests of the farmer and the merchant. They may be stated as follows:

Implications for the Farmer: 1. The farmer can, within limits choose his town and in so doing make or break the home town to a degree that was not possible previously. If he wants small towns he can have them only by giving them his patronage. In the absence of his patronage the small trade center is likely to disappear.

2. There is involved the danger that as the small town disappears as a shopping center it will also disappear as a market, for the basic excuse for the town is undoubtedly its merchandising enterprises.

3. As the farmer participates more fully in urban modes of life the farm home as a self-sustaining and self-determining economical and social unit declines. To the extent that the farm home turns from home baked and home prepared foods to factory baked, canned and processed foods and purchases ready-to-wear clothing etc., it shifts its functions to the urban center, and must frankly recognize a growing dependence upon the trade center.

4. Section II suggests that in boom periods town growth is not a fair index of permanence of the area or of actual values of town plots or rural acreages. Trade center growth apparently goes on the crest of the wave, and the reaction is violent.

5. In the absence of rural patronage the crossroad general store will disappear, unless it is on a well travelled highway where transient trade in gasoline and confectioneries support it.

Implications for the Merchant: 1. Merchants must recognize the fact that the farmer today has a choice of trade centers. In a mobile age trade is not dependent upon neighborhood relations alone, but on cultural and psychological factors. People go where they can get what they want in the way of varieties and luxuries as well as what they must have in the way of necessities. The factor of offering a varied line of goods and having numerous specialized stores is important. The chain store may even be a factor in drawing trade to a particular town. Advertising may also be very important in this respect.

2. While the problem has not been analyzed in this study it seems apparent from other studies that the encouragement of recreation, health, education, and religious functions, and the development of produce markets, is probably sound business practice.² The presence or absence of these factors is undoubtedly important in deciding the place where the farmer will distribute most of his trade.

3. Large towns and cities will probably supersede small towns to quite a degree in Eastern South Dakota unless small towns can offer advantages that appeal to the new rural values. General stores must seek isolated areas or adapt their location and merchandise to transient auto trade.

4. Section V may be of some predictive value to merchants locating stores in towns of various sizes. The fact that particular types of enterprises seldom exist below certain population limits probably means that they cannot exist there successfully. The merchant selling farm supplies can succeed better for a given unit of population in a town under 2500 than in one of larger size. The reverse is true for the food merchant. The larger the trade center the smaller the population unit required to support a food enterprise.

5. Merchants have doubtless the power today through advertising of changing life habits radically and thus increasing the contacts between town and country. While rural-urban tastes differ perceptibly today and must be catered to it is, nevertheless, apparent that they are not as radically different as at previous times. It is probable that marked differences will completely disappear as urban economic standards diffuse more widely into rural districts through advertising.

6. It is probable that the most successful trade center today is the one that, by use of the press, radio, etc., keeps its interests and wares before the tributary population continually. This is especially true in highly competitive areas where the automobile brings a number of trade centers within the reach of each farm family.

Mutual Implications.—There are certain mutual implications to farmer and merchant that grow out of the new life habits of the farm population as they bear on the present depression. The focal position of rural income as a factor in industrial prosperity has been recognized as never before in American history. Town business enterprises have, in recent years, expanded to meet the new shopping needs of the farmer, and to profit by his increased buying power. The deflation of the farm income has consequently, dealt the rural trade center a stunning blow which has been reflected in wholesaling and manufacturing as well as retailing throughout the entire nation. The deflated agricultural income prohibits

2. See footnote, p. 6.

the farmer, on the other hand, from exercising many of his acquired buying habits. Rural isolation has been broken down by the automobile, the public road, the radio, and the telephone; home drudgery has been lightened by modern conveniences, by purchasing ready made apparel, factory prepared foods, baker's bread, creamery butter, etc., but these expenditures demand a cash income which the farmer does not now possess. The changed economic situation is compelling many farm families to return temporarily to a greater simplicity in living habits. Such a condition is painful for the farmer and if prolonged means ruin for many merchants.

Out of this situation is growing a realization on the part of both farmer and tradesman that the town is the farmer's town. It lives on his prosperity, and the farm family in turn shares the best in American mechanical improvements and social welfare by being able to purchase its goods.