

# The University of Minnesota

AGRICULTURAL EXPERIMENT STATION

## FARM TENANCY AND LEASES

Library, New Mexico College of A. & M. A.

BY

A. H. BENTON

DIVISION OF AGRONOMY AND FARM MANAGEMENT



UNIVERSITY FARM, ST. PAUL

## ADMINISTRATIVE OFFICERS

R. W. THATCHER, M.A., Director

ANDREW BOSS, Vice-Director

A. D. WILSON, B.S. in Agr., Director of Agricultural Extension and Farmers' Institutes

C. G. SELVIG, M.A., Superintendent, Northwest Substation, Crookston

M. J. THOMPSON, M.S., Superintendent, Northeast Substation, Duluth

O. I. BERGH, B.S.Agr., Superintendent, North Central Substation, Grand Rapids

P. E. MILLER, B.S.A., Superintendent, West Central Substation, Morris

CHARLES HARALSON, Superintendent, Fruit Breeding Farm, Zumbra Heights  
(P. O. Excelsior)

W. H. KENETY, M.S., Superintendent, Forest Experiment Station, Cloquet

W. P. KIRKWOOD, B.A., Editor

ALICE McFEELY, Assistant Editor of Bulletins

T. J. HORTON, Photographer

R. M. WEST, B.S., Secretary

R. A. GORTNER, Ph.D., Chief, Division of Agricultural Biochemistry

WILLIAM BOSS, Acting Chief, Division of Agricultural Engineering

ANDREW BOSS, Chief, Division of Agronomy and Farm Management

C. W. GAY, B.S.A., D.V.M., Chief, Division of Animal Husbandry

\*FRANCIS JAGER, Chief, Division of Bee Culture

C. H. ECKLES, M.S., Chief, Division of Dairy Husbandry

W. A. RILEY, Ph.D., Chief, Division of Entomology and Economic Zoology

E. G. CHEYNEY, B.A., Chief, Forestry Investigation

W. G. BRIERLEY, M.S. in Hort., Chairman, Division of Horticulture

E. M. FREEMAN, Ph.D., Chief, Division of Plant Pathology and Botany

A. C. SMITH, B.S., Chief, Division of Poultry Husbandry

\*W. W. CUMBERLAND, Ph.D., Chief, Division of Research in Agricultural Economics

F. J. ALWAY, Ph.D., Chief, Division of Soils

C. P. FITCH, M.S., D.V.M., Chief, Division of Veterinary Medicine

### STAFF OF DIVISION OF AGRONOMY AND FARM MANAGEMENT

ANDREW BOSS, Agriculturist, Chief

#### *Section of Coöperative Seed Production and Distribution*

C. P. BULL, B.S., Associate Agronomist, in charge

AUGUST HAEDECKE, Assistant in Agronomy

#### *Section of Farm Crops*

A. C. ARNY, M.S., Associate Agronomist, in Charge

F. H. STEINMETZ, B.S., Assistant Agronomist

#### *Section of Plant Breeding*

H. K. HAYES, M.S., Associate Agronomist, in Charge

R. J. GARBER, M.S., Assistant Agronomist

#### *Section of Cost Accounting*

F. W. PECK, M.S., Associate Agriculturist, in Charge

#### *Section of Farm Organization*

ANDREW BOSS, Agriculturist, in Charge

L. B. BASSETT, Assistant Agriculturist

†A. H. BENTON, M.S., Assistant Agriculturist

\* On leave of absence.

† Resigned July 1.

## CONTENTS

	Page
Summary .....	4
Introduction .....	5
Purpose of study.....	5
Sources of information.....	6
Tenancy in the United States.....	6
Tenancy in Minnesota.....	7
Kinds of farm leases.....	12
The one-third crop share lease.....	12
The one-half crop share lease.....	13
The crop and stock share lease.....	14
The crop and stock share lease, including dairy cattle.....	14
The crop and stock share lease in everything except land and the tenant's labor.....	15
The one-third crop and stock share lease.....	16
The cash lease.....	17
Forms of farm leases.....	17
Form for half-share crop lease.....	18
Form for half-share crop and livestock lease.....	20
Everything shared half and half except land and the operator's labor .....	22
Form for cash lease.....	22
Equitable basis for share leases.....	24

## ILLUSTRATIONS

	Page
Fig. 1. Percentage of tenant farms in state, 1910 census.....	8
Fig. 2. Average value per acre of farm land in state, 1910 census.....	9

## SUMMARY

1. Farm tenancy has been rapidly increasing in Minnesota, particularly in the southwestern part of the state where the average land values are highest. (See Table I and Figures 1 and 2.)

2. The farm survey data (Tables III and V) indicate that both landlord and tenant receive higher returns where they operate under a share lease than under either a cash or mixed cash and share lease. This is due in a great measure to the larger amount of operating capital used on the share rented farms.

3. Nearly all leases are for short terms, usually three years or less. This is not conducive to good farming but neither landlords nor tenants want long-term leases on account of speculative land prices and lack of well-established relations between landlords and tenants. Long-term leases are a result rather than a cause of high-class tenant farming.

4. The forms of leases in most common use in Minnesota are the one-third crop share lease, the one-half crop share lease, the one-half crop and livestock share lease, and the cash lease.

5. No one lease is suitable for all conditions but forms are suggested with footnotes which make it possible to adapt them to specific cases.

6. The proper basis for drawing up a just and equitable lease is that the landlord and tenant each contribute to the expense in proportion to his share in the returns. Data in Tables VI to XIII inclusive, show the expense of producing wheat, oats, barley, hay, and corn, and of maintaining a dairy cow. A division of the expense between landlord and tenant is suggested.

# FARM TENANCY AND LEASES

By A. H. BENTON

## INTRODUCTION

Until recent years land has been plentiful and cheap, and the question of ownership of farm land has not been a vital one in the minds of the people. In a pioneer country tenancy is not a problem, for there is land sufficient for all. As a country develops and grows more populous and land becomes scarce, those owning good land begin to rent to others. The public is now becoming vitally concerned over the amount of farm tenancy existing and over its tendency to increase. Within the last twenty years practically all land ready for cultivation has been put into crops and land values have advanced rapidly. This increase in land values has been attended by much speculation and a rapid increase in tenancy, particularly in the richer agricultural sections. At first this practice attracts no attention, but as it becomes more and more common the evils begin to appear. In all communities where tenancy has developed to any extent the effect seems to be bad. Soil fertility is being more rapidly depleted, farm and civic improvements are greatly retarded, and the social life of the community is not satisfactory. Tenancy is becoming a question of national importance and measures are being proposed to reduce it or at least to prevent further increase.

## PURPOSE OF STUDY

It is the purpose of this study to consider the rental systems and leases now in use in Minnesota and to make suggestions as to how they may be made more satisfactory to both landlord and tenant and more conducive to better farming. No effort is made to go into the details of the evils of tenancy, to discuss its causes, or to suggest a remedy. That rented farms make up a considerable proportion of the total and that they are rapidly increasing in number is accepted as a fact established by census figures. While in time some satisfactory remedial measures may be worked out, an urgent and immediate need is for better rental systems, and this is the phase of the subject taken up in this investigation.

## SOURCES OF INFORMATION

Figures on the amount of land tenancy and its rate of increase were obtained from United States census reports. Data on the income of landlords and tenants in various parts of the state were obtained from farm management surveys made in several different areas.

The discussion of rental systems and the suggested leases are largely based upon the experience of landlords and tenants and the leases used by them. The investigations were carried on through correspondence with county agents, agricultural high school instructors, and farmers in all sections of the state where farms are rented in any considerable number; and through personal interviews with a large number of farmers in these regions.

## TENANCY IN THE UNITED STATES

The amount and increase of land tenancy in the United States are shown in Table I. It will be noted that there has been an increase in farm tenancy of 11.4 per cent from 1880 to 1910, or approximately 3 per cent each decade.<sup>1</sup> In 1910, 37 per cent of all farms in the United States were operated by tenants. If the rate of increase remains the same, approximately 50 per cent of the farms will be operated by tenants in 1950.

TABLE I  
LAND TENANCY IN THE UNITED STATES

	1880	1890	1900	1910
	Per cent	Per cent	Per cent	Per cent
Owners and managers.....	74.4	71.6	64.7	63.0
Tenants.....	25.6	28.4	35.3	37.0

Tenancy develops most rapidly in the richer agricultural districts. These districts offer the greatest opportunity to absentee investors as the land is increasing most rapidly in value and crops are reasonably certain. The high prices make it difficult for farmers to buy, and some not interested in land speculation prefer to rent, since the rent charged is lower than the interest on the purchase price of the land. The richest two agricultural states of the Union, Iowa and Illinois, are also the two northern states with the largest proportion of tenant farms, the former having according to the last census 37.8 per cent and the latter 41.4 per cent.

<sup>1</sup> U. S. Census for 1880, 1890, 1900, and 1910.

## TENANCY IN MINNESOTA

Tenancy in Minnesota has been increasing about one half per cent each year for the last thirty years. In 1910, of the 21 per cent of farms operated by tenants, 14.2 per cent were share rented and 6.8 per cent cash rented. Table II shows the proportion of tenant farms in Minnesota and adjoining states. It will be noted that Iowa has the highest percentage of tenants. Southern Minnesota has the same agricultural possibilities as Iowa and in this section tenancy has developed most rapidly. According to the 1910 census, in 19 counties of Minnesota more than 30 per cent of the farms were operated by tenants, and these were in southern and southwestern Minnesota.

TABLE II  
TENANT FARMS IN MINNESOTA AND ADJOINING STATES (1910 CENSUS)

	Owners and managers	All tenants	Cash tenants	Share tenants
	Per cent	Per cent	Per cent	Per cent
Minnesota.....	79.0	21.0	6.8	14.2
Wisconsin.....	86.1	13.9	7.2	6.7
Iowa.....	62.2	37.8	21.7	16.2
North Dakota.....	85.7	14.3	3.2	11.1
South Dakota.....	75.2	24.8	5.7	19.1

Figure 1 shows the distribution of tenant farming in Minnesota and Figure 2 the distribution of land values. There is a remarkable similarity between these two figures. In general, the counties having the highest proportion of tenant farms also have the highest land values. There are about a dozen counties in the east central part of the state in which land values are high but in which the number of tenant farms is considerably lower than in the neighboring counties. This is in some measure due to the proximity of a large center of population, the cities of St. Paul and Minneapolis, with attending high land values. Table II indicates that there are nearly four times as many share tenants as cash tenants in North and South Dakota. In Wisconsin the two classes of tenants are nearly equally divided, but in Iowa there are nearly one fourth more cash tenants than share tenants. In Minnesota there are more than twice as many share tenants as cash tenants. As farm tenancy becomes more prevalent and agricultural land becomes more valuable and a source of speculative investment, cash tenancy develops rather than share tenancy.

Share tenancy is a more generally profitable and satisfactory rental system than cash tenancy. This is the judgment of the most progressive farmers, and it is borne out by data available from different parts of Minnesota. A farm management survey in Rice County, in 1912,

included sixty tenant farms.<sup>2</sup> These farms were divided into three groups consisting of (1) twenty-two cash rented farms, (2) nineteen share rented farms, and (3) nineteen mixed cash and share rented farms.

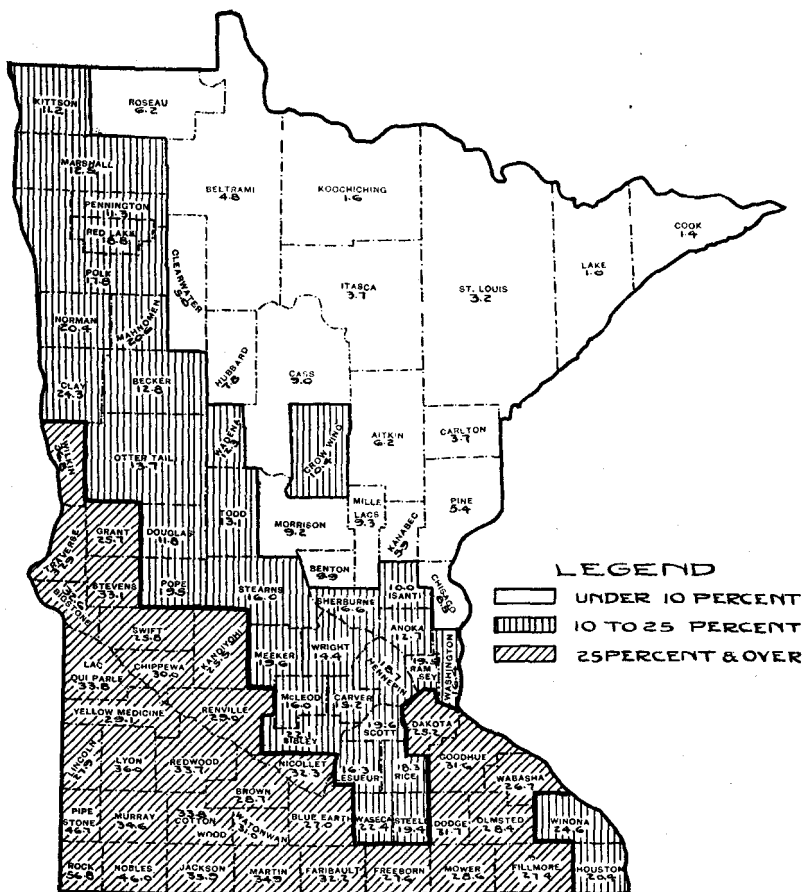


Fig. 1. Percentage of Tenant Farms, 1910 Census Average for State, 21 Per Cent

The share tenants owned a part of the productive livestock, and all of the horses and machinery. The returns from crops sold were divided equally but the division of the returns from livestock and livestock products sold depended on the proportion of the productive livestock owned by each. In the mixed group are the farmers who paid cash for a part of the land rented, as for example the hay and pasture land, and shared the small grain with the landlord.

<sup>2</sup> The larger part of the data of this survey is reported in Minn. Agr. Exp. Sta. Bull. 172 by Andrew Boss, A. H. Benton, and W. L. Cavert, "A farm management study in southeastern Minnesota." 1917.





of nearly an equal amount of the landlord's capital, the result being that the average amount of operating capital on the share rented farms was \$2,940 as compared to \$1,937 on the cash rented farms.

TABLE III  
RELATION OF RENTAL SYSTEM TO RETURNS RECEIVED BY LANDLORDS AND TENANTS  
SIXTY RICE COUNTY TENANTS, 1912

	All rental classes	Cash rent	Mixed share and cash rent	Share rent
Number of tenants.....	60	22	19	19
Average labor income of tenants*.....	\$323	\$182	\$279	\$530
Percentage returned on landlord's investment†.....	3.85	2.3	3.3	5.0

\* Labor income, or operator's labor income, is the balance left after deducting from farm receipts the three following items, (1) farm expenses, (2) interest on the average capital invested, and (3) value of unpaid family labor not including the operator's.

† Landlord's percentage on investment is the rate of interest that the landlord receives on his invested capital. It is calculated on the landlord's receipts after deducting taxes and other necessary expenses.

TABLE IV  
RELATION OF CERTAIN EFFICIENCY FACTORS TO THREE TENURE GROUPS

	Share tenants (19)	Mixed cash and share tenants (19)	Cash tenants (22)
Total farm capital.....	\$20,020	\$13,633	\$11,620
Tenant's capital.....	\$1,708	\$1,524	\$1,937
Operating capital*.....	\$2,940	\$1,553	\$1,937
Total acres.....	185	152	119
Crop acres.....	117	105	83
Animal index†.....	110	93	100
Crop index‡.....	98	93	90
Days of productive labor per man per year§.....	312	221	242
Days of productive labor per horse per year.....	104	95	76
Labor income.....	\$530	\$279	\$182

\* "Operating capital" is all the farm capital except that invested in land and buildings. It includes livestock, machinery, equipment, feeds, and supplies.

† "Animal index" is the percentage of the returns from productive livestock on one farm as compared to the average on a group of farms in the same neighborhood, including the one under consideration.

‡ "Crop index" is the percentage of crop yields on one farm as compared to the average on a group of farms in the same neighborhood, including the one under consideration.

§ "A day of productive labor" is the amount ordinarily accomplished in a day of 10 hours.

Similar records from 63 tenant farms in nine different localities in as many counties also indicate the advantage of the share-rental system. Table V shows the average labor income of the tenants under share, cash, and mixed cash and share rental systems. It also shows the percentage returned, above expenses, on the landlord's investment under each of the three systems.

A comparison of Tables III and V shows the effect of the higher price of farm products. The relative returns from the three rental methods are the same for both landlord and tenant except that the average labor income on the cash tenant farms is larger than on the mixed tenant farms (Table V). This is due to the higher prices of farm products in 1915 as compared with those of 1913, with little or no increase in the rate of cash rent.

TABLE V

RELATION OF RENTAL SYSTEM TO RETURNS RECEIVED BY LANDLORDS AND TENANTS  
SIXTY-THREE TENANTS IN NINE COUNTIES IN 1915

	All rental classes	Cash rent	Mixed share and cash rent	Share rent
Number of tenants .....	63	16	26	21
Average labor income of tenants.....	\$811	\$732	\$699	\$1,010
Percentage returned on landlord's investment....	3.3	2.5	3.1	4.1

Tenants as a class are by no means all poor and shiftless farmers, as is frequently intimated. Many of the most progressive and prosperous farmers were at one time tenants and were frequently hired farm laborers before they became tenants. It is true that they do not keep up the productive power of the soil. They must get all they can from a farm while they have it because usually they do not know whether they can remain on the farm for more than one year. This is particularly true in the more recently developed agricultural states where land speculation is rife and many landlords are holding their farms until a sale can be made at a profit.

In Minnesota as in most other states, the relationship between landlord and tenant has not been well established, and both parties hesitate to make a long-term lease. Justice and equality in leasing systems has not been well worked out, and with continually increasing land values and fluctuating prices it is very difficult to establish standards. Since it is becoming more and more difficult for renters to buy land because of increased prices, and since many landlords who have been speculating in land are now beginning to develop their holdings, there is an increasing demand for more light on the subject of land leases.

Those most familiar with agricultural land questions feel that the best agriculture and the most highly developed citizenship depend on the farmers owning the land that they operate. On the other hand, the fact that tenancy is present and that it is increasing must be recognized. Much can be done toward minimizing the ill effects of tenancy if good tenants can be induced to stay on the same land year after year. The longer operation of the same farm by one tenant will be greatly encouraged if more just and equitable leasing systems are used. With the increasing price of land, a more progressive, thrifty class of tenants appears. Such tenants recognize the ill effects of too frequent changes. On the other hand, landlords see the necessity of keeping good tenants. Most tenants as well as most landlords hesitate to make a long-time lease under our rapidly changing agricultural conditions, but when both parties are satisfied a lease than can be renewed year after year seems the most desirable. Intelligent and

reasonable landlords and tenants can work together with little friction, provided the lease covers all points of importance and is just and definite in all its parts.

### KINDS OF FARM LEASES

All farm leases in Minnesota fall into one of three classes—crop share rent, mixed crop and livestock share rent, and cash rent.

In any kind of a farm lease a few things are absolutely necessary: The names of the parties to the contract, the description of the land, the length of time the lease will run, the requirement that the land be farmed in a good and husbandlike manner, that improvements be properly cared for, and that the owner have the right to enter and take possession in case the renter fails to farm properly or to meet other provisions of the lease. They should also include provisions for remunerating the tenant for any unexhausted improvements made by him, as, for example, minor buildings supplied or fertilizer applied but unused.

Crop share leases are of two general kinds; those which give the owner one third of the small grain and those which give him one half.

#### THE ONE-THIRD CROP SHARE LEASE

In the one-third share lease the following is the commonly accepted plan:

(1) The landlord furnishes nothing but the land, which is usually very inadequately equipped with buildings.

(2) The tenant furnishes the machinery equipment, seed, and man and horse labor necessary to operate the farm, and pays all expenses except taxes on real estate and insurance on buildings.

(3) The owner gets one third of the small grain delivered at the market unless it is too far away, in which case he pays a certain rate per bushel for delivery to the market. In northwestern Minnesota the landlord frequently receives one fourth of the grain instead of one third.

(4) Any land used for corn, potatoes, or other cultivated crops is paid for in cash, and hay is usually put up by the tenant on half shares in the stack. If grass is seeded, the owner furnishes the seed.

This form of lease is largely an inheritance of pioneer farming and is gradually going out of use as the country develops and improvements are made. It is still used by absentee landlords or landlords who wish to relieve themselves of as much responsibility and risk as possible, but who prefer to rent on a share basis or are forced to do so.

## THE ONE-HALF CROP SHARE LEASE

The most common one-half crop share lease provides that:

(1) The landlord furnish all seed, pay all taxes and insurance on real estate, and one half the cash expense for threshing.

(2) The tenant furnish all the horses, labor, machinery, and equipment necessary to operate the farm and pay one half the cash expense for threshing.

(3) The landlord receive one half of the grain either in the bin or delivered at the elevator, depending upon the distance to market.

(4) Hay be divided half and half in the stack and that the landlord furnish any grass seed sown.

(5) If corn is raised, the owner receive either one half in the field or two fifths if harvested and put into a crib by the tenant. Almost without exception the tenant pays cash for pasture and often for land put in cultivated crops. Some landlords in northwestern Minnesota furnish land for cultivated crops free of charge in order to keep the weeds under control.

One item which causes great dissatisfaction is feed for the horses. It is an almost universal practice that the horses be fed from undivided hay, but in the majority of leases the tenant is required to feed his own grain. As a result the tenant feels dissatisfied because the landlord does not share in all the feed expense for the horses, and the owner feels that his grain is being used if it happens to be stored on the farm. Many progressive landlords are giving leases that provide that the two parties share equally the cost of feed for horses. Where each party gets one half the crops, each should bear one half the expense. Using undivided feed for horses is a good method of equalizing the expense, as the ordinary crop share lease favors the landlord.

Another point which is handled in various ways is the raising of colts. Probably the most common method and also the most satisfactory one is for the landlord to pay the service fee and for the two parties to own the colts in common, and to feed them from undivided feed. One very successful farm manager in southern Minnesota gives his tenants the privilege of raising only enough colts to maintain their work horses, the colts and work horses being fed from undivided feed. Another landlord gets one-half interest in all colts raised by his tenants and considers this a satisfactory return for furnishing one half the feed for all the horses.

One advantage of the one-half crop share lease over the one-third crop share lease, from the viewpoint of a landlord, is that his furnishing the seed insures better seed and gives him an opportunity to prevent the introduction of noxious weeds through the seed used.

## THE CROP AND STOCK SHARE LEASE

With the development of farming, the necessity and value of more livestock is becoming more and more appreciated.

(1) In the common form of crop and stock share lease the tenant supplies the machinery, the work horses, and the labor. The sales from crops are divided on a half-and-half basis as already described.

(2) With the introduction of cattle comes the silo, which necessitates special machinery. The landlord usually provides the engine and frequently the silage cutter, or meets the expense of hiring the power machinery when needed. Manure is produced that should be spread on the land. A manure spreader is almost a necessity and the landlord commonly has a half interest in it as well as in a cream separator if one is needed for cows owned in partnership.

(3) For beef cows, steers, hogs, sheep, or young cattle, growing in value, the most satisfactory and equitable arrangement is for the two parties to own them in common and to divide the proceeds from sales equally.

(4) The owner furnishes the pasture, which is offset by the tenant's labor, and each furnishes one half of the other feeds, whether raised or purchased.

(5) Often the tenant does not have capital to buy his share of stock and the owner furnishes all, but charges him interest on one half the value and deducts the purchase price of the stock when sold before making a division.

(6) Most landlords have a clause in the lease requiring the tenant to get the consent of the landlord before selling any livestock owned in common.

(7) Other cash items of farm expense are usually divided equally between landlord and tenant.

## THE CROP AND STOCK SHARE LEASE, INCLUDING DAIRY CATTLE

(1) Dairy cattle require much more labor than other classes of livestock and it is customary for the landlord to furnish as compensation for the extra labor required all the cows and at least a half interest in the dairy bull.

(2) Returns from the sale of young cattle and dairy products are divided equally. The owner maintains his herd by selling the poorer cows and replacing them with heifers by buying out the tenant's half interest. The tenant may refuse to sell because he wishes to build up a herd of his own and thus part of the herd may gradually become owned in partnership.

(3) In justice to tenants, landlords should furnish good dairy cows since the man labor furnished by the tenant makes up a very large

proportion of the cost of keeping dairy cows, a cost which the landlord does not otherwise share. The advantage of good cows is that little more labor is required in caring for cows of high production than for those of low production. If tenants will not take proper care of dairy cows, they should not be furnished by the landlords, as neither party will be satisfied or secure profits.

(4) In order to keep good tenants on a dairy farm on a half share plan, it is becoming necessary to give them more liberal terms than has been the custom, and some landlords are paying a certain portion of the expense for hired labor.

THE CROP SHARE LEASE IN EVERYTHING EXCEPT LAND AND THE  
TENANT'S LABOR

(1) A lease providing that machinery and equipment and all livestock, including horses, be owned half and half and all returns be divided equally, is easily understood and is giving some landlords and tenants splendid satisfaction. It requires no special provision with regard to any one class of livestock and makes division of proceeds very simple.

(2) All expenses, including hired labor, are borne equally with the exception of insurance on farm buildings and taxes on real estate, which are paid by the landlord. The tenant furnishes the board for the hired men and in return receives milk, eggs, and farm produce for household use.

One landlord has operated his farm successfully for six years under this plan, and the following is a statement of business for 1916. If the landlord had borne none of the expense of hired labor, which many hold is a more just arrangement, he would have received 4.8 per cent on his investment instead of 4.3 per cent and the tenant would have received \$1,259 instead of \$1,489 as a labor income.

Investment	Tenant	Landlord
Real estate, 267 acres.....	.....	\$33,375
Livestock .....	\$3,324	3,324
Machinery .....	411	411
Feed and seed.....	1,030	1,030
	<hr/>	<hr/>
Total .....	\$4,765	\$38,140

Receipts:			
Grain .....	\$159	\$159	
Cattle .....	1,486	1,486	
Cream .....	617	617	
Hogs .....	631	631	
Colts .....	246	246	
Poultry and miscellaneous.....	62	62	
	<hr/>	<hr/>	
Total receipts .....	\$3,201	\$3,201	
Expenses:			
Labor .....	\$230	\$230	
Board of laborers.....	180	.....	
Threshing, shredding, and twine.	72	72	
Gas, oil, etc.....	38	38	
Feed bought .....	369	369	
Seed bought .....	16	16	
Decrease of feed inventory.....	396	396	
Real estate, taxes, and insurance	.....	272	
Machinery repairs and depreci-			
ation . . . . .	108	108	
Unclassified .....	65	65	
	<hr/>	<hr/>	
Total expenses .....	1,474	1,566	
	<hr/>	<hr/>	
Receipts above expenses.....	\$1,727	\$1,635	
Interest at 5 per cent on tenant's			
investment of \$4,765.....	238		
	<hr/>		
Tenant's labor income.....	\$1,489		
Landlord's percentage.....		4.3	

#### THE ONE-THIRD STOCK AND CROP SHARE LEASE

Another form of the stock and crop share lease merits consideration. It provides that:

(1) The landlord furnish the land and improvements, all the machinery and equipment except small tools, all the milk cows, all the horses, and two thirds of the hogs, sheep, and young cattle.

(2) The tenant pay for one third interest in the hogs, sheep, and young cattle and furnishes all labor.

(3) All farm expenses, including the seed purchased, twine, and threshing bills be borne, one third by the tenant and two thirds by the landlord. Any pasture needed in addition to that on the farm is paid for by the landlord.



(4) All receipts be divided on the basis of one third to the tenant and two thirds to the landlord.

This lease attracts capable young men without capital and is worthy of study by landlords who can keep in close touch with the business.

#### THE CASH LEASE

The cash lease is one of the oldest forms and its use is increasing rapidly, especially in the richer agricultural sections.

(1) The usual cash lease is very simple in form and gives the tenant almost absolute control of the land so long as he carries out the agreement.

(2) The up-to-date cash lease should require a crop rotation. It should make careful provision for the upkeep of the buildings and for the maintenance of soil fertility and the control of weeds.

Landlords do not always appreciate the fact that present land values are higher than returns from ordinary crops warrant and that they should not and can not justly expect to secure good tenants who will accept leases that will give them a very high rate of interest on their investment. Land values are and have been rising and a considerable part of the owner's profit comes from this source.

Landlords who are permanent investors and not temporary speculators are interested in the future welfare of their land. In order to care for the future welfare of the land and to insure continuous profits, at least three important problems must be considered in drawing up farm leases.

(1) The maintenance of fertility.

(2) The upkeep of improvements.

(3) The control of weeds, either to prevent them from getting a foothold or to eradicate those already present.

Fertility can be best and most cheaply maintained through the use of livestock for the production of manure and through proper crop rotations. Farm improvements will be most satisfactorily maintained by the landlord paying the tenant or some outside party for repairs that he deems necessary beyond the minor ones. Where weeds have gained a foothold the landlord must pay the tenant for extra work if they are to be eradicated. They can be prevented from gaining a foothold by crop rotations and good farming.

#### FORMS OF FARM LEASES

Following are suggested forms for three different kinds of farm leases; (1) A half-share crop lease, (2) a half-share crop and livestock lease, and (3) a cash lease.<sup>3</sup>

<sup>3</sup> Since the court rulings on the relationship of landlord and tenant are somewhat confusing, the terms owner and operator will be used instead of landlord and tenant in the suggestions for forms of farm leases.

FORM FOR HALF-SHARE CROP LEASE

THIS AGREEMENT, Made this.....day of....., 19...., by and between.....hereinafter called the operator and.....owner of the real estate hereinafter described

WITNESSETH, That the operator hereby agrees to and with the owner, for the consideration hereinafter named, to well and faithfully till and farm, during the season of farming in the year<sup>1</sup> 19...., 19...., 19...., 19...., and 19...., commencing.....19....and ending 19...., in a good and husbandlike manner, and according to the usual course of husbandry, the following described premises and land situated in the County of..... State of Minnesota, to-wit:..... (Description of land).....

ONE. The operator agrees to furnish at his own expense all horses, machinery, equipment, implements, and utensils necessary for the proper operation of said land (except as hereinafter otherwise provided for).<sup>2</sup>

TWO. The operator agrees to furnish all labor necessary to farm and cultivate said land.

THREE. The operator agrees to sow and plant on the said land such crops as may be agreed upon by the owner and operator, but the owner reserves the right of final decision in case of disagreement.

FOUR. The owner agrees to furnish all seed necessary to sow and plant said land and to pay one half the cash threshing bill.<sup>3</sup>

FIVE. The owner agrees to furnish half the feed for the horses necessary for the farm and to pay the service fee for all mares bred, the owner thereby receiving one half interest in all colts raised.<sup>4</sup>

SIX. In consideration of the faithful performance of all the stipulations of this contract, the owner agrees upon reasonable request thereafter made to give and deliver to the operator one half of the corn in the field, one half of the hay in the stack or barn, one half of the other grains in the granary or elevator, and one half of the fruit raised and secured upon said farm.<sup>5</sup> The operator agrees to deliver, with the exception of corn, the owner's share of grain and fruit to the market at ..... free of charge.<sup>6</sup>

SEVEN. The operator agrees that he will not sell, remove or suffer to be removed without the written consent of the owner, any part of the crop raised or livestock in which the owner has an interest until final settlement, and until such settlement the title of all crops raised and of all livestock in which the owner has an interest shall remain with the owner.<sup>7</sup>

<sup>1</sup> Leases are often made to cover only one year but are renewed from year to year.

<sup>2</sup> Frequently the owner pays half the cost of a manure spreader in order to encourage proper spreading of the manure.

<sup>3</sup> In some localities the owner also pays half the twine bill.

<sup>4</sup> Many variations relative to horse feed are found in different leases. Some provide that the operator feed undivided roughage, but his own grain. Others provide that the operator furnish half the seed as an offset to the owner for furnishing half of all horse feed.

<sup>5</sup> Some leases provide that the owner receive two fifths of the corn in the crib, while others provide for a cash rental charge per acre for all land in corn or other cultivated crops. Pasture land is usually on a cash basis and is frequently meadow land.

<sup>6</sup> If the farm is some distance from market, the operator is usually paid at a given rate for delivery of the owner's share of the crops to the market.

<sup>7</sup> If the owner advances money to the operator, a clause is desirable giving the owner the right to hold enough of the crops or livestock which would on division belong to the operator, to repay all advances made to the operator by the owner and interest thereon at.....per cent, also to pay for all indebtedness due the owner, by the operator, if any there be.

EIGHT. It is also agreed that in case the operator neglects or fails to perform any of the conditions and terms of this contract on his part to be done and performed, then the owner is hereby authorized and empowered to enter upon said premises and take full and absolute possession of the same, and he may do and perform all things agreed to be done by the operator remaining undone, and may retain or sell sufficient of the crops raised on said premises that would otherwise belong to the operator if he had performed the conditions hereof, to pay and satisfy all costs and expenses of every kind incurred in performing said contract, with interest at.....per cent per annum, and the residue remaining, if any, of said crops, shall belong to the operator, after all conditions are fulfilled.

NINE. The operator agrees to keep up and maintain in good repair all buildings, stables, cribs, fences, and improvements on said premises and to return them in as good condition as at the commencement of the lease, natural wear and tear and unavoidable accidents excepted. The owner is to furnish material for repairs but the operator is to do the hauling of said material.<sup>8</sup> The operator also agrees to watch, care for, and protect the fruit and shade trees and to cut no green trees and to commit no waste or damage to said real estate or suffer any to be done.

TEN. The operator further agrees to sell no straw and to have it and all manure produced, hauled and spread on the fields most in need of it; and to mow the roadsides and keep all noxious weeds from going to seed and to prevent as far as possible the introduction of weeds not already present.<sup>9</sup>

ELEVEN. The operator agrees not to sublet any part of this land without first obtaining the written consent of the owner, and the owner reserves the right of free entry upon the premises for the purpose of making improvements thereon, to plow or till certain fields when the lease is to be terminated.<sup>10</sup>

TWELVE. It is further agreed that if the operator remains in possession of said premises after the expiration of the term for which they are hereby leased, such possession shall not be construed to be a renewal of this lease, but to be a lease which may be terminated upon ten days' notice given by the owner in writing, either delivered to the operator or sent to.....in a sealed envelope, duly stamped and directed to.....at..... which is hereby declared by.....to be..... usual post-office address.<sup>11</sup>

THIRTEEN. And the owner agrees that the operator performing the covenants of this lease shall peacefully and quietly have, hold, and enjoy the said leased premises for the term aforesaid.

In Testimony Whereof both parties have hereunto set their hands and seals the day and year hereinbefore written.

Signed, sealed, and delivered in  
 the presence of ..... Seal  
 (Witnesses) ..... Seal  
 ..... Seal  
 ..... Seal

(Parties to contract)

<sup>8</sup> A clause providing that the owner pay for all improvements except minor ones may be substituted for the one requiring the operator to make them free of charge, also allowance may be provided for unexhausted improvements made by the operator, as fencing, buildings, and fertilizers.

<sup>9</sup> A clause may be included here in regard to the cropping or rotation system to be followed or the acreage of certain crops to be grown, also any agreement that may be made for the eradication of weeds which may infest the land.

<sup>10</sup> Many owners include a clause covering the conditions under which the operator can be asked to give up his lease in case the owner should sell the land.

The Minnesota state law does not make a lease binding on the purchaser of land for more than one year if the lease is not recorded and the lessee is not in possession of the land, unless the purchaser was cognizant of the lease and its provisions at the time the purchase was made.

<sup>11</sup> In some leases the clause relating to termination of lease provides that the lease will be considered as renewed for another year providing that neither party notifies the other in writing at some stated interval before the expiration of the lease of his intention to terminate the lease.

FORM FOR HALF-SHARE CROP AND LIVESTOCK LEASE

THIS AGREEMENT, Made this.....day of....., 19...., by and between.....hereinafter called the operator and.....owner of the real estate hereinafter described

WITNESSETH, That the operator hereby agrees to and with the owner, for the consideration hereinafter named, to well and faithfully till and farm, during the season of farming in the year<sup>1</sup> 19...., 19...., 19...., 19...., and 19...., commencing.....19....and ending 19...., in a good and husbandlike manner, and according to the usual course of husbandry, the following described premises and land situated in the County of..... State of Minnesota, to-wit:..... (Description of land).....

ONE. The operator agrees to furnish at his own cost and expense all machinery, horses, equipment, implements, and utensils necessary for the proper operation of said land (except as hereinafter otherwise provided for).

TWO. The operator agrees to furnish all labor necessary to farm and cultivate said land.

THREE. The operator agrees to sow and plant the said land in such crops as may be agreed upon by the owner and operator, but the owner reserves the right of final decision in case of disagreement.

FOUR. The operator agrees to market all crops, fruit, livestock, and livestock products, free of charge to the owner.

FIVE. The owner agrees to furnish all seed necessary to sow and plant said land and to pay one half the cash threshing bill.<sup>2</sup>

SIX. The owner agrees to furnish not less than ..... cows and a purebred dairy bull, and one half of such number of brood sows, young cattle, feeding cattle, and sheep as may be agreed upon.<sup>3</sup>

SEVEN. The owner agrees to furnish one half the feed and all the pasture required for the livestock kept and used on said land except poultry, and to pay the service fee for all mares bred, the owner thereby receiving one half interest in all colts raised.<sup>4</sup>

EIGHT. The owner agrees to furnish power and a silage cutter for putting up silage and one half the cost of a cream separator and a manure spreader.

NINE. The owner agrees to pay the tax on real estate and insurance on buildings, one half the insurance and tax on the personal property of the farm, and one half the veterinary bills.

TEN. The owner agrees that the operator may have without charge such amounts of milk and cream as are necessary for household use, and a garden of sufficient size to provide for household consumption,<sup>5</sup> also that the operator may keep and feed at his own expense, not more than.....hens.<sup>6</sup>

<sup>1</sup> Leases are frequently made to cover only one year, but are renewed from year to year.

<sup>2</sup> In some localities the owner also pays half the twine bill.

<sup>3</sup> Where dairy cows are kept, man labor is a very large item of expense and some leases provide that the owner pay a part of the cost of hired labor.

<sup>4</sup> Many variations relative to horse feed are found in different leases. Some provide that the operator feed undivided roughage, but his own grain. Other leases provide that the operator furnish half the seed as an offset to the owner for furnishing one half of all horse feed.

<sup>5</sup> Where there is wood on a farm, a clause should be inserted covering its use by the operator for fuel.

<sup>6</sup> Some leases provide that poultry be owned jointly and fed as other stock and that sales of eggs and poultry be divided equally.

ELEVEN. The owner is to receive as rent one half of all products raised or produced on the above described property, one half the increase from all livestock jointly owned, and one half the returns from all sales of crops, fruits, livestock products, and livestock jointly owned, except as hereinbefore or hereinafter provided for.

TWELVE. The operator further agrees that he will not sell, remove, or suffer to be removed without the consent of the owner, any part of the crop raised or livestock in which the owner has an interest until final settlement, and until final settlement the title of all crops raised and of all livestock in which the owner has an interest shall remain with the owner.<sup>7</sup>

THIRTEEN. It is also agreed that in case the operator neglects or fails to perform any of the conditions and terms of this contract on his part to be done and performed, then the owner is hereby authorized and empowered to enter upon said premises and take full and absolute possession of the same, and he may do and perform all things agreed to be done by the operator, remaining undone, and to retain or sell sufficient of the crops raised on said premises that would otherwise belong to the operator if he had performed the conditions hereof, to pay and satisfy all costs and expense of every kind incurred in performing said contract, with interest at ..... per cent per annum, and the residue remaining, if any, of said crops, shall belong to the operator after all conditions are fulfilled.

FOURTEEN. The operator agrees to keep up and maintain in good repair all buildings, stables, cribs, fences, and improvements on said premises and to return them in as good condition as at the commencement of the lease, natural wear and tear and unavoidable accidents excepted. The owner is to furnish the material but the operator is to do the hauling of said material.<sup>8</sup> The operator also agrees to watch, care for, and protect the fruit and shade trees and to cut no green trees and to commit no waste or damage to said premises or suffer any to be done.

FIFTEEN. The operator further agrees to sell no straw, but to have it and all manure produced, scattered on the fields most in need of it; and to mow the roadside and keep all noxious weeds from going to seed and to prevent the introduction of weeds not already present.<sup>9</sup>

SIXTEEN. The operator agrees not to sublet any part of said land without first obtaining the consent of the owner, and the owner reserves the right of free entry upon the premises for the purpose of making improvements thereon, and to plow or till certain fields when the lease is to be terminated.<sup>10</sup>

SEVENTEEN. In case the owner and operator fail to agree in regard to any clause of the lease, or in regard to the manner of making a division of property jointly owned, then the matter in controversy shall be referred to a board of three men, one selected by the operator, one by the owner, and a third by the two so chosen. Both parties agree to abide by and accept any decision rendered by the three chosen arbiters.

EIGHTEEN. It is further agreed that if the operator remains in possession of said premises after the expiration of the term for which they are hereby leased, such possession shall not be construed to be a

<sup>7</sup> When the owner advances money to the operator a clause is desirable giving the owner the right to hold enough of the crops or livestock which would on division belong to the operator, to repay all advances made to the operator by the owner and interest thereon at ..... per cent, also to pay all indebtedness due the owner by the operator, if any there be.

<sup>8</sup> A clause providing that the owner pay for all improvements except minor ones may be substituted for the one requiring the operator to make them free of charge, also allowance may be provided for unexhausted improvements, as fences, buildings, and fertilizers.

<sup>9</sup> A clause may be included here in regard to the cropping or rotation system to be followed or the acreage of certain crops to be grown, also any agreement that may be made for the eradication of weeds which may infest the land.

<sup>10</sup> Many owners include a clause covering the conditions under which the operator can be asked to give up his lease in case the owner should sell the land. The Minnesota state law does not make a lease binding on the purchaser of land for more than one year where the lease is not recorded and the lessee is not in possession of the land, unless the purchaser was cognizant of the lease and its provisions at the time the purchase was made.

renewal of this lease, but to be a lease which may be terminated upon ten days' notice given by the landlord in writing, either delivered to the operator or sent to ..... in a sealed envelope, duly stamped and directed to ..... at ..... which is hereby declared by ..... to be ..... usual postoffice address.<sup>11</sup>

NINETEEN. And the owner agrees that the operator on performing the covenants of this lease shall peacefully and quietly have, hold, and enjoy the said leased premises for the term aforesaid.

In Testimony Whereof both parties have hereunto set their hands and seals the day and year hereinbefore written.

Signed, sealed, and delivered in ..... (Parties to contract) Seal  
the presence of ..... Seal  
(Witnesses) ..... Seal  
..... Seal  
..... Seal

<sup>11</sup> In some leases the clause relating to termination provides that the lease will be considered as renewed for another year providing neither party notifies the other in writing at some stated interval before the expiration of the lease of his intention to terminate the lease.

**EVERYTHING SHARED HALF AND HALF EXCEPT LAND AND THE OPERATOR'S LABOR.**

If the owner and operator wish to have a half-and-half crop and livestock share lease, the following paragraph may be substituted for that part of the preceding lease included between description of the land and the clause relating to the tenant's agreement not to sell or to remove crops without obtaining the owner's consent.

The owner and operator each agree to furnish one half of all machinery, equipment, and livestock, including work horses used and kept on the said farm. Each agrees to bear one half of all farm expenses including hired farm labor, except that the owner will pay all the taxes and insurance on the real estate and the operator will board the hired labor without charge to the owner.

The owner is to receive as rent one half the increase or one half the sales from all livestock, livestock products, crops, or other farm products raised or produced on said farm, except that the operator may use without charge such amounts of milk, cream, butter, eggs, and farm produce as may be necessary for use in the household.

If a lease provides that all farm expenses and receipts be borne equally by the owner and operator except that the owner meet the taxes, insurance, and upkeep expenses on the real estate, the only question as to equality of division of expenses is the relation that the operator's labor bears to the rental value of the landlord's property.

**FORM FOR CASH LEASE**

THIS AGREEMENT, made this.....day of.....  
19...by and between.....hereinafter called the operator  
and.....owner of the real estate hereinafter described

WITNESSETH, that the operator hereby agrees to and with the owner, for the consideration hereinafter named, to well and faithfully till and farm, during the season of farming in the year<sup>1</sup> 19...., 19...., 19...., 19...., and 19...., commencing..... 19...., and ending 19...., in a good and husbandlike manner, and according to the usual course of husbandry, the following described premises and land situated

<sup>1</sup> The leases are frequently made to cover only one year, but are often renewed from year to year.

in the County of.....State of Minnesota, to wit:  
(Description of land).....  
.....  
.....

The operator agrees to and with the owner to pay as rent for the above mentioned premises each year during the term of this lease, the sum of.....DOLLARS on the..... day of.....19...., 19...., 19...., 19....<sup>2</sup>

ONE. The operator agrees to keep up and maintain in good repair all buildings, stables, cribs, fences, and improvements on said premises, and to return them in as good condition as at the commencement of the lease, natural wear and tear and unavoidable accidents excepted. The owner is to furnish the material for repairs, but the operator is to do the hauling of said material.<sup>3</sup> The operator agrees to watch, care for, and protect the fruit and shade trees thereon and to cut no green trees and to commit no waste or damage to said premises or suffer any to be done.

TWO. The operator agrees to sell no straw, and to have it and all manure produced, hauled and spread on the fields most in need of it; and to mow the roadsides and keep all noxious weeds from going to seed and to prevent the introduction of weeds not already present,<sup>4</sup> and to leave as many acres of land plowed on giving up possession of the premises at the termination of this lease as were plowed at the time of taking possession of the premises.

THREE. The operator agrees not to sublet any part of this farm without first obtaining the consent of the owner, and the owner reserves the right of free entry upon the premises for the purpose of making improvements thereon, or plowing or tilling certain fields when the lease is to be terminated.<sup>5</sup>

FOUR. It is agreed that if the operator fails to make the above mentioned payments as herein specified, or to pay any of the aforesaid rent when due, or fails to fulfill any of the covenants of this lease, then and in that case the owner may re-enter and take possession of the above rented premises, and hold and enjoy the same without such re-entering working a forfeiture of the rents to be paid by the operator for the full term of this lease.

FIVE. It is further agreed that if the operator remains in possession of said premises after the expiration of the term for which they are hereby leased, such possession shall not be construed to be a renewal of this lease, but to be a lease which may be terminated upon ten days' notice given by the owner in writing, either delivered to the operator or sent to.....in a sealed envelope, duly stamped and directed to.....at.....

<sup>2</sup> A memorandum of promissory notes and chattel mortgage required by owner to insure payment of rent may be included, also a provision for any changes in the amount of rent to be paid in event the lease is renewed.

<sup>3</sup> A clause providing that the owner pay for all improvements except minor ones may be substituted for the one requiring the tenant to make them free of charge, also allowance may be provided for unexhausted improvements added by the operator, as fencing, buildings, and fertilizers.

<sup>4</sup> A clause may be included here in regard to the cropping or rotation system to be followed or the acreage of certain crops to be grown, also any agreement that may be made for the eradication of weeds which may infest the land.

<sup>5</sup> Many owners include a clause covering the conditions under which the operator can be asked to give up his lease in case the owner should sell the land. The Minnesota state law does not make a lease binding on the purchaser of land for more than one year if the lease is not recorded and the lessee is not in possession of the land, unless the purchaser was cognizant of the lease and its provisions at the time the purchase was made.

in the County of.....State of Minnesota, to wit:  
(Description of land).....  
.....  
.....

The operator agrees to and with the owner to pay as rent for the above mentioned premises each year during the term of this lease, the sum of.....DOLLARS on the..... day of.....19...., 19...., 19...., 19....<sup>2</sup>

ONE. The operator agrees to keep up and maintain in good repair all buildings, stables, cribs, fences, and improvements on said premises, and to return them in as good condition as at the commencement of the lease, natural wear and tear and unavoidable accidents excepted. The owner is to furnish the material for repairs, but the operator is to do the hauling of said material.<sup>3</sup> The operator agrees to watch, care for, and protect the fruit and shade trees thereon and to cut no green trees and to commit no waste or damage to said premises or suffer any to be done.

TWO. The operator agrees to sell no straw, and to have it and all manure produced, hauled and spread on the fields most in need of it; and to mow the roadsides and keep all noxious weeds from going to seed and to prevent the introduction of weeds not already present,<sup>4</sup> and to leave as many acres of land plowed on giving up possession of the premises at the termination of this lease as were plowed at the time of taking possession of the premises.

THREE. The operator agrees not to sublet any part of this farm without first obtaining the consent of the owner, and the owner reserves the right of free entry upon the premises for the purpose of making improvements thereon, or plowing or tilling certain fields when the lease is to be terminated.<sup>5</sup>

FOUR. It is agreed that if the operator fails to make the above mentioned payments as herein specified, or to pay any of the aforesaid rent when due, or fails to fulfill any of the covenants of this lease, then and in that case the owner may re-enter and take possession of the above rented premises, and hold and enjoy the same without such re-entering working a forfeiture of the rents to be paid by the operator for the full term of this lease.

FIVE. It is further agreed that if the operator remains in possession of said premises after the expiration of the term for which they are hereby leased, such possession shall not be construed to be a renewal of this lease, but to be a lease which may be terminated upon ten days' notice given by the owner in writing, either delivered to the operator or sent to.....in a sealed envelope, duly stamped and directed to.....at.....

<sup>2</sup> A memorandum of promissory notes and chattel mortgage required by owner to insure payment of rent may be included, also a provision for any changes in the amount of rent to be paid in event the lease is renewed.

<sup>3</sup> A clause providing that the owner pay for all improvements except minor ones may be substituted for the one requiring the tenant to make them free of charge, also allowance may be provided for unexhausted improvements added by the operator, as fencing, buildings, and fertilizers.

<sup>4</sup> A clause may be included here in regard to the cropping or rotation system to be followed or the acreage of certain crops to be grown, also any agreement that may be made for the eradication of weeds which may infest the land.

<sup>5</sup> Many owners include a clause covering the conditions under which the operator can be asked to give up his lease in case the owner should sell the land. The Minnesota state law does not make a lease binding on the purchaser of land for more than one year if the lease is not recorded and the lessee is not in possession of the land, unless the purchaser was cognizant of the lease and its provisions at the time the purchase was made.



which is hereby declared by.....to be.....  
usual post-office address.<sup>6</sup>

SIX. And the owner agrees that the operator upon paying the rent and performing the covenants of this lease shall peacefully and quietly have, hold, and enjoy the said leased premises for the term aforesaid.

In Testimony Whereof both parties have hereunto set their hands and seals the day and year hereinbefore written.

Signed, sealed, and delivered in	(Parties to contract)	
the presence of	.....	Seal
(Witnesses)	.....	Seal
.....	.....	Seal
.....	.....	Seal

<sup>6</sup>In same leases the clause relating to termination of lease provides that the lease will be considered as renewed for another year provided neither party notifies the other in writing at some stated interval before the expiration of the lease of his intention to terminate the lease.

### EQUITABLE BASIS FOR SHARE LEASES

The proper basis for a fair and equitable share lease is that each party share in the products of the farm in the proportion that he shares in the cost of production. The shares that the landlord and tenant bear in the cost of producing wheat, oats, barley, hay, corn husked from the standing stalks, corn cut, shocked, and stacked, and corn cut for silage, are given on the acre basis in Tables VI to XII, following in general the provisions of the foregoing lease. The calculations are based on present prices, using the data from Northfield, Rice County, as representative of southern Minnesota conditions, and data from Halstad, Norman County, as representative of western and northwestern conditions.<sup>4</sup>

<sup>4</sup>The hour requirements for crop production are taken from Minn. Agr. Exp. Sta. Bull. 157, "Labor requirements of crop production," by T. P. Cooper, F. W. Peck, and Andrew Boss. 1916. The hour cost of horse and man labor is based on recent accounting data on file in the section of cost accounting of the Division of Agronomy and Farm Management. The other costs are based on Minn. Agr. Exp. Sta. Bull. 145, "Cost of producing Minnesota farm products, 1908-1912," by F. W. Peck. 1914. The data in this bulletin are modified to meet present conditions in accordance with the recent data of the section of cost accounting mentioned above.

TABLE VI  
 COST OF PRODUCING WHEAT AND DIVISION OF EXPENSE BETWEEN LANDLORD AND TENANT  
 FALL-PLOWED AND STACK-THRESHED

	Northfield					Halstad				
	Cost per acre	Usual one-half share system		Usual one-third share system*		Cost per acre	Usual one-half share system		Usual one-third share system*	
		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense
Seed, 1¼ bu. at \$2 .....	\$2.50	\$2.50	.....	.....	\$2.50	\$2.50	.....	.....	.....	\$2.50
Man labor, 24 cents per hour.....	4.08 (17 hrs.)	.....	\$4.08	.....	4.08	2.88 (12 hrs.)	.....	\$2.88	.....	2.88
Horse labor, 15 cents per hour .....	4.35 (29 hrs.)	1.63	2.72	.....	4.35	4.20 (28 hrs.)	1.58	2.62	.....	4.20
Twine.....	0.32	.....	0.32	.....	0.32	0.36	.....	0.36	.....	0.36
Cash threshing.....	0.56	0.28	0.28	.....	0.56	0.60	0.30	0.30	.....	0.60
Machinery.....	1.50	.....	1.50	.....	1.50	0.99	.....	0.99	.....	0.99
Land rental.....	4.50	4.50	.....	\$4.50	.....	3.00	3.00	.....	\$3.00	.....
General expense.....	0.77	0.50	0.27	.....	0.50	0.65	0.40	0.25	.....	0.40
<b>Total.....</b>	<b>\$18.58</b>	<b>\$9.41</b>	<b>\$9.17</b>	<b>\$5.00</b>	<b>\$13.58</b>	<b>\$15.18</b>	<b>\$7.78</b>	<b>\$7.40</b>	<b>\$3.40</b>	<b>\$11.78</b>

\* The usual one-third share system is the one by which the landlord gets one third of the crop.

TABLE VII  
 COST OF PRODUCING OATS AND DIVISION OF EXPENSE BETWEEN LANDLORD AND TENANT  
 FALL-PLOWED AND STACK-THRESHED

	Northfield					Halstad				
	Cost per acre	Usual one-half share system		Usual one-third share system*		Cost per acre	Usual one-half share system		Usual one-third share system*	
		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense
Seed, 2½ bu. at 85 cents .....	\$2.12	\$2.12	.....	.....	\$2.12	\$2.12	\$2.12	.....	.....	\$2.12
Man labor, 24 cents per hour .....	3.60 (15 hrs.)	.....	\$3.60	.....	3.60	3.12 (13 hrs.)	.....	\$3.12	.....	3.12
Horse labor, 15 cents per hour .....	4.20 (28 hrs.)	1.58	2.62	.....	4.20	4.35 (29 hrs.)	1.64	2.71	.....	4.35
Twine .....	0.38	.....	0.38	.....	0.38	0.39	.....	0.39	.....	0.39
Cash threshing .....	0.72	0.36	0.36	.....	0.72	0.75	0.38	0.37	.....	0.75
Machinery .....	1.50	.....	1.50	.....	1.50	0.99	.....	0.99	.....	0.99
Land rent .....	4.50	4.50	.....	\$4.50	.....	3.00	.....	3.00	.....	\$3.00
General expense .....	0.80	0.50	0.30	0.50	0.30	0.64	0.40	0.24	0.40	0.24
<b>Total .....</b>	<b>\$17.82</b>	<b>\$9.06</b>	<b>\$8.76</b>	<b>\$5.00</b>	<b>\$12.82</b>	<b>\$15.36</b>	<b>\$7.54</b>	<b>\$7.82</b>	<b>\$3.40</b>	<b>\$11.96</b>

\* The usual one-third share system is the one by which the landlord gets one third of the crop.

TABLE VIII  
 COST OF PRODUCING BARLEY AND DIVISION OF EXPENSE BETWEEN LANDLORD AND TENANT  
 FALL-PLOWED AND STACK-THRESHED

	Northfield					Halstad				
	Cost per acre	Usual one-half share system		Usual one-third share system*		Cost per acre	Usual one-half share system		Usual one-third share system*	
		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense
Seed, 1¼ bu. at \$2 .....	\$3.50	\$3.50	.....	\$3.50	.....	\$3.50	\$3.50	.....	\$3.50	.....
Man labor, 24 cents per hour.....	4.20 (17.5 hrs.)	.....	\$4.20	.....	4.20	3.48 (14.5 hrs.)	\$3.48	.....	3.48	.....
Horse labor, 15 cents per hour .....	4.35 (29 hrs.)	1.63	2.72	.....	4.35	4.50 (30 hrs.)	1.69	2.81	.....	4.50
Twine.....	0.40	.....	0.40	.....	0.40	.....	0.36	.....	0.36	.....
Cash threshing.....	0.73	0.36	0.37	.....	0.73	0.85	0.42	0.43	.....	0.85
Machinery.....	1.50	.....	1.50	.....	1.50	.....	0.99	.....	0.99	.....
Land rental.....	4.50	4.50	.....	\$4.50	.....	3.00	3.00	.....	3.00	.....
General expense.....	0.78	0.50	0.28	.....	0.50	0.61	0.40	0.21	.....	0.40
Total.....	\$19.96	\$10.49	\$9.47	\$5.00	\$14.96	\$17.29	\$9.01	\$8.28	\$3.40	\$13.89

\* The usual one-third share system is the one by which the landlord gets one third of the crop.

TABLE IX  
COST OF PRODUCING CORN HUSKED FROM STANDING STALKS AND DIVISION OF EXPENSE BETWEEN LANDLORD AND TENANT

	Northfield					Halstad				
	Cost per acre	Usual one-half share system		Corn harvested by tenant, landlord's share two fifths		Cost per acre	Usual one-half share system		Corn harvested by tenant, landlord's share two fifths	
		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense
Seed .....	\$1.00	\$1.00		\$1.00		\$1.00	\$1.00	\$1.00	\$1.00	\$4.08
Man labor up to harvesting, 24 cents per hour. (18 hrs.)	4.32		\$4.32		\$4.32	4.08 (17 hrs.)	\$4.08			
Man labor in harvesting, 24 cents per hour. (12 hrs.)	2.88	1.44	1.44		2.88	3.12 (12 hrs.)	1.56	1.56		3.12
Horse labor up to harvesting, 15 cents per hour. (38.5 hrs.)	5.78	2.17	3.61	2.17	3.61	6.45 (43 hrs.)	2.42	4.03	2.42	4.03
Horse labor in harvesting, 15 cents per hour. (15 hrs.)	2.25	1.12	1.13	0.85	1.40	2.25 (15 hrs.)	1.12	1.13	0.84	1.41
Machinery .....	1.90		1.90		1.90	1.45		1.45		1.45
Land rental .....	4.50	4.50		4.50		3.00	3.00		3.00	
General expense .....	1.32	0.50	0.82	0.50	0.82	1.10	0.40	0.70	0.40	0.70
Total .....	\$23.95	\$10.73	\$13.22	\$9.02	\$14.93	\$22.45	\$9.50	\$12.95	\$7.66	\$14.79

TABLE X  
 COST OF PRODUCING TAME HAY AND DIVISION OF EXPENSE  
 BETWEEN LANDLORD AND TENANT

	Northfield			Halstad		
	Cost per acre	Usual one-half share system		Cost per acre	Usual one-half share system	
		Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense
First Crop						
Seed.....	\$0.82	\$0.82	.....	\$0.82	\$0.82	.....
Man labor, 24 cents per hour (12.5 hrs.)	3.00	.....	\$3.00	3.12 (13 hrs.)	.....	\$3.12
Horse labor, 15 cents per hour (12 hrs.)	1.80	0.68	1.12	2.10 (14 hrs.)	0.79	1.31
Machinery.....	1.76	.....	1.76	1.17	.....	1.17
Land rent.....	4.50	4.50	.....	3.00	3.00	.....
General expense.....	0.62	0.50	0.12	0.72	0.40	0.32
Total.....	12.50	6.50	6.00	10.93	5.01	5.92
Second Crop						
Man labor, 24 cents per hour (8.5 hrs.)	2.04	.....	2.04	No data	available	.....
Horse labor, 15 cents per hour (8.5 hrs.)	1.28	0.48	0.80	.....	.....	.....
General expense.....	0.49	.....	0.49	.....	.....	.....
Total.....	\$16.31	\$6.98	\$9.33	.....	.....	.....

TABLE XI  
 COST OF PRODUCING CORN AND DIVISION OF EXPENSE BETWEEN LANDLORD AND TENANT  
 CUT, SHOCKED, AND STACKED

	Northfield			Halstad		
	Cost per acre	Usual one-half share system		Cost per acre	Usual one-half share system	
		Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense
Seed.....	\$1.00	\$1.00	.....	\$1.00	\$1.00	.....
Man labor, 24 cents per hour (34 hrs.)	8.16	.....	8.16	7.92 (33 hrs.)	.....	\$7.92
Horse labor, 15 cents per hour (54 hrs.)	8.10	3.04	5.06	7.95 (53 hrs.)	2.98	4.97
Twine.....	0.54	.....	0.54	0.49	.....	0.49
Machinery.....	2.11	.....	2.11	2.00	.....	2.00
Land rental.....	4.50	4.50	.....	3.00	3.00	.....
General expense.....	1.32	0.50	0.82	1.10	0.40	0.70
Total.....	\$25.73	\$9.04	\$16.69	\$23.46	\$7.38	\$16.08

TABLE XII  
 COST OF PRODUCING CORN SILAGE AND DIVISION OF EXPENSE  
 BETWEEN LANDLORD AND TENANT

	Northfield			Halstad		
	Cost per acre	Usual one-half share system		Cost per acre	Usual one-half share system	
		Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense
Seed.....	\$2.14	\$2.14	.....	\$1.94	\$1.94	.....
Man labor, 24 cents per hour (34 hrs.)	8.16	.....	\$8.16	7.56	.....	\$7.56
Horse labor, 15 cents per hour (56 hrs.)	8.40	3.15	5.25	9.68 (64.5 hrs)	3.63	6.05
Twine.....	0.72	.....	0.72	0.72	.....	0.72
Coal.....	0.82	0.41	0.41	0.44	0.22	0.22
Power machine.....	1.32	1.32	.....	1.46	1.46	.....
Farm machinery and ensilage cutter.....	2.38	.....	2.38	2.29	.....	2.29
Land rental.....	4.50	4.50	.....	3.00	3.00	.....
General expense.....	0.91	0.50	0.41	1.35	0.40	0.95
Total.....	\$29.35	\$12.02	\$17.33	\$28.44	\$10.65	\$17.79

Calculations made for present conditions indicate that three fourths of the expense of maintaining a work horse is the cost of feed, and on the assumption that the owner is furnishing one half the horse feed, he is charged one half of this or three eighths of the total cost as his share in the cost of horse labor. Recent prices show that twine has doubled in price since the figures in Bulletin 145 were compiled, also that the price of machinery has advanced 50 per cent. Data on hand indicate that taxes and insurance are approximately 50 cents an acre at Northfield and 40 cents at Halstad. This part of the general expense is charged to the owner.

Under the one-third share system for small grain there is a large variation from one locality to another in the proportion of the cost borne by landlord and tenant. The landlord contributes more than one third on high-priced land and less than one third on lower priced land. Under the half-share system it will be noted that the landlord contributes in most instances a little more than the tenant in the production of oats, wheat, and barley. It is not desirable to change the division of crops from the half-share basis, but the cost of production may easily be equalized by having the tenant bear a portion of the cost of seed. Where a considerable acreage of corn is grown, such an equalization would not be so applicable, for altho the landlord bears more than one half of the cost of production of small grain on the half-share basis, the tenant bears a much larger proportion of the cost of producing corn. As there are usually three or four times as many acres of small grain as of corn, the larger proportion of expense

to the landlord on small grains tends to equalize the larger proportion of expense to the tenant on the corn crop.

The unequal division of the costs in producing corn accounts in a large measure for the cash renting of corn land where the other crops are on a share basis. If the corn crop is divided on the half-and-half share basis there is a decided advantage in favor of the landlord, ranging from \$2.49 for husked corn, at Northfield, to \$8.70 for corn cut, shocked, and stacked, at Halstad. If corn is husked and cribbed by the tenant and he receives three fifths of the crop, the division is much more nearly in line with his proportion of the cost of production. The tenant also gets the use of the cornstalks, which are usually considered worth at least \$1 per acre if the tenant has cattle to feed.

If livestock is fed on a share basis and corn is used for silage or is cut, shocked, and stacked, or fed from the bundle, the tenant contributes considerable more than the landlord and should be compensated in some way if the crop is shared on the half-and-half basis. This may easily be done in putting up silage by the landlord paying for part of the man labor required.

Clover and timothy hay put up by the tenant on a half-share basis gives nearly an equal division of the expense for the first crop on the higher-priced lands. If more than one crop is cut, it is decidedly in favor of the landlord since he has little or no additional expense. It must be remembered, however, that the landlord must stand all the risk of crop failure while the tenant's only expense is for harvesting, and for this reason a half share division of the crop is much more just than would appear on first reading the data given in Table X.

TABLE XIII  
ANNUAL COST OF MAINTAINING A DAIRY COW\*

	Northfield			Halstad		
	Total	Owner	Tenant	Total	Owner	Tenant
Feed-grain.....	\$22.92	\$11.46	\$11.46	\$20.34	\$10.17	\$10.17
Roughage.....	24.69	12.34	12.35	37.20	18.60	18.60
Silage.....	12.06	6.03	6.03	8.89	4.45	4.44
Pasture.....	15.00	15.00	.....	9.00	9.00	.....
Man labor, 24 cents (145 hrs.).....	34.80	.....	34.80	38.40	.....	38.40
Horse labor, 15 cents (40 hrs.).....	6.00	2.25	3.75	2.55 (17 hrs.)	0.96	1.59
Cow cost, Dep., Int., Taxes, Ins.....	14.56	14.56	.....	11.74	11.74	.....
Sire.....	4.00	2.00	2.00	4.00	2.00	2.00
Equipment.....	0.52	.....	0.52	1.01	.....	1.01
Bedding.....	4.00	2.00	2.00	4.00	2.00	2.00
General expense.....	0.78	0.39	0.39	0.36	0.18	0.18
Total.....	\$143.33	.....	.....	\$137.49	.....	.....
Overhead at 10 per cent..	14.34	7.17	7.17	13.75	7.01	7.02
Total.....	\$157.67	\$73.20	\$80.47	\$151.24	\$66.11	\$85.41

\* Data taken from Minn. Agr. Exp. Sta. Bull. 173, "The cost of milk production," by F. W. Peck and Andrew Boss. 1918.



TABLE XIV  
SUMMARY OF USUAL HALF-SHARE RENTAL SYSTEM AND THE SYSTEM WHERE EVERYTHING IS SHARED HALF AND HALF\*

	Northfield					Halstad				
	Total cost	Usual one-half share system		Everything shared half and half		Total cost	Usual one-half share system		Everything shared half and half	
		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense		Landlord's expense	Tenant's expense	Landlord's expense	Tenant's expense
Wheat .....	\$18.58	\$9.41	\$9.17	\$10.77	\$7.81	\$15.18	\$7.78	\$7.40	\$8.57	\$6.61
Oats .....	17.82	9.06	8.76	10.51	7.31	15.36	7.54	7.82	8.60	6.76
Barley .....	19.96	10.49	9.47	11.43	8.53	17.29	9.01	8.28	9.47	7.82
Tame hay (one crop) .....	12.50	6.50	6.00	8.00	4.50	10.93	5.01	5.92	6.38	4.55
Corn, husked from standing shocks .....	23.95	10.73	13.22	12.67	11.28	22.45	9.50	12.95	11.12	11.32
Corn, cut, shocked, and stacked .....	25.73	9.04	16.69	13.33	12.40	23.46	7.38	16.08	11.45	12.01
Corn silage .....	29.35	12.02	17.33	15.13	14.22	28.44	10.65	17.79	14.03	14.41
Dairy cow .....	153.67	73.20	80.47	75.64	78.03	151.24	65.97	85.27	70.52	80.72

\* The landlord's half share of the cash labor is considered as one quarter of all man labor.

Tables VI to XII and the discussion referring to the crops under the half-share crop lease will also apply to the same crops under the half-share crop and livestock lease. The proper division of expenses under a lease including livestock is, however, more difficult to secure. Under a half-share lease where the landlord furnishes all the dairy cows, he contributes less than one half the cost of maintenance. This holds true in the well-established dairying regions, as at Northfield, where the cows were valued at \$100 per head and two acres of pasture at \$15. At Halstad, where the cows were valued at \$75 per head and two acres of pasture at \$9, the proportion contributed by the landlord was much smaller, as is shown in Table XIII. No building charge is included in the landlord's expense as this is included in the rental charge on land. The overhead charge has been divided equally, since there is no way to calculate how much each party contributes. The figures in this table show why some landlords are finding it necessary to contribute a part of the expense of hired labor. Otherwise the tenant stands much more than half the expense of maintaining the dairy herd.

The relative amount contributed by the landlord and tenant to the cost of raising beef cattle, hogs, and sheep on a half-share basis can not be easily calculated, but the furnishing of pasture by the landlord is considered as an offset to the labor furnished by the tenant. The landlord frequently feels he is contributing further by furnishing better housing facilities, which tend to increase his share of the cost.

On the basis of the calculation made in Tables VI to XIII, the proportion of expense borne by the landlord and tenant for crops and dairy cows is summarized in Table XIV. This table gives a summary of the results under the usual half-share system, and also under the system where everything is shared half and half. Under this latter system the landlord bears considerably more than half of the cost of producing small grain, but the cost of producing corn is as near equal as a share rental system could be expected to provide. The tenant still bears more than half of the cost of maintaining the dairy cows, but the difference is not so wide as where the usual half-share system is followed. No one share system will meet all conditions. At Northfield, where land rent is relatively high, all other costs being the same, the owner furnishes more toward the production of an acre of crops than at Halstad, where rents are 50 per cent lower.

Forms of leases for various types of farming have been suggested in the foregoing pages and also data on cost of production have been given. With these to serve as a guide, both landlord and tenant are in a better position to draw up just and satisfactory leases.