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FARM LEASES IN KANSAS

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SUMMARY

I. The more common methods of leasing farms in Kansas have resulted in the following undesirable conditions affecting many rented farms:

1. Soil fertility has been depleted with the consequent lower crop yields.
2. Cash crops are grown and sold to the exclusion of livestock.
3. Livestock and the facilities for keeping them are often inadequate.
4. Tenants usually lack sufficient working capital and are unable to procure it on satisfactory terms.
5. Shifting of tenants from farm to farm is frequent.
6. Tenants are hindered from accumulating property.
7. Because of instability of tenure many tenants cannot adopt desirable farm practices.
8. The tenants and their families are often isolated from the privileges and benefits of community life.
9. Landlords' returns are low excepting as they may be increased by rising land values.
10. The interests of landlords and of tenants are frequently antagonistic.
11. Communities often find tenants a hindrance since many of them do not enter into community activities.

II. Comparisons of the methods of renting in common use indicate the following advantages and disadvantages :

1. Cash renting is least profitable to both landlord and tenant. It probably produces objectionable conditions to a greater degree than any of the other methods in use.
2. Crop-share renting is the most common method. It is more profitable than cash renting to both landlord and tenant.
3. Share-cash renting is a combination of crop-share and cash renting. It resembles crop-share renting very closely.
4. Stock-share renting is less frequently used, but produces more desirable conditions than any of the other methods. It is adapted to those farms whose landlords

and tenants can agree on the details of the business and where landlords live near enough to look after their interests.

III. Methods of leasing in Kansas may be improved, by—

1. A wider adoption of the stock-share lease,
2. Elimination of absentee ownership of land.
3. Providing better methods of maintaining soil fertility on farms rented for cash or for a share of the crops.
4. Improved credit facilities and the provision of better opportunities for acquiring ownership.

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FARM LEASES IN KANSAS

W. E. GRIMES

STATEMENT OF CONDITIONS

The terms of farm leases determine to a great extent the kinds of farming possible on rented farms as well as the value of the tenant to the community. The leases more commonly used in Kansas have resulted in many undesirable conditions.

These conditions have been accentuated by the rapid increase in tenancy in recent years. The extent of tenancy in Kansas in 1910 is shown by figure 1. Of all farms in the state 36.8 percent were then operated by tenants, and eastern counties had many more tenants in proportion to the total number of farmers than western counties. Sumner County led with 53.5 percent of its farms operated by tenants. Brown County was second with practically one-half of its farms in the hands of tenants. It is believed that fully as many farms are operated by tenants at present as in 1910. The problem of farm leases is therefore of immediate interest to approximately four out of every ten farmers, and to all landlords.

Even though unsatisfactory conditions exist in the cases of many tenants, tenancy is not necessarily undesirable. As a stepping stone toward farm ownership it is to be encouraged, but should not be encouraged under leasing methods which produce undesirable conditions.

It is believed that a wider adoption of better leasing methods, together with the correction of the more objectionable features of other methods, will go far toward improving conditions. It must not be assumed, however, that this will solve all tenancy problems. The cooperation of society is needed for the complete correction of the evils of tenancy, and it is more than a problem of methods of leasing. However, much can be accomplished through the adoption of better methods of leasing. It is the purpose of this bulletin to point out the faults and advantages of various methods, and suggest ways of improving them.

The studies which furnished the data upon which this bulletin is based were made by the survey method. Each farmer

was visited and a record of his farm business transactions for the preceding year obtained. Very few of the farmers had any difficulty in giving the information readily, and apparently with a fair degree of accuracy. The accuracy of this method

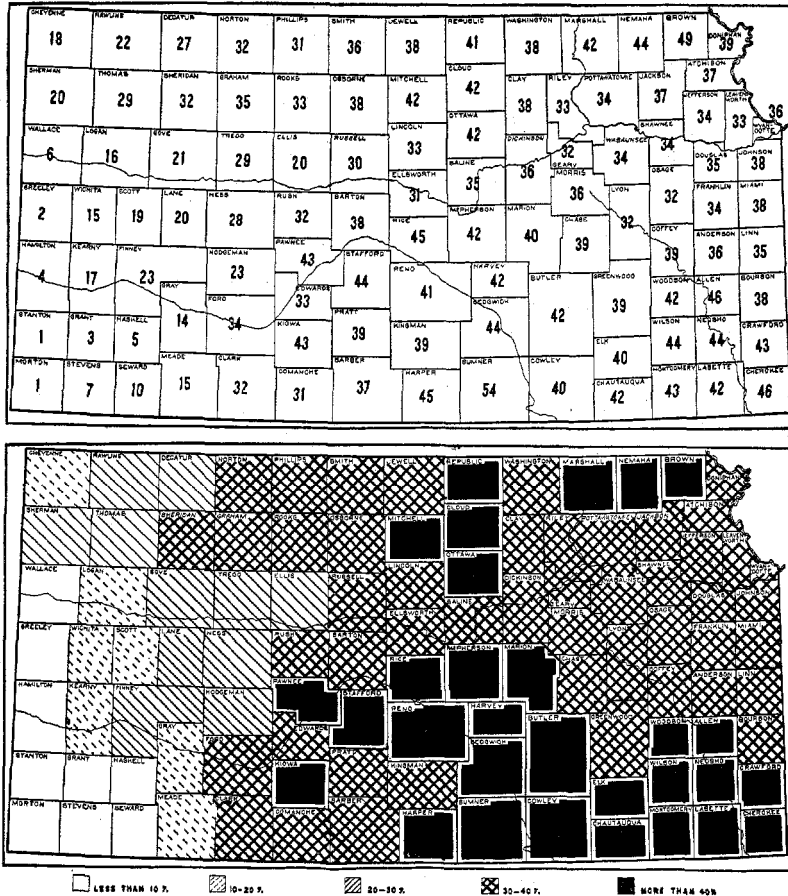


FIG. 1.—Maps of Kansas showing the percent of all farms operated by tenants in each county according to the 1910 census. The average for the state at that time was 36.8 percent

of study is dependent upon the following conditions: (1) Accurate knowledge of his business on the part of the farmer, either from records or from memory; (2) the asking of questions that the farmer can answer readily and fairly accurately; (3) the training and experience of the enumerator; and (4) a

sufficient number of records to give dependable averages. It is believed that these conditions have been met satisfactorily.

The data presented are from a number of farms in Allen, Cowley, Jewell, and Pottawatomie Counties in 1914; in Cowley, Graham, Jewell, Leavenworth, Miami, Montgomery, Norton, Pottawatomie, and Reno Counties in 1915; in Jackson and Cowley Counties in 1916. (Fig. 2.) General livestock and grain farming prevails in all of these counties.

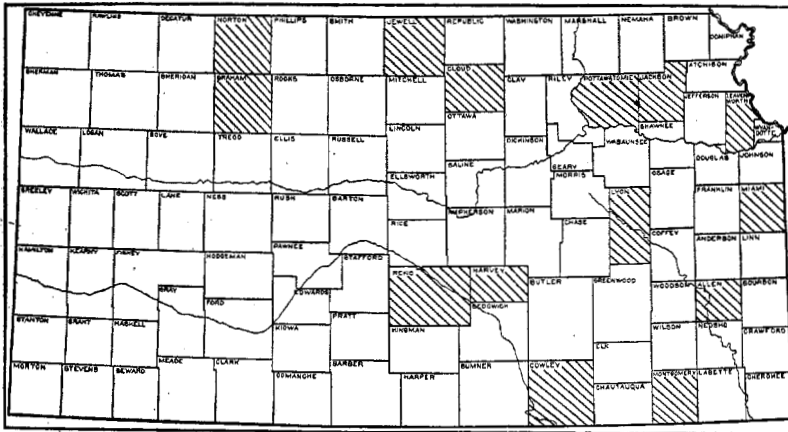


FIG. 2.—Map of Kansas showing counties in which data used in this bulletin were obtained

The season of 1914 was favorable for wheat and other small grains, but due to drouth was unfavorable for corn, sorghums, hay, and pasture. Theseason of 1915 was unusually wet, resulting in the loss of much small grain due to difficulty in harvesting. The season of 1916 was only moderately favorable for crop production.

To promote a better understanding of the data presented, a statement of certain terms is desirable. Therefore, the following definitions are given:

Total farm area is the total acreage of land operated by one farmer.

Crop area is the acreage of all crops but does not include land in pasture, timber, or waste, or that occupied by buildings, roads, or lots.

Total investment is the total farm investment, including that in real estate, livestock, machinery and tools, feeds, and supplies.

Working capital is the investment in all farm property excepting real estate.

Farm receipts include receipts from crops, livestock and its products less value of purchases, the use of equipment and labor off the farm, the rent or sale of property, and increase in inventory.

Farm expenses include all cash farm expenses, the value of unpaid labor except the labor of the operator, board furnished hired labor, decrease in inventory, and depreciation on buildings, machinery and tools.

Livestock receipts are the sum of sales of livestock and its products less the value of purchases, and any increase in the livestock inventory. If the inventory decreases, the amount of the decrease is deducted from the receipts.

Crop receipts include the receipts from all sales of crops.

Labor income is the amount remaining after farm expenses and interest on the investment are deducted from farm receipts. It is the farmer's pay for his labor. In addition to this, he has a house to live in and whatever products the farm furnishes toward his living.

A *livestock unit* is a unit for purposes of comparison. It is based on the amount of feed eaten and manure produced, and any of the following numbers of livestock are considered as one livestock unit: One mature horse, mule, cow, or steer; five mature hogs; seven mature sheep or goats; one hundred head of poultry. In any group, twice the respective numbers of young stock constitute one unit. In this bulletin all livestock on the farms, excepting the work stock, are enumerated in livestock units.

A *cattle unit* is a livestock unit composed entirely of cattle.

OWNERS AND TENANTS AS FARM OPERATORS PROFITS

A comparison of the farm business and practices of owners and of tenants is given in Table I and in figure 3. In all cases, the tenants had less working capital, the difference being chiefly in the value of the livestock. The difference amounted to approximately 25 percent of the value of the owner's livestock. As a result the tenant was deprived of the employment during winter months which the additional livestock would have furnished, and of the profit which might have been derived from keeping them, as shown by a comparison of the receipts from livestock and from crops.

TABLE I.—COMPARISON OF CAPITAL, RECEIPTS, EXPENSE, AND PROFITS OF OWNERS AND OF TENANTS

YEAR	1914		1915		1916 Jackson County		1914-1916 Cowley County	
Tenure	Owner	Tenant	Owner	Tenant	Owner	Tenant	Owner	Tenant
Number of farms.....	119	123	260	205	112	79	38	26
Total investment.....	\$13,259	\$12,343	\$15,844	\$16,484	\$18,700	\$15,938	\$14,197	\$13,446
Operator's investment.....	13,259	1,478	15,844	2,027	18,700	1,874	14,197	1,685
Landlord's investment.....		10,856		14,457		14,065		11,761
Working capital.....	1,962	1,510	2,792	2,205	3,197	1,934	2,082	1,806
Value of livestock.....	1,448	1,135	2,034	1,570	2,357	1,390	1,600	1,378
Farm receipts.....	1,778	1,793	2,031	1,870	2,555	1,769	1,788	1,928
Farm expenses.....	740	588	955	737	1,085	632	769	804
Livestock receipts.....	893	561	1,150	760	2,002	953	900	742
Crop receipts.....	723	1,079	606	898	390	440	702	957
Operator's labor income.....	377	602	284	578	535	655	309	546
Landlord's percent on investment.....		4.3		3.2		2.8		4.2

There was very little difference in the total farm receipts, but tenants succeeded in operating with considerably less expense. Tenanted farms, as a rule, had less spent on them for maintenance and upkeep. The tenants were younger men and required and used less hired labor than the owners. Undoubtedly this was partly due to necessity since the tenants received only that portion of the total farm incomes remaining after the

rent was paid. They had less to live on than the owners and were forced to economize more in their expenses.

As shown in Table I, tenants' labor incomes were higher than owners'. Interest at 5 percent on the total investment was deducted from the farm income to get the owner's labor income, while landlords received less than 5 percent interest.

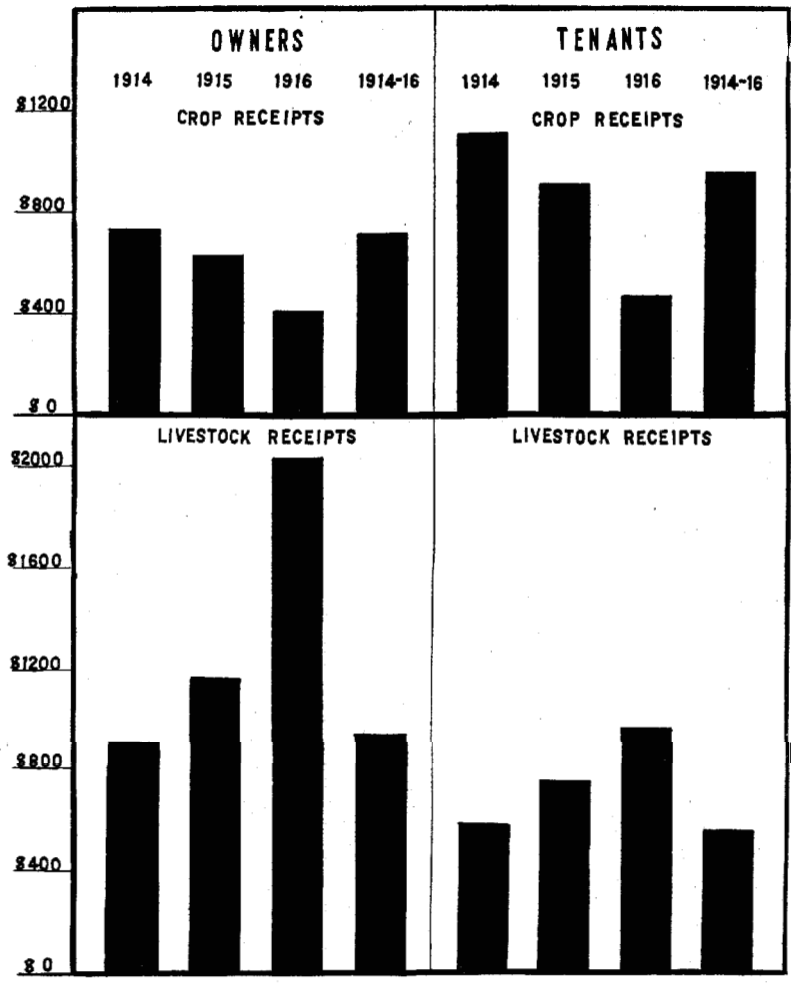


FIG. 3.—Comparison of sources of receipts of owners and of tenants given in Table I. Note that the receipts from crops usually exceed the receipts from livestock, on the tenant farms, while the reverse is true on farms operated by owners. The tenant's lack of livestock must ultimately result in depleted soil fertility on rented farms

This made the owner's interest on investment greater than the landlord's rent and left the owner a smaller labor income than the tenant.

The landlords' low average return on their investment was due to a number of causes. Conspicuous among them was their willingness to accept the lower return and depend on the increase in the value of their land, instead of on a profitable type of farming, to make their investment desirable. This type of landlord has done much to produce present undesirable conditions. The ownership of land for speculative purposes should be discouraged whenever and wherever possible.

TABLE II.—COMPARISON OF LIVESTOCK AND LIVESTOCK RECEIPTS OF OWNERS AND OF TENANTS

YEAR	1914		1915		1916 Jackson County		1914-1916 Cowley County	
Tenure	Owner	Tenant	Owner	Tenant	Owner	Tenant	Owner	Tenant
Number of farms.....	119	123	260	205	112	79	38	26
Number of livestock units.....	14.42	10.68	22.37	16.63	25.89	15.05	16.28	12.46
Livestock receipts.....	\$893	\$561	\$1,150	\$760	\$2,002	\$953	\$900	\$742
Receipts per livestock unit.....	\$62	\$52	\$51	\$46	\$77	\$63	\$55	\$80

LIVESTOCK

Table II shows the livestock kept by owners and by tenants. Owners kept at least one-third more livestock than tenants, and tenants' livestock returned relatively less than owners'. This, in part at least, was due to the feeling of instability which the tenant had. It prevented him from proceeding with a well-defined plan of development and production in his livestock business.

Some of the reasons for the lack of livestock on tenanted farms are shown in Table III. The most important one of these is that, under the usual methods of leasing, pasture and feed crops are not so profitable to the landlord as cash crops. Landlords receiving a share of the crops desire to have those grown which can be easily marketed. Pasture and feed crops are not in this class. Landlords, therefore, limit the area of these crops as much as possible. Without pasture and feed crops, the tenant is unable to keep livestock profitably. If the landlord is renting on a cash basis, he is more certain of his

TABLE III.—COMPARISON OF THE AREAS OF VARIOUS CROPS GROWN BY OWNERS AND BY TENANTS

YEAR	1914		1915		1916 Jackson County		1914-1916 Cowley County	
Tenure	Owner	Tenant	Owner	Tenant	Owner	Tenant	Owner	Tenant
Number of farms.....	119	123	260	205	112	79	38	26
Total farm area (acres).....	173.4	176.1	199.3	219.7	157.6	158.4	179.9	180.6
Acres in pasture.....	149.4	37.9	59.2	48.8	46.4	39.3	63.2	44.6
Acres in crops.....	109.8	125.8	127.4	157.5	105.1	112.6	103.2	117.9
Acres in corn.....	27.1	44.0	34.6	45.1	51.1	61.7	18.7	25.4
Acres in grain sorghum.....	8.0	13.0	3.0	3.2			6.4	13.3
Acres in forage sorghum.....	2.8	1.8	4.9	3.5			3.2	8.4
Acres in wheat.....	19.1	25.6	41.2	58.6	11.2	17.4	28.2	32.8
Acres in oats.....	9.3	10.1	10.1	12.1	10.8	12.3	9.9	13.5
Acres in alfalfa.....	14.8	13.2	15.0	15.8	8.8	5.7	20.7	14.2

rent if the tenant sells his crops, than if he feeds them to livestock. In the latter case there is more risk of the tenant's being unable to pay the rent because of livestock losses, and the time until he is able to pay the rent is lengthened. Landlords, therefore, like to limit the amount of livestock which tenants can keep. This situation often results in a feeling of antagonism between the two. It is to be expected that a business conducted under such conditions will produce unsatisfactory results.

LENGTH OF LEASE AND PROPERTY ACCUMULATION

Another reason for the lack of livestock on tenanted farms is that most farms are leased for one year at a time. Tenants may, and often do, remain on the same farm more than one year, but without any definite assurance that they will be there for a longer period. As a consequence, they feel that they must be in readiness to move at the termination of their year. They are prevented from planning more than a few months ahead, and do not accumulate livestock because the next farm may not have accommodations for them. Some moving by tenants is desirable, as where a tenant moves from a smaller to a larger farm because he has accumulated sufficient farm property to permit the operation of a larger business, or when he moves to a farm where he can follow a type of farming more

to his liking. Too many tenants, however, change farms because of dissatisfaction and find conditions on the new farms very similar to those on the old ones.

TABLE IV.—COMPARISON OF CROP YIELDS ON FARMS OPERATED BY OWNERS AND BY TENANTS

YEAR	1914		1915		1916 Jackson County		1914-1916 Cowley County	
Tenure	Owner	Tenant	Owner	Tenant	Owner	Tenant	Owner	Tenant
Number of farms.....	119	123	260	205	112	79	38	26
Yield per acre corn (bushels).....	19.1	16.8	28.4	24.8	14.2	12.2	18.1	18.2
Grain sorghum (bushels).....	21.7	17.3	22.6	23.8			16.7	17.6
Forage sorghum (tons).....	3.7	3.6	4.2	2.8			2.1	1.9
Wheat (bushels).....	25.2	23.1	10.8	8.9	15.5	13.0	16.0	14.4
Oats (bushels).....	39.0	37.9	20.0	18.2	31.3	26.9	22.7	21.7
Alfalfa (tons).....	1.9	1.2	2.2	2.2	2.5	2.1	2.1	1.9

CROP YIELDS

The effect on crop yields of the type of farming usually followed on tenant farms is shown in Table IV and in figure 4. The tenants have less livestock and grow more cash crops. This encourages the exploiting of soil fertility and results in lower crop yields. Farms which have been rented for several years are almost invariably lower in fertility than adjoining farms operated by owners. If present methods of leasing continue, a further depression in crop yields may be expected. The higher yields on the farms operated by owners are obtained at very little additional expense. If the yields on tenant farms decrease further, the tenant's problem of making his farming operations profitable will be much more difficult.

WORKING CAPITAL AND CREDIT

Most tenants could use additional working capital to excellent advantage, were they given favorable conditions for its use. However, the tenant who is most in need of credit is required to pay the highest rate of interest and usually gets the money for so short a term that he cannot use it to the best advantage. This is well illustrated by Table V in which the average rates of interest and terms of loans to owners and to tenants are compared. The tenants paid from 1 to 2 percent

more interest than the owners, and they borrowed for much shorter terms. The agencies lending money to the tenants cannot be blamed for this, since the instability of the tenants often makes them undesirable risks. The conditions which determine the safety of tenants as borrowers are, to a large ex-

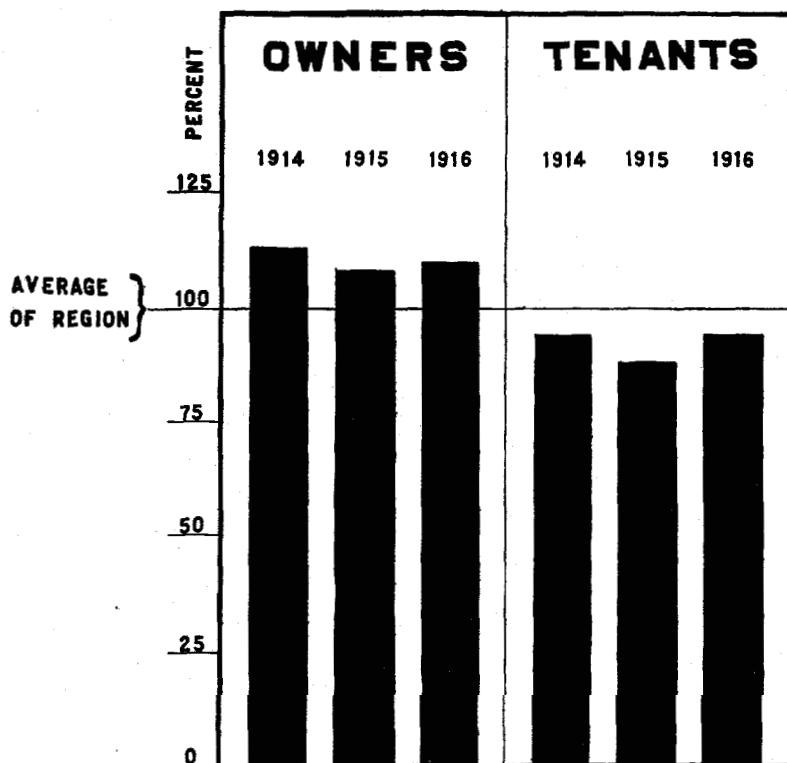


FIG. 4.—Comparison of crop yields on farms operated by owners and by tenants, in terms of percent of average yield. The owners' crop yields were 112 percent of the average in 1914, 107 percent in 1915, and 109 percent in 1916. The tenants' crop yields were 96 percent of the average in 1914, 86 percent in 1915, and 96 percent in 1916. These differences are largely due to the lack of livestock and the exploitive type of farming usually found on tenant farms

tent, a result of the terms of their leases. Improvements in the terms of leasing, therefore, may be expected to improve the credit of tenants. The tenants' difficulties along this line can be partially overcome through a wider adoption of the stock-share lease discussed later.

TABLE V.—COMPARISON OF SHORT-TIME CREDITS OF OWNERS AND OF TENANTS IN JACKSON AND COWLEY COUNTIES, 1916

	Jackson County		Cowley County	
	Owner	Tenant	Owner	Tenant
Number of farmers.....	112	79	38	26
Number borrowing on short-time loans.....	10	10	4	12
Average interest rate paid (percent).....	7.7	8.2	7.25	9.00
Average term of loan (months).....	12.8	7.0	8.0	6.25

Table V also shows the use which all farmers make of short-time credit. Less than 15 percent of owners and of tenants borrowed money to increase their working capital although many more were in need of it. Some of the reasons for the farmers' lack of use of short-time credit are: Difficulty in obtaining such loans, inadequate terms, and lack of appreciation of the advantages of a greater use of credit in increasing the working capital. Improved rural credit facilities will aid in overcoming much of this, and benefit owners as well as tenants. The shorter-term and higher-interest rates of loans to tenants merely aggravate the rural credit problems in the case of the tenant.

INCENTIVES FOR BETTER FARMING

In the survey in Jackson County, it was found that 22 percent of the tenants did not receive a farm paper, while of the owners, only 8 percent were without one, and more than two-thirds received two or more farm papers. Only 30 percent of the tenants received any publications of the Agricultural Experiment Station and the United States Department of Agriculture, while 47 percent of the owners received some of these publications. The tenant is not entirely to be blamed for his lack of interest in improved methods which he has small opportunity to utilize. He often gains nothing by planning and starting crop rotations, applying barnyard manure, improving farm buildings, destroying noxious weeds, or pruning and caring for fruit trees. These improvements may make the farm more attractive to others, and may result in the tenant's giving a higher rent or moving. Further, he cannot obtain the full benefit of improving his livestock when he may be forced to sell them at a sacrifice when he moves to the next

farm. In fact, he is not free to follow many of the methods of improving his farm business advocated by the various organized agencies whose purpose is to aid the farmer. Such agencies are placed in the awkward position of being unable to serve adequately more than three-fifths of the farmers of the state, because the two-fifths who are tenants cannot take advantage of much of their work or adopt their recommendations. This is not necessarily the fault of either the tenants or the agencies, but is largely the result of undesirable methods of leasing which produce these conditions.

COMMUNITY WELFARE INTEREST

The effects of the methods of leasing are felt by the entire community as well as by the individual tenant. Table VI shows the membership of owners and of tenants in farmers' organizations.

TABLE VI—COMPARISON OF MEMBERSHIP OF OWNERS AND OF TENANTS IN FARMERS' ORGANIZATIONS IN JACKSON COUNTY, 1916

	Owner	Tenant
Number of farmers.....	112	79
Number members of Grange.....	57	25
Other farmers' organizations.....	5	2
Percent of farmers members.....	55.4	34.2

More than one-half of the owners were members of such organizations while only about one-third of the tenants were members. At least four out of every ten farmers are tenants, and many of them do not feel justified in taking an active part in community affairs because of their probable brief residence in the community. As a result farmers' organizations meet with many difficulties. They have none too large a membership for efficient operation when all farmers in the community are members, but with two-fifths of the farmers indifferent toward such organizations, their problems are greatly increased. A recent failure of an attempt by the farmers in one of the better counties in the state to organize was attributed to the high percentage of tenants and their indifference.

Undesirable tenancy conditions react upon the social life and institutions of the community, as well as upon its economic welfare. Table VII shows the church attendance and contributions of owners and tenants in Jackson and Cowley Counties.

TABLE VII.—COMPARISON OF CHURCH ATTENDANCE AND CONTRIBUTIONS OF OWNERS AND OF TENANTS IN JACKSON AND COWLEY COUNTIES, 1916

	Jackson County		Cowley County	
	Owner	Tenant	Owner	Tenant
Number of farmers.....	112	79	38	26
Number attending church:				
Regularly.....	60	29	15	8
Irregularly.....	42	37	16	9
Not at all.....	10	13	7	9
Percent not attending.....	8.9	16.5	18.4	34.6
Average contributions to church.....	\$25	\$10	\$31	\$13
Number not contributing to church.....	16	27	8	9
Percent not contributing.....	14.3	34.2	21.0	34.6

The owners attended church more regularly and contributed approximately two and one-half times as much to the financial support of the church as did the tenants. It is little wonder that country churches in communities having a high tenant population have difficulty in maintaining their membership and meeting their financial obligations. The tenant is not necessarily to blame because he does not contribute more liberally to the financial support of the church. The tenant who contributes is probably giving as much or more in proportion to his means, as the average owner, but fewer tenants contribute.

The same conditions hold true for other community institutions. In many communities tenants are looked upon as outsiders and are frequently excluded from community affairs. Betterment of these conditions can be expected only through methods of leasing which will make the tenant feel more secure in his residence in the community and increase the probability of his becoming a farm owner.

METHODS OF LEASING

Analysis and comparisons of the methods of leasing in use in the state throw additional light on the conditions which they have produced, the causes of these conditions, and possible means of eliminating or improving them. Four methods are in use; namely, cash, crop-share, share-cash, and stock-share. The two most common methods are the cash and the crop-share. On many farms the two are combined, the tenant pay-

ing part of his rent in cash, and giving the landlord a share of certain crops. This is known as the share-cash method. In 1910, more than two-thirds of the tenanted farms in Kansas were leased under the crop-share and share-cash methods, and at least 20 percent were leased for cash. Stock-share leasing, in which the landlord shares in the livestock kept, is used to a limited extent, particularly in those regions where livestock farming is generally followed.

TABLE VIII.—COMPARISON OF PROFITS OF TENANTS LEASING UNDER VARIOUS METHODS

FORM OF LEASE	1914			1915			1916—Jackson County		
	Number of farms	Tenants' average labor income	Landlords' average percent on investment	Number of farms	Tenants' average labor income	Landlords' average percent on investment	Number of farms	Tenants' average labor income	Landlords' average percent on investment
Cash.....	20	\$451	2.6	21	\$379	2.3	21	\$672	1.8
Share-cash.....	37	601	5.4	81	518	3.0	23	626	2.7
Crop-share.....	59	638	5.2	82	617	3.1	27	693	3.3
Stock-share.....	7	737	4.3	21	792	4.2	8	563	3.5

Table VIII compares the profits of landlords and of tenants under the various methods of leasing. (Fig. 5.) From the tenants' standpoint, cash renting was the least profitable in 1914 and 1915. In 1916 cash renting paid tenants in Jackson County better than either the share-cash or the stock-share methods. Jackson County presents more favorable conditions for cash renting than the counties farther west, because of the greater certainty of a crop. Other reasons for the tenants' higher labor income from cash renting will be considered later. Share-cash renting returned the tenant more than cash renting, and crop-share renting in every instance was more profitable than either of the other two methods. Stock-share renting gave the tenant the largest labor income in 1914 and 1915, but the lowest in 1916. The average of the three years favors stock-share leasing for the tenant.

The landlords received the highest return on their investment from stock-share leasing in 1915 and 1916, but the crop-

share and share-cash methods exceeded it in 1914. The higher returns received in 1914 by the landlords of crop-share and share-cash leased farms, can be partially accounted for by the exceptional acreage, yield, and price of wheat in that year.

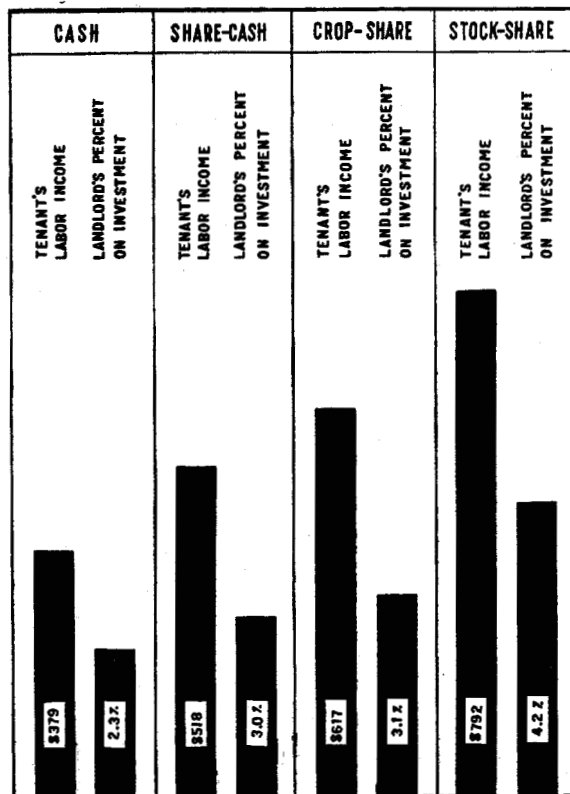


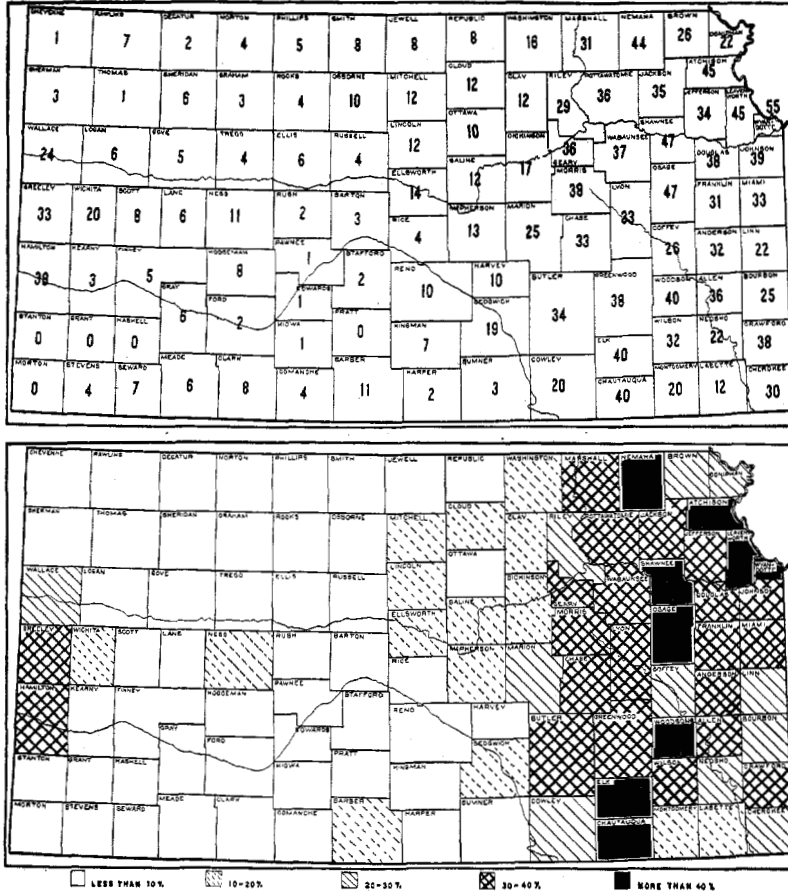
FIG. 5.—Comparison of landlords' and of tenants' incomes under various types of leases in 1915

Considering the results of the three years, stock-share leasing was the most profitable to the landlord, crop-share was second, share-cash, third. Cash renting was the least profitable.

CASH LEASING

The extent of cash renting is shown in figure 6. It is resorted to by landlords who do not wish the responsibility of looking after a share in the business, or who live too far from it to oversee their interests. Also, landlords wishing to be

certain of a fixed income from their farms, rent for cash, and thus avoid the risk of a low income in years of poor crops. The landlord's income is usually about in proportion to the risk that he assumes, and consequently he receives a relatively low in-



mistake of overlooking the loss in the value of the farm, due to the depleted soil fertility. Were this considered, the landlord's investment would be much less desirable and he would feel less secure in his investment, since a portion of the actual value of his farm is removed with every crop taken from it.

Another objection to cash renting frequently found among tenants is that the farms are usually rented to the highest bidder, regardless of the farming practices to be followed. Many tenants refrain from hauling out manure, improving the farm, or otherwise making it more productive or attractive, because they feel that by so doing they make the farm more attractive to others, and may be forced to either move or pay a higher rent. This attitude on the part of the tenant, which may be justified in many instances, merely aggravates the problem of depleted soil fertility, dilapidated buildings, and the isolation of the tenant in the community.

Cash renting too frequently discourages the feeding of livestock by tenants having little capital. Cash tenants usually have to pay their rent as soon as the crops are harvested, and consequently do not have an opportunity to feed and market livestock. As a result, enough of the crops to pay the rent are sold at the earliest opportunity. The tenant having considerable capital is not always forced to do this, but there are few tenants who have sufficient capital to operate with as much livestock as it would be profitable for them to keep.

Cash renting is more commonly used in eastern, than in western Kansas, because the danger of crop failures is not so great in the eastern part of the state. In cash renting the tenant assumes all the risk of crop failures. This risk is too great for the average tenant to assume alone in western Kansas, since one or two poor crop years might necessitate his selling part or all of his property to pay the rent. Where conditions are more favorable for a fair crop each year, it is to the tenant's advantage to assume the responsibility and risk.

In cash renting the tenant gets the full advantage of any better farming practices he may follow, in so far as he may profit from them during the period of his lease. Also he is free from interference or advice from the landlord, which is frequently resented by the tenant.

Crop-share renting is associated with grain farming and is

the most common form of tenancy in Kansas. Reference to figures 7 and 8 shows that crop-share tenancy is most common in the wheat and corn producing sections of the state. It is

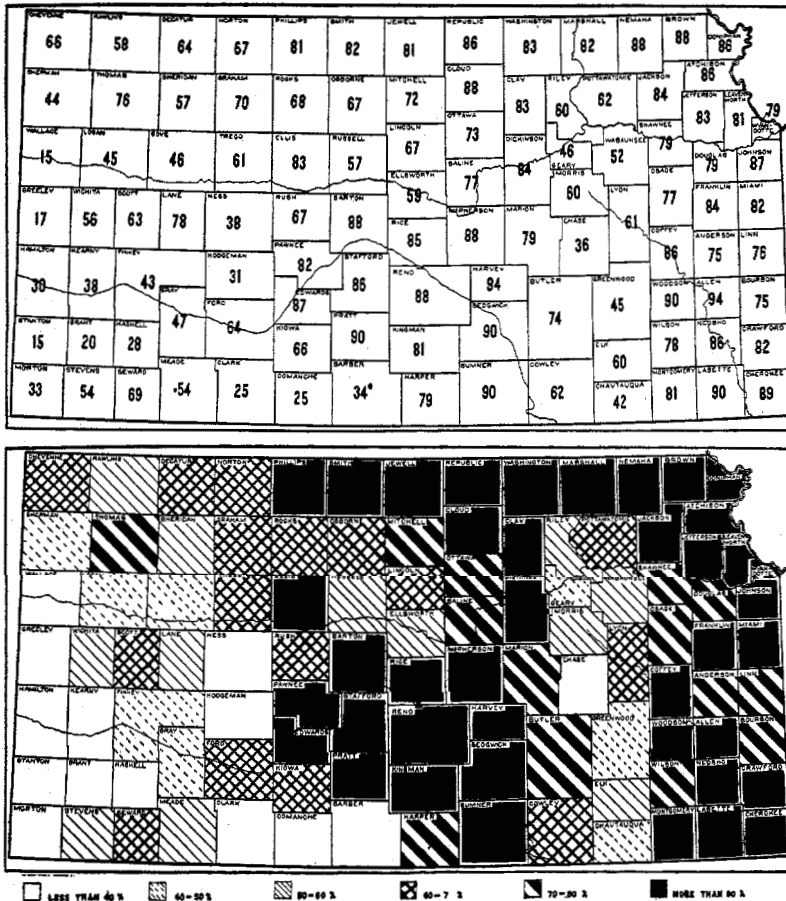


FIG. 8—Maps of Kansas showing percent of land in farms improved in each county, as given by the 1910 census. Note the relationship of the percent of farms improved to the percent of all farms operated by tenants (fig. 1), and to the percents crop-share and share-cash rented (figs. 7 and 9)

resorted to by tenants having little capital, because comparatively little is needed, and the risk of loss is shared by the landlord. Also, crop-share leasing does not necessarily require capital for investment in livestock. The landlord usually removes his share of the crop from the farm and sells it. On a

very few farms the landlord's share of feed crops is purchased by the tenant and fed on the farm. Such instances are exceptional, however.

The removal of the landlord's share of the crops leaves less for feed, and decreases the tenant's opportunities for keeping livestock. As a result, crop-share tenants keep less livestock than either cash or stock-share tenants, as shown in Table IX. It will be seen that the average crop-share tenant has a smaller investment than any of the tenants under other methods of

TABLE IX.—COMPARISON OF LIVESTOCK UNITS KEPT BY TENANTS LEASING UNDER VARIOUS METHODS

FORM OF LEASE	1914			1915			1916—Jackson County		
	Number of farms	Average number of livestock units	Average number of livestock units for each 100 acres of crops	Number of farms	Average number of livestock units	Average number of livestock units for each 100 acres of crops	Number of farms	Average number of livestock units	Average number of livestock units for each 100 acres of crops
Cash.....	20	14.78	14	21	15.54	14	21	16.28	17
Share-cash.....	37	9.88	7	81	15.13	9	23	14.90	11
Crop-share.....	59	9.7	7	82	14.15	8	27	12.68	11
Stock-share.....	7	14.25	10	21	33.19	18	8	20.23	17

leasing, excepting the stock-share tenant. This is in part due to the lack of capital by the crop-share tenant as shown in Table X. This lack of livestock results in depleted soil fertility. Most landlords value soil fertility only as it will return them an immediate profit, and not as a portion of their land to be maintained so that they may be assured of a continuous profit over a period of years. If the landlords are not interested in maintaining soil fertility, such interest cannot be expected from tenants.

In crop-share renting the tenant receives only his proportionate share of the results of any better methods he may follow, and he does not have as great an inducement to farm better as he would have if he received the full benefit from such methods and practices. Better seed, which is usually higher priced and is paid for by the tenant, is not so desirable when

the tenant receives only one-half to two-thirds of any increase in crop yields or quality of product which may result from it. The same conditions hold true for other methods of improving the farm business, where the tenant must pay all added expense or furnish additional labor, and the landlord receives his share of the benefits without sharing the expense. The tenant's incentive for better farming is materially reduced under these conditions.

TABLE X.—COMPARISON OF INVESTMENT ON FARMS OPERATED BY TENANTS LEASING UNDER DIFFERENT METHODS

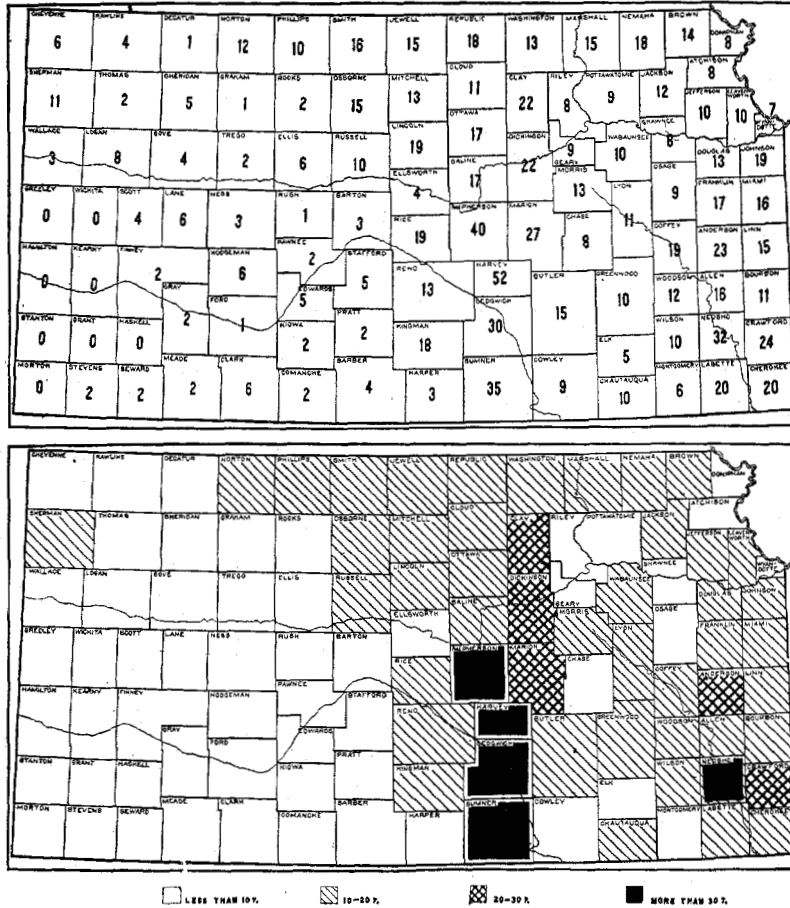
TYPE OF LEASE	1914			1915			1916—Jackson County		
	Number of farms	Tenants' average investment	Landlords' average investment	Number of farms	Tenants' average investment	Landlords' average investment	Number of farms	Tenants' average investment	Landlords' average investment
Cash	20	\$1,968	\$9,784	21	\$2,002	\$12,919	21	\$2,121	\$12,190
Share-cash	37	1,518	10,563	81	2,120	14,522	23	2,111	16,813
Crop-share	59	1,333	10,905	82	1,998	12,904	27	1,626	12,605
Stock-share	7	1,082	15,200	21	1,809	21,812	8	1,378	16,015

SHARE-CASH LEASING

Share-cash leasing is generally followed in the same regions as crop-share leasing, as is shown in figure 9. It is often crop-share leasing, in which the tenant pays cash for things which, in crop-share leasing, he ordinarily receives without extra charge. Sometimes, however, there is more pasture and hay-land and the cash rent is in payment for these. Share-cash leasing is a little more favorable for the keeping of livestock than crop-share leasing, and share-cash tenants usually have more capital than crop-share tenants, as shown in Table X. In most respects, share-cash leasing is intermediate between cash and crop-share leasing, although it more closely resembles the crop-share method. Its results, merits, and faults are so nearly identical with those of crop-share leasing that a further discussion of them is unnecessary.

STOCK-SHARE LEASING

Stock-share or partnership leasing, in which the landlord furnishes a part or all of the livestock and sometimes the equipment, is the least common method in use in Kansas. From the standpoint of permanency of agriculture, profit to both landlord and tenant, and the betterment of tenancy conditions, it is the most desirable of the methods in use. It enables the tenant with little capital to operate a business of considerable size and



with a fair amount of livestock. This is illustrated in Tables IX and X in which farms leased on the stock-share basis are compared with farms leased under other methods. The stock-share tenants had the least capital and yet, because of the landlord's partnership in the livestock, they were enabled to operate a business having as much livestock as farms leased under the other methods.

Livestock farming is the intent and purpose of a farm business organized as it must be under a stock-share lease. Since several years are usually required for the production of livestock, the lease is for a period of three to five years, and is continued as long as satisfactory to both parties. This eliminates much of the shifting of tenants, and gives them a feeling of security in their residence in the community. Tenants can accumulate property by increasing the amount of livestock, as more livestock will be as much to the landlord's advantage as to the tenant's. One landlord, who has been leasing a number of farms under stock-share leases for several years, advanced the criticism that good tenants on his farms accumulated sufficient property to become farm owners in four or five years or longer, and obliged him to obtain new tenants. This may inconvenience the landlord, but it is noteworthy that this same landlord is still leasing his farms under the stock-share method. If the stock-share lease enables the tenant to be a better citizen, follow a more desirable type of farming, and sooner become a farm owner, it certainly is a decided improvement over other methods of leasing, and is worthy of wider adoption.

Landlords of stock-share leased farms are much more interested in the farm business than landlords under other methods of leasing since their risks are greater. They are more likely to improve the farm and aid in making it an attractive home for the tenant. Their interest in community improvements is increased. Retired farmers, country bankers, or others acquainted with farming conditions in the community, usually make more desirable landlords under stock-share leases than persons unacquainted with the region, or with farming conditions. Landlords living at a distance from their farms because they are too far away to look after their interests properly, frequently do not find stock-share leases satisfactory.

In stock-share leasing the interests of the landlord and tenant are mutual. This overcomes the objection of antagonistic

interests of landlord and tenant, so common in other methods of leasing.

The solution of the tenancy problem would be comparatively easy if the stock-share lease could be used on all rented farms. Stock-share leasing involves a closer relationship between landlord and tenant than other methods. As a consequence landlords and tenants cannot always agree on the details of the business. This is particularly true of landlords and tenants who have been leasing under other methods where their interests were antagonistic. They have difficulty in overcoming the feeling of antagonism when taking up stock-share leasing. Many landlords hesitate to enter into stock-share leasing because the risk which they assume is greater when they furnish part of the livestock than when they furnish only the land and buildings.

From the landlord's standpoint, the farm boy who is just starting to farm usually makes the most desirable tenant. He does not usually have an antagonistic feeling toward the landlord and will more readily cooperate in making a stock-share leased farm a success. It does not necessarily follow that the tenants who have been leasing under other methods will fail as stock-share tenants. They have more to overcome and more of them may be expected to fail to agree with their landlords. The success of such leases is very largely dependent upon the judgment and temperament of the parties concerned.

WAYS OF IMPROVING METHODS OF LEASING

STOCK-SHARE LEASES

The stock-share lease presents the greatest possibilities for betterment of present methods of leasing. However, it is not adapted to all farms. Some other means of improving conditions must, therefore, be devised for many farms. The following provisions, which are usually included in stock-share leases, should be of interest to all landlords and tenants whether they are so situated that they can adopt the stock-share lease or not. There may be many variations in the minor details, and anyone wishing to adopt such a lease must adapt it to his own conditions. In western Kansas, owing to the comparatively low value and productivity of land, the provisions should usually be more favorable for the tenant.

USUAL PROVISION OF STOCK-SHARE LEASES IN KANSAS

Term of Lease.—The term of lease is three to five years; longer if satisfactory.

Land and Buildings.—The landlord furnishes all land and buildings and pays all taxes and insurance. He furnishes all new materials needed for repairs of buildings and fences, and the tenant makes these repairs. Any improvements made are paid for by the landlord, excepting that the tenant usually hauls the materials, and may furnish all unskilled labor required.

Machinery and Tools.—The tenant furnishes all machinery and tools needed to operate the farm efficiently, and pays for all repairs on them. An exception to this, often found, is the furnishing of a manure spreader by the landlord. This spreader may be owned jointly by the landlord and tenant.

Livestock.—The livestock is owned equally by landlord and tenant, excepting that in some instances the tenant owns all work stock.

Labor.—The tenant furnishes all labor needed to operate and maintain the farm business.

Division of Expenses.—All expenditures not previously noted are shared equally by landlord and tenant.

Division of Returns.—All farm receipts are shared equally. The tenant usually receives sufficient garden products, fruit, potatoes, poultry, eggs, butter, and milk for his own use.

Crops.—The kind of crops to be grown and the areas of each may be stipulated in the contract. Also clauses are sometimes inserted regarding the crops which may be sold and the portion to be received by landlord and by tenant, in case they do not share them equally. The landlord often pays for alfalfa seed, or seed for permanent pasture.

Manure.—The tenant hauls out and scatters on the field where most needed, all manure produced on the farm during the term of the lease, excepting that produced during the two or three months prior to its termination.

Division of Property at Termination of Lease.—At the termination of the lease all property owned in common is divided equally between landlord and tenant in any manner satisfactory to both. In case they cannot agree, each may select a dis-

interested party, and these two select a third disinterested party. These three make such division of the property as seems fair to them, giving the landlord and the tenant each one-half.

DIVISION OF FEED AND MAINTENANCE OF SOIL FERTILITY

There are opportunities for improving conditions on crop-share leased farms if the landlords can be convinced of the necessity of maintaining soil fertility. Crop-share leases which encourage the tenant to maintain soil fertility have been used in other states. In some instances the tenant receives all of certain feed crops (usually hay and roughage) provided he feeds them to livestock and returns the manure to the fields. In case he fails to do this, the landlord either receives his share of these crops or is paid for them. This is to the tenant's advantage, as it gives more feed for livestock. The tenant is at no direct expense for the feed which would be the landlord's share if not fed, and consequently has better opportunities for the profitable keeping of livestock. The landlord's compensation comes through the maintenance of soil fertility and greater productivity of the fields in future years. Obviously, the areas of such crops to be grown on a farm should be given very careful consideration before such an agreement is made. Interested landlords and tenants would need to try such leases before definite assertion can be made as to the terms.

LENGTH OF LEASES

The long-term lease has been advocated as a method of improving tenancy and if combined with proper conditions, it would aid very materially. However, long-term leases are not always as desirable as they may appear. In cash, crop-share, and share-cash renting, changing prices and conditions often make the original terms of the lease unadapted to conditions several years later. If prices of farm products advance and the tenant is cash-renting, he has more opportunity for profit, while the landlord feels that he is not getting as much as he should. If prices decline, the cash tenant may have difficulty in paying the rent. In crop-share leasing, advancing prices of farm products, farm labor, and supplies, tend to increase the landlord's profits more rapidly than the tenant's. An excellent

illustration of this is found in wheat farming in 1914 and 1918. In the four years from 1914 to 1918 the price of wheat practically doubled. This doubled the income of both landlord and tenant under crop-share renting. The tenant's expenses for labor and supplies tended to increase in proportion to the advance in the price of wheat. The landlord's expenses, excepting the rental value of his land, increased about as much as the tenant's, but the rental value of the land, which is the major portion of what the landlord furnishes, did not advance nearly as much as other prices. As a result the landlord's profits from wheat growing were much more in 1918 than in 1914, while the tenant's tended to remain more nearly the same. This has caused dissatisfaction among many tenants who were giving the same share of the crop in 1918 as in 1914. It is usually assumed that long-term leases tend to prevent exhaustion of soil fertility by the tenant, but this is not entirely true. The tenant has the same inducements to deplete soil fertility near the termination of his lease that the short-term tenant has throughout his term. Long-term leases, to be satisfactory, must avoid these conditions. Stock-share leasing offers the best opportunities for the satisfactory use of the long-term lease, since its terms eliminate many of these objections.

The figures for the three-year survey in Cowley County, shown in Table I, indicate that the landlords who retain the same tenants for a number of years obtain a greater return on their investment than those who have shifting tenants. The Cowley County tenants' profits were as great as the profits of the tenants in other counties. These tenants had remained on the same farms at least three years and, unquestionably, tenants who remain on a farm for several years can follow a much more desirable type of farming than those who move each year. Very few of the Cowley County tenants had leases for more than one year at a time. It is not necessarily a long-term lease that is needed, but a guarantee to the tenant that he can remain under satisfactory conditions, as long as he farms diligently and well.

TENANTS BECOMING OWNERS

Landlords who are willing to sell their farms can aid in improving tenancy conditions. Many tenants have accumulated considerable property but have not acquired enough to make first payment on a farm. The Federal Land Bank and other institutions lending money on farms will take a first mortgage for approximately one-half the cost of the farm. If the landlord would assume a second mortgage for the difference between this and the amount which the tenant can pay, or a first mortgage for the whole amount, he will permit the tenant to become an owner. The landlord's income will probably be as much as he would receive as rent or more. The success of such a plan is dependent chiefly upon the confidence of the landlord in the tenant's trustworthiness and ability to farm profitably.

OTHER METHODS OF IMPROVEMENT

Landlords and tenants acting alone, however, cannot completely change conditions. There are measures which must be considered by the State and the Nation. Public opinion and legislation which would discourage absentee ownership of land would tend to eliminate many of those landlords who are too far away to enter into stock-share or other desirable methods of leasing, or who are uninterested in the future welfare of the tenant, agriculture, and the community, and who refuse to adopt conditions which will overcome the faults of existing methods.

Credit facilities which will aid the tenant of limited means to obtain needed funds at reasonable rates and for as long as he needs them, will aid many tenants. Such facilities are difficult to obtain as tenants usually do not have adequate security. There may be possibilities in state and national legislation, whereby tenants may be extended credit by the State or Nation and thus be enabled to purchase needed livestock and equipment, or to purchase land and become farm owners.

It must be clearly understood that permanent and lasting improvement in tenancy conditions can come only through the fullest cooperation of all agencies having its betterment within their power. The State and Nation must combine their efforts with those of landlords and tenants, to fully overcome present undesirable conditions and insure the tenant a reasonable certainty of becoming a farm owner.

