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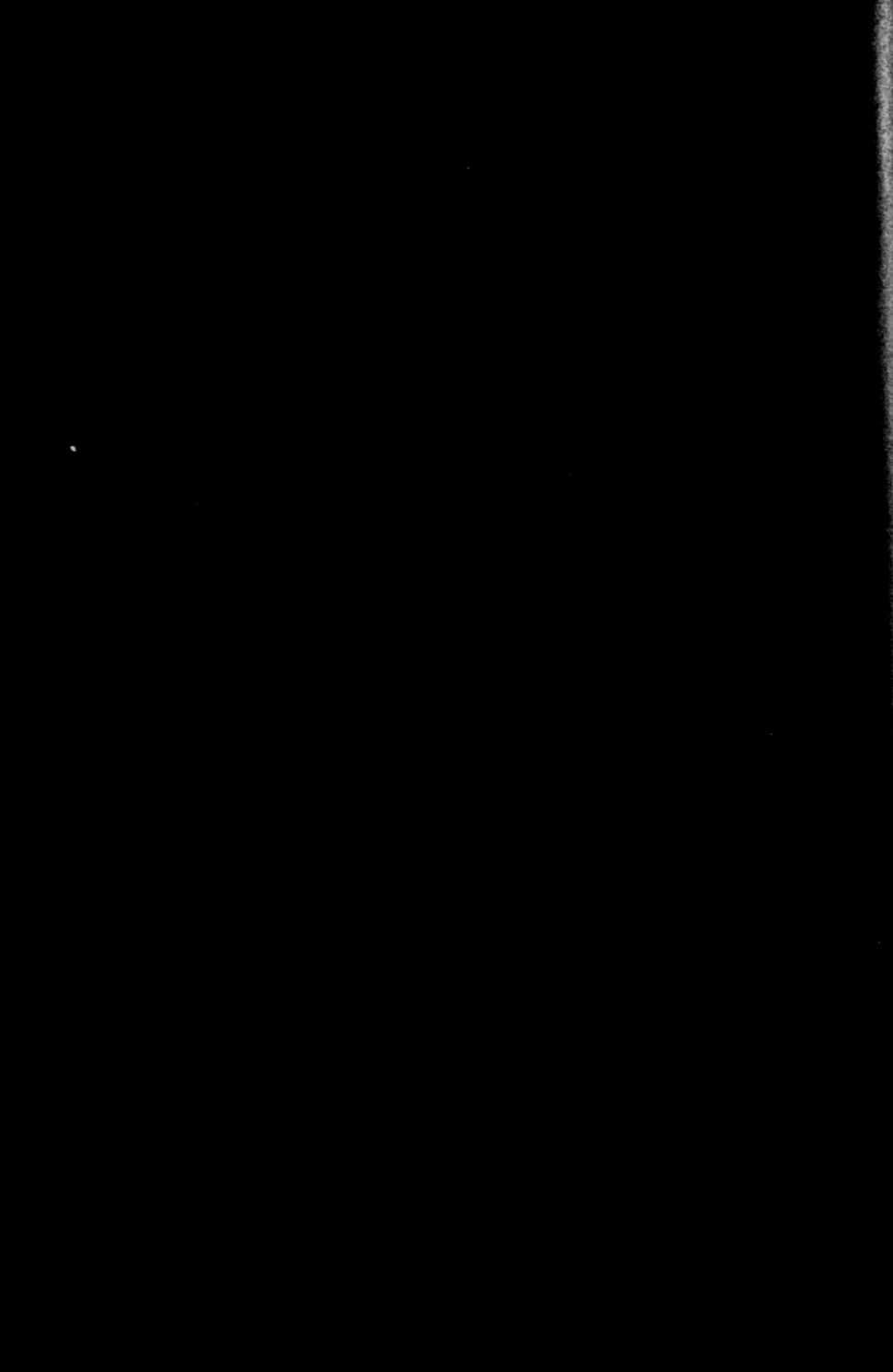
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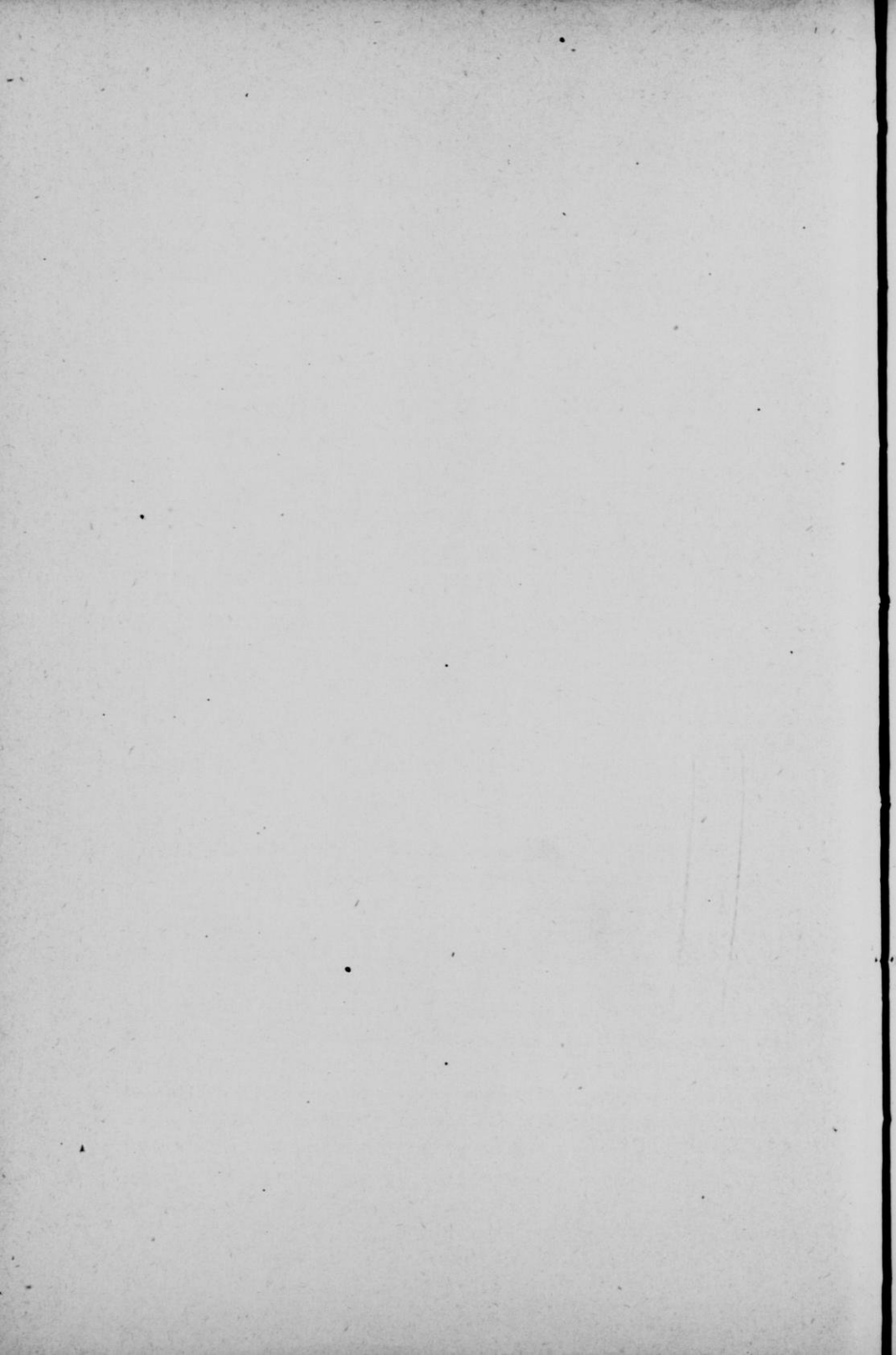


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THE AGRICULTURAL LADDER

BY W. J. SPILLMAN

Associate Editor of the Farm Journal

The first rung of the agricultural ladder is represented by the period during which the embryo farmer is learning the rudiments of his trade. In the majority of cases this period is spent as an unpaid laborer on the home farm.

The hired man stands on the second rung, the tenant on the third, while the farm owner has attained the fourth or final rung of the ladder. This paper deals with the rate at which men climb this ladder, and the means used in making the ascent. We shall find that many men are able to skip some of the stages above enumerated. There are also various intermediate stages. Thus the hired man may assume some of the responsibilities of management and receive part or all of his pay as a portion of the proceeds. Under this arrangement he usually makes a larger income than a mere hired man, but less than a full tenant. Some men pass from the stage of hired man or from that of tenant to the position of hired manager, but these are relatively few. The stage of owner is usually divisible into two periods, the first being the early period when there is still a mortgage on the farm. Mortgages may, of course, persist indefinitely, but in the later stages of ownership mortgages frequently represent obligations incurred in extending the holdings of the farmer.

Table I shows the stages passed by 2112 present farm owners in the states of Illinois, Iowa, Kansas, Nebraska, and Minnesota.¹ Twenty per cent of the number climbed the entire ladder, omitting none of the steps. Thirteen per cent skipped the tenant stage, 32 per cent the hired-man stage, and 34 per cent passed directly to ownership from their fathers' farms, omitting both the stages of hired man and tenant. Later it will be seen that a large proportion of this last group inherited their farms, or bought them from near relatives who presumably allowed very easy terms of payment.

Table II shows the methods by which the men in these various groups acquired ownership. Taking all the groups together, it is to be noted that just two thirds of these men acquired their farms

¹ The data on which this paper is based were collected by Mr. H. H. Clark, of the Office of Farm Management, under the joint direction of Mr. E. H. Thomson and the writer.

TABLE I.—STAGES PASSED BY 9119 MIDWESTERN FARM OWNERS
IN ACQUIRING OWNERSHIP

Groups*	Number	Per cent
FHTO	435	90
FHO	268	13
FTO	679	32
FO	730	34

*F = unpaid laborer on the home

H = hired man. T = tenant.

O = owner.

by purchase, the other third mainly by inheritance, while 7 per cent of the entire number married their farms. A few obtained them by homesteading, but these are old men; the younger generation can no longer obtain farms in this manner, at least in the region in which these studies were made.

TABLE II.—PERCENTAGE OF FARMERS ACQUIRING OWNERSHIP BY DIFFERENT METHODS. (For meaning of symbols, see Table I.)

Groups	Home- stead- ing	Mar- riage	Inher- itance	Purchase from near relatives	From others	Total pur- chasing
FHTO	1	9	1	12	77	89
FHO*	4	28	7	6	55	61
FTO	1	5	23	30	41	71
FO	3	4	47	30	16	46

* The percentages in this line apply to Ill., Iowa, Kan., and Nebr. only, the Minn. owners being omitted for reasons stated in the text.

Table III shows the average age at which the men in these four groups left their fathers' farms. Referring again to Table II, it will be seen that the percentage of men who inherit their farms rises rapidly as the length of time they spend on the home farm increases. This is undoubtedly due to the larger size of farms on which those men who remained longest at home were brought up. Not only was there room for them on the home farm, but there was also land enough to furnish many of them homes as their share of the estate. The young fellows brought up on small farms left home early, and made their way to the top of the ladder by the more laborious method of climbing from step to step.

Not only is the percentage of inheritance larger the longer the

men remain on the home farm, but the proportion of those who buy from near relatives increases in like manner. The group who skipped the tenant stage are of special interest. Of the 268 men in this group, 160, or 60 per cent of them, own farms in the state of Minnesota. One hundred and thirty-one of this number bought their farms from others than near relatives. This was because land was cheap in that state at the time those men were acquiring their farms. For this reason the Minnesota men are omitted from this group in Table II. In the other four states 28 per cent of this group obtained their farms by marriage, 4 per cent by homesteading, and 7 per cent by inheritance. This group is thus made up quite largely of men who did not acquire ownership by purchase. Otherwise most of them would have been compelled to pass through the stage of tenant.

Table III shows the length of the various stages and the average age at which the men in each group acquired ownership. Those

TABLE III.—AVERAGE LENGTH OF STAGES. (For meaning of symbols, see Table I.)

Groups	F Yrs.	H Yrs.	T Yrs.	Total* Yrs.	O** Yrs.
1. FHTO	19	7	10	36	18
2. FHO	19	10	—	29	20
3. FTO	23	—	9	33	11
4. FO	26½	—	—	26½	17

* Age at ownership.

** Years since ownership was acquired.

who left their fathers' farms to become hired men did so at an average age of 19 years. This applies to both groups 1 and 2. Group 3 were brought up on larger farms, remained at home four years longer, and were thus enabled to skip the hired-man stage. Their fathers set them up as tenants as a reward for their services on the home farm. Group 4 consists for the most part of men brought up on still larger farms. They remained at home till on the average they were 26½ years old. We have already seen (Table II) that most of these men either inherited their farms or bought them on easy terms from their fathers or other near relatives.

Group 1 spent an average of 7 years as hired men and 10 years as tenants before acquiring ownership, which they did at an average age of 36 years. In general, the longer these men remained on the home farm, the earlier the age at which they acquired own-

ership. This is an argument in favor of farms of considerable size. The young men on such farms are less liable to have to pass through the stages of hired man and tenant.

It is worthy of note that class 2 is made up largely of men who acquired their farms a long time ago (20 years on the average).

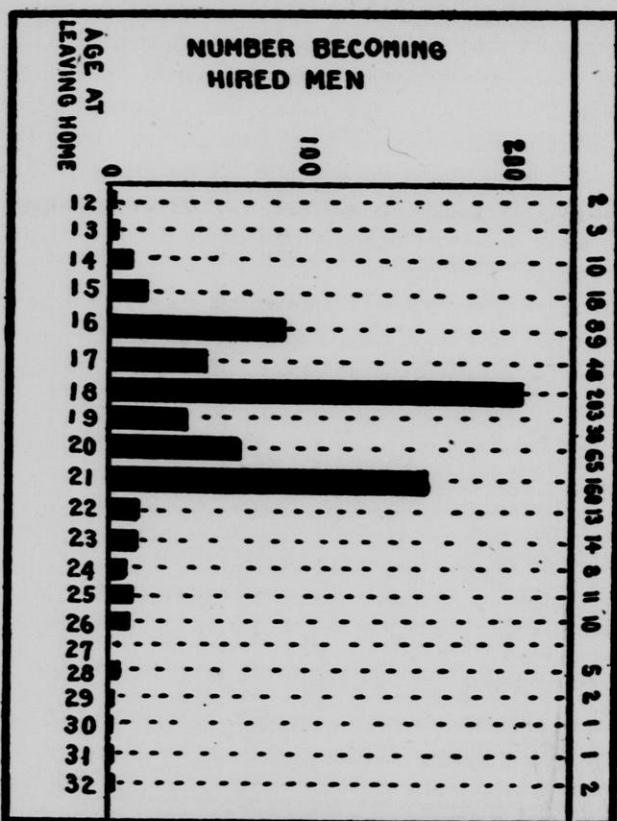


FIG. 1. Groups FHTO and FHO, 708 individuals. Age at leaving the home farm, average 19.1 years.

In a less degree this is true of class 4; while classes 1 and 3 consist more largely of men who acquired their farms more recently. These last-mentioned classes both involve the stage of tenancy. It would thus appear that it is becoming more and more difficult to acquire farms without passing through the tenant stage.

We have seen that the average age at which young men left home to become hired men on the farm was 19. The facts are given in more detail in Figure 1. The largest number left home at the age of 18. Next in order are 21 and 16 years, respectively.

Two started out at 12 years of age, while two others left the home farm when they were 32 years old.

While those who skipped the hired-man stage left home at an average age of 23, Figure 2 shows that by far the larger number

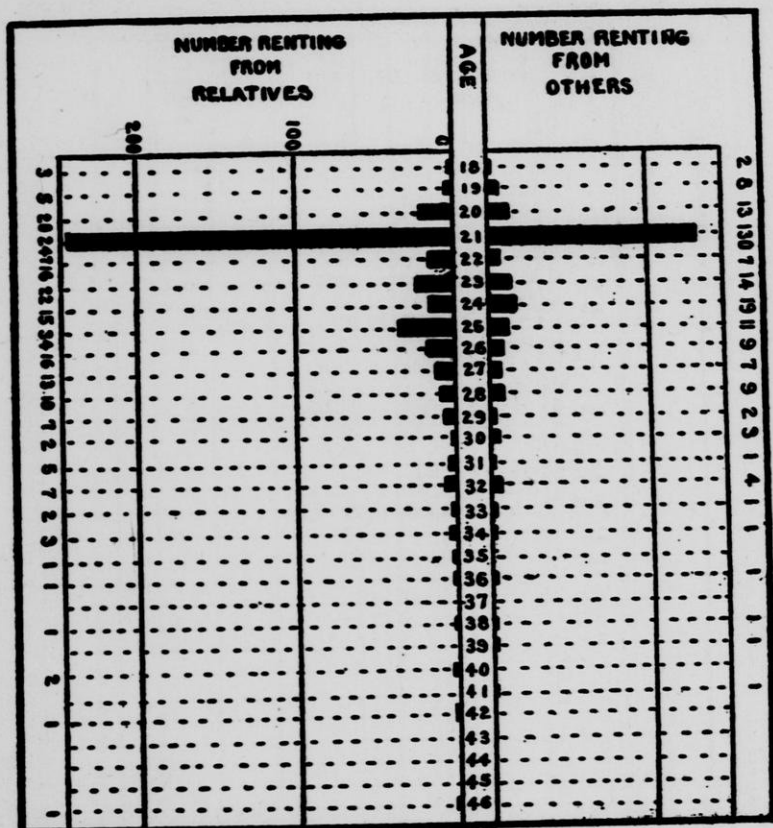


FIG. 2. Group FTO, 679 individuals. Age at becoming tenants, average 22.9 years.

of them started out at 21. The bars extending downwards in Figure 2 represent men who rented from their fathers or other near relatives; the bars extending upwards, those who rented from others.

Figure 3 shows the numbers of men who remained at home for various lengths of time and then went directly to ownership. The bars extending downward show numbers who obtained their farms without having to purchase them; those extending upwards, those

who purchased. In both cases the high numbers are from 21 to 30 years of age.

While the average length of the hired-man stage in the group that omitted none of the stages was 7 years, Figure 4 shows that

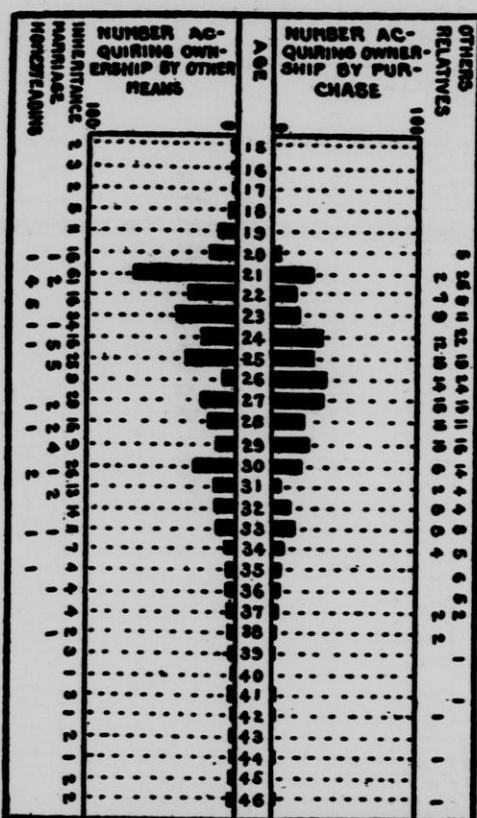


FIG. 3. Group FO, 30 individuals. Age at becoming owners, average 26.5 years.

the high numbers come at from 4 to 6 years. The average is raised by the stragglers who remained in this stage, in one case, as long as 28 years.

In this same group the average length of the tenant stage was 10 years; but Figure 5 shows that the high numbers come at from 4 to 10 years.

It would thus appear that the usual course of those farm owners who start out without capital is to work four to six years as

hired men, four to ten years as tenants, after which they make a first payment on a farm of their own. If this were a settled state of affairs in this country, we might well face the future with complacency. Tenancy would be confined mainly to young men who

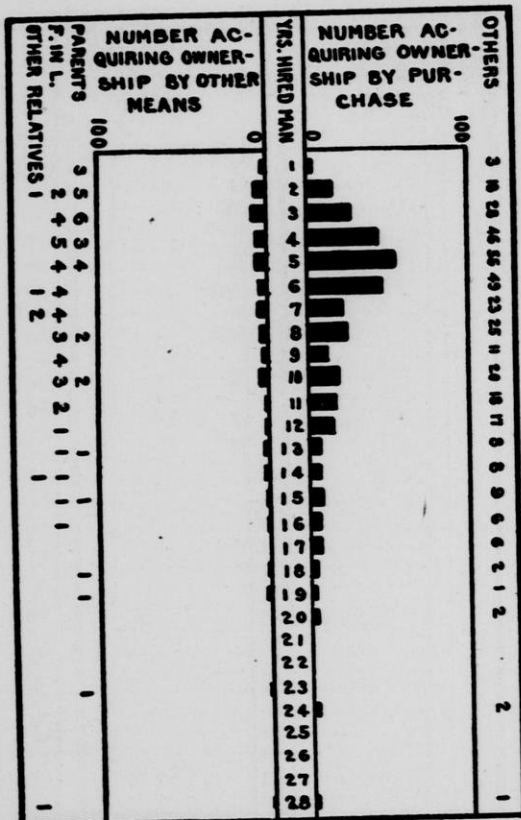


FIG. 4. Group FHTO, 435 individuals. Length of hired-man stage, average 7.4 years.

are just winning their way to ownership and the few incompetents and unfortunates who are unable to climb the ladder in the normal way.

But the price of land has been increasing at a rapid date in recent years. As a result, the length of time a man must spend in the stages of hired man and tenant is increasing. In order to determine the extent of such increase, the men in group 1, who passed through all the stages, were divided into groups according to the decade in which they acquired ownership. Figure 6 shows

the effect on length of the hired-man stage. Those who acquired their farms 31 to 40 years ago spent on an average of 5.2 years as hired men. The length of this stage increases gradually, until it becomes 7.9 years for the subgroup who acquired ownership

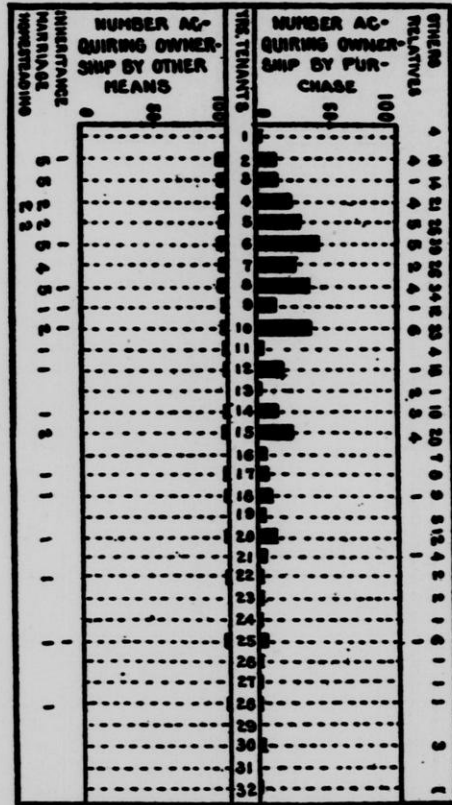


FIG. 5. Group FHTO, 435 individuals. Length of tenant stage, average 9.8 years.

during the decade ending with 1917. This is an increase of 52 per cent in three decades, an average of about 17 per cent to the decade. The rate of increase is slower, however, during the later periods.

Figure 7 shows the relation between date of acquiring ownership and of the tenant stage for this same group of men. For those who acquired their farms 31 to 40 years ago, the length of the tenant stage averages 4.9 years. Three decades later it had increased to 11.1 years, an increase of 127 per cent, or 42 per

cent per decade. But the rate of increase is also slower here in the last decade than in the two previous, being for the three periods respectively 2.3, 2.4, and 1.5 years. It would therefore appear that even under present conditions it is possible by good management, for the young man who must start out without capital, to pass through the various stages necessary to farm owner-

RELATION OF TIME OF ACQUIRING OWNERSHIP TO LENGTH OF TIME SPENT AS HIRED MAN BY 435 MID-WESTERN FARM OWNERS

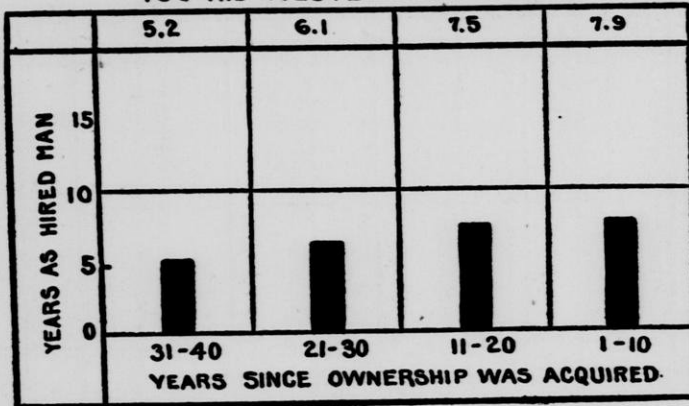


FIG. 6. Length of hired-man stage.

ship and acquire economic independence by the time his children are old enough for college. Whether this condition will continue will depend on several things, one of which is the price of farm land in the future. In Europe it is customary to state the price of farm land in terms of years' rental. Twenty-five years rent is considered a normal price for land. It would simplify matters if a similar custom were adopted in this country. The man who buys a farm on time would then know more of his prospects for final ownership without debt.

Governmental action in aiding young men to acquire farms is an important factor. Other nations, notably Denmark, have solved this problem. There is no fundamental reason why this country can not do the same thing. It is, however, beyond the province of this paper to pursue this phase of the subject. Nevertheless it behooves us as students of agricultural economics to consider carefully the entire subject of tenant farming in this country with a view to seeing that it occupies its proper status in a system in which ownership farming is the rule.

It would appear to be the part of wisdom for us to work for legislation intended to aid young men who have proven themselves as hired men to become tenants on good farms. Then when they have proven their ability as farm managers aid should be extended to them in buying farms. Such a plan would be in harmony with the normal processes by which farms are acquired.

RELATION OF TIME OF ACQUIRING OWNERSHIP TO
LENGTH OF TIME SPENT AS TENANTS BY
435 MID-WESTERN FARM OWNERS

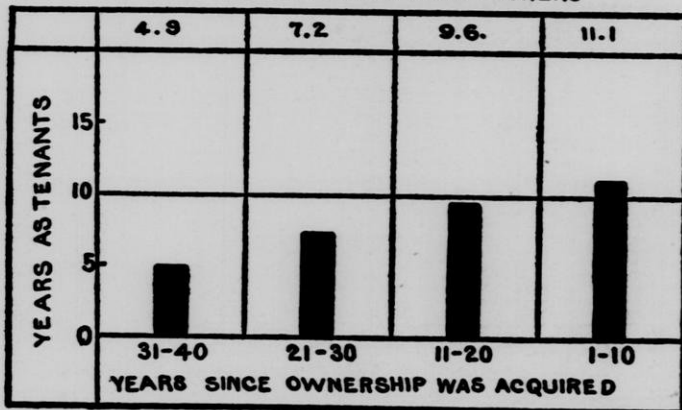


FIG. 7. Average length of tenant stage.

In helping tenants to buy farms it would be legitimate to limit the purchase price, say, to a specified number of years' rent. This would tend to prevent farm land from rising to such prices that men can not hope to pay for their farms during their working life. At least it would result in reducing tenancy to its normal status in those sections of the country in which the price of farm land is reasonable. It would also tend to reduce the price of land in sections where it is too high, for it would reduce the demand for such land.

TENANCY IN AN IDEAL SYSTEM OF LANDOWNERSHIP

BY RICHARD T. ELY AND CHARLES J. GALPIN

The University of Wisconsin

PART A

BY RICHARD T. ELY

A strange misconception in regard to tenancy is current, and this has led, on the one hand, to unduly alarming prognostications, and, on the other hand, to proposed remedies which would produce ten times as much evil as they would cure. It has been even suggested that tenancy should be destroyed root and branch, but, if it were possible to succeed in this proposed destruction, the results would mean serious disaster and, indeed, widespread economic ruin. Tenancy may be a good, and it may be an evil; as we find it in the United States, it is partly a good and partly an evil. We cannot exercise any sound judgment in regard to tenancy, unless we have some standard of measurement—in other words, unless we have in our minds an ideal which it is desirable to approach. The purpose of this brief paper is to consider, then, some of the aspects of tenancy which are good, and to attempt to give some indications, at least, of the place which tenancy would occupy in an ideal system of landownership.

I

Tenancy is everywhere to be regarded as a goal for *some* farmers. There is a class of men, and one not altogether inconsiderable in number, who thrive best under the economic direction of another. In other words, there are men who are good farmers, as there are men who do well in other business enterprises, when they are guided by those who have the managerial ability which they themselves lack. Anyone who has carefully observed the experience of men about him will readily call to mind numerous illustrations. I myself have in mind a typical one. This was the case of a man who had many of the qualities of a merchant and had these qualities in high degree, but he was not an entrepreneur. He worked up to a position where he had an annual income of \$7000, and this was at a time when an income of that amount would be equal to an income of \$10,000 to \$15,000 today. He was in a wholesale house in one of our great cities, and, had he been content to remain in this house, he would have died with at least a competence, say a quarter of a million dollars, probably being

taken into partnership in a small way. He had an ambition, however, to become an independent merchant and have his name appear leading a firm name. He tried it at the time that I have in mind, only to see his business go into the hands of a receiver. Before this last venture, he had tried to establish himself as a merchant in a small city. Every effort, however, proved a failure, as he simply did not have the managerial capacity for an independent undertaking.

It is very true that the difference in self-direction between a merchant as head of a great wholesale concern and the mercantile employee whom I have considered is far greater than the difference between the man cultivating his own farm and the tenant in our northern states. The tenant has a large measure of self-direction as a normal and regular thing. There are, however, many cases where he has helpful guidance, and this frequently amounts to more than he himself realizes. The hypothesis here is that as he has such guidance the owner is in close touch with the tenant, and is a man who has certain gifts or valuable experience in larger measure than the tenant. This is a frequent case. It is also a hypothesis that the landlord resides near the farm, because absentee landlordism fails at this critical point; and it may be said in general that absentee landlordism very generally in our country and elsewhere fails to meet the test of good landlordism. Even if it is not to be condemned absolutely, it is something which should be watched carefully in the public interest and should not be allowed to reach large dimensions.

Great estates coming down from generation to generation, like the Scully Estates in the Mississippi Valley, do not supply these conditions which make tenancy desirable for certain classes of men. This, however, is a separate subject, into which we cannot enter at the present time.

Tenancy as a goal suggests a resting place or termination of a career,—the achievement of tenancy. When it is the last step, it may come in a variety of ways, for example, as a result of the inheritance of a rented farm, as it frequently does in England and older countries, or it may come as an ascent from the condition of laborer, and thus be a rung upward on the agricultural ladder. But when a farmer remains a tenant, it by no means signifies that he is not making economic and social progress. A tenant may be a very well-to-do man, and in a prosperous region like southern Wisconsin the typical tenant may be quite as well off in economic

goods as the typical farmer cultivating his own farm in western New York forty or fifty years ago. Certainly he is more prosperous than the typical settler on his own land in many of the newer sections of the country. We will not discuss the prosperity of the tenant further in this connection. The general proposition is simply that for some farmers in all parts of the world, and especially in the older and more prosperous agricultural regions, tenancy is the proper goal or permanent resting place; for this results from a permanent differentiation of human qualities. I pass on now to my second related proposition.

II

Tenancy has a permanent place in an ideal system of ownership for large numbers in some places. The amount of tenancy desirable for those who fare best as permanent tenants will differ in different parts of the country. The number depends in part upon the kind of agriculture pursued, upon various conditions of time and place, and upon the economic stratification and racial composition of the population. Where there are wide differences in the capacity of various economic classes, tenancy will naturally have a large place, especially if the lower strata are somewhat deficient in economic qualities. The negroes of our South furnish an illustration. In some cases ownership of land by negroes leads to idleness, and in other places to wasteful culture. We have no statistical data that enable us to tell how large a proportion of the negroes would thrive best under the system of good landlordship. Perhaps it would not be possible to tell without more careful experimentation. If we should set out to do the very best we could for them, calling into coöperation with us their wisest leaders, I am inclined to think that at present at least one-half of the negroes would thrive best as tenants under wise direction, and probably more than one-half, taking the country as a whole. If this is the case, then a good land policy for our Southern States should be directed very largely to the development of good tenancy and good landlordship. Kindly and wise direction of the lower strata by those whose economic, intellectual, and social development has reached a higher plane is something that cannot be dispensed with if this world is to be a decent place to live in. But this by no means implies a policy of *laissez faire* and exclusive reliance upon individual benevolence. Experience has amply demonstrated the futility of *laissez-faire* individualism.

We need everywhere active boards of control for land just as much as for railways. So it must be remembered that a helpful state land commission is required along with any and every kind of land tenure. To this we return later.

For negroes and any other similar group, we should always keep open a broad way to success and encourage landownership just as fast as individual fitness for landownership is shown. The folly of wholesale attempts at transformation by legislation should have been demonstrated for all time by the results of giving all the negroes the ballot at the close of the war—something far different from what Lincoln had desired.

III

Tenancy is one means of transmission of landed property from one generation to another, and a very desirable means of transmission in suitable cases. Let us take the case of a father of a family with a farm of 320 acres in the fertile Mississippi Valley. He has three sons and one daughter. The farm is entirely paid for, is provided with good buildings, and the farmer has a handsome balance in the bank. Two sons have received a professional education and have got started in life, one as a physician, the other as a lawyer. One son stays on the farm and the daughter marries a promising young farmer, blessed in everything except money. As the father grows older, he decides to divide the farm into two parts. The daughter's husband takes over one quarter section and the son takes over one quarter section, both of them nominally tenants. The father moves to a nearby village and finds occupation suitable to his declining physical strength on the two farms, helping especially in harvest time, but at other times giving such wise direction as may be desired. Upon his death, the farms pass to the son and daughter, while the two professional sons have already gained, or are rapidly gaining, a competence. This is a very frequent case and accounts for a very considerable proportion of tenancy. Tenancy, in other words, is frequently a family arrangement which corresponds to difference in age groups and to concrete conditions. This is the situation found in every part of the United States and a situation found also in foreign countries. I recall coming upon it as typical in my investigations in Bavaria.

Studies have been made of this situation by Messrs. Eugene Merritt and K. L. Hatch, and the results of this investigation are

published in a bulletin entitled, "Some Economic Factors Which Influence Rural Education in Wisconsin." From it we take the following data for Iowa County, Wisconsin.

Of all farmers in the county, married less than 10 years, 40 per cent are tenants; married between 10 and 20 years, 15 per cent are tenants; married over 20 years, 8 per cent are tenants. Of 434 tenants studied with respect to years of tenure, 173 had the same name as the owner. It is, of course, highly probable that a considerable number of the remaining 259 were related to the owner through marriage.

Of the 259, 206, or 80 per cent, had occupied the farm they were on at census date 3 years or less.

Of the first class, 84, or 48 per cent, had occupied the farm 3 years or less. It is evident from above and other collateral data that for Iowa County tenancy—in a very large measure—is a stage in the development of ownership.

I do not present these statistics as indicative of what happens in the United States generally. They give facts in regard to one county in Wisconsin, and I believe they could be duplicated in many other counties in Wisconsin and elsewhere. We need in this particular, as in so many others, far more extensive investigations than have as yet been made, and far better than most of those that have thus far been undertaken.

Undoubtedly there are many cases of farmers who to their own injury retire too early, but even in an ideal system a very considerable percentage of farms would be operated by tenants, who through tenancy represent a stage in the transference of property from generation to generation. Let us suppose that a man begins work as a tenant on his father's farm at 22, inherits the farm at 32, retires at 62, and dies at 72. Then during the period of fifty years of ownership, one-fifth of the time this man was a tenant, three-fifths a farmer tilling his own acres, and one-fifth a landlord, possibly his son-in-law being the tenant. Two-fifths or 40 per cent of the time the farm has been in a state of tenancy.

It naturally follows from the above that as a new country comes to be an old country there will normally be an increase in tenancy. I have found parts of Upper Wisconsin where settlement is still recent and where the people boast that there is practically no tenancy. The settlers are so recent that tenancy has not come into existence as a method of transferring property from generation to generation. As a country grows older, and particu-

larly as a country becomes more prosperous, tenancy will increase, because the older generation will be engaged in the "retreat" from the farm, to use Professor Galpin's felicitous phrase. There are also other reasons why, even if the conditions of landownership are quite as good as the present, there will be an increase in tenancy. These other reasons are mentioned in the present paper.

IV

Tenancy is also a good thing when it represents a rung in the agricultural ladder and means a step upwards in the winning of a competency. Sometimes and frequently a man begins as an agricultural laborer, saves money enough to become a tenant, then through tenancy acquires enough to purchase a farm, gives back a mortgage and gradually pays for this mortgage. Familiar statistics showing age groups of farmers, show how largely tenancies form a rung on the agricultural ladder. Professor Spillman, who is on the program with me, has made various investigations which clearly reveal the upward movement of farmers as their age increases. A recent study of 2112 farm owners shows that nearly three-quarters of them have been hired men or tenants before they acquired farms. The farmers who mounted the agricultural ladder beginning as agricultural laborers, and passing through the stage of tenancy, became owners at the average age of 36½, while those who skipped the tenant stage became owners at the average age of 29. Over three-fourths of the farmers under 25 years of age are tenants; but among the farmers 35 to 45 years of age, only about one-third are tenants. Among farmers 55 to 65 years of age, only about one-fifth are tenants. This is a large subject, by itself, and the figures given are merely illustrative. I expect that my associate, Professor Spillman, will discuss this topic adequately.

We shall not have good agriculture unless our policies are framed with respect to the existence of the three classes—laborers, tenants, and landowners—in due proportion. Any plan for the future which overlooks the three classes is to that extent defective.

Is there any way whereby a man starting with nothing can acquire a valuable farm without toil and without abstinence involved in the accumulation of wealth, unless the property is taken from others and handed over to him, which in the absence of gift or inheritance means that he has acquired wrongfully and at the expense of others his farm? Statistical data as we have just

seen show that men become farm owners at increasing age. This may be an evil, and it may not be an evil. When we say that a man has acquired a farm, what do we mean? It may be that he has acquired a value of \$1000 and it may be a value of \$10,000. It may be that a man at the age of 45 has acquired a farm debt-free, and another man at the age of 35 has acquired a farm debt-free, both of them beginning their efforts to acquire a farm at the age of 25. Let us suppose that the farm acquired by the man at the age of 45 is worth \$30,000, and that the farm acquired by the man at the age of 35 is worth \$10,000. The man who acquires this farm at the age of 35 has got ahead at the rate of \$1000 a year. The man who has acquired the farm at the age of 45 has gained \$1500 a year, and has made the more rapid progress in wealth accumulation. Whether or not, from the point of view of general economic well-being and a desirable social order, he is better off or worse off cannot be stated absolutely and unconditionally; and here and now we have not time to discuss all the individual and social interests involved. It is not the prize at the end of a struggle that is always a chief reward, but the struggle itself, and the life during the period of the struggle. I remember well the case of a family in Langlade County, Wisconsin, that had moved into the county in early days and had acquired a farm competence. The aged wife of the settler looked back with joy upon the early life in the community when the privations were great, and her face glowed as she spoke about the joys of the days of successful struggle. Those seemed to her better days than the present days of prosperity with the early goal achieved and the husband dead. As Robert Louis Stevenson said, "To travel hopefully is a better thing than to arrive, and the true success is to labour." There are those who seem to think that anyone desiring a valuable farm should have it and at once become an independent farmer. If this is not said in so many words, it is certainly the implication of much loose talk that we hear; yet no one expects that every man employed in a bank is to become a large stockholder at an early age, and still less is it considered a grievance because everyone in a banking business does not have a bank of his own. The analogy is not perfect because it is at once admitted that we desire a large number of independent farm owners, and that for social and political reasons quite as much as for economic reasons. The economic reasons are not decisive, as we may see in England, where we have good cultivation of the land under almost universal tenancy, where even with good agri-

culture social and political evils manifest themselves as a result of the too small number of independent landowners.

In the kind of world in which we live, it is not an evil that a man should be obliged to struggle for a competence, and that it should take years for one starting at the foot of the ladder to climb to the top. Sudden accumulations are bad for us, generally speaking, as they bring to the surface and develop certain weaknesses of human nature.

Here again we come to the proposition that as the country grows older tenancy will increase normally and regularly, which is not necessarily a bad condition.

V

In an ideal system of landownership we shall have a very considerable percentage of the land area, both urban and rural, in public ownership. Public ownership is everywhere increasing today. So far as we now know, for a greater proportion of the land, private ownership is better; but even so, there are various reasons why a larger proportion of the land should be in public ownership than is the case at present. We have already a large area of school lands in public ownership, to say nothing about the lands of the open range, and perhaps these to a very considerable extent should remain in public ownership. It is generally conceded that forest lands where they exist in large areas should be publicly owned and administered.

The public ownership of considerable areas of land, both in city and country, is desirable. Absolute definite proportions of land to be publicly owned cannot be determined: everything depends upon conditions of time and place.

As a matter of fact, we can scarcely take a step in the fruitful discussion of land policies unless we first classify the land, for what holds with regard to one class of land does not hold with regard to another class of land. Let us take up the subject of mineral resources. I think economists are very generally agreed that the mineral treasures of the earth should be publicly owned. I mean by this that if we had to do with a new country, the economists would, in my opinion, by an overwhelming majority be in favor of reserving all of the mineral rights as public property. As a matter of fact, this is coming to be the established policy in our own country, as well as in other countries. I think that the economists will very generally favor measures calculated to bring all undiscovered mineral treasures into public ownership, so far

as this may be done without undue cost and without confiscation. I believe economists very generally are in favor of the public ownership of shore lands of real significance, and of all pieces of lands which have peculiar strategic significance.

A good deal of land in the German cities, notably Frankfort-on-the-Main and Ulm on the Danube, is owned by the cities, and that has beneficial effects. Public ownership of dwelling sites makes possible arrangements whereby dwellers in the cities can acquire homes and a freehold, provided, of course, the city is always buying land, as well as selling land. The ownership of forests about cities, as in the case of Frankfort and in the case of Heidelberg, is desirable. Certain illustrations in our own country—for example, Lynn, Massachusetts—may be cited. The public ownership of land along water courses and about reservoirs, furnishing urban water supplies, is very desirable. Baltimore serves as an illustration, although the municipal ownership there has not been carried so far as is desirable. Sometimes public ownership involves tenancy, sometimes direct management.

Illustrations of desirable permanent public ownership with various forms of tenancy are afforded by the national forests and the open range in the Far West. Certain lands strategically situated, like the banks of streams and the land surrounding the water holes in the West, may be instanced as illustrations. When we have anything like an ideal system of landownership in the West, it will mean a good deal of public ownership and a good deal of public tenancy.

Tenancy will play a very considerable rôle with respect to the lands which are in public ownership. The nation, state, or city, as the case may be, will very properly seek to gain an income from these publicly owned lands; otherwise their tenants will be a favored class. At the same time, where we have public ownership, there should be an attempt to develop a satisfactory system of tenancy which will help men upwards. There is considerable room here for legitimate experimentation.

In fact, it is suggested as desirable that our various states should acquire land, where they do not now own it, and should establish model systems of tenancy, conducting various experiments to discover the best kinds of tenancy. It is just as legitimate to have model tenant farms as it is to have model experimental farms, devoted to trials of different kinds of seed and different methods of agriculture. The state with a good system of administration is in a better position than an individual to try

experiments in tenancy. The state also can have an influence out of all proportion to the area of land it lets to tenants in establishing models for landowners to follow. An illustration can be given from the City and Suburban Homes Company, of New York City. This company has a capital of only six or seven millions, which is not large in New York City, and yet it has been able to exercise an appreciable influence upon tenancy in that city. It does the best it can for the tenants with a rate of 4 to 5 per cent on money invested, and has forced the private owners of tenements to establish better conditions in order to secure good tenants.

We may lay it down as a general rule that *the higher the grade of the public service, the larger the admissible percentage of tenancy.*

VI

In an ideal system of landownership, tenancy will be regulated. The regulation of tenancy is a world-wide phenomenon and is increasing in civilized countries. We have here to do with a public interest. If there is such a thing as a *public utility*, we may say that it is *the land*. While we have much good tenancy in this country, and while the evils of tenancy in the United States have been grossly exaggerated, unquestionably we do have a great deal of tenancy which is far from what it should be, resulting in human loss, as well as loss in material well-being.

Short tenancies particularly are undesirable. The tenant must have a real interest in the improvement of the land, as well as a real interest in the community in which he lives. Older countries have been obliged to make provision for payment to the tenant for the unexhausted improvements of the soil which are due to his effort, and also a payment for disturbance of his tenancy. In Scotland and Ireland rents are regulated, and doubtless will be in England. We have here many very difficult problems. There is a tendency for good tenancy to ripen into dual ownership of the land. This was the case in Ireland and has resulted in the purchase of the land by the government and its sale to the tenants under a long-time amortization plan.

VII

In an ideal system of landownership there will be an endeavor to create in the landowner a feeling that landownership carries

with it a social mission. Many have this feeling already; and any wide survey of the world's experience, coupled with a knowledge of human nature, will show that it is possible to develop this very greatly. In our economic life it is folly to suppose that we can ever get beyond a stage in our evolution where conscience will not be needed, and where part of our task will not be appeals to the individual conscience.

In an ideal system of landownership, landowners will try to build up those who are their tenants and will frequently be disposed to help those who are tenants to acquire ownership of the land occupied, selling one farm and purchasing another, in order in turn to help a tenant acquire ownership of this newly purchased farm. In other cases, however, the landowners will simply help the tenants as tenants, or, as frequently happens, will help them to acquire other farms.

In an ideal system, also, we shall have companies analogous to the City and Suburban Homes Company of New York, already mentioned, which will purchase and sell land in order to help men acquire landownership.

VIII

In an ideal system of landownership there surely will be a limited place for ownership of land by those who love the land and yet are not able to live on it. In some cases these owners will employ managers; in others, they will let their land to tenants. It is not desirable that the land should be generally held by those who use it as a plaything. Nevertheless, professional men may legitimately and without injury to society own land and enjoy the ownership. They may try experiments which poorer men could not try, and also they may use the land as an anchor to the windward, as something to fall back on in case of loss, or something for old age.

Those familiar with the Blue Grass region of Kentucky know that there are many beautiful farms there belonging to rich owners who cultivate them well and who, among other things, engage in the breeding of horses. Whether or not this promotes the general welfare of the community is an open question. It tends to raise wages, and if it raises them above a true economic level, it may in the long run be injurious to the wage earners, as well as to the other farm owners. We have many questions which in this connection require more careful consideration than they have ever received.

IX

We find in many parts of the world, but especially in England, those who prefer capitalistic farming without ownership of the land under the conditions of ownership which exist. Doubtless there are many parts of the United States where a man will make more money without ownership of the land than he will with ownership of the land, and this is due to conditions not easily remedied. It is doubtful if from the social and political point of view capitalistic farming without ownership of land is to be encouraged. Certainly it is not to be prohibited absolutely, as within narrow limits it may prove even beneficial. Should any general tendency develop toward a great extension of capitalistic farming without landownership, it would be in order to consider measures to check the tendency. Tenancy as a prevailing system for land utilization, either in city or country, is not desirable, even if the land is publicly owned. New Zealand has tried the leasehold system with public ownership of the land, and is gradually abandoning it for the freehold. As a clever French writer has well said, in New Zealand democracy in landownership has triumphed over socialism in landownership. As a universal system, public ownership of leased and rented land is practically impossible, as well as undesirable. The utilizers of the land, having great and irresistible political power, will inevitably make themselves virtual owners, and they may do this under such conditions that their annual payments for nominally rented land will be less than the taxes paid by the American owner of a freehold.

I well remember one of the reformers in New Zealand talking to me in the Capitol building at Wellington about the situation. He almost had tears in his eyes when he told me how they had put men on the land publicly owned, how they had made these men strong and prosperous, and how they had voted into power the present Massey Government, because the Massey Government had promised them the freehold. This is a natural evolution. After the freehold has been reached, then there begins an evolution, such as we see in this country, and such as we see elsewhere in the world, as a result of which the privately owned land is controlled socially and is made subservient to social well-being.

In Australia it is reported that with the aim of bringing about a socially desirable use of the land, and especially to prevent the growth of tenancy, land has in some cases been sold with limited and imperfect titles—"spotted titles," so called. These titles re-

strict the transfer of land to actual settlers. The general aim may be approved, while the method of achieving it may be found faulty. It is said that the "spotted titles" have proved objectionable in many cases. It is better to let the landownership develop into full ownership and then to exercise such control over its ownership as may be desirable by general laws imposed by land commissions. This is the method followed in Ireland, where transfers of land are controlled by the Irish Land Boards until the amortization payments are fully made.

X

A man as landowner and landlord may be a most useful citizen, even if he has several farms. If he is the right kind of landlord, some of his tenants will be developing into capable farmers and gradually acquire farms of their own, while others may remain, leading happy, useful, and honorable lives as tenants. The following is a history of three farms in Dane County, not far from Madison, Wisconsin.

The farms in question belong to the Honorable John S. Donald, and are located near Mount Horeb, in Dane County, Wisconsin. First, a word about the owner. Mr. Donald is of Scotch extraction, a native of Wisconsin, now in middle life. His popularity is shown in the fact that he has been four times elected to the state legislature and that he has been secretary of state in Wisconsin for four years. He has lived on or near his farms and kept in close touch with them until the last few months, when he has been in France in the service of the Y. M. C. A. Mr. Donald's farms have come to him from his father and mother; the latter is still living. The farms amount altogether to 640 acres, or a section of land. Originally there were four farms, but one of them has been divided up among the remaining three, and serves as pasture and meadow land for these three, for which an always-flowing stream especially fits it. The country where these farms are located is a preëminently good dairy country; and dairying is doubtless the most prominent feature of the farming on these farms, as it is in general in southern Wisconsin. Dairying is, however, not followed exclusively, but all-round farming is practiced. Calves, colts, and hogs are raised, and these consume all the feed raised on the farms. At one time there were 101 cows on the farms. Now each tenant has somewhere around 25.

The farms are let on the system of equal shares, or coöperation,

as the owner prefers to call it. A coöperative spirit is that which animates all concerned. Let us consider the tenants on the three farms.

On what is called the Donald Farm we find a tenant named Albert Kobbervig, a Norwegian whose wife is German. He began originally as a laborer, and therefore tenancy represents to him a rung upward on the agricultural ladder. He has five children, four boys and one girl. A boy born this year is named after the landlord, Donald. They speak English in the family, which is thoroughly Americanized.

Albert Kobbervig worked for wages for two years on this same farm. As a laborer he was furnished with house, milk, and garden. His wife took care of the poultry, that part of the farm being carried on on the coöperative plan, the produce being divided equally after the tenant had received the value of \$10. After two years, Kobbervig became a tenant, but not having enough to pay for his half of the stock, Mr. Donald gave him time, and he gradually paid for it. The stock is blooded stock, and the horses are of the Percheron variety. Mr. Kobbervig is the first and only tenant on the farm and has now been there for fourteen years. He has half the stock and all the farm machinery paid for and money in the bank. He takes an interest in the affairs of the community, of which he is an honorable member, and apparently is contented where he is.

Alva Lust lives on what is called the Sweet Farm. He has been a tenant there for seven years. He began as a tenant, but without property, a brother furnishing him money with which to purchase his share of the equipment. This year he boasts a fine corn crop, which has filled his silo and left a surplusage of corn for his stock. He has cut four crops of alfalfa.

Matthew Marty, or Mat Marty, as he is generally called, is the third tenant, and occupies what is known as the Picture Rock Farm. He has been a tenant for two years, and his father was a tenant before him for eight years on this farm. It is said that he is doing even better than his father did before him, and his father could not have been a failure, otherwise he would not have been on the farm for eight years. Special mention is made of his fine herd of Holstein cows. To use his own words as reported to me, he is "doing fine."

All these tenants have automobiles; all have bank accounts and pay their bills by check. All the children go to school, and all

the families go to church and have a real, vital connection with the community. They are not outside of it, but of it.

Mr. Donald takes a real interest in the families and shows this in many ways, without being at all offensively patronizing. The boys of one of the families have some sheep which Mr. Donald gave to them. I have a picture of a wagon with a fine team. This wagon was taken as a prize at the County Fair. Mr. Donald drove back from the fair with the tenant, who had a half interest in the team that had taken the prize. When the tenant stopped at Mr. Donald's place, Mr. Donald told him to drive on,—that the wagon was his.

The owner of the land does not look upon himself at all as a philanthropist, but he believes that the coöperative plan is to his advantage as well as to that of the tenants. The tenants share this belief. Mr. Marty says: "I believe the equal-share system is the best system upon which to rent a farm, as it gives the renter a greater opportunity to make a profit one year after another. The landlord is more willing to do something for his tenant on this basis, while on the cash basis the landlord takes no interest whatever in his tenant as long as he is sure of his money."

The length of the lease is two years (provided, however, that the lease may be renewed indefinitely in case of mutual satisfaction), as the owner feels that one year is not long enough to give a fair trial to a man. In case of the dissolution of partnership, the tenant may divide the common property into two parts, letting Mr. Donald take his choice; or they may cast lots as to who is to have the first choice.

The lease is a very simple one, occupying only a little over two typewritten pages. The following paragraphs are illustrative and furnish the essential features of the agreement. The entire lease is appended.

The plan of renting is to be coöperative or on shares. The said party of the first part agrees to furnish the land, one-half of the horses, cattle, hogs, and seed; to pay the land tax and half of the live-stock tax, also to furnish wire for fences, if all available wire on the farm is in use; and to receive one-half of all moneys or profit derived from any product produced on the farm, or one-half of the produce not disposed of as his compensation.

For any stock or feed purchased for the farm, each party agrees to pay one-half. Fuel to be furnished from the farm, but waste and dead timber to be used before any of the living timber is cut, without the permission of the said party of the first part, and all brush to be piled and burned.

Provided the said party of the second part wishes to keep more poultry than is necessary for family use, each party agrees to furnish one-half of the breeding stock, and whatever income there is above ten dollars is to be divided equally between the parties of the first and second parts. If the income is not over ten dollars, the party of the second part is to have all.

The party of the second part is to have a garden, and what milk is needed for family use, but if any butter is made, each party is to receive one-half; also each party is to receive one-half of any cattle or hogs butchered, or to pay the other party market price for his share.

These tenant farmers seem to me as well off on the whole as the farmers who owned the farms they cultivated in western New York, where I lived as a boy, although they do not have the satisfaction of full ownership, and although there are advantages coming from full ownership to the community which do not come from tenancy.

In an ideal system, however, tenancy has to play several different and important rôles, as I have indicated. I cannot pretend at present to say what proportion of the farmers should be tenants in an ideal system, but I should think at least one-third. What we want to work toward is full ownership of land by the men who cultivate it as a dominant form of tenure, non-owners very generally working toward it as a goal, or owners having made way for others who are climbing the agricultural ladder. At the same time we remember that there are those who are apparently better off as tenants.

The promotion of ownership of land by men cultivating the land must be one of the great aims finding expression in the land policy of the modern state; and one of the purposes of a properly constituted land commission must be to aid farmers to become landowners.

I have here pictures of the farm homes and buildings.¹ These are better than the average buildings occupied by tenants; but they are not at all exceptional in Dane County, Wisconsin. They are the same kind of buildings occupied pretty generally by farm owners, and are typical of the best class of tenant buildings. When tenancy represents a stage in the transition of inherited property from one generation to another, tenants and farm owners occupy precisely the same kind of buildings. They do in the case of the Donald farms, although here tenancy is not a stage in the transmission of property.

¹ These were shown at the Richmond meeting.

XI

Finally, I emphasize what has already been mentioned, namely: in an ideal system of landownership we shall have land commissions which shall concern themselves with the land whether it is publicly or privately owned, treating the land to an increasing extent as a public utility. They will enforce the laws, which should, however, contain only general principles to be applied so as to meet concrete cases. They will make reports based upon careful knowledge, and enable us to proceed constructively, step by step, in the elaboration of sound land policies. They will safeguard private property in land by helping society to lessen its evils, and increasing its inestimable economic, social, and political benefits.

PART B

A SOCIAL ANALYSIS OF THE OCCUPANCY OF 500 FARMS IN ONE COMMUNITY

BY CHARLES J. GALPIN

During the month of September, 1918, Miss Emily F. Hoag, assistant in Agricultural Economics, at the University of Wisconsin, made a farmstead to farmstead visit to 500 farm homes in Dane County, Wisconsin, obtaining a history of the occupancy of each farm during the ten-year period, 1909-18. The selection of this particular group of farms was made with the intent of including all the farms belonging in one business community—and no other farms. Fortunately a recent map of the county was available showing all the farm homes grouped together which regularly trade at any one business center. Sun Prairie, a vigorous village of some 1200 inhabitants, was chosen as the business and institutional center determining the particular community to be studied. All told, a population of about 3500 persons is involved in this community; and village churches, library, newspaper, banks, high school, serve both farmers and townsmen. From the social point of view, it will be important to bear in mind that the land-holding relations on these 500 farms are interwoven in one community fabric.

The main statistical facts of the study are presented herewith in table form, without, however, at this time any attempt to interpret them. That analyses similar to this in many parts of the United States will enable students of agricultural tenantry to think more clearly on the subject, goes without saying. And it

is the hope of the writer that rural social investigators in every state will begin a close examination of farm tenancy from the point of view of the human relations involved in each farmstead situation.

Occupancy of Farms

Relative number of farms occupied by owners and tenants.—While the total number of different farms in the Sun Prairie community during the ten-year period is 500, it is evident that, due to the occasional division of farms, and the shifting of land from one farm to another, the number of farms will tend to vary from year to year. A few tenants operate more than one farm at the same time.

TABLE I.—THE NUMBER OF FARMS OCCUPIED BY OWNERS AND TENANTS DURING THE TEN-YEAR PERIOD

	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909
Total Number of farms	493	491	485	479	476	475	472	466	465	463
Number farms occupied by owners	347	344	336	343	352	349	354	362	356	358
Number of farms occupied by tenants	146	147	149	136	124	126	118	104	109	105
Owner per cent	71—%	71—%	70—%	72—%	74—%	74—%	75%	78%	77—%	80—%
Tenant per cent	29+%	29+%	30+%	28+%	26+%	26+%	25%	22+%	23+%	20+%
Farms not leased during ten years.....	9									
Farms leased all during ten-year period.....	2									
Farms sometimes leased, sometimes not leased.....	2									

It is a matter of some interest that 246 farms were constantly occupied by their owners; that 42 farms were constantly leased and might be classed as "tenant farms"; while 212 farms were in a state of oscillation between owner occupants and tenant occupants.

Tenants related and unrelated to the owners of the farms.—In estimating the advantages and disadvantages of the American system of tenancy, it has been urged of late that an analysis of all tenants in a community will show a certain rather constant proportion of the tenants to be related to the landlord. The above table, it is worth mentioning, confirms the contention that much tenancy is a *modus vivendi* of a near relative, as a procedure quite satisfactory to both parties, if not always in reality a step toward ownership wherein inheritance plays a distinct rôle.

TABLE II.—NUMBER OF FARMS OCCUPIED BY TENANTS RELATED TO THE OWNERS, AND BY TENANTS UNRELATED TO THE OWNERS

	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	Total
Number of farms occupied by tenants related to owners.....	70	70	72	61	56	50	51	46	45	36	125
Number of farms occupied by tenants unrelated to owners.....	76	77	77	75	68	76	67	58	64	59	154
Percent of related tenants.....	47+	47+	48+	44+	45+	39+	43+	44+	40+	37+	
Percent of unrelated tenants.....	53-	53-	52%	56-	55-	61%	57-	56-	60-	63-	

The degree of relationship in this table is almost invariably that of son or son-in-law. One case each of a nephew, of a brother, of a father-in-law, and of a cousin is included.

Nine farms were occupied continuously during the ten-year period by tenants related to the owners; 33 farms, by tenants unrelated to the owners. The total number of farms occupied by tenants related to the owners turns out to be 125; by tenants unrelated, 154; by tenants, some related and some unrelated, 279.

Farm Purchasers

The status of those who purchased and occupied farms in the community may be stated as follows:

Purchasers not formerly owners of farms—

Tenants

Sons buying home farm after renting it..... 32

Unrelated tenants buying farm after renting it..... 4

Unrelated tenants buying other farms than those rented. 59

Non-Tenants

Sons buying home farm..... 16

Sons buying other than home farm..... 31

Coming from other occupations..... 7

Formerly owners 65

Unknown 4

Total 218

The total number of transfers of title to farms in the Sun Prairie community during the ten-year period, was made up of 218 instances where the purchaser actually lived on the farm purchased, and a few cases only (less than a dozen) where the purchaser simply made an investment and did not live on the farm.

It will appeal to many as a rather curious fact that so few of the class of unrelated tenants, when buying farms, purchase the same farm which they have rented. On the other hand, it is quite as one would expect that sons should purchase the home farm after renting it.

The practice of a son's renting the home farm is evidently general; but it is offset by the more general practice of sons working at home for wages until able to buy a farm, whereupon, often with the father's help they purchase either the home farm or a neighboring farm.

It is worth noticing, as a piece of rural sagacity in the climb up the "agricultural ladder," that 79 sons who purchased farms kept close to the father as advisor or landlord, and presumably received the father's material backing when it came to purchase.

Two tenant farms owned by the same person have come to be known as "owner-producing farms": one of them produced from its tenants four owners in the ten-year period; the other, two owners since 1913. This is a case not only of a "good landlord," but one of good farms.

Status of Tenants

The present status of all who have been tenants in the ten-year period (part-owner-tenants excepted) is as follows:

Tenants	143
Owners outside community	16
Owners inside community	89
Retired	7
Other occupations	14
Unknown	58
Total	327

The total number of different tenants who leased any one of the 500 farms during the ten-year period is 327,—not counting, however, the "neighbor tenants," who as a matter of fact own adjoining farms, in addition to leasing.

Of the 105 tenants who climbed the "agricultural ladder" during the ten-year period and became owners, 16 purchased farms outside the community of Sun Prairie, and 89 purchased farms within the community.

The "retired" tenants are those who have ceased farming due to advanced age. Those tenants who entered "other occupations" are young men who left the farm for the town. Six of these, however, enlisted as soldiers. The tenants of "unknown" status in-

clude those who have moved out of the county, as well as those who have died.

Tenancy Helps Discover Size of Farm to be Purchased

It has been pointed out by economists that American tenancy affords an opportunity for the farmer to discover the size of farm best adapted to his capacity, before actually making an investment in land. With this thought in mind it will prove of some interest to look over the following table of twenty-six young tenant-farmers, unrelated to the owners of their tenant farms, who, during the ten-year period, became owners of farms. In each case the farm purchased is a totally different farm from the one previously leased.

TABLE III.—TENANTS WHO BECOME OWNERS, SHOWING RELATIVE SIZES OF FARMS RENTED AND PURCHASED

Tenants	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909
1	O-120	O-120	O-120	O-120	T-105	T-105	T-105	T-105	T-105	
2	O- 77	O- 77	O- 77	O- 77	O- 77	O- 77	T-160	T-160	T-160	T-160
3	O-160	O-160	O-160	O-160	T-180	T-180	T-180	T-180	T-180	T-160
4	O-140	O-140	O-140	T-118	T-160					
5	O-17½	O-17½	O-17½	O-17½	O-17½	T-118	T-118			
6	O-120	O-120	O-120	O-120	O-120	T- 80	T- 80	T- 80	T- 80	T- 80
7	O- 93	O- 93	T- 80							
8	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	T-97½	T-97½	T-97½
9	O-100	O-100	O-100	O-100	O-100	O-100	O-100	O-100	O-100	T-155
10	O- 80	O- 80	T- 30	T- 30	T- 30	T- 80				
11	O- 77	T- 20 (Tob)	T- 20 (Tob)	T-185	T-185					
12	O-81½	T- 80	T- 80	T- 80	T- 80	T- 80	T- 80	T-18½ (Tob)	T-Tob	
13	O- 85	O- 85	O- 85	O- 85	O-130	T- 80	T- 80	T- 80	T- 80	T- 80
14	O-100 (O-88½)	O-100	T-100	T-100	T-100					
15	(T-120)	T-160	T-160	T-160	T-160	T-160	T-160	T-160	T-160	T-160
16	O- 80	O- 80	O- 80	O- 80	O- 80	T-100				
17	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	T-120	T-120	T-203
18	O- 80	O- 80	T- 40	T- 40	T- 40	T- 40	T- 40	T- 40	T- 40	T- 40
19	O- 80	O- 80	O- 80	O- 80	T- 60	No record	T- 60	T- 60	T- 60	T- 60
20	O- 40	O- 40	O- 40	O- 40	O- 40	O- 40	O- 40	O- 40	T-120	T-107
21	O- 96	O- 96	O- 96	O- 96	O- 96	O- 96	O- 96	O- 96	T-200	T-200
22	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	O- 80	T-105
23	O- 20	O- 20	O- 20	At hc ne on f farm	ther's		T- 60	T- 60	T-180	
24	O-120	O-120	O-120	O-120	O-120	T- 80	T- 80	T- 80	T- 80	T- 80
25	O- 72	O- 72	O- 72	T-100						
26	O- 40	O- 40	T- 80	T- 80	T- 80	T- 80	T- 80			

O-120 = Owns 120 acres.
 T-105 = Leases 105 acres.
 (Tob) = Tobacco farm.

Retreat of Farm-Owners, Commonly Known as Retiring from Farming

The number of farm-owners on the 500 farms who started their retreat (retirement) from farming during the ten-year period was 124. Advancing age came to some farmers unannounced and suddenly, and retirement was forced at once. In other cases the sag in strength was gradual and retreat took place inch by inch. The fighting spirit seems to cling to the land and to work as long as possible.

This constant social phenomenon of retreating old age seems to have a fixed relationship to the advance of youth upon the land and to the "climbing of the agricultural ladder." The following tables are presented because of the possible light upon the whole tenancy problem thrown by such constant social phenomena as the familiar instance of the retired farmer.

The "retreat" of farm owners—commonly known as retiring from farming—of the 500 farms composing this study may be shown as follows:

All those retiring—

Ownership	
Still owning some farm.....	78
Not owning any farm now.....	46
Total	124
Residence	
Living on some farm.....	71
Living in town.....	46
Moved out of county.....	7
Total	124
Employment	
Still actively farming.....	90
Overseeing or helping.....	41
Tenant or hired man.....	7
With other employment.....	23
With no employment.....	33
Total	124
Status of those living in town	
Managing farm	4
With other employment.....	14
With no employment.....	23
Total	46
Men	101
Women	23
Total	124

Those still owning some farm—

Residence	
Living on own farm.....	61
Living in town.....	16
Moved out of county.....	1
Total	78

Employment	
Still actively farming.....	20
Overseeing or helping.....	37
With other employment.....	7
With no employment.....	14
Total	78

Status of those living on own farm	
Working on own farm.....	20
Living with son-tenant.....	25
Living with relative tenant.....	2
Living with unrelated tenant.....	5
Living with neighbor tenant.....	11
Total	61

Those not owning any farm now—

Residence	
Living on some farm.....	10
Living in town.....	30
Moved out of county.....	6
Total	46

Employment	
Overseeing or helping.....	4
With other employment.....	16
Tenant or hired man.....	7
With no employment.....	19
Total	46

Status of those living on farms	
Living with son-owner.....	3
Tenants	6
Hired man	1
Total	10

Women owners retreating—

Ownership	
Still owning original farm.....	18
Sold original farm.....	5
Total	23

Residence	
Living on farm.....	17
Living in town.....	6
Total	23

Still owning; living on farm.....	16
Still owning; living in town.....	2
Sold farm; living on farm.....	1
Sold farm; living in town.....	4
Total	23
Status of those living on farms	
Still owning; living with son-tenant.....	8
Still owning; living with unrelated tenant.....	2
Still owning; living with neighbor tenant.....	6
Sold farm; living with son-owner.....	1
Total	17

TABLE IV.—RETRAIT OF FARM OWNERS FROM FARMING ON THEIR ORIGINAL FARMS, SHOWING STEPS IN THE RETRAIT DURING THE TEN-YEAR PERIOD

Original farms as held by tenants, by purchasers, and by original owners										
	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909
<i>Held by Tenants</i>										
By son managing.....	38	34	31	29	27	24	18	14	12	3
By relative managing.....	3	3	3	2	1	1	1	0	0	0
By unrelated tenant managing	10	11	13	13	12	10	9	7	5	3
By neighbor managing.....	9	10	5	6	4	4	4	2	3	2
<i>Held by Purchasers</i>										
By son managing	14	12	12	9	6	5	5	2	1	0
By relative managing.....	0	1	0	0	0	1	1	1	1	0
By unrelated person managing, formerly tenant somewhere..	13	15	13	10	12	12	9	4	2	1
By unrelated person managing, formerly owner somewhere..	14	11	11	11	9	10	9	3	0	0
By unrelated person managing, from other employment....	1	0	0	0	0	0	0	0	0	0
By unrelated person managing, formerly neighbor	1	0	0	0	0	0	0	0	0	0
By unrelated person managing, young man on first farm...	9	9	4	5	5	1	0	0	0	0
<i>Held by Original Owners</i>										
By owner returned.....	4	3	2	2	1	1	0	0	0	0
By owner	0	8	24	32	41	46	58	79	87	96

Original farms as held by tenants or purchasers.—Evidently in any considerable community there will be found, in any one year, farmers just starting their retreat from farming, farmers well along in their retreat, and farmers whose retreat may be said to be completed. In the community of Sun Prairie are many farmers still living whose retreat was either complete or in process prior to 1909. These farmers do not appear, and are not considered, in the present study. Only those farmers are entered in the tables who started their retreat some time during the ten-year

period. All of these are considered, whether they finish their retreat within the period or not.

The foregoing table tells the story, year by year, of how many of the original farms had been let slip out of the working grasp of the farm-owners under consideration into the hands of tenants or purchasers.

In 1909, only 8 farm-owners began their retreat. They started the retreat by letting their farms to tenants. In 1910 (including those farmers that began to retreat in 1909 whose farms are still held by tenants in 1910), 18 farm-owners are in full retreat by letting their farms to tenants, while 3 farm-owners began their retreat by selling their original farms. In other words, each year has a record of the number of farms rented or sold, as the first step in retreat; combined with the number of farms still held by tenants and purchasers from the preceding years of the period. A particular farm may pass, obviously, from the "held by tenants" class to the "held by purchasers" class, or vice versa.

TABLE V.—RETREAT OF FARM-OWNERS FROM FARMING ON THEIR ORIGINAL FARMS, SHOWING STEPS IN THE RETREAT DURING THE TEN-YEAR PERIOD—*Continued*

Original farms which have been divided										
	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909
<i>Held by Tenants</i>										
To son managing. Father keeps part managing	3	2	1	1	1	0	0	1	1	3
To two neighbors managing. To one unrelated tenant managing	1	1	1	0	0	0	0	0	0	0
To two sons managing.....	0	0	1	1	1	1	1	1	1	0
To unrelated tenant managing. To neighbor (sold) managing	1	0	0	0	0	0	0	0	0	0
To unrelated tenant managing. To son (sold) managing....	0	0	0	1	0	0	0	0	0	0
<i>Held by Purchasers</i>										
To son managing. To son (sold) managing	1	1	1	0	0	0	0	0	0	0
To two sons managing.....	1	1	0	0	0	0	0	0	0	0
To son managing. Father keeps part managing.....	0	0	0	0	0	1	1	1	0	0
To neighbor managing. Owner keeps part managing.....	0	1	1	1	1	1	1	0	0	0
To unrelated person managing, formerly tenant. To son managing	0	0	0	0	1	0	0	0	0	0
To unrelated person managing. To young man from neighboring home	1	1	1	0	0	0	0	0	0	0

Original farms which have been divided.—Dividing the farm, the owner retaining a part, while quite evidently a form of retreat, is not a method which suggests itself readily to a retreating farmer, even when a son is the part-tenant or part-owner; the difficulties of such a situation are easily seen. However, it is interesting to notice, in the few instances of this manner of retreat, that a son or a neighbor now and then fulfills the happy conditions.

In 1909, four sons held a part of the farms as tenants; but in 1910 they do not appear in the table. As a matter of fact, they changed in 1910 to the class of tenants holding the whole farm, while the fathers took one more step in the retreat. It is plain that the status of any particular divided farm may change in like manner to some form of tenancy or purchase of the whole farm.

Divided farms must not be confused with joint-tenant farms or jointly owned farms. When a farm is divided, it becomes two or more farms.

TABLE VI.—RETRIEAT OF FARM-OWNERS FROM FARMING ON THEIR ORIGINAL FARMS, SHOWING STEPS IN THE RETREAT DURING THE TEN-YEAR PERIOD—*Continued*

Other farms than the original held by the retreating farmer as owner or as tenant										
	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909
<i>Held as Owner</i>										
Second farm, selling original	11	12	10	10	5	5	6	3	0	0
Second farm, leasing original	4	5	6	5	3	2	2	2	1	0
Third farm, leasing other two	1	1	0	0	0	0	0	0	0	0
<i>Held as Tenant</i>										
Tenant on another farm....	6	7	7	7	7	5	4	2	1	0

Other farms than the original held by the retreating farmer.—A distinct step in the retreat of some farmers is the purchase of a second farm, either much smaller than the original farm or else lying close to town, often even within the limits of town; most frequently the second or third farm combines both factors, smallness and nearness to town.

In cases where the second farm is in the open country and of good size, it is usually found that the retreating farmer has leased or sold the original farm to an older son while having in mind to provide a farm for a younger son, who later either leases or buys the second farm. A third farm for a third son is not unknown.

When a retreating farmer sells out and becomes a tenant on

another farm of ordinary size in the open country, we find the cause usually in some form of break-up of the family—usually death of the wife. This circumstance is the beginning of a series of steps in retreat; as tenant, boarding with the owner's family; or as tobacco-farmer living in town; or in other employment.

TABLE VII.—RETREAT OF FARM-OWNERS FROM FARMING ON THEIR ORIGINAL FARMS, SHOWING STEPS IN THE RETREAT DURING THE TEN-YEAR PERIOD—Continued

	Residence									
	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909
Living on original farm.....	49	55	65	67	72	77	84	96	102	105
Living in town.....	46	38	32	30	30	27	18	11	8	3
Moved out of county.....	7	6	5	4	4	3	3	1	1	0
Living on second farm.....	15	17	16	15	9	7	8	5	1	0
Living on third farm.....	1	1	0	0	0	0	0	0	0	0
Living on another farm.....	6	7	6	7	7	4	4	2	1	0

Residence of retreating farmers.—That the town has truthfully been considered the goal of the retreating farmer, this study will more or less justify. The special light, however, thrown upon the

TABLE VIII.—RETREAT OF FARM-OWNERS FROM FARMING ON THEIR ORIGINAL FARMS, SHOWING STEPS IN THE RETREAT DURING THE TEN-YEAR PERIOD—Continued

	Employment									
	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909
<i>Still Owning Original Farm</i>										
Working on original farm..	4	12	26	34	42	44	58	79	87	96
Working part of original farm	3	3	2	2	2	2	2	2	1	3
Overseeing or helping on original farm.....	35	34	31	29	27	27	23	17	14	8
With other employment.....	5	7	7	6	5	5	3	2	2	0
With no employment.....	13	8	7	7	8	5	3	3	3	0
Working second farm.....	3	4	5	4	3	1	1	0	0	0
Working third farm.....	1	1	0	0	0	0	0	0	0	0
Overseeing or helping on second farm	1	1	1	1	1	1	1	2	1	0
<i>Having Sold Original Farm</i>										
Overseeing or helping on original farm	4	4	3	2	2	2	2	2	1	0
With other employment.....	17	12	11	10	11	10	8	1	1	1
Tenant on another farm....	6	7	7	7	7	5	4	2	1	0
Hired man on another farm	1	1	0	0	0	0	0	0	0	0
With no employment.....	20	17	14	11	9	8	6	2	2	0
Tenant on original farm....	0	1	0	0	0	0	0	0	0	0
Working second farm.....	10	11	9	8	3	4	6	3	0	0
Overseeing or helping on second farm	1	1	1	2	2	1	0	0	0	0
Total	124	124	124	123	122	118	117	115	113	108

"retired farmer" shows him as moving off his farm by degrees: giving over a part of his house to the newcomer; moving into a smaller house on the original farm; going to live with a son on another farm; moving on to a smaller farm near town; settling in a house in town surrounded by a large garden.

The tenant system appears to be a cog fitting into the notched edge of the veteran farmer's retreat.

Employment of retreating farmers.—That the retiring farmer gives up the habit of work only upon compulsion of circumstances is evident from the foregoing table of his employment,—especially from that part of the table dealing with "no employment."

It cannot fail to interest the person who thinks upon the tenant problem in terms of human relationships to find that the veteran farmer, though sagging in his physical strength, is able to impart, in the opportune rôle of overseer or helper, a portion of the wisdom gained by his years of farm experience to young men in the natural rôle of tenants.

Shifting of Tenants

TABLE IX.—SHIFTING OF TENANTS

Shifts of tenants during the ten-year period											
Number of Shifts	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	Total
Of all tenants.....	30	51	59	56	47	48	47	39	38	14	429
Of all tenants shifting within the community	20	31	32	38	29	24	29	20	24	6	253
Of all tenants shifting to and from other communities.	10	20	27	18	18	24	18	19	14	8	176
Of tenants related to owner	7	9	18	6	5	6	7	7	7	3	75
Of tenants unrelated to owner	23	42	41	50	42	42	40	32	31	11	354

Number of shifts during ten-year period.—Every change in the occupancy of a farm home involves a shifting of each of two families—one moving off the farm and another moving on. For the purpose of estimating the amount of influence upon the stability of a community due to a shifting tenantry, it will be necessary to count the coming of a family to a farm as one shift and the going of a family as distinctly another shift. For it is plain that from the social point of view pulling up the roots of a family established in the neighborhood affects every social relationship in the

neighborhood in a peculiar manner; and the planting in of a new family is a new influence requiring new social adjustments at every point.

A few explanations must be made as to how the foregoing table of shifts is made up. A farm may change occupants several times in ten years and yet no family will be found to have shifted on or off the farm; this circumstance is illustrated best in the case of a son, brought up on the farm, who becomes a tenant on the home farm. It also is illustrated in the case of a neighbor who becomes a tenant on an adjoining or nearby farm. These cases are not counted as shifts in the table.

When a family moves on to a farm as tenant and while occupying this farm rents a second farm nearby, their coming is reckoned as a shift only on the first farm.

When, however, a son, after once leaving his father's farm, moving on to another farm or going to reside elsewhere, returns as a tenant on the home farm, his coming back is reckoned as a shift.

If a son while living on, but not renting, his father's homestead becomes a tenant on a nearby farm, whether the second farm is owned by his father or by some other person, no shift is reckoned as taking place. However, if the son moves on to the second farm, a shift is counted.

Whenever a son-in-law comes to lease his father-in-law's farm, a shift occurs and is counted.

In the case of a joint tenancy on one farm by two families, one shift for each family is counted for each move.

The comparative stability of related tenants suggests that there may be methods as yet untried which would render the unrelated tenant a more stable part of the community.

TABLE X.—SHIFTING OF TENANTS—Continued

Number of different farms on which shifts of tenants occur during the ten-year period

Number of Farms Involved	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	Total
Of all tenants.....	30	42	43	42	40	39	38	31	32	14	142
Of tenants shifting within the community	20	28	24	31	27	22	27	17	20	6	120
Of tenants shifting to and from other communities	10	19	23	18	17	19	15	17	14	8	89
Of related tenants...	7	9	13	6	5	6	7	6	7	3	51
Of unrelated tenants	23	33	30	36	35	33	31	25	25	11	119

The number of farms on which shifting occurs.—Neighbors generally know the farms on which shifting of tenants occurs with frequency and regularity. If a community is going to exercise social control of its tenant shifting, so as to cut down the cases of preventable shifting, it will carefully examine the conditions of tenancy on the farms where shifting is chronic.

It will be recalled from Table I that 254 farms of the 500 were at some time occupied by tenants. The present table discloses the significant fact that only 142 of these farms had any shifts of tenants during the ten-year period. On the other hand, it turns out that 17 farms have had one or more shifts in each of five or more years of the ten-year period, and may well be considered as "chronic-shifting farms."

Table II shows that the total number of "related farms" is 125. The above table shows that only 51 of these farms have had shifts, while 119 of the 154 "unrelated farms" have had shifts.

TABLE XI.—SHIFTING OF TENANTS—Continued

Number of different tenants shifting during the ten-year period											
	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	Total
All tenants	30	41	46	42	40	39	38	31	32	14	231
Tenants shifting within the community	20	27	27	31	27	22	27	17	20	6	146
Tenants shifting to and from other communities	10	19	23	18	17	19	15	17	14	8	138
Both within and without											53
Related tenants	7	9	15	6	5	6	7	6	7	3	59
Unrelated tenants	23	32	31	36	35	33	31	25	25	11	179
Both related and un-related											7

The number of different tenants shifting.—The total number of different tenants shifting is 231 out of the 327 tenants. Over against the 5 "chronic shifters" may be set these 96 tenants who do not shift during the ten-year period. A tenant is considered a "chronic shifter" if he makes one or more shifts in each of five or more years of the ten-year period. The chronic shifter may never, obviously, be a tenant on a chronic-shifting farm.

Index numbers of tenant shifts.—The number of possible shifts is reckoned as follows: In the years 1909 and 1918 only one shift per farm is considered possible. In 1909, a family is assumed to

TABLE XII.—SHIFTING OF TENANTS—Continued

Index number of the various kinds of tenant shifting during the ten-year period										
	1918	1917	1916	1915	1914	1913	1913	1911	1910	1909
Number of farms.	493	491	485	479	476	475	472	466	465	463
Number of possible shifts	493	989	970	958	952	950	944	932	930	463
Index number of shifting tenancy	30/493	61/989	59/970	56/958	47/952	48/950	47/944	39/932	38/930	14/463
Index of all tenant shifts0588	.0519	.0608	.0594	.0493	.0505	.0619	.0418	.0408	.0809
Index of intracom- munity shifts ...	30/493	31/989	32/970	38/958	29/952	24/950	29/944	20/932	24/930	6/463
	.0885	.0815	.0829	.0896	.0804	.0852	.0807	.0815	.0258	.0199
Index of intercom- munity shifts ...	10/493	30/989	27/970	18/958	18/952	24/950	18/944	19/932	14/930	6/463
	.0908	.0908	.0977	.0187	.0189	.0252	.0190	.0208	.0150	.0179

be occupying each farm without a shift to the farm; so that only a shift off the farm is possible. In 1918 a family is assumed to be remaining on each farm without a shift off; so that only a shift on to the farm is possible. For each of the other years two shifts per farm are considered possible, namely, one off and one on.

The index number of tenant shifting for any particular year is obtained by dividing the number of actual shifts by the number of shifts possible in that year. For the purpose of comparing tenancy in different communities situated in various parts of the United States, the system of index numbers will be found useful.

Mr. Donald has been operating his farms upon this agreement plan for 16 years. In that time he has had but five families on his three farms. One man has been with him 14 years and another 11 years.

APPENDIX—AGREEMENT FOR RENTING FARM

This agreement made the 1st day of March, 1916, by and between J. S. Donald of Springdale, Dane county, Wisconsin, of the first part, and Mat Marty of Springdale, Dane county, Wisconsin, of the second part; witnesseth that whereas, the said party of the first part being the owner of the following described premises, to wit:

That part of the farm north of the Mount Horeb, Mount Vernon highway in section 28. And the southeast $\frac{1}{4}$ of the SW $\frac{1}{4}$ of section 28. The NE part of NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ section 33, the large field and pasture in the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ section 33, containing in all about 225 acres, all of the town of Springdale, Dane county, Wisconsin.

The said party of the first part leases to the said party of the second part the above described land and premises in the following manner and subject to the conditions herein named to wit:

Should a part of the farm be sold, this agreement is subject to such changes as may be necessary, but no change shall be made except at the end of a season.

The plan of renting is to be coöperative or on shares. The said party of the first part agrees to furnish the land, one-half of the horses, cattle, hogs, and seed; to pay the land tax and half of the live stock tax; also to furnish wire for fences, if all available wire on the farm is in use; and to receive one-half of all moneys, or profit derived from any product produced on the farm, or one-half of the produce not disposed of, as his compensation.

The said party of the second part agrees to use all due care and precaution in the care and maintenance of the buildings, and keep the buildings in as good repair as they now are, ordinary wear and tear excepted, and his best efforts to successfully work the land, devoting his entire time thereto as if working on a salary, and to furnish all

labor necessary to successfully conduct the farm; to furnish one-half of the horses, cattle, hogs, and seed; to work or pay all road tax, and to be to all expense of running the farm; to cut fence posts in season and to build all new fences needed, and to keep all fences in good repair; and to keep the manure hauled out and spread on the land that will be to the greatest advantage to the farm, and the last year that this lease is in force, to be spread where directed by the party of the first part. All noxious weeds are to be cut according to law and the farm yards and buildings kept in a tidy condition.

For the above services, the party of the second part is to receive one-half of all moneys or profits derived from any product produced on the farm, or one-half of any produce not disposed of, as his compensation.

For any stock or feed purchased for the farm, each party agrees to pay one-half. Fuel to be furnished from the farm but waste and dead timber to be used before any of the living timber is cut, without the permission of the said party of the first part, and all brush to be piled and burned.

Provided the said party of the second part wishes to keep more poultry than is necessary for family use, each party agrees to furnish one-half of the breeding stock, and whatever income there is above ten dollars (\$10.00) is to be divided equally between the parties of the first and second parts. If the income is not over ten dollars, the party of the second part is to have all.

The party of the second part is to have a garden, and what milk is needed for family use, but if any butter is made, each party is to receive one-half; also each party is to receive one-half of any cattle or hogs butchered, or to pay the other party market price for his share.

The stock when divided is to be separated into two lots, as nearly equal in value as possible, by the said Mat Marty, and the said J. S. Donald is to have his choice of lots or decide by lot.

Notice to terminate this agreement shall be given on or before the first of December preceding its termination on the first of the following March. This agreement is to be in force for two years from March 1, 1916, with the privilege of extending the time annually as long as mutually satisfactory.

(Signed) J. S. DONALD.

(Signed) MAT MARTY.

LAND TENURE AND PUBLIC POLICY—DISCUSSION

CHARLES L. STEWART.—Failure to appreciate the importance of the "agricultural ladder," as described by Mr. Spillman, and the rôle of farm tenancy, as elucidated by Dr. Ely, may lead administrative officials and the public into grievous errors.

The assumption dominates the thinking of many reformers, that operators should own the land they farm and that owners should actively cultivate their land. Most reformers, however, would hesitate to apply this doctrine so rigidly to the tenure of business and residential properties in cities or even to those capital goods of agriculture—such as bulls, boars, and simple types of farm machinery—which, requiring no special skill on the part of the user, are often loaned or hired for use away from the owner's supervision.

Fundamentally the extent to which the hiring of capital items, of land or of anything else, is justified depends mainly on their "fool-proof" qualities. Farm operators who would like to become lessees of farms having expensive and complex machinery in the form of private irrigation plants or farms whose equipment is in large herds of live stock, in orchards and vines, or in "made" land such as cranberry bogs, are likely to be disappointed in their search. Owners of farms so equipped and constituted seldom permit lessees to run their places for fear of running them down or of clogging the current of yield and profit through carelessness, inexperience, or indisposition. When any large part of the value of a farm property is imputable to equipment, herds, machinery, and improvements, the place is seldom hired without damage to the lessor, the lessee, or the public.

On the other hand the typical farm can show only a relatively small proportion of its value in the form of capital items when all operator's items are eliminated. Now land *per se* stands in a very different status from plows, herds, and the other items of working equipment. On this distinction rests the justification of tenancy of land and of the customary scarcity of tenancy of capital goods of operators.

Reasons for insisting upon the old distinction in this connection are threefold. In the first place, the operator of land *per se* deals with a property to whose deterioration it will ordinarily be beyond his power or interest to contribute a large degree in any brief period. In the second place, an investment in land puts resources into a relatively *resting* form while an investment in operator's capital goods puts re-

sources into *working* form. Working capital differs from "resting" capital in at least three respects: (a) capital goods wear or pass out sooner than land; (b) capital goods have perhaps less versatility and continuity of usefulness as seasons and policies change; and (c) capital goods are usually employed with a greater admixture of user's manual and entrepreneurial service per unit of value. In the third place, the owner's selective function operates differently as between capital goods and land. Demand for specific items of capital goods controls their supply on the market. Such "birth control" is inoperative with respect to land, much of which has to be owned for centuries before a nation's controllers of development capital and labor should put it into much service. The landowner's duty as a selector, contrasted with that of the owner of operator's capital items, is to select properties with a good prospect of usefulness in a possibly distant future. Choices with respect to operator's capital items normally carry a larger possibility of loss from a small degree of error than choices as to the proper discounting of future land values. A higher average rate of return accruing to owners of working-capital items than to owners of land, farmers wishing to sell their productive years so as to get the largest income and the most valuable accumulation, will keep their resources in those forms in which they can make them compound at the higher rates. So long as there are farmers passing beyond their most productive years and others whose time is considered more productive outside of farm operation, and so long as these supply agriculture with enough capital for landownership at the customary low rates of return on "resting" capital, just so long should skilful operators prefer to let these more highly qualified groups supply him with the use of rented land.

The difference in economic aspect between landownership and farm operation is admirably indicated by Dr. Ely and Mr. Spillman. To summarize their points of view we may resort to parallels.

Landowner's functions

1. Provide primary investment capital, select specific properties, meet carrying charges, and take risks on getting in time an adequate return from rent and increment—a large amount of capital being rewarded over a long period at a low rate.

Farm operator's functions

1. Provide working capital (perhaps coöperatively with landowner), select specific items of equipment, meet carrying charges, and take risks on getting in time an adequate return by way of increase of net income above wages—a variable amount of capital being rewarded over a short period at a high rate.

2. Provide developmental capital, determine the specific forms and the time schedule of its application, meet carrying charges, and take risks on getting in time an adequate return in enlarged rents and increments—a varying amount of capital being rewarded over a fairly short period at a good rate.

3. Select operators, help to supply their deficiencies in capital and in operating entrepreneurship, and take risks on getting in time a return service and an output justifying his outlay of time and funds.

2. Provide developmental labor, cooperate with landowner in determining and executing the specifications of development projects, and take risks on getting an adequate return by way of compensation for "unexhausted improvements" and by way of enlarged yields during the prospective period of association with the properties improved—a varying amount of labor being rewarded over a fairly short period at a good rate.

3. Select laborers, supply them with program and stimulus, and take risks on getting a return service and an output justifying his outlay of time and funds.

In general agricultural landowners must economize "resting" and semi-working capital. They should refuse to put capital into land purchase or developments unless it is rewarded as well as it would be if put into non-agricultural properties and enterprises demanding skilful attention and risk-assumption in the same degree. Farm operators should economize semi-working capital but more particularly working capital. They should refuse to put capital (or labor) into any particular kind or scale of farm operation unless it is rewarded as well as it would be if put into operations outside of agriculture demanding skilful attention and risk-assumption in the same degree. While the landowner calculates mainly on the basis of acre-years, the farm operator calculates on the basis of man-years.

Nor is the functional distinction between farm ownership and operation a matter of academics merely. The rate of return on working capital will ordinarily average five or six times as high as the rate on "resting" capital, while the rate on semi-working or development capital will ordinarily fall about midway between. Many a tenant whose capital in full working form yields 25 per cent buys land instead of keeping on more exclusively with high-producing forms and finds that he started to put his resources to rest at too early a date. Being "land-poor" is an all too common status. Low-rate capital should be furnished by farmers only when past their prime.

The operator, furthermore, should be free to change his location, modify his scale of farming, and shift his emphasis from product to product. He makes these variations according to changing conditions

in his information, maturity, family labor supply, capital resources, and according as margins on various products and policies vary under changes in prices and costs. Operators profit most, therefore, where boundary lines of ownerships do not restrict the shifting of the boundaries of operated areas. The presence of a high percentage of land leased by part owners is a striking evidence of the need for elasticity in the boundaries of operated areas during dynamic times.

It is usually better for an operator to refuse to own much land until able to start retiring his capital from more active forms to that form which affords the luxury of home ownership and of an income less dependent on strenuous entrepreneurship. Such an income is made certain at the expense of becoming modest. Where ownership of farm and home is needed to afford economic stimulus to a farmer and his family it may, of course, be wiser to retire part of the resources in order that greater manual and entrepreneurial support may be given to the rest of the resources. In many of these cases it would be better still for family and social economy to spread a recognition of the fact that enlargement of resources in capital items may signify greater wealth and larger income than landownership. The conversion of resources to the "resting" form is justified on precisely the same basis in the case of farm operators as it is in the case of other active business people, and by that we mean that too early retiring of one's capital is as improper from the social viewpoint as too early retiring of one's entrepreneurial or manual service.

In the light of the papers presented by Dr. Ely and Mr. Spillman we must criticize adversely any attempt by federal or state authorities to introduce a land policy under which standardization and system go too far. A planned rural development must avoid at least the following pitfalls:

1. The areas obtainable for operation by farmers must not vary over too small a range in any community and there must be no avoidable obstacles to the shifting of lines between operated areas by easy arrangements. There must be no checkerboard conception as to "ideal" tracts for operation. If basic tracts are standardized interstices must be left between them for fractional tracts, subject to annexation to basic tracts as operators need to expand. These fractional tracts should not be made too large and should not fail to be numerous. If such fractional tracts are not provided by the government plan, no restriction should be put in the way of breaking standard units up as need arises.

2. Ownership of the land must not be made a condition of opera-

tion. Otherwise the length of the step between the apprentice status of farm-hand and the status of more or less retired resource assumed by landowners will become so wide that the economic stimulus of the agricultural ladder will be lost. Unless land leasing is permitted and unless administrative officials are as efficient as private landlords in adjusting lease relations, it will be hard to justify the government project.

3. A government land-settlement scheme should avoid any effort to standardize the careers of farmers either by fixing rigid time schedules of achievement or by restricting the goal of income or of accumulation. The advantages of economic freedom in moving to preferred opportunities, taking risks on preferred policies, etc., must not be lost.

4. Regardless of the extent to which government land-settlement projects are undertaken, more decided steps should be taken throughout the country to help landlords and tenants to understand the economic functions incumbent upon them and to perfect their relations. Perhaps our county farm bureaus can do this by conferences on landlord-tenant relations, by helping with the construction and the typing of leases, and by promoting arbitration out of court in cases of dispute where the adjustment involves an agricultural result.

W. J. SPILLMAN.—Professor Ely refers to the fact that young men starting out with little capital frequently find it financially desirable to be tenants rather than owners because of the larger business they can conduct on their limited capital. I wish merely to confirm this statement by referring to data collected in our farm management surveys while I was connected with the Office of Farm Management. In all of our more recent surveys we made groupings of men according to total capital owned. All those with capital of less than \$1000 constituted one group, those with from \$1000 to \$2000 another group, and so on. Each of these groups was divided into subgroups based on tenure. In nearly all cases the lowest groups, that is, those with the lowest capital, contained only tenants. As the amount of capital owned increased the proportion of owners increased, and, generally speaking, when the average farm income of a group of owners had risen to the point that permitted a satisfactory standard of living, practically all of the men passed from the tenant into the owner class. This in spite of the fact that a tenant with a given amount of owned capital, in practically all cases where considerable numbers were averaged, had a farm income approximately three times as great as owners with the same amount of capital.

These figures indicate that the tenant, by passing from tenancy to ownership, sacrifices about two thirds of his net cash income. The very fact that in all cases practically the entire number of tenants became owners as soon as practicable, sacrificing two thirds of their income in order to do so, indicates that there are compelling reasons for his doing so. I am not sure that I know all these reasons. One of them, however, is the desire to own a home; another is the desire for economic independence which the owner enjoys in a much greater degree than the tenant. I think too that in many cases the prospective rise in future values of farm land make the investment attractive.

I think it is very fortunate that tenants do strongly desire to become owners and do so at the first opportunity, for a farming community made up entirely of tenants seldom maintains itself at as high a level of rural welfare as is the case with a similar community made up of farm owners.

The American Association for Agricultural Legislation

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2. The organization of a central bureau to which individuals and organizations may come for assistance in the formulation and promotion of needed agricultural legislation and obtain the benefit of the broadest practical, historical, and theoretical knowledge of problems of production, and also of the larger social and economic problems involving both rural and urban people.

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