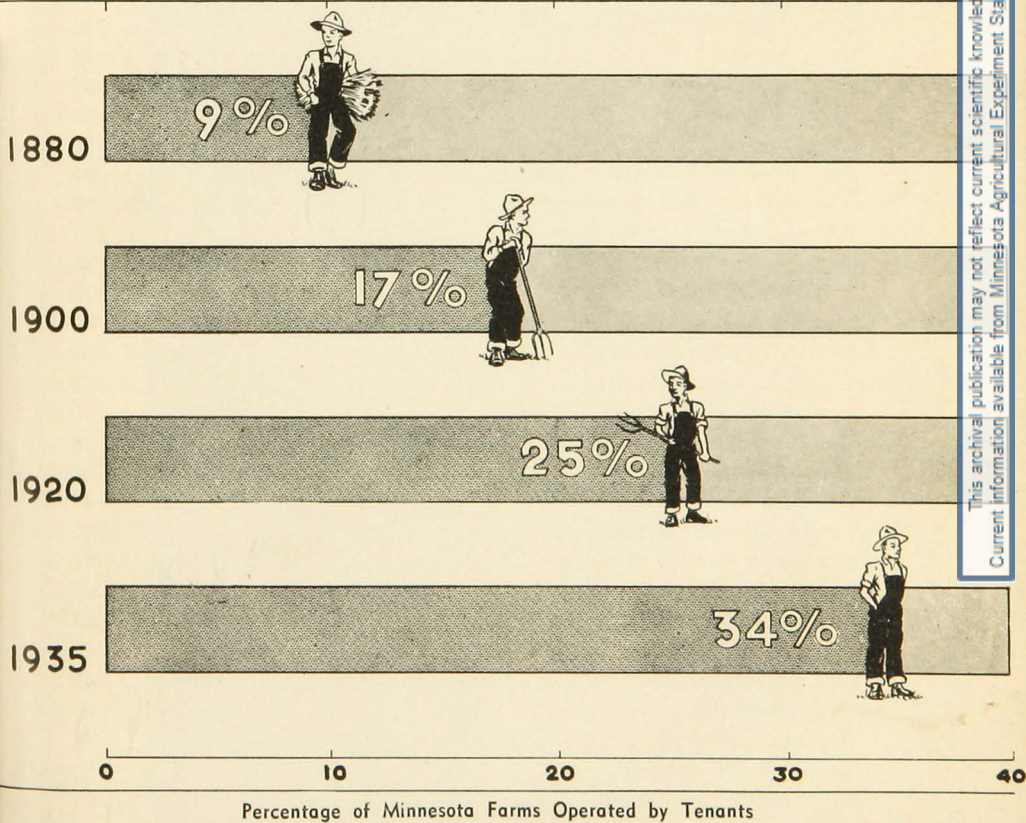


FARM TENANCY IN MINNESOTA

by
GEORGE A. POND



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In Co-operation with

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Farm Tenancy in Minnesota¹

George A. Pond

NEARLY ONE HALF of the farm land in Minnesota is operated by tenants. The proportion of tenant-operated land in the United States as a whole is only slightly less. In Minnesota and in the United States farm tenancy has been increasing steadily since the land was first settled. Tenant operation has served as a process whereby a young man acquired the capital and experience needed before he could safely assume ownership. It has provided a useful and, in most cases, a necessary step toward the ultimate goal of farm ownership.

This progress through tenancy to owner operation has, with the passing of time, proceeded at a steadily declining rate. As land has become more scarce and hence higher in price, it has taken longer to accumulate the capital for its purchase. With the increasing mechanization of agriculture and the growing importance of livestock in our farming systems, more working capital is needed to equip a farm. Furthermore with modern machinery and technic a larger farm business calls for the accumulation of more capital and more experience and further slows up the tenant's progress toward ownership.

The low level of agricultural incomes since 1920 has decreased the rate of

capital accumulation by tenants. Sharp declines in land values have wiped out the equities of many holders of mortgaged farms, and low incomes have made it impossible for them to make sufficient payments of interest to satisfy the mortgagees. As a result many operators of mortgaged farms have, through foreclosure or voluntary assignment, been forced to revert to the status of tenants. The steady increase in farm tenancy resulting from the operation of these various factors has resulted in serious economic and social problems that are now commanding nation-wide attention.

Purpose of Study

An intelligent approach to a solution of farm tenancy problems involves a careful review of past trends in tenancy and a comprehensive appraisal of its present status and development. It is the purpose of this study to present such data on the development of farm tenancy in Minnesota as are available and to portray a factual picture of its present status and the factors that contribute to this situation. Attention will be given to types of ownership of rented land, the characteristics of tenants, systems of leasing and leasing terms, length and security of tenure,

¹Most of the material presented in this study was obtained and tabulated in a leasing study in 1936 conducted cooperatively by the Minnesota Agricultural Experiment Station, and the Bureau of Agricultural Economics and the Agricultural Adjustment Administration of the United States Department of Agriculture. The author wishes to express his acknowledgment of the valuable assistance of Mr. C. W. Crickman of the Bureau of Agricultural Economics in planning the study and in outlining this publication. He also wishes to express his appreciation of the services of A. W. Anderson, W. L. Ettesvold, A. M. Hoff, and J. B. McNulty of the University of Minnesota, who secured the field data and tabulated and summarized them for publication.

the effect of tenant operation on the quality of farming, and some of the problems arising out of the tenancy situation. This information should serve as a valuable background for subsequent studies designed to test out the equity of present leasing systems, to devise improvement in these systems, and to analyze general landlord-tenant relationships and problems.

Source of Data

The principal sources of data used in the study are:

1. Federal Census reports
2. AAA county records
3. Questionnaire schedules by landlords and tenants
4. Survey schedules covering landlords and tenants
5. Farm accounting studies

Information on leasing systems, names and addresses of landlords and tenants, and a record of the cropping systems of owner-operators and tenant-operators were obtained from the county AAA work sheets for 1936. No data were collected from the county records for counties in which less than 25 per cent of the farm land was operated by tenants in 1930.

In order to reduce the volume of clerical work a system of sampling was adopted, and data were obtained from approximately one ninth of all townships in the counties covered. The work sheets of every third township in every third range were selected for study except as unusual conditions in a particular township made it desirable to substitute an adjoining township. A further sampling was used for the information on cropping systems; this information was obtained from every fourth township studied or from only

one township in 36 in the counties covered.

The locations of the townships studied are shown in figure 1. Crosshatching indicates those from which only the first type of information was obtained and solid black coloring those in which the cropping systems of owner-operators and tenants were studied in addition. Since much of the data will be presented by type-of-farming areas, these areas are also shown in figure 1. As indicated in this figure, data were obtained from all counties in type-of-farming areas 1 to 7, from 3 in Area 8, and from none in Area 9. Since these seven areas include most of the agriculture as well as most of the tenancy in the state and since data for the other areas are either incomplete or lacking, the averages in all tables prepared from the work sheet data and the questionnaire and survey studies associated with them will be for these seven areas.

The list of names and addresses of tenants obtained from the county work sheets supplied a mailing list to which a questionnaire was sent. This questionnaire dealt with the details of their leases and their personal history and leasing experience. This was sent to two out of every three tenants listed on the Agricultural Conservation work sheets in the 179 selected townships in 75 counties. Of the 4,864 questionnaires sent out to tenants 820 or approximately 17 per cent were returned.

The list of names and addresses of landlords likewise served to supply a mailing list to which a similar questionnaire was addressed. This was sent only to individual landlords living within the state. After eliminating institutional landlords, estates, and non-residents, the questionnaire was sent

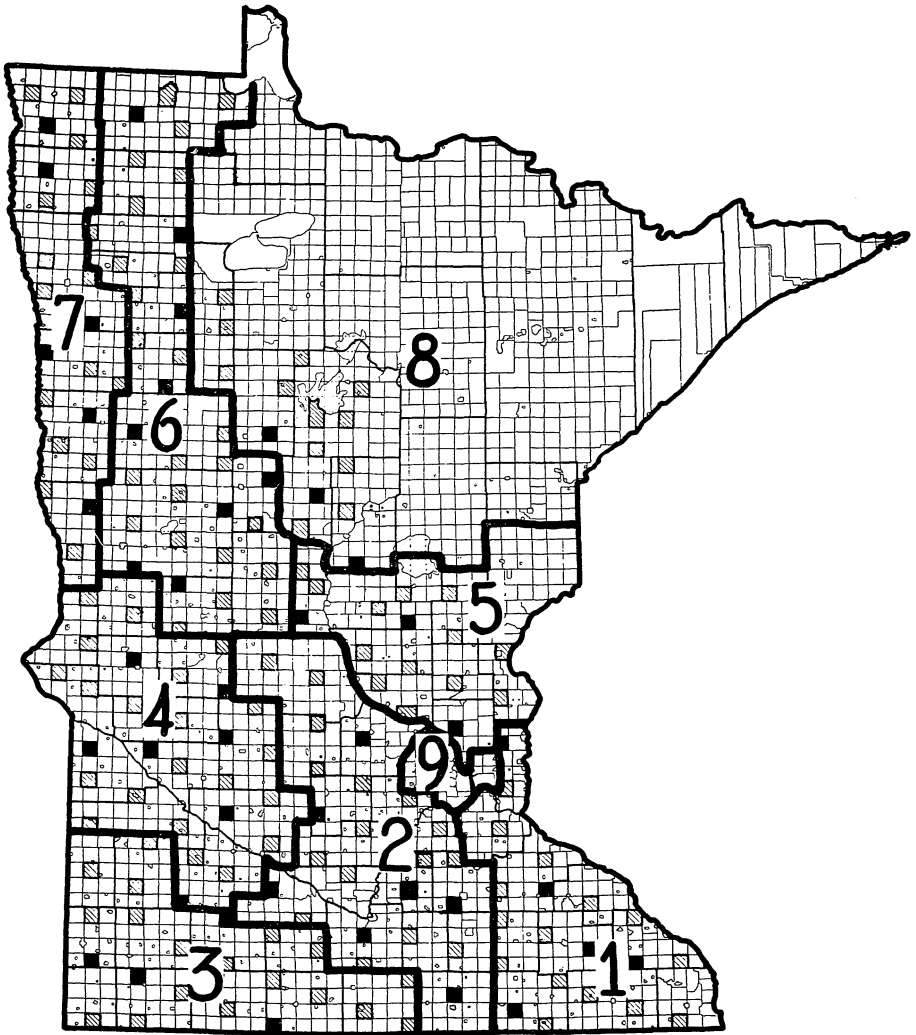


FIG. 1. LOCATION OF COUNTIES FROM WHICH FARM TENANCY DATA WERE OBTAINED FROM AGRICULTURAL CONSERVATION WORK SHEETS

Information concerning tenants, landlords, and systems of rental was obtained from all the shaded townships. From the townships with heavy shading data were also obtained on the crops grown on owner-operated and tenant-operated farms. Heavy lines are boundaries of type-of-farming areas. These areas are as follows: (1) southeast dairy and livestock; (2) south central dairy; (3) southwest livestock and cash grain; (4) west central cash grain and livestock; (5) east central dairy and potatoes; (6) northwest dairy, livestock, and clover seed; (7) Red River Valley small grain, potatoes, and livestock; (8) northern dairy, potatoes, and clover seed; and (9) Twin Cities suburban truck, dairy, and fruit.

to one half of the remaining landlords. As in the case of the tenant questionnaire, the volume of clerical work involved made it impossible to canvass the entire list. Of 3,287 questionnaires sent to landlords, 722 or 22 per cent were returned. The process of selection in both cases was a purely random one, and the resulting sample was fairly evenly distributed over the counties covered.

A special survey study was made of 139 tenants and 85 landlords in 11 counties in order to secure, through personal interview, more detailed and complete information on certain points that were not well covered by the questionnaire. Because of the importance of institutional ownership of rented land, a special study was made of those corporations appearing most frequently in the lists of landlords on the Agricultural Conservation work sheets. In most cases it was possible to visit the agency or home office of these corporations and obtain information from their files and records. Twenty-four institutions which own 11,400 farms operated by tenants in Minnesota were contacted.

In addition to a survey covering the general leasing practices and experience of these companies, specific details of 553 farm leases selected at ran-

dom from their files were recorded. The field work involved in this entire study was done in 1936 and 1937. Data from the various sources indicated are combined in the tabulations to follow insofar as they are comparable.

GROWTH AND DISTRIBUTION

The proportion of farms and the proportion of farm land in Minnesota and in the United States operated by tenants has increased fairly steadily ever since these facts were first reported in the Federal Census. This is indicated in table 1.

The rate of increase has been somewhat more rapid in Minnesota than in the country as a whole. The percentage of farms operated by tenants in Minnesota increased at the rate of 0.4 per cent per year from 1880 to 1920 and at a rate of 0.6 per cent from 1920 to 1935. The percentage of land operated by tenants increased at a rate of 0.55 per cent per year from 1900 to 1920 and at a rate of 0.77 per cent during the next 15 years. The more rapid growth in tenancy in recent years reflects, at least in part, the effect of the depression through which agriculture has been passing during this period. This more rapid increase of tenant operation also prevails in the United

Table 1. Percentage of Farms and Farm Land Operated by Tenants in Minnesota and in the United States*

Year	Per cent of farms operated by tenants		Per cent of farm land operated by tenants	
	Minnesota	United States	Minnesota	United States
	per cent	per cent	per cent	per cent
1880.....	9	26
1890.....	13	28
1900.....	17	35	25	31
1910.....	21	37	33	33
1920.....	25	38	36	37
1930.....	31	42	45	44
1935.....	34	42	47	45

* From A Graphic Summary of Farm Tenure, Misc. Publ. 261, U.S.D.A.

Table 2. Percentage Distribution of Farms, Size of Farm, and Value per Acre by Tenure Groups and by Type-of-Farming Areas, 1935*

Area	Farms operated by			Acreage per farm					Value per acre of land and buildings			
	Full-owners	Part-owners	Tenants	Full-owners	Part-owners		Tenants	Per cent of all rented land operated by part-owners	Full-owners	Part-owners	Tenants	
					Owned	Rented						Total
	per cent	per cent	per cent	acres	acres	acres	acres	acres	per cent			
1.....	49	14	37	136	116	76	192	165	15	\$55	\$49	\$47
2.....	54	14	32	125	105	64	169	146	16	66	59	57
3.....	35	14	51	167	142	113	255	199	13	66	56	57
4.....	37	16	47	187	158	124	282	219	16	48	40	40
5.....	58	17	25	108	104	69	173	132	27	36	28	29
6.....	47	20	33	136	115	100	215	181	30	29	20	22
7.....	34	23	43	210	200	213	413	291	38	30	22	23
8.....	68	16	16	93	89	65	154	120	35	25	19	17
9.....	62	16	22	41	46	36	82	63	29	150	107	109
State												
Average	50	16	34	128	124	98	222	180	21	47	36	40

* Data from 1935 Federal Census.

States as a whole when measured in terms of acres operated but not in terms of proportion of tenant operators. This suggests that the increase in tenancy is greater in areas of larger farms.

The fact that the proportion of farm land operated by tenants is larger than the proportion of farms operated by tenants is in part due to the larger size of tenant-operated farms and in part to the inclusion in the former figure of the rented portion of the land operated by part-owners, i.e., men who own a part of the land they operate and also farm additional land as tenants. The distribution of farm operators in Minnesota into three classes, owners, part-owners, and tenants, is shown in table 2 for 1935. Only one half of the farmers in Minnesota own all of the land they operate. Sixteen per cent rent land in addition to that which they operate as owners. These part-owners operate 21 per cent of all rented land in the state. The remaining 79 per cent of the rented land is operated by the farmers who rent all

of the land they operate, constituting 34 per cent of all Minnesota farmers.

In each type-of-farming area the part-owners work the largest farms and the full-owners the smallest. In fact the acreage owned by the full-owners is only slightly larger than that owned by part-owners. This suggests one of the important reasons for tenant operation, namely, that it enables a farmer with limited capital to secure an acreage large enough to operate economically. The data in table 2 indicate that the renting of additional land by part-owners is relatively less important in southern and west central Minnesota than in other sections of the state. Here more of the land is handled in fairly fixed units and there is less detached land without buildings available for renting by part-owners.

The relative value per acre of the full-owner, part-owner, and tenant farms does not indicate any definite relationship between land values and the percentage of tenancy (Table 2). The farms operated by part-owners and tenants in each type-of-farming area

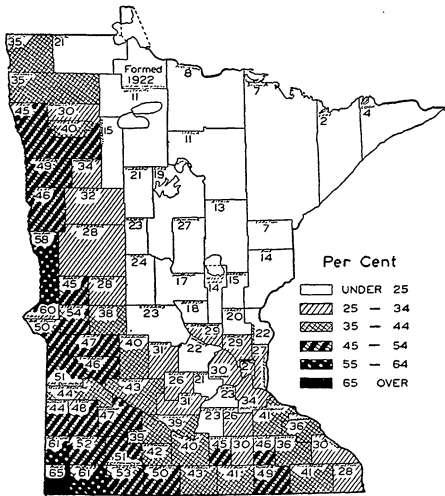


FIG. 2. PERCENTAGE OF FARM LAND OPERATED BY TENANTS, 1920

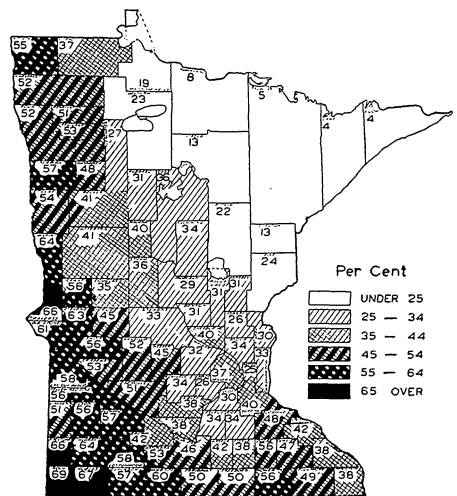


FIG. 3. PERCENTAGE OF FARM LAND OPERATED BY TENANTS, 1930

are, however, valued materially lower than those operated by full-owners. This difference can hardly be taken as a measure of the relative productivity of land. The owner-operated farms are much smaller than the other two groups in each type-of-farming area. Buildings constitute a large proportion of the total value per acre of land and buildings within any given type-of-farming area. Then, too, it is probable that the owner-operated land is more highly improved than the rented land. A much larger proportion of farms operated by owners are dairy farms than of those operated by tenants, and the value of buildings per acre according to the 1930 Federal Census was higher for dairy farms than for any other major type of farm in the state.

The proportion of rented land in each county in the state for 1920, 1930, and 1935 is shown in figures 2, 3, and 4. This is also shown by type-of-farming areas for the same years in table 3.

These data indicate that while the rate of increase from 1920 to 1935 in proportion of farm land operated by tenants was higher than for the previous 20 years as already noted, the rate of increase for the last five years of records is decidedly less than for the previous decade. This is not only true for the state as a whole but also for each type-of-farming area in the state except Area 8. In Area 1 there was no change from 1930 to 1935, and in Area 3 the change was negligible. In areas 2, 4, and 9 it was also small. These latter areas represent the older settled areas with a more mature and stable agricultural development. The large increase in proportion of rented land is taking place in the newer areas of northern, northwestern, and east central Minnesota. Undoubtedly some of the differences are due to differences in the stage of agricultural development.

Ramsey County was the only county in the state to report a decrease in the

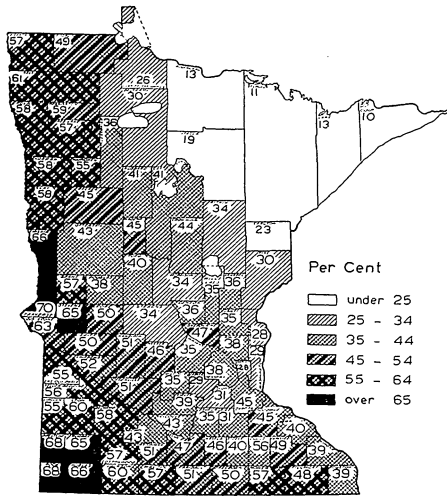


FIG. 4. PERCENTAGE OF FARM LAND OPERATED BY TENANTS, 1935

proportion of farm land rented from 1920 to 1930. Thirteen counties reported a decrease from 1930 to 1935. These counties were all in the southern half of the state. In most cases the decreases were small. They can hardly be interpreted to indicate that the long upward trend in proportion of tenant-operation of land has been stopped, but they certainly suggest that it is leveling out in the older settled areas and

that eventually a similar stabilization may be reached in the more recently developed counties.

The data presented in figures 2, 3, and 4 indicate a much larger proportion of rented land in western and southern Minnesota with an especially heavy concentration in the extreme southwestern and west central counties. This situation is apparent for each of the three periods represented. Some of the reasons for this distribution of tenancy—size of farm, type of farm, and value of land and buildings per farm—are suggested by the data presented in table 4. It should be noted that these factors primarily affect what might be considered “normal tenancy” rather than the tenancy resulting from farm foreclosures due to price depressions such as have occurred in recent years. This latter type of tenancy is most common in the drouth areas where the effect of low prices was accentuated by low crop yields. For the state as a whole and over a period of years this type of tenancy is of relatively minor importance.

Farms are larger, especially if measured in terms of tillable acres, in the type-of-farming areas where the proportion of rented land is high. It is probably a little easier for a tenant to

Table 3. Percentage of Farm Land Operated by Tenants and Annual Increase in Percentage by Type-of-Farming Areas, 1920-1935

Area	Land operated by tenants			Annual increase		
	1920	1930	1935	1920-1930	1930-35	1920-1935
	per cent	per cent	per cent	per cent	per cent	per cent
1.....	37	46	46	.83	.00	.55
2.....	30	38	40	.81	.26	.63
3.....	52	59	60	.72	.01	.51
4.....	47	56	57	.93	.16	.67
5.....	19	30	35	1.06	1.00	1.04
6.....	29	42	48	1.30	1.08	1.23
7.....	47	55	59	.88	.80	.85
8.....	13	20	28	.76	1.52	1.01
9.....	30	35	37	.51	.32	.45
State Average	36	45	47	.91	.48	.77

Table 4. Percentage of Tenancy, Size of Farm, Value of Land and Buildings per Farm, and Percentage Distribution of Farms by Type-of-Farming Areas*

Type-of-farming area	Per cent tenants of all farmers	Acreage per farm		Value of land and buildings per farm	Type of farm			
		Total	Tillable		Cash grain	Animal specialty	General	Dairy
	per cent	acres	acres		per cent	per cent	per cent	per cent
3	51	200	156	\$18,535	21.6	32.2	33.6	7.0
4	47	220	163	15,185	24.5	23.5	35.0	11.2
7	43	233	172	8,465	19.2	3.6	35.8	21.2
1	37	159	108	12,608	4.2	16.6	25.6	42.5
6	33	198	95	8,058	2.7	3.1	29.9	50.6
2	32	142	84	13,904	4.0	10.3	32.5	44.7
5	25	128	51	7,407	1.3	1.5	22.9	55.2
9	22	59	33	12,661	0.5	1.4	10.8	40.2
8	16	118	32	4,112	0.4	1.2	18.1	39.6
State Average	34	167	102	11,471	8.7	11.6	28.7	35.3

* Data from 1930 Federal Census.

make a living for himself and also have some surplus with which to pay rent on a farm larger than the average of the state than it is on one smaller. This larger size of tenant farms has already been indicated in table 2.

The proportion of all farms in the state of each of several types that was operated by tenants as reported in the 1930 Federal Census was:

Dairy	24 per cent
General	33 per cent
Animal Specialty	36 per cent
Cash Grain	55 per cent

Eighty-four per cent of all farms in the state were included in these four groups. The small percentage of dairy farms that are rented is in part due to the fact that in general not only are dairy farms smaller than the average of the state but also a smaller proportion of the land is tillable. They are therefore less well adapted to renting, especially to share-renting. The operator needs all the feed he can produce on his limited crop acreage to feed his dairy herd and the other livestock associated with dairying and cannot spare a share for the landlord. Cash grain farms, on the other hand, are larger

than the average of the state, have a larger than average proportion of tillable land, and the crops are such as are easily divided with the landlord on a share basis. Animal specialty farms are also larger farms with a large proportion of land in small grain and corn, crops that lend themselves well to a share division with the landlord. General farms as a rule represent only a moderate variation from the prevailing type in any given area and hence tend to follow that type insofar as type is related to tenancy.

In type-of-farming areas 3 and 4 where the values of land and buildings per farm are highest there is a high percentage of tenancy, and in areas 5 and 8 with the lowest values per farm the percentage of tenancy is relatively low. Since more capital is needed to purchase the higher valued farms and since considerable working capital is also needed to provide the machinery required to operate them effectively, tenants encounter more difficulty in achieving ownership than is the case in areas of low farm values.

Type-of-farming is, however, a factor that may offset in part the value

of the farm as a factor affecting tenancy. In areas 2 and 9 farm values are somewhat higher than the state average but the percentage of tenancy is lower. In these areas there is considerable land that, because of topography or poor drainage, is untillable and interferes with the use of large scale machinery. This limits the size of farm and also affects the type. Since the untillable land can only be used for hay and pasture, roughage-consuming livestock must be maintained to utilize these feeds.

On small farms dairy cattle are likely to be selected since they provide more productive employment for the farmer and his family than would other roughage consumers, such as beef cattle or sheep. This serves, at least in part, to offset the disadvantage of small size in these areas. As already mentioned, dairy farms are less well adapted to renting. In area 9 there are both fruit and vegetable farms and these, too, are not well adapted to tenant operation.

In areas 3, 4, and 7, on the other hand, a large proportion of farm land is tillable and adapted to the use of large scale machinery. Farms are larger and crops can be produced at lower costs than in other areas where large scale machinery is not as well adapted. Cash grain is, therefore, relatively profitable in these areas and less livestock is maintained. As previously indicated, cash grain farming is better adapted to tenant operation than is any other important type of farming in Minnesota. Since these three factors, size of farm, type of farm, and value of land and buildings per farm, have a joint effect in determining the proportion of tenancy, they must be considered together in interpreting the data presented in table 4.

OWNERSHIP OF RENTED LAND

Classification of Owners

The type of ownership of rented land has an important bearing on the tenancy problem. Some facts regarding the ownership of the rented land in the townships indicated in figure 1 are shown in table 5. These data cover 9,500 farms and more than 1½ million acres of land in 75 counties. No information was secured for Area 9 and only partial data for Area 8. For the rest of the state the sample data cover more than 10 per cent of the farms and undoubtedly give a fair picture of the distribution of ownership of the various types.

Twenty-one and one-half per cent of the rented acreage and 18 per cent of the rented farms in Minnesota are owned by institutions or corporations, most of which are engaged either as a major or minor activity in lending money on farm real estate. Under the heading "miscellaneous" in table 5 churches, colleges, railroads, and a few governmental units are included. Practically all of these farms were acquired as the result of mortgage loans made by these institutions. Foreclosure of delinquent loans or voluntary transfer by distressed borrowers brought the farms into their possession.

Individuals or noncorporate owners, however, make up by far the largest group. Farmers, widows of farmers, and the estates of farmers hold title to nearly one half of all tenant-operated land and make up the major element in the individual-owner group. Local nonfarmers, that is people living within the county in which the rented farms are located and who do not engage in farming as a major activity, own approximately 11 per cent of all rented

Table 5. Percentage Distribution of Rented Acreage and Rented Farms by Type of Ownership, 1936

Type of Ownership	Per cent of acreage	Per cent of farms
Insurance companies	8.8	7.0
Minnesota Department of Rural Credit.....	4.8	3.9
Mortgage and investment companies	2.3	2.0
Banks (including closed banks)	2.2	2.1
Joint Stock Land Banks.....	1.0	0.8
Federal Land Bank.....	0.9	0.9
Miscellaneous institutions	1.5	1.3
Total Institutional	21.5	18.0
Farmers, active and retired.....	27.8	30.1
Widows of farmers.....	10.1	11.1
Local estates	8.4	8.2
Local nonfarmers	10.9	11.0
Individuals, outside county but within state (including estates).....	11.5	12.3
Individuals, outside state (including estates).....	9.8	9.3
Total Individual	78.5	82.0
Total—All Classes	100.0	100.0

land. Individuals residing outside the county but within the state own 11½ per cent and those outside the state less than 10 per cent. Of the individual owners in these last three groups, about 78 per cent are men and 22 per cent women.

Distribution of Types of Ownership

The distribution of rented land both in terms of acres and number of farms is shown by type-of-farming areas in table 6. Institutional ownership is of much less importance in areas 1 and 2. This is the oldest settled area in the state and more local individually-owned capital has accumulated and is available for farm loans. The farming population is more stable and more farms pass from one generation to another without being encumbered with outside mortgages. Rainfall is not only somewhat heavier but also less variable, and crop production is more stable. This has resulted in more stability in both income and popula-

tion. The largest proportion of institutional ownership is in areas 4, 6, and 7 where farms are comparatively large and where over a period of years crop yields are not only lower but also more variable. A larger proportion of the income is from crop sales and less from livestock than in the rest of the state. Incomes are, therefore, more variable and mortgage loans somewhat less secure.

The percentage distribution of individual ownership by type-of-farming areas is shown in table 7. Farmers and farm families own a larger proportion of rented farms in areas 1 and 2 where, as already indicated, the farm population is relatively stable. In four areas, 3, 4, 6, and 7, individuals outside the state own more than 10 per cent of the individually-owned rented farms. These are also the areas in which the percentage of institutional ownership is highest. These areas have smaller accumulations of local capital and are more dependent upon outside capital. Crops are relatively more important as

Table 6. Percentage Distribution of Ownership of Rented Farms by Type-of-Farming Areas, 1936

Type-of-farming area	Distribution of acreage		Distribution of farms	
	Institutional owners	Private owners	Institutional owners	Private owners
	per cent	per cent	per cent	per cent
1.....	12	88	9	91
2.....	6	94	5	95
3.....	17	83	16	84
4.....	27	73	25	75
5.....	19	81	16	84
6.....	32	68	25	75
7.....	27	73	24	76
State Average*	21	79	17	83

* Average of areas 1-7 weighted by the number of rented farms in each area.

a source of income in these areas, and crop farming lends itself to absentee-ownership better than does livestock farming.

Acquisition of Land and Permanency of Ownership

The land held by institutional owners was acquired, as already indicated, almost altogether by foreclosure or voluntary transfer from distressed borrowers. It represents largely what is commonly classed as involuntary ownership. Individual owners included in this study, on the other hand, reported that they acquired 79 per cent of their farms by purchase, 13½ per cent by inheritance, and 7½ per cent by foreclosure. The distribution was

substantially the same for all groups of noncorporate owners. It seems only reasonable to assume that many of those farms held by farmers and farm families were secured by a combination of inheritance and purchase but were reported in this study as purchased.

There was a wide variation among the groups of owners of rented land as to the time they had owned the farm. Corporate or institutional owners had held their farms an average of 3.2 years. Less than 6 per cent had been in their possession as long as 10 years. With few exceptions these institutions were either forbidden by law to retain these farms permanently or because of the nature of their business find it undesirable to do so. Farmers and farmers' wives, on the other hand, had

Table 7. Percentage Distribution of Rented Land Held by Individual Owners by Type-of-Farming Areas, 1936

Type-of-farming area	Farmers, widows of farmers, and local estates	Nonfarmers within county	Outside county, within state (incl. estates)	Outside state (incl. estates)
	per cent	per cent	per cent	per cent
1.....	72	5	13	10
2.....	71	18	7	4
3.....	58	14	11	17
4.....	57	13	16	14
5.....	55	15	22	8
6.....	56	15	18	11
7.....	44	16	17	23
State Average*	60	14	14	12

* Average of areas 1-7 weighted by the number of rented farms in each area.

owned their farms an average of 25 years and individual nonfarm owners an average of 16 years. Practically all of the corporation-owned land is being held subject to immediate sale. Leasing is merely a means of obtaining income from it while awaiting a buyer. Occasionally some of it is held off the market while being improved to make it more salable later. The institutions listed in table 5 as "miscellaneous" do hold some farms on a more or less permanent basis, but the other groups are selling their holdings as fast as possible without affecting land prices too unfavorably.

Individual owners hold their land more largely for operation and investment although a considerable proportion report their farms as being for sale. Farmers and farmers' wives report 60 per cent of their holdings for sale, and nonfarmers 74 per cent. It is probable that the urge to sell is much less than in case of the institutional owners and that relatively high prices would have to be offered to induce them to sell.

Another difference among the different groups of owners of rented land is the number of farms under single ownership. The average number of farms owned by the 24 incorporated institutions studied was approximately 475. The average for all institutional owners in Minnesota would be much less than this. Thirty-five per cent of the farmers and farmers' wives reported owning more than one farm, and the average number of farms for these multiple owners was two and one half. Forty-four per cent of the nonfarmer owners reported owning more than one farm and their average holdings were 3.7 farms.

The permanency of ownership as

well as the number of farms held by these different types of owners has an important bearing on tenancy problems. Institutional owners are interested primarily in selling their holdings. Naturally they are not as much interested in improving their farms, except as such improvement makes them more salable, as would be the case if they expected to retain possession and depend on them as a permanent source of income. Although some of this type of owners take this short-time viewpoint, many of them are following a constructive program designed not only to make the farm salable but also to increase current income from it. Frequently agriculturally-trained field supervisors exercise sufficient control and direction over the operations of tenants to improve materially the quality of farming and increase the earnings of these tenants over what it otherwise would be. The large number of farms held by a single institutional owner within a given area makes it possible to apply this type of supervision and managerial service on an economical basis. Individual owners who have only one farm or at most only a few in a community can hardly afford to employ this type of service. Active or retired farmers are often in a position to furnish such service themselves but nonfarmer owners are usually not sufficiently trained in agricultural technic or are living too far from their farms to give the tenants much effective service of this type.

Another fact to be considered in this connection is the large preponderance of farm family ownership. To a considerable extent this represents a transition type of tenure. The land is in the process of passing from one generation to another. In a few cases

these farms were purely an investment, but in general they were at one time operated by some member of the family and will in the majority of cases continue to be operated by sons, sons-in-law, or other relatives. This is the most stable type of ownership and in the main involves fewer tenancy problems than the other groups.

FARM TENANTS

Age of Tenants

Farm tenants are, in general, younger than owner-operators. This is indicated in table 8. Forty-one per cent of all tenants are under 35 years of age, and 74 per cent are under 45 years. Corresponding percentages for owner-operators are 10.4 per cent and 34.6 per cent, respectively. On the other hand 15 per cent of the owner-operators, but only 3 per cent of the tenants are over 65 years of age. Since tenancy has been very largely a stepping stone to ownership, it is to be expected that the average age of tenants would be less than that of owner-operators. There is, however, a sufficient percentage of tenants in the upper age group to indicate that the eventual goal of farm ownership is not always achieved. It is also probable that the group of older tenants includes some who risked too

much to achieve ownership and reverted to the status of tenants when they lost the farms they had attempted to purchase as the result of their inability to keep up payments.

Tenants do not reach owner-operator status as young as was formerly the case. This is indicated in table 9. The proportion of owner-operators in the lower age groups has decreased materially during the past 40 years, whereas the proportion in the older age groups has registered a corresponding increase.

There has been much less change in the age pattern of the tenant group. The proportion in the older age groups decreased steadily from 1890 to 1920 and although this trend was reversed by 1930 there were relatively fewer tenants in the older age group than there were 40 years ago.

Apparently as large a proportion of tenants eventually reach their goal of ownership as formerly but at a more advanced age. It is, of course, possible that some of the older tenants cannot compete with younger men for farms and hence cease to be farm operators. This may account, to a limited extent, for the smaller proportion of tenants in the higher age groups.

The average age of all tenants reporting in this study was 41 years. The range was from 19 to 75 years.

Table 8. Percentage Distribution of Ages of Owner-Operators and Tenants in Minnesota in 1930*

Age groups	Percentage in group		Cumulative percentage	
	Owners	Tenants	Owners	Tenants
	per cent	per cent	per cent	per cent
Under 25	0.7	5.2	0.7	5.2
25-34	9.7	35.8	10.4	41.0
35-44	24.2	33.0	34.6	74.0
45-54	27.5	15.7	62.1	89.7
55-64	22.9	7.3	85.0	97.0
65-74	12.3	2.5	97.3	99.5
75 and over	2.7	0.5	100.0	100.0

* Data from Federal Census.

Table 9. Percentage Distribution by Ages of Owner-Operators and Tenants in Minnesota, 1890-1930*

Year	Owners				Tenants			
	Under 35	35-44	45-54	54 and over	Under 35	35-44	45-54	54 and over
	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent
1890.....	22.8	25.4	24.1	27.7	45.8	25.5	15.7	13.0
1900.....	20.0	29.1	23.6	27.3	47.4	27.9	15.3	9.4
1910.....	15.7	27.3	29.7	27.3	50.6	26.6	15.0	7.8
1920.....	17.5	25.6	28.0	28.9	53.3	26.3	13.2	7.2
1930.....	10.4	24.2	27.5	37.9	41.0	33.0	15.7	10.3

* Data from Federal Census.

There was some relation between age and type of leasing. Livestock-share tenants were youngest, their ages averaging 37 years. The average age of crop-share tenants was 39 years and of cash or crop-share cash tenants 42 years. Since share tenancy requires the tenant to supply less capital, it is to be expected that more of the younger tenants would be in this group.

The average age of tenants related to their landlords was 37 years, and of those not related, 42½ years. Capital supplied by the landlord undoubtedly makes it possible for the related tenant to start farming before he has accumulated sufficient capital of his own to rent a farm on a purely commercial basis. The average age of tenants on small farms was three years less than that of tenants on large farms. This suggests that as tenants acquire capital and experience they tend to seek larger farms.

Relationship to Landlord

According to the 1930 Federal Census, 31.5 per cent of all farm tenants in Minnesota were related to their landlords. Of the tenants of individual owners reporting in this study 30 per cent were related tenants. These were distributed as follows according to relationship to their landlord: sons, 60 per cent; sons-in-law, 14 per cent; nephews,

7 per cent; brothers-in-law, 7 per cent; brothers, 6 per cent; and other relatives, 6 per cent. Nearly half of the tenants on farms owned by farmers and the widows of farmers were related to the owners, sons and sons-in-law making up 85 per cent of this group. Apparently the relationship of landlord to tenant had some influence on the type of lease used. Twenty per cent of the related tenants operated under livestock-share leases as compared with less than 11 per cent in case of nonrelated tenants.

Years of Experience

The average number of years that the tenants reporting in this study had operated farms as tenants was 11. Since their average present age was 41, this indicates that the average age at which they started farming as tenants was 30. Related tenants had one year's less experience than the others. Tenants operating under crop-share or livestock-share leases were two years younger than those operating under cash or cash-share leases. Tenants on small farms had three years less experience than those on large farms. As previously noted tenants tend to move to larger farms as they accumulate capital and experience. They also tend to shift to a cash or cash-share lease basis.

Types and Provisions of Farm Leases

FARM LEASES vary widely in their provisions. Some provide for straight cash payments, others for sharing the crop, while still others combine the two methods of payment. Moreover, leases vary greatly from area to area. This variety is not a matter of chance, but is often determined, to a large extent, by definite economic considerations. Some of the questions answered in this section arising from these considerations are:

1. Why are cash leases most popular on small farms?
2. What is the most common share of the crop given as rent?
3. Who determines the crops to be grown, the tenant or landlord?
4. What is the common length of farm leases in Minnesota?
5. How long do Minnesota tenants stay on the same farm?



Types and Provisions of Farm Leases

TYPES OF LEASES

Leases are commonly classified on the basis of the method of rental payment. A specified amount of cash, a share of the crop, or some combination of the two are the usual rental payments in Minnesota. Occasionally the payment of a fixed quantity of crop, livestock, or livestock products or a combination of them or the value of them at a particular time and place is specified, but these cases are rare.

Classification Used

The following classification of leases is used in this study: (1) cash leases, (2) crop-share cash leases, (3) crop-share leases, (4) livestock-share leases. Under type 1 the entire payment to the landlord consists of cash specified either in a lump sum or on an acre basis. Under type 2 the tenant gives the landlord a share of the crop on part of the land and pays cash for the use of the remainder of the farm. Commonly the grain crops are on a share basis and the hay and pasture on a cash basis. Under type 3 the only payment to the landlord is a specified share of certain crops. These crops may include all crops on the farm or only those readily salable. The share pays both for the land on which the share crops were grown and also for any other portion of the farm of which the tenant may have the entire product or exclusive use. Under type 4 the landlord receives a specified share of the receipts from the sales of livestock and livestock products as well as a share of receipts from crop sales.

Distribution by Type

The Federal Census has recorded some information on the type of leases in Minnesota since 1880. This is shown in table 10. It is apparent that during the 50-year period there has been a steady increase of cash tenancy. In 1910 and 1920 the census reports gave a further classification of leases by types. In 1910 share leases made up 56.3 per cent of all leases and crop-share cash leases, 11.5 per cent. Corresponding figures for 1920 were 43 per cent and 19 per cent, respectively. A tendency for the use of share leases to decrease and for crop-share cash leases to increase appears, and its continuance up to the present time is indicated by the data secured in this study.

The distribution of leases according to type by type-of-farming areas for the farms covered in this study is shown in table 11. A similar distribution based on acreage rather than number of farms is shown in table 12. These data indicate that the increased proportion of crop-share cash leases noted in the 1910-1920 period has continued.

Table 10. Percentage Distribution of Farm Leases by Types, 1880-1930*

Year	Type of lease	
	Share and share-cash	Cash and unspecified
	per cent	per cent
1880.....	85.2	14.8
1890.....	77.3	22.7
1900.....	80.8	19.2
1910.....	67.8	32.2
1920.....	62.0	38.0
1930.....	59.0	41.0

* Data from Federal Census.

Table 11. Percentage Distribution of Rented Farms According to Type of Lease by Type-of-Farming Areas, 1936

Type-of-farming area	Type of lease			
	Crop-share cash	Cash	Livestock share	Crop share
	per cent	per cent	per cent	per cent
1	34	28	32	6
2	33	45	16	6
3	64	23	10	3
4	73	9	6	12
5	30	46	9	15
6	33	28	16	23
7	50	14	4	32
8	15	59	9	17
State Average*	44	30	14	12

* Average for areas 1-7 weighted by number of rented farms in each area.

They also indicate a sharp reversal of the increasing trend in cash leases that continued from 1880 to 1930. Very low prices of farm products immediately following 1930 made it difficult to collect the cash rent specified in the leasing contract. Often prices dropped sharply between the time the lease was made and the time that the crops grown under it were ready for sale. Since landlords have found that share rent was much easier to collect they have tended to shift back to share or share-cash leases quite generally. Tenants also were less willing to obligate themselves to the payment of cash.

Factors Affecting Choice of Lease Types

The type of lease used seems to be related to both size and type of farm. According to the 1930 Federal Census the proportion of cash tenants was as follows according to types of farms: cash grain, 20 per cent; general and crop specialty farms, 37 per cent; animal specialty farms, 41 per cent; dairy farms, 50 per cent; poultry farms, 60 per cent; and fruit and truck farms, 67 per cent.

In general, cash leases are used more frequently with livestock and highly

Table 12. Percentage Distribution of Rented Acreage According to Type of Lease by Type-of-Farming Areas, 1936

Type-of-farming area	Type of lease			
	Crop-share cash	Cash	Livestock share	Crop share
	per cent	per cent	per cent	per cent
1	36	26	32	6
2	39	37	19	5
3	69	18	10	3
4	75	7	8	10
5	35	43	11	11
6	35	24	20	21
7	55	13	5	27
8	24	53	8	15
State Average*	52	21	15	12

* Average for areas 1-7 weighted by rented acreage in each type-of-farming area.

specialized farms rather than with crop or general farms. On the livestock farms the feed is needed on the farm and the cash lease makes it possible for the tenant to keep all the feed he produces. On highly specialized farms such as poultry, fruit, or truck farms, it is difficult to work out a satisfactory division with the landlord. The data in tables 11 and 12 indicate more cash leases in areas 2, 5, and 8 where livestock production, especially dairying, is important.

Crop-share cash leases predominate in areas 3, 4, and 7 where the farms are relatively large and cash crops are of considerable importance. The tenant may share his crops with the landlord and still have enough feed left for his own livestock, and the main crops, corn and cereals, are such that the landlord finds a ready sale for his share. The tenant usually pays cash for the meadow and pasture since the landlord would not find a share of them readily marketable.

Crop-share leases are important only in areas 6 and 7 and to a limited extent in Area 8. This type of lease is used either on farms where little livestock is maintained and there is little use for pasture and hay land or where such large quantities of low-valued land fit

only for meadow or pasture are available that tenants cannot be induced to pay any rent for it. The landlord often receives a share of the grain crops as full rental payment for the entire farm.

Livestock-share leases are used most extensively in areas 1, 2, and 6 where dairy farms predominate. This system of rental is more likely to be used on the larger farms or in case of related tenants.

There is a relationship between size of farm and type of lease. This is indicated in table 13. In each type-of-farming area for which data are available the average size of farms operated under crop-share cash or livestock-share leases is larger than those operated under cash or crop-share leases.

Another factor to be considered in connection with size of farm as measured by total acreage is the proportion of tillable land. The percentage of tillable land for farms operated under different types of leases was as follows: crop-share cash, 78 per cent; crop share, 77 per cent; livestock share, 72 per cent; and cash, 66 per cent. The small size of the cash-rented farms and the small proportion of tillable land limits the amount of crops that can be produced. The nontillable land, usually hay and pasture, necessitates live-

Table 13. Size of Farms Rented Under Different Types of Leases by Type-of-Farming Areas, 1936

Type-of-farming area	Type of lease			
	Crop-share cash	Livestock share	Cash	Crop share
	acres	acres	acres	acres
1	188	186	161	155
2	175	177	122	115
3	199	195	154	187
4	223	324	171	166
5	168	178	118	99
6	191	224	168	184
7	282	322	246	214
Average*	202	200	143	164

* Average for areas 1-7 weighted by the number of rented farms in each area.

Table 14. Types of Leases Used by Different Types of Landlords, 1936

Type of landlord	Type of lease			
	Crop-share cash	Cash	Livestock share	Crop share
	per cent	per cent	per cent	per cent
Institutional	81	11	0	8
Farmers and widows of farmers.....	36	31	14	19
Local nonfarmer (within county).....	49	19	17	15
Nonresident (outside of county).....	47	27	13	13

stock for its utilization. The small size of the farm also makes livestock desirable as a means of increasing the size of business. By paying cash rent the tenant has all the feed he raises available to maintain this livestock. The smaller proportion of tillable land on the farm operated under a livestock-share lease indicates one reason why these are livestock farms—because of the need for stock to utilize the non-tillable land.

The average number of cows per 100 tillable acres was 12 for cash-rented farms and 11 for farms operated under livestock-share leases. Corresponding figures for share-cash and crop-share farms were seven and six cows, respectively. Numbers of other livestock were also less on the latter groups of farms indicating the relation between lease type and the organization of the farm.

There is also another factor affecting the type of lease used, namely, the type of landlord. All types of landlords used the crop-share cash lease more frequently than any other, but the institutional landlords used it on four out of every five farms they rented. On the other hand these institutional landlords did not use the livestock-share lease at all and the cash lease much less than any other group.

Farmers and widows of farmers use the cash lease relatively more than does any other group with the non-

resident owners second. Farmers and widows of farmers also use the crop-share lease relatively more than any other group of landlords. This is probably accounted for by the fact that the farmers using these leases operate nearby farms and can utilize their share of feed crops from the rented farms as feed on the farms they operate.

RATES OF RENTAL PAYMENTS

Share Rentals

The most common shares of the grain crops given as rent in Minnesota are one third and one half. This is indicated in table 15. The data upon which this table was based were taken from the work sheets of the County Agricultural Conservation committees and cover 5,800 farms totaling approximately one million acres of land. The sample is distributed over the state in such a way as to present a representative picture of the relative importance of the different shares in different parts of the state.

The two-fifths share predominates in Area 3 and is of some importance in areas 1, 2, and 4. The one-fourth share is only important in Area 7 and even there it is used on only about one fifth of the farms. One reason for the large proportion of one-half share leases, especially in areas 1, 2, 6, 7, and 8, is

Table 15. Percentage Distribution of Farms According to Usual Share of Grain Crops Given as Rent by Type-of-Farming Areas, 1936

Type-of farming area	Share of Crop Given as Rent			
	1/4	1/3	2/5	1/2
	per cent	per cent	per cent	per cent
1	0	26	9	65
2	0	32	11	57
3	0	24	55	21
4	3	52	15	30
5	0	79	1	20
6	11	45	0	44
7	25	28	0	47
8	0	47	0	53
State Average*	4	41	13	42

* Averages for areas 1-7 weighted according to the number of rented farms in each area.

the fact that the livestock-share leases are included, since in most cases the division of crops as well as of livestock is on a 50-50 basis. It was impossible to separate them with only the information on the crop share available.

A questionnaire study by the Bureau of Agricultural Economics of the United States Department of Agriculture in 1936 covering a smaller number of farms in selected townships showed a distribution of leases, according to the share of crop given as rent, very similar to that shown in table 15. The proportion of one-fourth share leases was the same, of one-third share leases 42 per cent as compared with 41 per cent, of two-fifths share leases 15 per cent as compared with 13 per cent, and of one-half share leases 39 per cent as compared with 42 per cent.²

The shares as indicated apply to corn, small grain, and flax crops. Usually the same share of each of these is specified in any given lease. Occasionally the rental for corn may differ slightly from that for the other crops. The share of the hay crop taken as rent varies widely within each area, but the most common share throughout

the state is one half. Usually land for such specialized crops as potatoes, canning crops, and sugar beets is rented for cash, but in case it is share-rented, the share to the landlord is often somewhat lower than for the other less intensive crops. There is also considerable variation among farms and among type-of-farming areas in the degree to which landlords share any of the costs of crop production. This will be considered later.

The distribution of crop-share cash leases according to the share given as rent for the share-rented portion of the farm is shown by type-of-farming areas in table 16. For this type of lease the one-third crop share of small grain and corn predominates in every type-of-farming area except Area 3, where the two-fifths share system prevails. One half is by far the most frequent share of the hay crop given as rent. The one-fourth share system is found only in Area 7 and the two-fifths division principally in Area 3.

The proportion of the different crops for which share rent is paid varies widely in different type-of-farming areas. Data for each crop and each

² Unpublished data, Bureau of Agricultural Economics, U.S.D.A.

Table 16. Percentage Distribution of Farms Under Crop-Share Cash Leases by Share of Crop Given as Rent, 1936

Type-of-farming area	Corn and small grain share				Tame hay share				Wild hay share			
	1/4	1/3	2/5	1/2	1/4	1/3	2/5	1/2	1/4	1/3	2/5	1/2
	per cent				per cent				per cent			
1	0	40	40	20	0	29	11	60	0	51	0	49
2	0	36	32	32	0	18	18	64	0	25	0	75
3	0	16	75	9	0	22	54	24	0	33	0	67
4	0	62	15	23	0	27	16	57	0	28	4	68
5	0	98	0	2	0	38	24	38	0	72	0	28
6	2	78	2	18	0	16	0	84	0	45	0	55
7	21	50	0	29	14	16	0	70	20	47	0	33
8	0	81	0	19	0	13	0	87	0	45	0	55
State Average*	2	50	28	20	1	24	20	55	2	38	1	59

* Average for areas 1-7 weighted by the number of farms in each area operated on a crop-share cash lease.

area are shown in table 17. In all parts of the state the small grain land is rented on a share basis rather than for cash. In the southern part of the state where corn is well adapted and matures regularly the corn land is largely rented on shares. In areas not well adapted to corn and where the crop is grown principally for forage, cash rental is more common. In case of corn silage the tenant may either pay cash for the land from which he harvests corn as silage, or he may pay the landlord his share in acres of corn for grain. In general the landlord prefers to share only in those crops which are readily salable. Only in case he is farming land nearby is he in a posi-

tion to utilize nonmarketable feed crops. In areas 5, 6, and 7 the hay is commonly on a share basis. The large proportion of sweet clover on a share basis in these areas reflects the use of this crop for seed rather than for hay. The institutional landlords rent a slightly larger proportion of the grain land on a share basis but a much smaller proportion of the land in corn silage and fodder, potatoes and roots, and the legume and grass crops.

The share of the crop given as rent on farms rented entirely on a crop-share basis is somewhat different from that of farms rented on a crop-share cash basis. The percentage distribution of shares for crop-share rented

Table 17. Percentage of Different Crops on a Share Basis on Farms Operated Under a Crop-Share Cash Lease by Type-of-Farming Areas, 1936

Crop	Type-of-farming area						
	1	2	3	4	5	6	7
	per cent	per cent	per cent	per cent	per cent	per cent	per cent
Small grain	100	99	100	99	100	100	99
Corn (grain)	83	93	99	79	53	43	20
Corn (silage and fodder).....	41	38	13	21	40	56	1
Potatoes and roots.....	13	47	9	9	45	29	6
Alfalfa	18	21	6	19	92	53	41
Sweet clover	44	29	40	49	83	67	67
Other tame hay.....	20	35	7	25	80	54	61
Wild hay	34	27	4	17	90	50	31

Table 18. Percentage Distribution of Farms Under Crop-Share Leases by Share of Crop Given as Rent, 1936

Type-of-farming area	Corn and small grain share				Tame hay share				Wild hay share			
	1/4	1/3	2/5	1/2	1/4	1/3	2/5	1/2	1/4	1/3	2/5	1/2
	per cent				per cent				per cent			
1	0	23	0	77	0	22	0	78	0	0	0	100
2	0	60	0	40	0	20	0	80	0	25	0	75
3	0	17	33	50	0	0	0	100	0	0	0	0
4	7	27	13	53	7	8	23	62	9	9	18	64
5	0	87	0	13	0	62	0	38	0	72	0	28
6	18	23	0	59	15	20	0	65	4	22	0	74
7	21	21	2	56	22	9	0	69	30	30	0	40
8	14	57	0	29	0	57	0	43	0	33	0	67
State Average*	10	37	3	50	10	22	3	64	8	28	3	61

* Average for areas 1-7 weighted by the number of farms in each area rented on a crop-share basis.

farms is shown in table 18. The principal difference is that the one-half and one-quarter shares are much more common and the one-third and two-fifths shares much less common. This is partly due to the fact that the crop-share farms are usually of a different type. They are usually smaller farms with less livestock. In general they are not as well improved. The larger share of crops given may compensate for the fact that the tenant is receiving pasture and sometimes hay land rent-free, whereas under the crop-share cash lease he pays cash rent for the pasture and often for hay land and in many cases for the use of the buildings.

Crops are shared on a 50-50 basis on practically all farms rented under livestock-share leases. In a few instances there are exceptions to that rule in case of special crops. In general most of the crops raised are fed to livestock. Since livestock receipts are divided equally between landlord and tenant, this amounts to a half share as far as the landlord is concerned whether the crop is sold or fed.

Cash Rentals

Cash-rental rates vary widely among different type-of-farming areas and also within each area. The variations reflect differences in the productivity of farms and to a lesser extent custom and differences in the bargaining ability of the landlords and tenants concerned. Cash rent also varies from year to year with the price level of farm products, but these adjustments to price involve some lag and do not equal the price changes in magnitude. The average rate of cash rent per acre in Minnesota in 1930 for type-of-farming areas 1 through 7 was \$3.67. The average rate found in this study for the same area in 1936 was \$2.89. The average annual index of farm product prices for the three years prior to 1930 was 103 as compared with 61 for the three years prior to 1936.³ Although farm prices had declined 43 per cent from the earlier period to the later, land rents had decreased only 21 per cent.

The cash rent paid per acre for cash-rented farms is shown in table 19 by

³ Garver, W. B., and Waite, W. C., District Indexes of Prices, Quantities, and Values of Cash Sales of Minnesota Farm Products. Minn. Ag. Expt. Sta. Bul. 335.

type-of-farming areas. Data from the 1930 census as well as those secured by this study in 1936 are shown. These figures on an index basis indicate little change in the comparative level of cash rents by areas between these two years. Some areas of relatively low productivity which suffered severely from the drouth of 1931 to 1934, such as areas 4 and 5, declined more relatively than the rest of the state, whereas areas 2 and 3, the highly productive areas in which the drouth was less severe, showed somewhat less relative decline.

The index of crop yields and the relative proportion of tillable land for each type-of-farming area are also shown in table 19. In general those areas with a high crop index and a large proportion of tillable land carry a higher cash rental rate. These relationships are only approximate and are only imperfectly measured by these data since the indices of crop yields and tillable land apply to the entire type-of-farming area, whereas only 30 per cent of all rented farms are rented

for cash and these particular farms may vary in these factors from the average of the area.

The cash-rental data in table 19 apply only to farms rented entirely for cash. Rental rates for the cash-rented land on farms operated under a crop-share cash lease are shown in table 20. Since there were no significant differences among corn, potatoes, root crops, and tame hay in the cash-rented rate in any type-of-farming area, only average rates for all of these crops are shown. In general the ranking of the areas is the same as shown for cash-rented farms. Differences between areas and between farms within an area are principally due to differences in productivity. The proportion of tillable land is not a factor, at least directly, since these rates apply only to land in a specific crop. Rates for wild hay and pasture land are lower than for the other crops with the difference proportionately greater in areas 5 and 6 where from 30 to 40 per cent of the farm land can be used only as

Table 19. Cash Rent per Acre, Index of Cash Rent, Crop Index, and Index of Tillable Land on Farms Rented for Cash

Type-of-farming area	Cash rent per acre		Index of cash rent		Crop‡ index	Index of tillable land§
	1930*	1936†	1930	1936		
1	\$3.95	\$3.08	108	107	107	112
2	4.60	3.85	125	133	115	98
3	5.50	4.60	150	159	104	128
4	3.70	2.93	101	101	93	123
5	2.55	1.70	70	59	95	67
6	1.92	1.24	52	43	89	79
7	1.63	1.35	44	47	87	122
8	1.11	.92	30	32	99	44
State Average	3.67	2.89	100	100	100	100

* United States Census.

† Survey records.

‡ Relation of crop yields in this area to average state yields expressed as a percentage of the state average. From Engene, S. A., and Pond, G. A., Agricultural Production and Types of Farming in Minnesota, Minn. Agr. Expt. Sta. Bul. 347, Statistical Supplement.

§ Relation of proportion of tillable land in this area to the proportion for the eight areas.

|| Averages for areas 1-7 weighted by acres of cash-rented land in each area in 1935.

Table 20. Cash Rent per Acre for Cash-Rented Crop Land on Farms Rented on a Crop-Share Cash Basis, 1936

Type-of-farming area	Type of crop land		
	Corn, potatoes, root crops, and tame hay	Wild hay	Pasture
1	\$3.38	\$2.84	\$2.87
2	4.16	3.60	3.24
3	4.70	4.14	4.05
4	3.28	2.87	2.25
5	2.21	1.31	1.20
6	2.07	1.27	1.43
7	1.94	1.37	1.56
State Average*	3.36	2.78	2.59

* Average of areas 1-7 weighted by number of farms rented under a crop-share cash lease in each area.

wild hay or pasture. The pasture rate also varies with the proportion of tillable land used as pasture.

In addition to paying cash rent for specific acres of crop and giving a specified share of certain crops, the tenant operating under a crop-share cash lease may pay a cash rental for the use of the buildings and farmstead. The average rate charged per farm by type-of-farming areas is shown in table 21. There was less difference between areas than existed in case of cash rentals per acre.

Table 21. Average Rental Charge for Use of Farmstead and Buildings on Crop-Share Cash Lease Farms and Frequency of Charge by Type of Landlord, 1936

Type-of-farming area	Average rent paid per farm	Tenants paying farmstead and building rent	
		Institutional landlords	Other landlords
		per cent	per cent
1	\$22	77	14
2	27	44	2
3	30	72	35
4	26	56	7
5	19	52	0
6	17	10	0
7	23	13	0
State Average*	25	50	10

* Average of areas 1-7 weighted by number of farms rented under a crop-share cash lease in each area.

There was, however, a wide variation in the extent to which a building and farmstead rental is charged. It was most commonly used in areas 1 and 3, especially by institutional landlords. The latter group also used it extensively in areas 2, 4, and 5. It is not widely used by individual landlords except in Area 3. It appears likely that the institutional landlords have taken the lead in charging for the use of the buildings and farmstead and that individuals are following their lead rather slowly. There was evidence in this study that a nominal farmstead and building rental was specified in the lease in many cases, but remitted on condition that the tenant perform certain duties such as minor repairs or protection of the property from injury due to carelessness, neglect, or trespass. In table 21 are shown only those cases where a definite cash payment was involved.

CONTRIBUTIONS OF LANDLORD

The landlord pays the real estate taxes, insurance on buildings, and at least the cash cost of upkeep of buildings and other improvements in practically all cases. In addition he may make some contribution to operating expense. This contribution varies more or less regularly by types of leases and irregularly between farms operated under the same type of lease. Under a cash lease the only contribution commonly made is a payment for all or part of the grass and legume seed. The relative frequency with which these payments were reported is shown by type-of-farming areas in table 22. The landlord makes a contribution to the cost of hay and pasture seedings in

Table 22. Percentages of Farms Rented for Cash on Which Landlord Made Specified Contributions to Cost of Grass and Legume Seed, 1936

Type-of-farming area	Landlord's contribution		
	All	Share	None
	per cent	per cent	per cent
1	33	9	58
2	10	4	86
3	14	2	84
4	4	0	96
5	16	0	84
6	11	0	89
7	0	0	100
8	14	0	86
State Average*	14	3	83

* Average for areas 1-7 weighted by number of cash-rented farms in each area.

type-of-farming Area 1 more frequently than in any other area.

Landlords who rent their land under a crop-share cash lease may pay a part of the crop expense such as seed for corn or grain crops, twine, threshing, and grass and legume seed. The extent to which they do so is indicated in table 23. In case they furnish seed they are much more likely to furnish all the seed rather than merely the share corresponding to the share of the crop which they receive as rent. By furnishing seed the landlord is able to control the variety to be raised as well as the quality of the seed. In case the

landlord contributes to the cost of twine and threshing he commonly pays only for the share of the crop he receives. In nearly half of the leases studied there was a provision that the landlord contribute to the cost of grass and legume seedings. Usually he furnishes all of the seed and receives cash rent for the meadow and pasture. In general the landlord contributes more frequently to the cost of seed, twine, and threshing under one-half share leases. There are many cases of one-half share rent in south central and southwestern Minnesota where the landlord shares none of these expenses, but elsewhere in the state it is the usual practice. For this reason in areas 1, 4, 6, and 7 where the one-half share rent is common, we find the more frequent contributions to crop expense.

There is a fairly characteristic difference in practice between institutional and noninstitutional landlords as to paying a portion of the crop expense. Only a little over 2 per cent of the institutional landlords furnish the seed for grain and corn, and less than one per cent pay a share of the cost, as compared with 11 and 2 per cent, respectively, for the noninstitutional group. None of the institutional landlords pays all of the cost of either

Table 23. Percentage of Crop Expenses Paid by Landlord on Farms Rented on a Crop-Share Cash Basis, 1936

Type-of-farming area	Seed			Twine			Threshing			Grass seed		
	All	Share	None	All	Share	None	All	Share	None	All	Share	None
	per cent			per cent			per cent			per cent		
1.....	15	4	81	1	8	91	2	21	77	47	9	44
2.....	14	5	81	0	6	94	2	25	73	44	3	53
3.....	3	2	95	0	2	98	0	5	95	55	3	42
4.....	14	1	85	0	5	95	0	18	82	30	17	53
5.....	2	0	98	0	3	97	0	8	92	30	2	68
6.....	8	1	91	1	7	92	2	33	65	32	2	66
7.....	21	1	78	1	22	77	1	35	64	44	1	55
State Average*.....	11	2	87	0	6	94	1	19	80	40	7	53

* Average for areas 1-7 weighted by the number of farms in each area operated under crop-share cash leases.

twine or threshing. One per cent pay a share of the twine cost and 8 per cent pay a share of the threshing cost as compared with 22 per cent and 35 per cent, respectively, for the other group. On the other hand 56 per cent of the institutional landlords furnish all of the grass and legume seed as compared with only 40 per cent of the others.

Landlords renting their land on shares usually did not contribute to the crop expenses such as seed, twine, and threshing when the share received as rent was one fourth, one third, or two fifths. When they received one half of the crop as rent, they paid for one half or all of one or more of these items. The frequency with which they did so is shown in table 24. The landlord commonly furnishes all of the seed and a share of the other expenses as is also the case with landlords using crop-share cash leases. The extent to which landlords furnish the grass and legume seed showed no consistent or characteristic practice for any type-of-farming area.

A study of the payments by landlords indicates certain combinations of payments predominating in certain areas. In areas 1, 2, 3, and 4 the landlord commonly furnished all the seed and paid one half of the threshing bill.

In some cases he also paid half the twine bill and occasionally furnished no seed but paid for half of the twine and threshing. In areas 6 and 7 the landlord commonly furnishes the seed and pays for half the twine and threshing.

The landlord makes the largest contribution to operating costs in case of the livestock-share lease. In addition to furnishing a share of the livestock and paying real estate taxes, insurance on buildings, and upkeep of improvements, he usually pays half of the operating expenses other than labor, power, and equipment. He commonly shares in the power costs to the extent of furnishing half of the horse feed and half of the tractor fuel, as well as a share of the cost of belt power for grinding feed, pumping water, separating milk, and similar operations. He also pays a share of the cost of hired power and machinery for such specific operations as threshing or silo filling.

The only exception to the sharing of crop expenses on a 50-50 basis is grass and legume seed. The landlord furnished all of the seed in 54 per cent of the cases observed and half of it in the other cases. The landlord also usually furnished all of the lime in

Table 24. Percentage of Crop Expenses Paid by Landlord Under One-half Share Crop Lease, 1936

Type-of-farming area	Seed			Twine			Threshing		
	All	1/2	None	All	1/2	None	All	1/2	None
	per cent			per cent			per cent		
1.....	61	10	29	5	32	63	8	74	18
2.....	53	14	33	0	24	76	9	71	19
3.....	47	20	33	0	20	80	0	67	33
4.....	75	4	21	2	23	75	0	82	18
5.....	67	33	0	0	33	67	0	33	67
6.....	67	8	25	0	58	42	0	92	8
7.....	70	6	24	0	74	26	0	89	11
8.....	57	14	29	0	43	57	0	71	29

50 per cent of the cases where it was used and half in the other cases. In 30 per cent of the cases where fertilizer was used he furnished all of it and in the other 70 per cent one half of it.

There is a considerable variation in the contribution of livestock by the landlord. In some cases he furnished all and in others only one half. The usual share of the landlord was one half of the productive livestock such as cattle, hogs, and poultry. However, in case of dairy cattle, especially in areas 2, 5, 6, and 7, the landlord often furnished the entire cow herd. Over 40 per cent of the landlords in these areas furnished all of the dairy cows. In case of beef cows and young dairy cattle the landlords' usual share was one half. Two thirds of the leases studied indicated that the landlord had no share in the ownership or income of the poultry enterprise. In the case of the other one third the landlords furnished half the poultry flock and shared the income from it. Work horses were in most cases owned by the tenant, although in some cases the landlord paid the service fee where colts were raised and shared the ownership of these colts with the tenant.

MISCELLANEOUS PROVISIONS

Cropping System

Some farm leases reserve for the landlord the right of determining the crops to be grown, usually with the acreage of each crop specified in the lease. In other cases the choice of crops is specifically delegated to the tenant. Still other leases call for such determination to be made jointly by mutual agreement.

The distribution of the leases studied according to the party determining the choice of crops is shown in table 25. In more than half of the cases the tenant selects the cropping system alone, and in half the remaining cases he makes the decision jointly with the landlord. In only about one case out of five does the landlord reserve the right to specify the crops grown. Only in case of crop-share leases under which the landlord's income depends directly on the crops grown does the landlord control the cropping system more often than the tenant.

Where farms are rented for cash the tenant usually has a free choice of crops. Occasionally the landlord reserves the right of choice, either separ-

Table 25. Distribution of Leases According to Choice of Crop by Landlord, Tenant, or Jointly, 1936

Type	Choice of crops determined		
	By landlord	By tenant	Jointly
	per cent	per cent	per cent
Type of lease			
Crop-share cash	22	51	27
Cash	7	85	8
Crop share	37	35	28
Livestock share	23	27	50
Type of landlord			
Institutional	29	45	26
Farmers and widows of farmers.....	23	53	24
Local nonfarmer	21	48	31
Nonresident	13	64	23
State average	21	55	24

ately or jointly, in order to prevent depletion of the soil. Under livestock-share leases the choice of crops is fairly evenly divided between landlord and tenant. This corresponds to the equal division of operating expense and income between the two parties.

Institutional landlords reserve for themselves the choice of crops more frequently than other landlords although they do so in less than one third of their leases. Frequently the field men supervising the leases for these institutions are technically trained agriculturalists with experience and observation that enable them to render a service to the tenant as well as to the institution they represent by a wise choice of crops.

Nonresident landlords exercise the least control over cropping systems. They are usually without farm experience and may not see the farm sufficiently often to be able to judge the crops for which it is best adapted. It is always somewhat more difficult for nonresident owners to make their control effective.

Adjustments in Rent

Compensation for Price Changes.—Seven per cent of the tenants and landlords covered in this study reported provisions in their leases to adjust rental payment in case of marked price changes. The proportion was 11 per cent in case of cash leases and less than 2 per cent in case of crop-share leases. Full details as to these adjustments in the share of the crop given as rent were not reported. These adjustments were reported most frequently in case of farms rented from local non-farmer landlords and least frequently in cases of institutional landlords.

Many of the reports indicated that although no provision for any adjustment to changed prices was included in the lease, such an adjustment had been made in many cases by mutual agreement.

Compensation for Crop Failure.—A provision to adjust rental payments in case of crop failure due to drouth, hail, or insect damage was reported in 8 per cent of the leases studied. Institutional landlords had such provisions in only 5 per cent of their leases, but other landlords used them more frequently. Adjustment clauses of this type were much more commonly used in southern Minnesota. They were used principally with cash and crop-share cash leases, although in a few cases an adjustment of the division of cash crops was provided in crop-share leases in case of crop failure. In addition to these specific lease provisions, both landlords and tenants reported frequent adjustments by mutual agreement where there was no specific lease provision covering the point.

Removal of Tenant's Fences

Nearly one half of the leases studied contained a clause permitting the tenant to remove at the expiration of the lease any fences erected by him at his own expense. Usually the landlord furnishes the main line fences and the major pasture fences. Frequently the tenant may want special pastures or enclosures for hogs, poultry, or sheep. He may want special fences to facilitate livestock sanitation or to make possible the harvesting of crop or the utilization of aftermath by livestock. A specific agreement to remove these fences at the expiration of the lease protects the tenant's investment in the

fencing materials involved. Such provisions were more common in southern Minnesota where relatively more livestock is maintained. They were also more commonly used by local or farmer landlords than by institutional or non-resident land owners.

Undoubtedly the privilege of removing fences erected by the tenant at his own expense was permitted in many cases where not actually specified in the lease. Since more than one half of the farm leases in Minnesota start March 1, there should be an additional time allowance in which fence removal is permitted. Since the ground is usually frozen March 1, the tenant should be allowed an additional period in which to remove his fences after the frost is out of the ground. No evidence was secured as to whether or not this was the usual practice.

Refunds for Improvements

Eighteen per cent of the leases contained a provision that remuneration be given the tenant for improvements which he had added to the farm but from which he secured no benefit because of leaving the farm at the expiration of the lease. The principal types of improvements covered were fall plowing, summer fallowing, and the seeding of biennial or perennial legumes and grasses. Fall plowing and summer fallowing were mentioned in more than 85 per cent of these cases as improvements for which the tenant would be remunerated if the lease were not renewed. Usually a specific rate was indicated in the lease as a basis for remuneration. Alfalfa and sweet clover seedings were next in importance. Provision for remuneration for unexhausted improvements were more

common in northern Minnesota than in the southern part of the state and especially in areas where crop-share leases are common. Institutional and local nonfarmer landlords reported provisions for remuneration more often than did other classes of landlords.

PROPORTION OF WRITTEN LEASES

Seventy per cent of all leases covered in this study were written. The percentages of written leases for each type-of-farming area and for each type of landlord are shown in table 26. The differences in proportion of written leases did not vary widely by areas, but it did vary distinctly according to the type of landlord. Institutional landlords use written leases almost entirely. Nonresident landlords, that is owners living outside the counties in which the farms are located, used written leases in 74 per cent of the cases studied. Local nonfarmers, people residing in the county in which the farm is located but whose occupation is other than farming, used written leases in 61 per cent of the cases. Farmers and widows of farmers use written leases on only half of their farms. Apparently the closer the owner is to the farm the less interest he has in a written lease.

Some types of lease contracts are more commonly in writing than others. Eighty-seven per cent of the crop-share cash leases were written. This is partially explained by the fact that institutional landlords used this lease more frequently than any other. Sixty-nine per cent of the cash leases were written, 56 per cent of the crop-share leases, and 45 per cent of the livestock-share leases. Apparently the type of

Table 26. Percentage of Leases that are Written by Type-of-Farming Area and Type of Landlord, 1936

Type-of-farming area	Type of landlord				
	Institutional	Non-resident	Local non-farmers	Farmers and widows of farmers	All types
	per cent	per cent	per cent	per cent	per cent
1.....	97	61	63	40	61
2.....	97	92	65	58	62
3.....	100	65	75	55	77
4.....	100	67	54	58	79
5.....	100	91	56	55	77
6.....	98	70	55	40	70
7.....	100	77	57	31	72
8.....	97	57	60	33	69
State average*	99	74	61	50	70

* Average of areas 1-7 weighted by the number of rented farms in each area.

landlord is the primary determining factor in these differences in proportion of written leases rather than the type of lease. This is further indicated by the effect of relationship on the proportion of written leases. Eighty-seven per cent of the landlords who were not related to their tenants used written leases as compared with only 26 per cent of the related landlords. Landlord-tenant relationships become less formal and business-like as the two parties become nearer in distance and kinship. This is further evidenced by the fact that in only 17 per cent of the cases where the tenant was a son of the landlord was a written lease used.

The length of time a tenant has rented a given farm also has some bearing on whether the lease is written. In case of tenants who had been on the same farm from one to five years, 77 per cent of the leases were written. The percentage of written leases dropped to 60 per cent for tenants on the same farm 6 to 10 years, 39 per cent for tenants on the same farm 11 to 15 years, and 31 per cent for tenants on the same farm 16 to 20 years. Apparently the written lease

is considered more important when contractual relationships are first established between landlord and tenant. As the two parties become better acquainted they feel less need for a formal contract. It is also quite likely that in many cases where a new lease is not signed each year the old lease has a continuation clause that provides for its remaining in effect until cancelled by either party. These may have been reported in some cases as oral leases, whereas the original written lease is still in effect. Another factor is that most of the tenants on farms of institutional landlords have been on the farm five years or less, and since these are all written leases, they account in part for the high proportion of written leases in the one-five year group.

LEASING YEAR AND DATE OF LEASE

There were some leases covered in this study starting each month of the year except July. In general leases, however, may be divided into spring and fall leases. About two thirds start in the spring and about one third in

Table 27. Percentage Distribution of Leases According to Month in Which Lease Contract Starts, by Type-of-Farming Areas, 1936

Type-of-farming area	Month lease contract starts											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	per cent											
1.....	0	0	41	5	0	0	0	0	4	45	5	0
2.....	1	1	64	2	0	0	0	0	4	20	8	0
3.....	0	0	98	0	0	0	0	0	1	1	0	0
4.....	0	1	74	1	0	0	0	0	4	18	2	0
5.....	0	0	48	13	0	0	0	0	3	21	15	0
6.....	3	1	30	9	3	1	0	1	3	32	17	0
7.....	0	0	40	7	1	0	0	0	3	35	14	0
8.....	0	0	48	11	0	0	0	0	2	32	7	0
State average*	1	0	57	5	1	0	0	0	3	24	9	0

* Averages for areas 1-7 weighted by number of rented farms in each area.

the fall, as shown by the data presented in table 27. March 1 is the common starting date for spring leases and October 1 for fall leases. There is, however, considerable variation among different parts of the state. Fall leases outnumber spring leases in areas 1, 6, and 7, whereas in Area 3 spring leases are used almost exclusively. Spring leases also predominate in areas 2, 4, and 5.

Months Leases Are Effective

The time of starting the leasing year varies somewhat with the type of landlord. Differences between types of landlords are shown in table 28. Institutional landlords follow a much more uniform practice within a given area than do other landlords. In areas

such as 2, 3, 4, and 5, where spring leases predominate, they have 89 per cent spring leases whereas others have only 75 per cent. Likewise in areas 6 and 7, 87 per cent of their leases start in the spring as compared with 50 per cent for the others. Nonresident landlords use the fall leases in areas 2 to 5 almost as frequently as do the institutional landlords but unlike them they do not use fall leases in areas 6 and 7. There is more variation in the date of starting leases in case of farmers and other local landlords than in case of the two groups just mentioned. The difference is to be noted in connection with many lease provisions. The institutional landlords follow fairly uniform leasing practices in any given area whereas farmers and other local landlords may vary widely from these.

Table 28. Percentage Distribution of Leases According to Month in Which Lease Contract Starts by Type of Landlord, 1936

Type of landlord	Month lease contract starts											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	per cent											
Institutional	0	0	66	1	0	0	0	0	0	19	14	0
Farmers and widows of farmers	0	0	56	7	0	0	0	1	5	22	7	1
Local nonfarmers	2	0	56	3	1	0	0	0	4	27	6	1
Nonresident (outside county)	1	0	62	6	1	0	0	0	2	21	7	0
State average	1	0	57	5	1	0	0	0	3	24	9	0

The proportion of spring and fall leases was about the same for each type of lease except the crop-share lease. Relatively more of these leases started in the fall as compared with any other type. Crop-share cash and cash leases were largely concentrated in March and October, whereas there was much more variation within the spring and fall group with leases of other types.

Months Leases Are Made

Leases were reported made every month of the year. Fifty-two per cent of the landlords and tenants included in this study reported their leases made in either March or October with the rest scattered throughout the year. March and October were the months in which the largest proportion of the leases are effective, and it is likely that these dates may have been confused with the dates the agreement to enter into contractual relationship was actually made. In many cases the landlord and tenant agree on terms and conditions far in advance of the leasing year, but the written contract

is often not delivered or signed until the month in which the lease is effective.

The interval between the date that a lease is made and the date at which it becomes effective is important from the standpoint of both landlord and tenant. The tenant who secures the lease for a farm well in advance of the date of entry not only has a sense of security but also is in a position to plan for handling the new farm and in many cases to do some work, such as fall plowing, on it. The landlord gets the advantage of this advance planning and preparation as well as the greater likelihood of getting a good tenant since the best tenants usually have the first choice of farms.

The interval between the date of making the lease and the date effective is shown in table 29. Only leases starting either March 1 or October 1 are used since most leases start on either one of these dates. Information is shown for different classes of landlords. As previously noted, these data fail to show the full interval between the time the lease is made and the date on which it is effective. In too

Table 29. Interval Between Date of Making Lease and Date Effective by Classes of Landlords, 1936

Type of landlord	Interval						
	None	1 month	2 months	3 months	4 months	5 months	6 months or more
				per cent			
				Leases effective March 1			
Institutional	36	4	6	10	5	11	28
Farmers and widows of farmers	52	6	6	5	2	10	19
Local nonfarmers	50	6	5	4	4	8	23
Nonresident	34	9	4	2	4	12	35
State average	45	6	5	5	4	10	25
				Leases effective October 1			
Institutional	54	12	6	2	0	6	20
Farmers and widows of farmers	50	22	5	5	0	4	14
Local nonfarmers	64	10	12	0	5	0	9
Nonresident	50	20	13	2	4	0	11
State average	56	16	9	2	2	2	13

many cases the date given as that on which the lease was made was merely the date on which it was signed or delivered. The actual offer and acceptance may have occurred months before. However, these data indicate that a substantial proportion of leases are made well in advance of the beginning of the leasing year. The interval is considerably greater in case of March 1 leases than in case of October 1 leases. This is necessary if the incoming tenant is to do any fall work on the farm which he will take possession of March 1 of the next year. Six months' notice is highly desirable in case of these leases, but a much shorter period—one to two months—is ample for the same purpose in case of October 1 leases.

The figures also indicate that institutional and nonresident landlords generally make March 1 leases somewhat further in advance of the date effective than do resident landlords. Farmers and widows of farmers less frequently made leases as much as six months in advance. This difference applies particularly to March 1 leases although the institutional landlords also led in length of interval in case of October 1 leases.

LENGTH OF LEASE AND TENURE

Period Covered

The common farm lease in Minnesota is for a period of one year. Eighty-two per cent of all leases covered in this study were one-year leases. A five-year lease is the longest in general use. The distribution of all leases studied according to length is shown in table 30. The proportion of one-year leases was 70 per cent in Area 2 where two- and three-year leases are more common and rose to 88 per cent in areas 3 and 4. The other areas were quite close to the state average.

More of the longer leases, especially those for three- and five-year periods, were found among the livestock-share leases. Livestock leases provide for considerable joint ownership of property between landlord and tenant as well as for production plans that are most effective only over a period of years. The difficulties involved in the division of jointly-owned property make annual settlements undesirable.

Institutional landlords use the one-year lease almost entirely. Since most of their farms are held subject to sale, they do not want to have them tied up with long leases.

Table 30. Percentage Distribution of Leases According to Length by Type of Lease and Type of Landlord, 1936

Type	Length of lease				
	1 year per cent	2 years per cent	3 years per cent	4 years per cent	5 years per cent
Type of lease					
Crop-share cash	85	4	7	1	3
Cash	81	5	9	0	5
Crop share	81	6	9	2	2
Livestock share	65	5	22	0	8
Type of landlord					
Institutional	94	2	3	1	0
Farmer or widow of farmer.....	74	7	11	1	7
Local nonfarmer	75	3	16	0	6
Nonresident	76	4	12	1	7
State average	82	4	9	1	4

Table 31. Percentage of Leases Containing Renewal Clauses by Type-of-Farming Area and by Type of Lease, 1936

Type-of-farming area	Kind of lease				
	Crop-share cash	Cash	Crop share	Livestock share	All
	per cent	per cent	per cent	per cent	per cent
1.....	29	21	25	37	28
2.....	18	24	25	13	20
3.....	17	13	0	33	15
4.....	27	19	0	50	20
5.....	18	15	7	17	15
6.....	21	14	17	27	19
7.....	18	18	13	29	17
8.....	36	13	33	50	32
State average*	20	18	13	27	19

* Averages for areas 1-7 weighted by the number of rented farms in each area.

The proportion of one-year leases was only 45 per cent in those cases in which the tenant was related to the landlord. The proportion of two- to five-year leases was about the same as for nonrelated tenants, but 39 per cent were for an indefinite period. There was only a small fraction of one per cent of leases with nonrelated landlords made out for an indefinite period. In case of sons and sons-in-law of the landlord there is a still larger percentage of leases for an indefinite period and fewer for one year. Such leases are frequently more of a personal than a business arrangement. There is also some difference in length between oral and written leases. Seventy-four per cent of the written leases and 86 per cent of the oral leases were for one year. Apparently landlords and tenants feel that it is more important to have long-term than one-year leases in writing.

Renewal Clauses

Although most farm leases in Minnesota are for a period of one year, about one in five contains a renewal clause that may extend the operation of the lease for several years. The

clause usually states that unless either party serves notice of his intention to terminate the lease before a certain date each year the lease will continue in operation. This may greatly extend the period of tenancy under a lease which is nominally a one-year contract. The extent to which renewal clauses are contained in the leases studied is shown in table 31.

Renewal clauses are more frequently used in type-of-farming areas 1 and 8 than elsewhere in the state. They are used most often in livestock-share leases and least often in crop-share leases. Institutional landlords reported them in 21 per cent of their leases, nonresident landlords in 19 per cent, local nonfarmer landlords in 17 per cent, and farmers and widows of farmers in 15 per cent.

An important item in the renewal clause is the latest date on which notice of termination at the end of the current leasing year must be made. The length of the advance notice by type-of-farming areas is shown in table 32. A much longer notice is given in the southern part of the state than in the northern. This is at least in part due to the fact that a longer period is desirable with spring leases than with

Table 32. Length of Advance Notice in Renewal Clauses by Type-of-Farming Areas, 1936

Type-of-farming area	Length of advance notice				Average months' advance notice
	2 mo. or less	3-4 mo.	5-6 mo.	Over 6 mo.	
	per cent	per cent	per cent	per cent	per cent
1.....	22	19	23	36	5.6
2.....	19	13	31	37	5.5
3.....	0	8	47	45	6.0
4.....	13	14	35	38	5.7
5.....	64	22	0	14	2.7
6.....	47	39	14	0	2.7
7.....	45	33	16	6	2.6
8.....	79	5	16	0	1.7
State average*	28	20	25	27	4.8

* Averages for areas 1-7 weighted by the number of rented farms in each area.

fall leases. A six months' notice with a March 1 lease would be given on September 1. A two months' notice with an October 1 lease would be given on August 1.

From the standpoint of giving the landlord ample opportunity to find another tenant or the tenant an opportunity to find another farm a period of at least six months is desirable. However, from the standpoint of enabling the tenant to start fall work on the new farm, two months' notice in case of an October 1 lease is more ample than six months for the March 1 lease. In actual practice most leases are made in the late summer and fall. By this time the landlord has had a chance to judge the ability of the tenant and the tenant to determine the desirability of the farm. It is important that notice be given sufficiently early so that both landlord and tenant have opportunity to make a change before the leases on most farms have been closed. In type-of-farming Area 3 where 98 per cent of the leases start March 1, the average advance notice is six months and only 8 per cent are four months or below. In type-of-farming areas 6 and 7 where more than half of the leases are fall leases,

the average notice is less than three months. For the October 1 lease this brings the notice in July and for the November 1 lease in August. The average advance notice of all spring leases containing a renewal clause was 5.9 months and for the fall leases 3.1 months.

The length of advance notice by types of leases and types of landlords is shown in table 33. The advance notice is least for the crop-share leases. This probably reflects the large proportion of fall leases in this group as mentioned previously. Although the institutional landlords have the largest proportion of spring leases, their leases specify the shortest advance notice. Undoubtedly this is accounted for by the fact that their farms are practically all held subject to sale and a shorter advance notice gives them a longer period with the farm available for immediate sale.

Various types of cancellation clauses were included in the leases studied. Most of them provided that the landlord might cancel any lease before the leasing year started or before the crop was planted if he had a chance to sell the farm. Usually some indemnity for the tenant was indicated or speci-

Table 33. Length of Advance Notice in Renewal Clauses by Type of Lease and Type of Landlord, 1936

Type	Length of advance notice				Average months' advance notice
	2 mo. or less	3-4 mo.	5-6 mo.	Over 6 mo.	
	per cent	per cent	per cent	per cent	per cent
Type of lease					
Crop-share cash	26	17	28	29	5.4
Cash	43	21	20	16	4.2
Crop share	39	22	33	6	3.8
Livestock share	26	24	15	35	5.1
Type of landlord					
Institutional	37	18	28	17	3.7
Farmers and widows of farmers	20	12	28	40	5.2
Local nonfarmer	17	23	28	32	4.7
Nonresident	18	22	29	31	4.4
State average*	28	20	25	27	4.8

* Average from data for areas 1-7 weighted by the number of rented farms in each area.

fied. Nearly two thirds of the cancellation clauses were conditioned on the sale of the farm. Seventy-three per cent of the leases covering farms owned by institutions or corporations contained cancellation clauses as compared with 36 per cent for all leases. Other causes which permitted cancellation of a lease during the leasing year were failing to pay rent, neglect, destruction of property, or other breach of contract. Nearly half of the three-to five-year contracts contained cancellation clauses as compared with 34 per cent of the one-year contracts.

Length of Tenure

The length of lease is not necessarily related to the length of tenure. A one-year lease frequently does not limit tenure to one year. In fact, according to the Federal Census, 40 per cent of all tenants in Minnesota in 1935 had been on the same farm more than five years (Table 34).

Only one tenant in five reported that he had moved onto the farm he occupied in 1935 during that current year. Some of these were start-

ing farming for the first time, so the annual turnover of tenants who have been on a farm for a full year is slightly less than the 21 per cent shown. Undoubtedly a substantial proportion of this turnover represents tenants who have acquired sufficient property and experience to command a better farm that will enable them to utilize these resources more effectively.

The shortest tenure of tenants was in type-of-farming areas 5 and 8 where drouth, loss of nonfarm income, and a considerable shift of settlement probably resulted in a more than normal turnover. In contrast with tenants, the 1935 census reports that only 5 per cent of the full-owners moved onto the farm; they then operated during the current year and 79 per cent of them had been on the same farm for more than five years.

A compilation of the percentage distribution of the number of years the present tenants had been on the farms included in this study is shown in table 35. The average years these tenants had rented the farms they now occupy is also shown. The proportion of tenants on the farm for the first year, 22

Table 34. Percentage Distribution of Tenants According to Years They Have Been on the Same Farm, by Type-of-Farming Areas*

Type-of-farming area	Year on farm					
	First	Second	Third	Fourth	Fifth	Sixth and Over
	per cent					
1.....	19	14	11	7	7	42
2.....	20	13	11	8	7	41
3.....	18	12	11	7	8	44
4.....	17	11	10	9	8	45
5.....	28	17	13	8	5	29
6.....	22	14	12	9	7	36
7.....	19	12	11	9	7	42
8.....	33	16	12	9	6	24
9.....	28	14	9	7	7	35
State average.....	21	13	11	8	7	40

* Based on 1935 Federal Census.

per cent, is approximately the same as shown by the Federal Census for all farms in the state in 1935. These data indicate an average tenure of a little less than five years. All landlords covered in this study were asked how long the previous tenant had occupied his farm. The average tenure of previous tenants was 4.4 years as compared with 4.6 for present tenants. The difference is small, but it should be remembered that the present tenants are still on their farms and their full tenure when completed may be longer than these figures indicate. At least there appears to be no tendency toward more frequent moves on the part of tenants in spite of the increasing proportion of tenant farms.

There is some difference among types of leases and types of landlords in the number of years the present tenant has been on the farm. This is indicated in table 36. Tenure has been shortest in case of crop-share cash leases and longest in case of livestock-share leases. The shorter tenure in case of crop-share cash leases is partly accounted for by the fact that institutional landlords use this lease almost exclusively and that the tenure is shortest on their farms. Since practically all of their land is held subject to immediate sale and hence in their possession only a short time, the tenure is shorter than for any other group. The longer tenure for tenants of farmers or widows of farmers is partially

Table 35. Percentage Distribution of Present Tenants by Years on Farm and Average Years on Farm by Type-of-Farming Area, 1936

Type-of-farming area	Years on farm							Average years on farm
	1	2	3	4	5	6-10	Over 10	
	per cent							
1.....	23	18	12	11	8	17	11	5.0
2.....	20	22	15	9	8	16	10	4.8
3.....	22	21	19	8	5	16	9	4.3
4.....	23	13	16	11	9	14	14	4.8
5.....	28	24	16	9	6	10	7	3.8
6.....	22	13	14	12	8	22	9	4.6
7.....	13	14	12	9	12	25	15	6.1
8.....	27	23	11	14	9	11	5	3.6
State average*.....	22	18	15	10	8	17	10	4.6

* Average of data for areas 1-7 weighted by the number of farms in each area.

Table 36. Average Years Present Tenant Has Been on Farm by Type of Lease and Type of Landlord, 1936

Type of lease	Average years on farm	Type of landlord	Average years on farm
Crop-share cash	4.2	Institutional	3.3
Cash	5.1	Farmer or widow of farmer.....	5.6
Crop share	5.1	Local nonfarmer	5.2
Livestock share	5.7	Nonresident	5.0

accounted for by the high proportion of related tenants. The average tenure of all related tenants is 7.8 years and of sons of landlords, 9.4 years, as compared with 4.3 years for nonrelated tenants.

Why Tenants Move

The reasons why tenants move are significant in any study of the length of tenure. All landlords were asked why their last tenant had left them. The percentage distribution of their answers was as follows:

	per cent
Tenant moved to a better farm.....	22.6
Tenant quit farming	13.8
Tenant purchased a farm.....	13.3
Tenant died	4.0
Tenant compelled to abandon farming because of illness	1.6
Tenant was unsatisfactory	32.8
Tenant failed to pay rent.....	7.7
Disagreement between landlord and tenant	2.6
Landlord wanted farm for a relative	1.6
	<hr/> 100.0

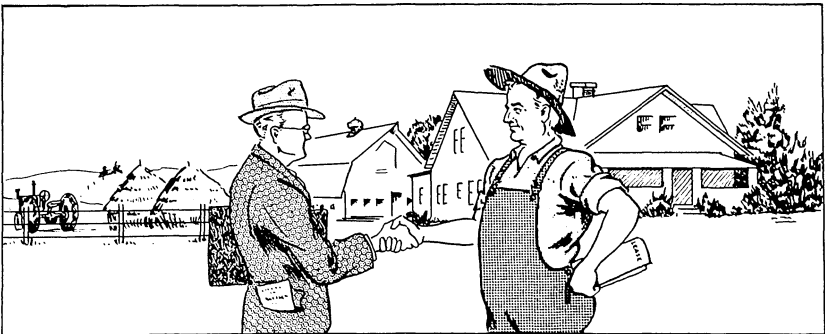
These data suggest that in a little more than 50 per cent of the cases the tenant moved because he terminated the lease rather than because the landlord refused to renew the lease. The principal reasons the landlord gave for the cases in which he was responsible for terminating the tenure was the tenant's lack of ability as a farmer and his failure to pay his rent. It is quite possible that in many cases the tenant's failure to pay rent was due to crop failure, low prices, or other factors outside his control. These are, of course, the landlord's answers and different reasons might have been given by the tenants. At least they seem to indicate that landlords do not control the length of tenure altogether and the efforts of the tenant to better himself are an important factor in determining his moves. Uncontrollable factors such as sickness and death also are of minor importance.



Problems Arising Out of Farm Tenancy

RATHER STARTLING facts have been disclosed from this study of farm tenancy in Minnesota. Several of the assumptions commonly made concerning tenancy have been substantiated, but other assumptions have been proved invalid. A few questions arising out of the problems of tenancy answered in this section are:

1. Are tenants inferior managers and farmers?
2. How do tenant and owner-operator earnings compare?
3. Who has the better home conveniences, the tenant or owner-operator?
4. Do tenants participate in community activities as much as owners?
5. What criticisms have tenants of their present leasing conditions?
6. What do landlords think of their tenants and leases?



Problems Arising Out of Farm Tenancy

QUALITY OF TENANT FARMING

The quality of the farming practiced on rented farms is an important consideration from the standpoint of the public as well as the tenant. Quality in farming is not easily measured or defined. As used here the term implies a selection of crops and livestock, a level of production, and a degree of efficiency in production that will maximize the tenant's earnings without exploiting or depleting the farm itself. There is a general impression that tenant farmers are inferior as managers to owner-operators, that they characteristically exploit the soil resources of a farm, and that their earnings are distinctly lower than those of owner-operators in the same communities. Some of the data secured in this study indicate, at least roughly, the relative quality of owner-operator and tenant farming.

Quality of Cropping System

A comparison was made between the cropping systems on owner-operator farms and those on tenant-operated farms. This covered approximately 2½ per cent of all farms in the 77 counties having 25 per cent or more of tenant-operators in 1930. The results of this comparison are presented in table 37. In six of the eight type-of-farming areas covered the percentage of crop land in soil-building crops was higher on owner-operated farms. In areas 5 and 7 there was no difference in the proportion of crop land in soil-building crops between the owners and

tenants. For the entire area covered the owner-operators had 2 per cent more of their crop land in soil-building crops. At least as far as choice of crops is concerned the owner-operators seem to be paying slightly more attention to soil conservation.

Trend of Crop Yields

Another indication of quality of farming is the trend in crop yields. Landlords contacted were asked whether crop yields on their farms were higher or lower than when they first acquired the farm or whether there had been no change. Likewise tenants were asked whether yields on the particular farm were higher or lower than when they first came on the farm. In each case it was suggested that allowance be made for weather conditions that might affect crop yields in recent years differently from an earlier period. A tabulation

Table 37. Comparison of Proportion of Crop Land in Soil-Building Crops on Owner-Operated and Tenant-Operated Farms by Type-of-Farming Areas, 1936

Type-of-farming area	Crop land in soil-building crops	
	Owner-Operated	Tenant-Operated
	per cent	per cent
1.....	29	26
2.....	17	14
3.....	14	11
4.....	12	10
5.....	18	18
6.....	28	27
7.....	11	11
8.....	34	26
State average*	19	17

* Average for areas 1-7 weighted by the number of rented farms in each area.

Table 38. Landlords' and Tenants' Opinions as to Trends in Crop Yields by Type-of-Farming Areas, 1936

Type-of-farming area	Landlords reporting yields			Tenants reporting yields		
	Higher	Same	Lower	Higher	Same	Lower
	per cent	per cent	per cent	per cent	per cent	per cent
1.....	29	39	32	52	42	6
2.....	28	49	23	59	36	5
3.....	33	46	21	62	34	4
4.....	23	34	43	48	45	7
5.....	11	36	53	29	56	15
6.....	24	35	41	51	43	6
7.....	19	32	49	53	34	13
8.....	0	60	40	51	38	11
State average*	25	40	35	51	42	7

* Average for areas 1-7 weighted by the number of rented farms in each area.

of the answers is shown in table 38. Sixty-five per cent of the landlords and 93 per cent of the tenants reported either no change or an increase in crop yields. Undoubtedly personal pride created a bias on the part of tenants that resulted in the higher estimate than that given by the landowners. However, the period covered by their tenure was in general shorter than the ownership of landlords and to that extent the answers are not directly comparable.

Since crop yields for the state as a whole have shown no distinct upward tendency over a period of years, these answers seem to indicate that tenants have not been far out of line with other operators in their ability to maintain crop yields. The largest proportion of landlords reporting declining yields was in areas 4 to 8 where the drouth of immediately preceding years had damaged crops more severely than in the southern part of the state. Apparently full allowance for the effect of the drouth on yields had not been made in answering this question. If this assumption is true, it is probable that there were actually fewer cases of declining yield trends than were reported.

Weed Control

Another indication of quality of farming is the control of noxious weeds. The tenants contacted in this study were asked whether weeds on the farm they then occupied were more troublesome, the same, or less troublesome than when they first moved on the farm. A compilation of their answers is shown in table 39.

Less than 10 per cent of the tenants reporting indicated an increase in weed infestation. More than four out of five reported that weeds were a less serious problem than when they took

Table 39. Tenants' Opinions as to Change in Weed Infestation of Farm During Their Occupation by Type-of-Farming Areas, 1936

Type-of-farming area	Weed infestation		
	Less	Same	More
	per cent	per cent	per cent
1.....	76	13	11
2.....	75	16	9
3.....	87	8	5
4.....	86	8	6
5.....	87	2	11
6.....	78	16	6
7.....	81	14	5
8.....	87	5	8
State average*	81	11	8

* Average for areas 1-7 weighted by the number of rented farms in each area.

over the farm. Undoubtedly there is again a distinct bias reflected in these answers. No tenant likes to admit that he has permitted weeds to increase. However, even if liberal allowance is made for this bias, it seems reasonable to assume that tenants are not unmindful of the weed problem and that most of them are doing a fair job of control. Unfortunately no comparisons between tenant- and owner-operators were possible in connection with the information on yield trends and weed infestation on rented farms.

Comparisons of Earnings and Success Factors

Some data on earnings, farm size, organization, production, and efficiency of operation for owned and rented farms are shown in tables 40, 41, and 42. The group of farmers for whom information is shown in table 40 are members of a cooperative farm management service in ten counties in

southeastern Minnesota. They represent much better than average farmers as far as managerial ability and earnings are concerned and are located on some of the most productive land in the state.

The farmers for whom data are shown in table 41 are cooperators in soil conservation demonstrations in three counties in the extreme southeastern corner of the state. They represent a somewhat lower level of earnings than the group first mentioned and are located on less productive land.

The farmers furnishing the data presented in table 42 are borrowers of the Farm Security Administration. In general they are men of less managerial ability and have less material resources than the other two groups and are usually located on farms of low productivity. All of the data in these three tables were secured from carefully supervised farm account records summarized by the Division of Agricultural Economics of the University of

Table 40. Comparison of Operator's Labor Earnings and Factors of Size, Production, Organization, and Efficiency Between Owner-Operators and Tenants in the Southeastern Minnesota Farm Management Service, 1928-1937

	Tenure status of operator			
	Owner	All	Related	Unrelated
Number farm records	873	414	271	143
Average size, acres55	192	185	206
Average size, work units	707	716	672	798
Operator's labor earnings, total	\$993	\$1,083	\$1,014	\$1,215
Operator's labor earnings, per 100 acres	\$537	\$564	\$548	\$590
Operator's labor earnings, per 100 work units	\$140	\$151	\$151	\$152
Index of crop yields	101.3	97	99.0	93.3
Butterfat per cow	239	240	238	245
Index of crop selection	36.8	35.9	36.8	34.1
Livestock per 100 acres	20.7	19.6	19.8	19.2
Index of feeding efficiency	100	100	99	102
Index of labor efficiency	99	101	101	101

Table 41. Comparison of Operator's Labor Earnings and Factors of Size, Production, Organization, and Efficiency Between Owner-Operators and Tenants in Soil Conservation Farm Management Service, 1935-1937

	Tenure status of operator			
	Owner	Tenants		
		All	Related	Unrelated
Number farms	128	39	27	12
Average size, acres.....	192	228	207	274
Average size, work units.....	546	626	614	654
Operator's labor earnings, total.....	\$825	\$1,276	\$1,425	\$941
Operator's labor earnings, per 100 acres.....	\$430	\$560	\$688	\$343
Operator's labor earnings, per 100 work units.....	\$151	\$204	\$232	\$144
Index of crop yields.....	102.3	98.0	102.4	88.0
Butterfat per cow.....	185	199	203	189
Index of crop selection.....	37.6	36.2	38.5	31.2
Livestock per 100 acres.....	17.4	15.2	15.5	14.4
Index of feeding efficiency.....	98	115	120	105
Index of labor efficiency.....	94	126	132	113

Minnesota. Definitions of the terms used in the tables may be found in Minnesota Agricultural Experiment Station Bulletin 314, "Factors Causing Variations in Earnings Among Dairy Farmers in Southeastern Minnesota."

The tenant farms were larger than the owner-operator farms in each of these three groups whether measured in terms of acres or work units. This corresponds with the size comparisons between owner- and tenant-operated farms for the state as a whole as shown in table 2. In every case the earnings of the tenants were larger than those of owner-operators.

Operator's labor earnings are computed on the basis of full-ownership for the tenants as well as for the owner-operators. This makes it possible to compare corresponding measures of earnings, organization, and efficiency for the two groups. Larger size of business does not account altogether for the larger earnings of the

tenants since the earnings per 100 work units are higher in case of tenants and the earnings per 100 acres are higher except for the tenants in southern Minnesota in table 42.

In each of these three presentations, the crop yields are slightly higher on the owner-operated farms. Livestock production, as measured by butterfat produced per cow, was, on the other hand, slightly higher on the tenant-operated farms. Since, as indicated in table 2, land is valued at a lower price per acre on tenant-operated farms than on owner-operated farms, the lower yields secured by the tenants probably reflect the lower productivity of the land. In case of dairy cattle they have more nearly equal opportunity to secure comparable production as the cows are of their own selection.

In every case the owner-operators made a better selection of crops. The difference, however, was not large except on the farms of F.S.A. borrowers.

Table 42. Comparison of Operator's Labor Earnings and Factors of Size, Production, Organization, and Efficiency Between Owner-Operators and Tenants Who Are Borrowers of Farm Security Administration, 1936-1938

	Southern Minnesota		Northern Minnesota	
	Owner-operators	Tenants	Owner-operators	Tenants
Number farms	131	859	414	631
Average size, acres	115	156	140	177
Average size, work units	329	345	344	404
Operator's labor earnings, total	\$531	\$676	\$295	\$534
Operator's labor earnings, per 100 acres	\$462	\$433	\$211	\$302
Operator's labor earnings, per 100 work units	\$161	\$196	\$86	\$132
Index of crop yields	104.8	98.8	101.3	98.1
Butterfat per cow	171	172	176	181
Index of crop selection	34.2	30.2	40.3	27.9
Livestock per 100 acres	15.5	10.0	9.3	8.4
Index of feeding efficiency	106.6	98.9	98.1	101.7
Index of labor efficiency	86	102	78	114

This is in line with the data presented in table 37. In part this difference is due to the fact that the owner-operators are on somewhat more productive land and hence can raise more of the desirable crops, and in part to the difficulties in planning and carrying out a well-planned cropping system under conditions of relatively short tenure and divided responsibility or control of cropping systems. The intensity of livestock production was less on the tenant-operated farms. Relatively less feed was available for livestock on the rented farms because of the lower yields and less desirable cropping systems, and in many cases because a portion of the crop was given as rent and hence not available for feed.

Two measures of efficiency in production show a fairly consistent advantage in favor of the tenant. The advantage of the tenants in labor efficiency is doubtless due in part to the larger size of the farms they operate.

On the other hand in spite of a poorer selection of crops which generally means less high-protein legumes, they were getting better returns from the feed marketed through livestock.

The data presented in tables 40, 41, and 42 indicate that tenant operation of farms is not necessarily ineffective or inefficient. In case of factors largely in control of the tenant, such as livestock production and feeding and labor efficiency, they make a better showing than owner-operators. In other factors the tenant lags somewhat behind the owner-operator. These factors include crop yields which depend to a considerable extent on the quality of the land; choice of crops in which quality of land, length of tenure, and landlord's control are important considerations; intensity of livestock production which is limited both by crop yields and selection, and the availability of facilities for handling livestock. The higher earnings apparently result from the larger business unit

and greater production. It should be remembered that the tenants are younger men (Table 8). More of them are probably at the height of their physical efficiency and are able to do more work than the older owner-operators. Most of them are accumulating capital with the goal of eventual ownership in view and thus have an extra incentive to exert themselves physically and mentally. These facts suggest that tenant farming in Minnesota may not be of a materially lower quality than that practiced by owner-operators.

In tables 40 and 41 tenants were divided into two groups, those related to their landlords and those unrelated. The number of tenants in each group in table 41 is rather small as a basis for definite conclusions as to relative quality of farming. In general, the related tenants resemble owner-operators more closely than they do the unrelated tenants in most of the factors considered. They have smaller farms than the unrelated tenants, higher crop yields, better cropping systems, and more livestock per 100 acres. On the other hand, they show lower butterfat production and lower efficiency in the use of labor. They undoubtedly have more security of tenure but do not exhibit any marked advantage in the quality of farming they practice.

Home Conveniences and Participation in Community Activities

It is generally assumed that tenant farms are less well equipped as far as home conveniences are concerned and that tenant families as a class participate less in community activities than

do the families of owner-operators. A little light is thrown on some of these points in this study. In only 8 per cent of the tenant homes was well water piped to the house, as compared with 12 per cent for all farm homes in the same counties as reported in the 1930 Federal Census. The others had access to outside wells at an average distance of 125 feet from the dwelling. Water was piped to 33 per cent of the tenant homes from a cistern, and in 23 per cent of the cases an outside cistern was available but it was necessary to carry the water. Ten per cent of the tenants reported electricity available from either a private plant or a high-line. According to the 1930 Federal Census electricity was available in 11 per cent of all farm homes in the same counties. Sixteen per cent of the tenants reported furnaces in their homes, 4 per cent bathtubs, and 4 per cent indoor flush toilets. The proportion reporting bathtubs may be compared with 4½ per cent for all farm homes in the same counties in 1930.

The only community activity of tenant families included in this study was 4-H Club membership. Of all children from 10 to 20 years of age, 22 per cent were reported as registered in 4-H Club activities in 1936. For all rural children of this age group in Minnesota less than 20 per cent are enrolled in 4-H Club projects. Apparently some rural, social, and educational facilities are as accessible to tenant families as to other rural families. In case of this activity, at least, they participate as generally. There may not be as many opportunities open to tenants for participation in community activities, but these figures suggest that they do not lack the initiative to take advantage of what is available.

TENANCY PROBLEMS

Tenants and landlords contacted in both the questionnaire and survey studies were asked a number of questions as to the problems growing out of tenancy relationships. They were encouraged to criticize their leases, their relationships with their landlord or tenant, and leasing conditions in general. Criticisms were not as numerous as one would expect in view of the generally unfavorable impression of the tenancy situation. A considerable proportion of both tenants and landlords seemed satisfied with their leases and with their landlord or tenant. There were, however, sufficient critical statements to indicate some of the points of friction and dissatisfaction in tenant-landlord relationships and also suggestions for their elimination.

Tenants' Problems

All tenants were asked if they would change their cropping systems if they were operating as owners of the farms they now rent. Eighty-one per cent answered in the affirmative, and the rest expressed satisfaction with their present choice of crops. As to specific changes, 73 per cent said they would increase the acreage of hay and pasture, usually specifying legumes; 15 per cent mentioned various soil-conserving and soil-building practices they would adopt; and 12 per cent indicated they would decrease the acreage of hay and pasture and raise more corn and small grain. In other words, 88 per cent were interested in changes that would maintain or increase soil productivity. Undoubtedly some of the desire for more hay and pasture was

based on the expectation of keeping more livestock under conditions of owner operation.

It has already been pointed out that owner-operators in general have higher crop yields and more conserving cropping systems than tenant-operators. These comparisons suggest rather strongly that one of the problems of tenancy is the improvement of cropping systems. Under any crop-share rental system the landlord naturally wants crops for which a market is readily available. This usually means a corn or small grain crop, as the sale outlets for hay have decreased rapidly in recent years. Then, too, the tenant who gives a share of the crop as rent has less feed with which to maintain livestock and therefore less need for hay and pasture. Since these latter crops are commonly rented for cash, he is anxious to avoid cash commitments, especially after his recent experience with violent fluctuations in the prices of farm products. This problem of more conserving cropping systems on rented farms is not one of easy solution.

Tenants were also asked what difficulties they encountered in livestock production that they would not have if they owned the farm. Fifty-five per cent of the tenants reported difficulties in case of cattle, 37 per cent in case of swine and poultry, and 18 per cent in case of sheep. A classification of these difficulties is presented in table 43.

Lack of buildings and livestock equipment was mentioned most frequently. It was especially important in case of poultry which require a specialized type of housing. Fences ranked second in frequency and were most important in case of sheep. Pasture was reported with about equal

Table 43. Relative Frequency of Reports of Different Types of Handicaps to Livestock Production on Rented Farms, 1936

Type of handicap	Type of livestock			
	Cattle	Swine	Sheep	Poultry
	per cent	per cent	per cent	per cent
Buildings and equipment.....	36	38	30	92
Fences	17	38	49	8
Pasture	23	24	21	0
Legume hay	24	0	0	0

relative frequency for cattle, swine, and sheep. The first two types of handicaps are most serious since they involve relatively more outlay.

In case of any type of lease other than the livestock-share lease, the landlord does not share directly in the returns from livestock using these improvements. Unless the tenant is willing to pay a higher cash rental or give a larger share of the crop where these facilities are furnished, the landlord is likely to keep the investment in buildings and fences as low as he can and still be able to attract a fairly good tenant. It should be remembered that these same difficulties also limit livestock production on many owner-operated farms. They are especially serious for owners who have purchased farms lacking adequate facilities for livestock and who have heavy debts. To become an owner-operator does not in itself necessarily provide buildings and fences, but the owner-operator who must finance their construction from their contribution to the earnings of the farm may be less anxious for them than the tenant who expects the landlord to finance them with no additional contribution from him for their use.

Sixteen per cent of the tenants said that they had some trouble in dealing with the landlord or his agent because he did not understand farm problems and lacked farm knowledge and experience. These complaints were reg-

istered most frequently by the tenants of local nonfarmers or of nonresidents. Some were also raised against the agents of institutional landlords but less frequently. No statement of the nature of the trouble was indicated. On the other hand, 23 per cent of all the tenants reporting indicated they received valuable aid or advice from the landlord in planning cropping systems, buying and selling crops, livestock, and supplies, and in determining feeding and other practices. It is interesting to note that a larger proportion of tenants found the landlord's agricultural knowledge helpful to them than found his lack of it a handicap.

All tenants who were interviewed in the survey study were asked what was wrong with their present leases. Fifty-four per cent reported criticisms. Of those criticizing their present leases, 32 per cent felt that a longer term lease would be more desirable. Eighteen per cent questioned the equitability of certain features of the lease. Sixteen per cent of the tenants thought that the lease should provide remuneration to the tenant for improvements made by him, and 10 per cent thought the lease should specify that the landlord should make needed improvements. Five per cent thought their leases should contain a definite indemnity to be paid the tenant in case he was forced to leave because of a

sale of the farm, and an equal proportion wished merely to change to another type of lease. Four per cent felt that the lease should contain a definite provision for the adjustment of rental payments in case of crop failure or radical price changes. There were other minor criticisms offered by individuals but too infrequently to justify tabulation.

Less than one half of the answers suggested that the lease was not equitable. Security of tenure was an important consideration in the minds of tenants as was also the provision of facilities that would permit a better quality of farming. A much smaller percentage of tenants operating under livestock-share leases was dissatisfied. In these cases they felt that the leases were not equitable in that the contributions of the landlord did not fully offset their large labor contribution.

Landlords' Problems

Each landlord was asked to list the principal difficulties he had encountered under his present lease. The proportion reporting difficulties of different kinds was as follows: (1) in maintaining buildings and fences, 14 per cent; (2) in maintaining crop yields, 12 per cent; (3) in controlling weeds, 12 per cent; and (4) in collecting a fair share of the crop, 5 per cent. Poor tillage methods and lack of soil-conserving practices were the principal causes of trouble in case of crop yields. Low income from the farm was ascribed as the most important factor limiting building maintenance with carelessness of the tenant less often. The tenant was blamed for failure to control weeds and also for carelessness, delay, and occasionally dishonesty in

dividing crops. Since many landlords reported difficulties under more than one classification the proportion of the total number listing difficulties was about one third.

Another type of problem reported by the landlords was the tenants' lack of capital or credit. Seventeen per cent said that their tenants were seriously handicapped by debts and lack of working capital. They reported that about one in five of their tenants was delinquent in the payment of the previous year's rent (1935) and a slightly larger proportion was delinquent for earlier years. The average delinquency per delinquent tenant was \$143 for the previous year and \$298 for all delinquent rent. The percentage of landlords reporting rent written off and the average annual write-off per tenant was as follows: 1931, 3 per cent and \$125; 1932, 6 per cent and \$99; 1933, 9 per cent and \$303; 1934, 6 per cent and \$285; and 1935, 1 per cent and \$50. Since the years immediately preceding this study were marked by a combination of sharp price declines and severe crop failures, the inability of tenants to pay their contract rent was probably largely due to these factors. Under more nearly normal conditions the tenants' debts and rent-paying capacity would doubtless receive less consideration.

Each landlord was asked what changes, if any, he would like to make in his present lease or leasing system. Seventy-five per cent said that they were satisfied with their present leases. The principal changes suggested as desirable by the other 25 per cent and the proportion of them reporting each one is as follows: change to cash rent, 29 per cent; change to higher rental, 17 per cent; include provisions for soil

productivity maintenance, 17 per cent; change to livestock-share rent, 9 per cent; and change to share rent, 6 per cent. Of the landlords suggesting that changes in their leases were desirable, one half reported that these had been included in the lease for the following year. The principal reasons given by the other one half for not including the changes in their leases for the following year were refusal or inability of the tenant to accept them, drouth, contrary to custom, and the present lease covers more than one year.

The landlords contacted through the questionnaire were asked about their principal problems as landlords and changes in the present leasing system that would remedy the situation. Twenty-one per cent suggested definite problems. Whether the others were encountering no difficulties or whether they merely failed to answer the question could not be determined, but the author because of his close contact with a large number of landlords is strongly inclined to accept the latter explanation as the most frequent one. Of the problems commonly suggested, the quality of the tenant was mentioned in 40 per cent of the replies. Tenants were criticised on the grounds of lack of technical interest, knowledge, and skills, lack of working capital, lack of financial responsibility, lack of ambition, inefficiency, carelessness, and, in a few cases, dishonesty.

Twenty-eight per cent of the landlords listed economic problems as their most serious ones. Low prices, high taxes, and high costs had reduced their earnings so that they had little if any income from the property and were unable to maintain improvements and encourage productivity maintenance. Of the solutions suggested for the

various problems, a change in lease terms was suggested by 14 per cent, lease provisions encouraging better farming by 9 per cent, and longer leases by 3 per cent.

The landlords contacted through the survey were asked what was wrong with their present leases. Seventy-one per cent of those interviewed expressed themselves as satisfied. Of the others, 56 per cent said the leases were not equitable, 13 per cent wanted a different type of lease, 9 per cent wanted written leases, 9 per cent wanted longer leases, 9 per cent wanted shorter leases, and 4 per cent wanted provisions for maintaining soil productivity. In addition these landlords were asked as to general suggestions for improving leasing conditions. Of the replies 31 per cent concerned the length of the lease, 26 per cent dealt with improving the quality of farming, 23 per cent indicated that the type of lease should be changed, 13 per cent called for making leases more equitable, and 7 per cent concerned legal regulations.

Summary of Problems

In general these answers suggest that tenants are more dissatisfied with present leases and tenancy conditions than are landlords. They feel that leasing terms and conditions limit them in the choice of a good cropping system and also to a lesser extent in livestock production. Not only do landlords report fewer problems, but also they seem less concerned about the quality of farming than do tenants. One would naturally expect that the owner of the land would be more concerned about the maintenance of soil productivity than the tenant, and yet they report it as a problem less frequently.

Taking both landlords and tenants together, this problem of maintaining the quality of farming under tenant-operation seems to be of the most general concern. To a certain extent this problem is inherent in any system of tenancy under which a proportion of the crop is removed from the farm thus limiting livestock production which in turn offers a market for such productivity-maintaining crops as hay and pasture. Cash and livestock-share leases largely obviate this difficulty but these types of leases, while their use is expanding, are adapted only within definite limits. Even under these leases short tenure may limit the practice of conservation methods under them. Lease provisions that foster productivity maintenance should be given careful consideration by both tenant and landlord.

Tenants were less critical of their landlords than were the landlords of the tenants. Only 16 per cent of the tenants claimed that they were handicapped by the landlords' lack of farming knowledge, and 23 per cent, on the other hand, acknowledged distinct help from the landlord. Much of the failure of tenancy systems to function satisfactorily was attributed by landlords to the tenants' lack of character, technical ability, and capital. Since tenants tend to include more of the younger farmers with less accumulation of capital and experience, there may be some point to this landlord criticism.

In recent years the tenant group has included men who have taken up farming as a last resort when urban employment failed them, often with little or no working capital and perhaps not too much interest in farming except as a place to live cheaply until another

job in town was available. The writer is inclined to feel that perhaps these exceptional cases have led to more criticism of tenants as a class than is entirely merited. The data presented in the section dealing with the quality of tenant farming suggest that it is not materially below that of owner-operators operating in the same areas under similar conditions. That so many tenants express the desire for more conservative farming indicates that they appreciate the elements of good farming. Many of them, though young, are aggressive, ambitious, and willing to exert themselves to achieve their ultimate goal of owner-operation.

The number of both landlords and tenants who wish to change their type of lease suggests that there may be numerous misfits of the choice of leasing system. The inertia of custom and the personal preferences and convenience of the individual may be factors in retarding adjustments that would be economically desirable.

Written leases are mentioned frequently by landlords as desirable but seldom by tenants. This can hardly be interpreted as indicating that tenants are not interested in them but rather that they are more concerned with other factors.

A much larger proportion of tenants than of landlords indicated the desire for longer leases. Undoubtedly they are interested in these longer leases merely as a means of insuring security of tenure. Long leases introduce an element of inflexibility. They tie the tenant to an undesirable landlord or to a farm less desirable than another which may become available before their current lease has expired. They may tie the landlord to an undesirable tenant or preclude his taking advan-

tage of a favorable opportunity for the sale of the farm. It seems reasonable to assume that year-to-year leasing with a fair renewal clause and provision for remunerating the tenant for unexhausted improvements or the inconvenience he may suffer if the farm is sold and the lease cancelled might prove a more satisfactory way of providing reasonable security of tenure.

Many of the criticisms of both landlord and tenant deal with the matter of equitability. Tenants want the cash rent or the share given as rent re-

duced whereas the landlords' interest is in the opposite direction. There are also numerous minor adjustments and provisions that each party feels are essential to a fair distribution of income and expense. This question of the equitability of leases is undoubtedly one of the major problems in farm tenancy. The data obtained in this study do not form a basis for judgment on this point, but the frequent mention of it indicates that it deserves careful consideration in future studies.



Summary

TENANCY is a process whereby a young man acquires the capital and experience needed before he can safely assume ownership.

Thirty-four per cent of the farm-operators in Minnesota were tenants and 47 per cent of all farm land in the state was tenant-operated in 1935. Tenancy has been increasing steadily ever since it was first reported in the Federal Census in 1880.

The average size of tenant-operated farms in Minnesota in 1935 was 180 acres as compared with 128 acres for owner-operated farms and 222 acres for part-owner farms. The average value per acre of the tenant farms was \$40.00 as compared with \$47.00 for owner-operated farms, and \$36.00 for part-owner farms.

Twenty-one per cent of the rented land in Minnesota in 1936 was owned by corporations (largely lending agencies); 46.3 per cent by farmers, widows of farmers, and local estates; 10.9 per cent by local nonfarmers; and 21.3 per cent by nonresident individuals and estates (outside of county). Practically all of the land owned by the corporate owners is held for sale. Sixty per cent of the farmers and farmers' wives and 74 per cent of the nonfarm land landlords reported their land for sale.

The average age of the tenants covered in the study was 41 years. This is less than that of owner-operators but greater than that of tenants reported in the Federal Census in earlier years. Apparently as large a proportion of tenants achieve ownership as

formerly but at a more advanced age.

The 1930 Federal Census reports that 31.5 per cent of the farm tenants in Minnesota were related to their landlords. Thirty per cent of the tenants reporting in this study were related and of these 60 per cent were sons and 14 per cent sons-in-law of their landlord.

The average number of years that these tenants had been farming was 11. Related tenants and tenants on small farms were somewhat younger than other tenants.

The principal types of farm leases in Minnesota and the proportion of farms studied using each are: crop-share cash, 44 per cent; cash, 30 per cent; livestock-share, 14 per cent; and crop-share, 12 per cent. Cash leases are used more largely on small farms, on livestock farms, and on highly specialized farms. Share leases predominate on the larger farms and where the crops grown are easily divided and salable.

The common shares of the grain crop given as rent and the proportion of farms reporting each share is: one fourth, 4 per cent; one third, 41 per cent; two fifths, 13 per cent; and one half, 42 per cent. One half of the hay crop is the most common share with one third next in frequency. The two fifths share rent is confined largely to southern and especially southwestern Minnesota and the one fourth largely to the northwestern part.

Cash rental rates per acre in 1936 varied from \$4.60 in southwestern Minnesota to \$.92 in northeastern. Cash

rentals in any area were fairly closely related to crop yields and percentage of tillable land in that area.

Under crop-share cash leases the rental rate per acre was higher for plow land than for wild hay and pasture. Fifty per cent of the institutional landlords and 10 per cent of the others charged cash rent for the farmstead and buildings, and the average amount charged per farm was \$25.00.

Under cash leases and crop-share leases other than one-half share crop leases the landlord does not usually make any contribution to operating costs, but under the crop-share cash and the one-half share crop lease the landlord commonly pays all or part of the seed, twine, or threshing costs. Under the livestock-share lease the landlord pays a share of all operating expenses other than labor, usually one half.

Tenants were accorded the right to determine the cropping system by 55 per cent of the lease contracts in which crop determination was mentioned, and landlords by 21 per cent of the leases. Determination was made jointly according to the remaining 24 per cent.

Seven per cent of the leases included a provision for adjusting rental rates in case of market price changes, and 8 per cent included a provision for adjustment in case of crop failure.

Nearly one half of the leases permitted the tenant to remove at the expiration of the lease any fences erected by him at his own expense.

Eighteen per cent of the leases provided for the remuneration of the tenant for inexhausted improvements. The principal improvements specified were fall plowing, summer fallow, and the seeding of legumes and grasses.

Seventy per cent of the leases studied were in writing. Institutional landlords used written leases almost exclusively, nonresident owners somewhat less, and farmers least of all.

About two thirds of the leases studied became effective in the spring and one third became effective in the fall. March 1 and October 1 were the common dates these leases were effective.

Twenty-five per cent of the March 1 leases were made six months or more in advance and 19 per cent from three to five months in advance. Only 13 per cent of the October 1 leases were made as much as six months in advance and 6 per cent three to five months in advance.

Eighty-two per cent of all leases were for one year, 4 per cent for two years, 9 per cent for three years, 1 per cent for four years, and 4 per cent for five years.

Nineteen per cent of the leases contained a renewal clause with 4.8 months as the average time that notice of withdrawal must precede the termination of the lease. Advance notices were longer in case of March 1 leases than in case of fall leases.

Thirty-six per cent of all leases contained a cancellation clause permitting the landlord to cancel the lease in case of sale or of breach of contract by the tenant. The average occupancy of their present farms by tenants is 4.6 years and 40 per cent have been on the same farm more than five years.

More than 50 per cent of the tenants who move do so on their own volition rather than at the request of their landlord.

Nineteen per cent of the crop land is in soil building crops on owner-operated farms and 17 per cent on

tenant-operated farms.

Thirty-five per cent of the landlords reported that crop yields were lower than when they first acquired their farms, 40 per cent reported them the same, and 25 per cent reported higher yields. Tenants for their period of occupancy reported lower yields in 7 per cent of the cases, the same in 42 per cent, and higher in 51 per cent.

Eight per cent of the tenants report that weed infestation had increased during their occupancy, 11 per cent report no change, and 81 per cent report a decrease.

A comparison of farm earnings and success factors for owner-operators and tenant-operators taken from farm accounting records indicates that the former have higher crop yields, a better selection of crops, and more livestock per 100 acres, whereas the tenant-operators have larger farms, higher dairy production, greater efficiency in the use of feed and labor, and higher earnings (measured in terms of operator's labor earnings on a full-ownership basis).

Home conveniences such as running water, electricity, and bath tubs were not encountered in this study in as large a proportion of the tenant homes as was reported by the Federal Census for all farms in the same counties.

The proportion of tenants' children from 10 to 20 years of age enrolled in 4-H Club work is greater than for all rural children of that age in the state.

Tenants criticize our present tenancy system largely because it limits their choice of crops and their facilities for livestock production.

More tenants report receiving managerial assistance from their landlords or their agent than report difficulty with them due to their lack of agricultural knowledge and experience.

The principal criticisms by tenants of their present leases deal with security of tenure and equitability.

A larger proportion of landlords than of tenants was satisfied with their present leases and with tenancy conditions. The landlords' criticisms chiefly concerned the quality of tenants and the equitability of leases.

E. C. D.