

PROBLEMS INVOLVED IN ACQUIRING USE OF A FARM AND  
ESTABLISHING SECURITY OF TENURE IN OKLAHOMA

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ESTABLISHING SECURITY OF TENURE IN OKLAHOMA

By

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Stillwater, Oklahoma

1939

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Submitted to the Department of Agricultural Economics

Oklahoma Agricultural and Mechanical College

In Partial Fulfillment of the Requirements

For the Degree of

MASTER OF SCIENCE

1940

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## ACKNOWLEDGEMENT

The writer takes this opportunity to acknowledge with deep appreciation the aid given by Dr. Peter Nelson, Acting Head of the Agricultural Economics Department, Oklahoma A. and M. College, in locating materials, giving advice and suggestions, and helping prepare the manuscript and to Dr. Trimble R. Hedges, formerly of the same Department, for advice, suggestions and help in guiding the manuscript at its beginning.

The writer is also grateful to H. A. Graham, of the Oklahoma A. and M. Extension Service, for permission to work with his department in surveying the field of Landlord-Tenant Relations and Marshall Harris, of the Land Utilization Division of the United States Department of Agriculture, Bureau of Agricultural Economics, for help in shaping the course of study in its early inception.

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## PROBLEMS OF ACQUIRING USE OF A FARM

When the first census was taken in 1890 less than one per cent of the farms of Oklahoma were operated by tenants.<sup>1</sup> This was only one year after the State was opened for settlement and early homesteaders still were holding their land. The 1900 census showed over two-fifths of the farms of the State tenant-operated. During the next years the number increased, and by 1910 the census showed 54.8 per cent of the farms operated by tenants. (Table 1).

From 1910 to 1920 the number of tenants declined, mainly during the period of the World War, but they immediately returned to their former number and higher after the conflict was over. The percentage in 1930 and 1935, respectively, was 51.5 and 61.2. This means that over one-half of the farmers in Oklahoma do not own the land they cultivate.

A recent bulletin cited the reasons for the period of decline due to several factors. "A prosperous agricultural situation making the purchase of farms by operators possible and the movement of farm population to urban centers thus reducing the number of farm youths going into agriculture" were listed as probably the most important.<sup>2/</sup>

The increase in tenancy since the war period was brought out by a reversal of this situation.

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U.S.D.I. Bureau of Census, 1930. Vol. 1.

Harris, Marshall, and Southern, H. A., Unpublished bulletin USDA, BAE. (June, 1939).

Table 1. Tenure of Farm Operators in Oklahoma\*

Tenure	1900		1910	
	Number	Per Cent	Number	Per Cent
Total Operators:	108,000	100.0	190,192	100.0
Full Owners	53,619	49.6	64,884	34.1
Part Owners	6,590	6.2	20,520	10.8
Managers	541	.5	651	.3
All Tenants**	47,250	43.7	104,137	54.8
	1920		1925	
Total Operators:	191,988	100.0	197,218	100.0
Full Owners	69,786	36.3	60,764	30.8
Part Owners	23,431	12.2	20,462	10.4
Managers	935	.5	494	.2
All Tenants**	97,836	51.0	115,498	58.6
	1930		1935	
Total Operators:	203,866	100.0	213,325	100.0
Full Owners	53,647	26.3	58,796	27.6
Part Owners	24,067	11.8	23,093	10.8
Managers	823	.4	775	.4
All Tenants**	125,329	61.5	130,661	61.2

\* Source: United States Census of Agriculture, 1935.

\*\* Includes croppers.

A study of the long-time shift, 1910 to 1935, in the percentage of tenancy in each of the several type-of-farming areas in the State indicates that practically all counties in the western portion have experienced an increase in the percentage of tenancy while most of the counties in the eastern part of the state had a decrease. (Table 2).

Table 2. Per Cent of All Farms Operated by Tenants by Type-of-Farming Area\*

Year	1	2	3	4	5	6	7	8	9	State
1910	10	34	64	35	58	72	52	77	72	55
1920	25	40	48	38	53	59	52	60	57	51
1925	34	44	57	48	57	66	62	68	65	59
1930	34	46	58	55	64	70	63	70	69	62
1935	38	49	59	52	63	69	60	71	68	61

1. Texas, Beaver, Ellis, Cimarron, Harper.
  2. Alfalfa, Major, Woodward, Grant, Kay, Garfield, Noble, Woods.
  3. Pawnee, Osage, Nowata, Craig, Ottawa, Rogers, Mayes, Delaware, Washington.
  4. Roger Mills, Dewey, Blaine, Custer, Washita, Beckham.
  5. Kingfisher, Canadian, Payne, Creek, Lincoln, Grady, Oklahoma, Pottawatomie, Seminole, McClain, Logan, Okfuskee, Cleveland.
  6. Tulsa, Cherokee, Adair, Wagoner, Okmulgee, McIntosh, Hughes, Pittsburg, Haskell, Sequoyah, Muskogee.
  7. Greer, Kiowa, Caddo, Comanche, Tillman, Jackson, Cotton, Harmon.
  8. Garvin, Stephens, Jefferson, Carter, Murray, Johnston, Marshall, Bryan, Atoka, Pontotoc, Coal, Love.
  9. Choctaw, Pushmataha, McCurtain, Latimer, LeFlore.
- \* Sanders, J. T., CFE, Okla. Agr. Exp. Sta., Vol. VIII, (Oct. 1935) 123.



Almost two-fifths of the owner-operators occupied their farms for fifteen years or more, while less than one-twentieth of the tenant-operators display this stability of occupancy. This high degree of mobility is not confined to any one section of the State, but it is highest in the eastern sections as is shown in Table 4.

During the two years preceding the taking of the 1935 census, 54.9 per cent of the tenant farmers moved. For owner-operators the figure was 14.7 per cent.

Table 3. Per cent of Tenant-Operators and Owner-Operators in Oklahoma Who Had Been On Their Farms for Various Periods\*

Year	Tenant-Operators		Owner-Operators	
	2 Yrs. or Less	10 Yrs. or More	2 Yrs. or Less	10 Yrs. or More
	per cent	per cent	per cent	per cent
1910	68.6	2.0	19.4	26.4
1920	55.8	4.3	18.9	40.2
1930	61.6	6.9	15.7	54.7
1935	54.9	9.0	14.7	53.1

\*Source: U. S. Census of Agriculture, 1935.

A total of 54.9 per cent of Oklahoma tenants move annually from one farm to another. This is a total of 69,707 moving yearly at an estimated average cost of \$50.<sup>3</sup>

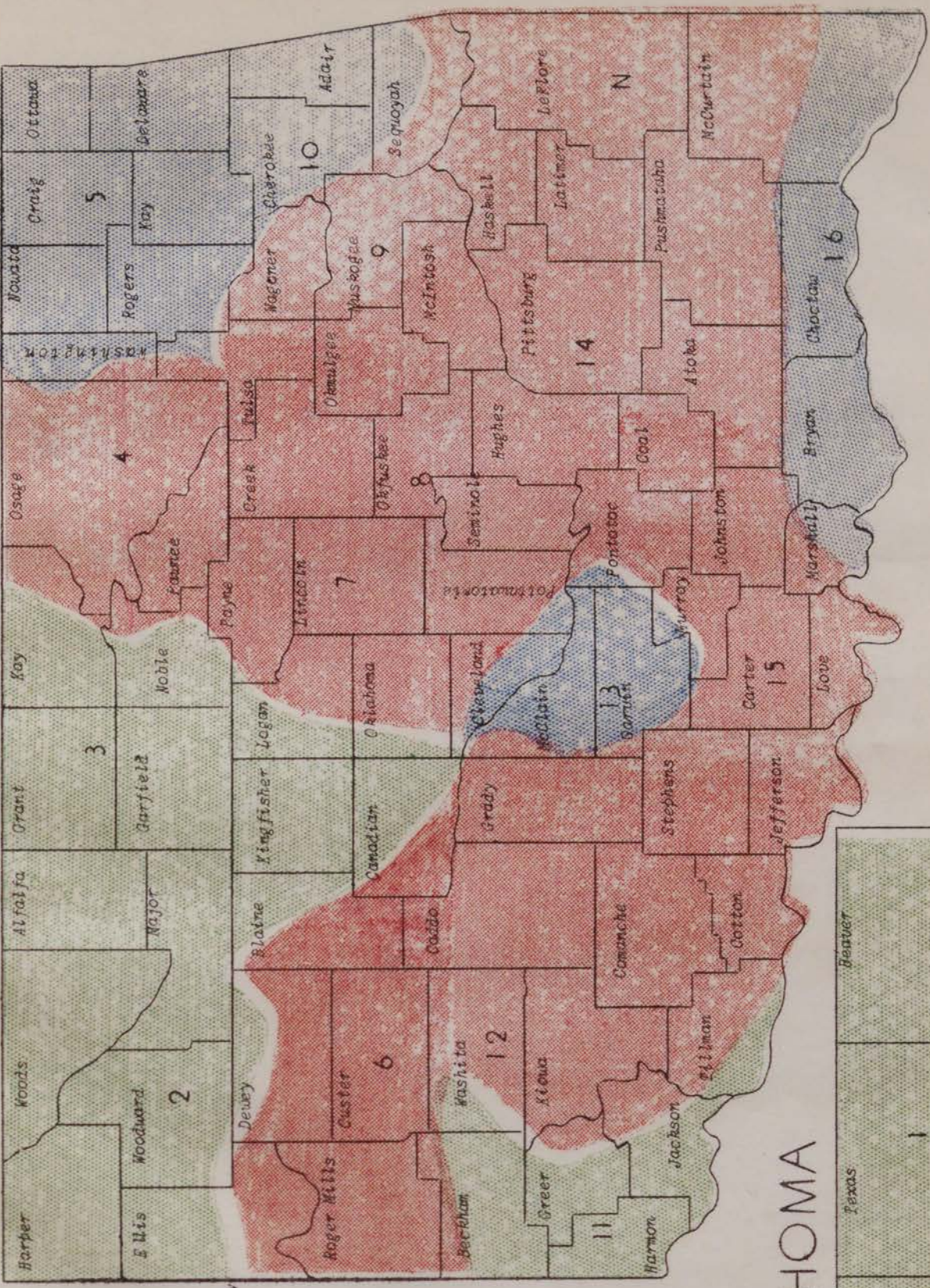
Mobility is a big factor in Oklahoma. More than 100,000 of the 130,000 tenant operators in Oklahoma were on their farms less than four years. (Tables 4 and 5).

<sup>3/</sup> Nelson, Peter, "Land Tenure and Agricultural Conservation," Current Farm Economics, XI, (April, 1938), 32,33.

TABLE 4 - LENGTH OF FARM OCCUPANCY OF OWNERS AND TENANTS BY TYPE-OF-FARMING AREAS IN OKLAHOMA

Type of Farming Area No.	O W N E R S											
	1 YR. OR LESS		2 TO 4 YEARS		5 TO 9 YEARS		10 TO 14 YEARS		15 YRS. OR LONGER		TOTAL REPORTED	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
1	117	7.3	164	10.3	231	14.4	179	11.2	909	56.8	1,600	100
2	176	7.7	218	9.5	324	14.2	280	12.2	1,288	56.4	2,286	100
3	582	9.2	635	10.1	957	15.1	741	11.7	3,407	53.9	6,322	100
4	164	25.0	157	24.0	148	22.6	67	10.2	119	18.2	655	100
5	922	20.6	967	21.6	880	19.6	540	12.0	1,174	26.2	4,483	100
6	385	11.6	438	13.1	658	19.7	441	13.2	1,413	42.4	3,335	100
7	934	13.7	891	13.0	1,076	15.8	977	14.3	2,954	43.2	6,832	100
8	482	15.4	517	16.5	517	16.5	460	14.6	1,162	37.0	3,138	100
9	892	18.4	856	17.7	852	17.5	720	14.8	1,537	31.6	4,857	100
10	668	20.4	664	20.3	547	16.7	466	14.3	924	28.3	3,269	100
11	471	12.2	426	11.0	827	21.4	513	13.2	1,635	42.2	3,872	100
12	814	11.7	894	12.8	1,399	20.1	977	14.0	2,874	41.4	6,958	100
13	219	15.5	203	14.4	244	17.3	235	16.6	513	36.2	1,414	100
14	620	20.9	537	18.1	444	14.9	400	13.5	969	32.6	2,970	100
15	360	18.4	336	17.2	297	15.2	247	12.6	715	36.6	1,955	100
16	567	19.9	511	17.9	464	16.3	412	14.5	895	31.4	2,849	100
Total for State	8,373	14.7	8,414	14.8	9,865	17.4	7,655	13.5	22,488	39.6	56,795	100
Type of Farming Area No.	T E N A N T S											
	1 YEAR OR LESS		2 TO 4 YEARS		5 YEARS OR LONGER		TOTAL REPORTED					
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%		
1	796	42.7	493	26.4	577	30.9	1,866	100				
2	1,151	43.8	669	25.4	811	30.8	2,631	100				
3	3,770	38.1	2,462	24.9	3,654	37.0	9,886	100				
4	992	56.6	417	23.8	344	19.6	1,753	100				
5	5,266	60.0	2,012	22.9	1,502	17.1	8,780	100				
6	2,575	51.7	1,156	23.2	1,252	25.1	4,983	100				
7	7,698	57.9	2,826	21.2	2,774	20.9	13,298	100				
8	6,604	56.9	2,243	22.7	2,368	20.4	11,615	100				
9	10,474	57.7	4,298	23.7	3,380	18.6	18,152	100				
10	2,395	61.9	961	24.8	515	13.3	3,871	100				
11	3,054	48.1	1,441	22.7	1,855	29.2	6,350	100				
12	8,006	53.0	3,447	22.8	3,651	24.2	15,104	100				
13	2,678	60.2	967	21.7	803	18.1	4,448	100				
14	4,673	59.4	1,972	25.1	1,224	15.5	7,869	100				
15	3,535	55.0	1,543	24.0	1,346	21.0	6,424	100				
16	6,040	60.3	2,210	22.0	1,780	17.7	10,030	100				
Total for State	69,707	54.9	29,517	23.2	27,836	21.9	127,060	100	8077			

\* Nelson, Peter "Land Tenure and Agricultural Conservation" C,F.E. XI (Apr.1938) 32-33



Less than 50% mobility

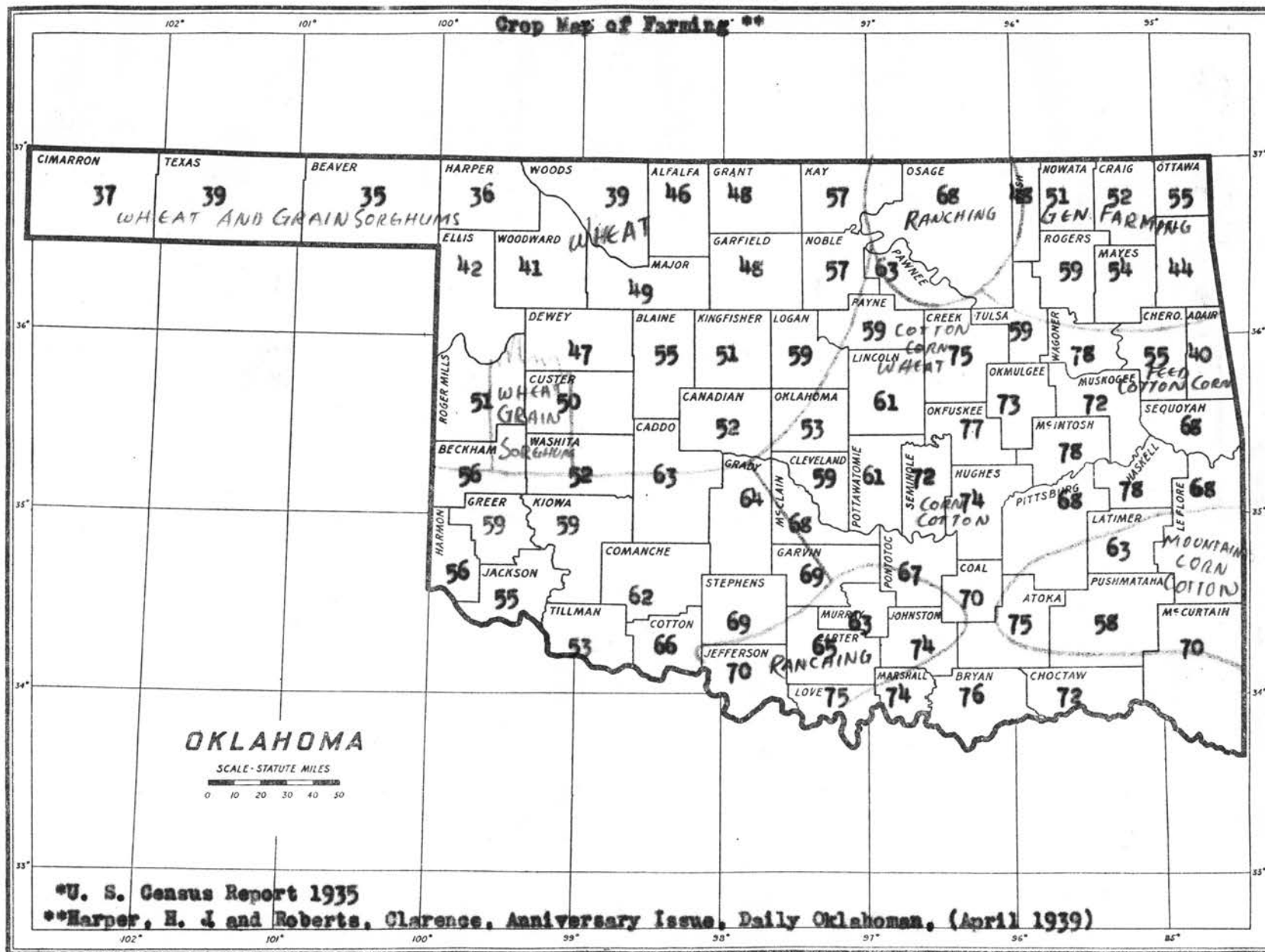
50 to 59% mobility

60 or more mobility

# OKLAHOMA



Map 7. Percentage of Farm Land in Each County, Type-of-Farming Areas From



These two tables (4 and 4a) also show that in the better farming areas of northwest and southwest Oklahoma the per cent of mobility was less than 50 per cent while in the poorer farming areas in northeast, southeast and one spot in south central Oklahoma the per cent of mobility is over 60 per cent.

This leaves a direct correlation between high mobility, high rate of tenancy, and poor type-of-farming area; areas on which it has been found that tenants could not make a return.<sup>4/</sup>

This fact is true in other southern states. In Arkansas, for instance, greatest mobility occurs among tenant groups contributing only labor in their agreements with landlords, and migration is concentrated in groups remaining but one or two years on a farm.<sup>5/</sup>

On the same basis as the Oklahoma situation one could conclude that these areas are those where the farming is poorest.

In other words, the type-of-farming area and the rate of tenancy seem to go hand in hand with the per cent of mobility. That is to say also the farms on which money can be made when farmed on the tenant basis do not have as high a rate of mobility as the farms on which it has been shown money is lost when farmed on the tenant basis.

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<sup>4/</sup> See Tables 4 and 5.

<sup>5/</sup> Staff Article, Land Policy Review, (May-June, 1938), p.11

Thus Oklahoma ranks sixth from the highest among the 48 states in the percentage of tenancy. It has been estimated by Dr. Peter Nelson and H. A. Graham that if share-croppers were not classed as tenants in this classification, Oklahoma would lead the field in percentage of tenancy.<sup>6/</sup>

All tenancy is not bad, there can be a good system of agriculture even with most of the land in the hands of the tenants. In fact, some feel that the extent of farm tenancy is not any true indication of the agricultural situation.<sup>7/</sup> But it can most certainly be thought as being involved in the problems of getting a farm.

This census material readily establishes the fact that in the state as a whole, tenancy is increasing, a change of 55 per cent in 1910 to 61 per cent in 1935. Western counties have experienced this increase while many of the eastern counties have felt a decrease. But since the western section is the best farming area, we have a definite problem arising. It is worthy of note that many other states are passing through such a stage of increase.

The changes in the tenure pattern in Iowa under the ten year period (1926-35) indicate a serious decline in the degree of security of land tenure. The percentage of owner-operator farms decreased from 66 to 45 per cent; the per cent

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<sup>6/</sup> Unpublished citations of Graham, H. A., and Nelson, Peter.

<sup>7/</sup> Buck, Glenn, "Debunking the Farm Tenant Scare." Nation's Business, 18(3) (March, 1930), 200-201.

of farms operated under crop-share leases increased from 19 to 33 per cent.<sup>8/</sup>

Data presented leads to the conclusion that this increase in tenancy is due to several more or less related causes. In the first place, Oklahoma is the 46th state entering the union which means that there are no newer frontiers to pass into if this one does not suit. This causes the increased population to have to settle on the land here. Naturally there would be an increase from 1890 because by 1900 some settlers had begun turning their farms loose to speculators. Others, particularly in the western half, found they did not want what they had homesteaded, so they rented it to relatives, as is indicated by the high percentage of tenants related to landlords in this section of Oklahoma. Since land speculation<sup>9/</sup> in Oklahoma continued to keep the price high in relation to possible return very few farmers could buy farms<sup>10/</sup> And many of those who did, would not maintain them because of the abnormal spread in value of land in relation to products raised.

Studies indicate that the increase has been in the better farming areas of Oklahoma where tenants had the larger farms and received the highest returns. While at the same

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<sup>8/</sup> Schickele, Rainer, "Problems of Land Tenure in Relation To Land-Use Adjustment." Land-Use Planning Publication, No. 9, USDA. See also President's Report on Tenancy (1937).

<sup>9/</sup> Table 1 shows that during the prosperous agricultural period, 1910 to the War, the number of tenants decreased but immediately began increasing following the conflict.

<sup>10/</sup> Nelson, Peter, "How Much Credit Can A Farmer Afford to Use?" Current Farm Economics, VIII, Ok.Agr.Exp.Sta.(Apr.1935),38

time the decrease in tenancy has been in the poorer farming areas where tenants had the smallest farms and received the lowest returns.<sup>11/</sup>

Studying the fact that the rate of tenancy in the eastern half has not increased lately leads one to believe it has passed a stage of complete saturation. Already the farms operated by tenants are smaller, in fact farms in that area operated both by tenants and by owners are relatively smaller. Due to the fact that in periods of good agriculture, owners on big farms made enough to keep the farms, the rate of tenancy did not change. From 1920 to 1930 owners have lost or choose to rent their farms in that area, thus the increase in tenancy up to 1930. The study showing that owners could not make as much on western farms as tenants might prove and add bearing to this thought.

It is probable to conclude from this that tenants left the poorer areas for the better farms because a living could not be received on the poorer farms under the rental basis.

One writer expressed the belief that "the tenure development characterizing the east side of the State grew, no doubt, in large measure out of the credit situation. Encouraged by the ease with which credit could be secured, and the good prices prevailing for farm products, the farmers over-obligated themselves between 1910 and 1920. Since the latter date some farmers have found it necessary to abandon attempts to pay for

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<sup>11/</sup> See tables 2 and 5.



farms that had been purchased at inflated values, and credit agencies simultaneously became unwilling landlords, to a great extent because of their own lack of wisdom in extending credit during the boom period in war days.

"No one, perhaps, is prepared to predict what tenure developments will be in the next decade. Yet, in the western areas, farming is relatively new, and the tendency may be for tenants to increase in proportion to owner-operators barring too much interference with the free operation of economic forces. In the eastern areas, on the other hand, the land needs to be rebuilt. This is an enterprise that does not interest absentee owners greatly, nor does it encourage ownership of land for investment purposes. It would not be surprising, therefore, if the proportion of owner-operators continued to increase in these areas, or at least remain at about the present level."12/

This surplus of tenants at the present time has caused considerable competition among them for places to rent and as a result rental rates are rising. "Apparently more young farmers in the South than formerly are failing to climb the tenure ladder."13/

The cause of this increasing situation leads on to further questions.

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12/ Nelson, Peter, "The Land Tenure Problem in Oklahoma." Current Farm Economics, X (August, 1937).

13/ Turner, H. A., "A Graphic Summary of Farm Tenure." Miscellaneous Publication 261, Fig. 65.

## PROBLEMS CONDUCTIVE TO HIGH RATE OF TENANCY

It has already been seen that there is a problem in acquiring the use of a farm possibly due to the rate of tenancy which is continually growing. Therefore it should be in order to inquire as to what problems or facts are conducive to this high rate of tenancy. In the first place what has the selection of a farm to do with the situation?

In the Yazoo-Mississippi Delta, considerable emphasis is placed upon the selection of a farm. As a safeguard against selection of an unprofitable farm the tenant's choice must be appraised by a qualified land appraiser and approved by the county committee. Members of the county committees have also just recently been assembled for training in the procedure of selecting potential farm owners and approving farms to be occupied.<sup>14/</sup>

In another instance the landlord walks around the tenant's former farm for about ten minutes. He then talks with the banker and several merchants who knew the tenant. By this method, he decides whether or not he wants a tenant.<sup>15/</sup>

All of this emphasis on selecting a farm leads to only one conclusion. Both the tenant and the landlord must take

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<sup>14/</sup> Henderson, C. O., "Tenancy in the Yazoo-Mississippi Delta." Journal of Land and Public Utilities Economics, (Feb.1938).

<sup>15/</sup> Lashley, L. R., Bristow. Unpublished report of Landlord-Tenant Day, (August 3, 1938) 29. See also Nelson, Peter, "Revision of Prevailing Rental Agreements." Current Farm Economics, XI (no.5). Also Hooker, Elizabeth, "Recent Policies Designed to Promote Farm Ownership in Denmark." Land-Use Planning Publication 15, USDA.

precautions in selecting their next year's relationship or it usually will not work and a high rate of tenancy is the result.

Apparently there is no definite data on studies in Oklahoma which would prove or disprove this statement by showing the correlation between the care used in selecting and the high rate of tenancy and mobility. But one is led to form certain conclusions when remembering that in the better type-of-farming areas the rate of tenancy is growing, yet the per cent of mobility is low. Many students of the problem associate more care in selection to the better type-of-farming areas.

Studies seem to bear this out. Areas which are usually thought of as having the most care in selection have a greater per cent of cash leases than the eastern part of the State, where it is possible they do not select the farms so carefully. Cash leases are usually based on quite a bit of selection, due to the manner in which they are drawn and carried out.<sup>16/</sup>

We see the necessity of care in selection. This draws to the point of what to select. The first thing is what size.

One study indicates that "the greatest increases in the rate of tenancy in the North and West, as well as in the South, occurred on farms of the larger size."<sup>17/</sup>

This is borne out by studies conducted in Oklahoma which show that the western part of the State where the large farms

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<sup>16/</sup> See Table 9.

<sup>17/</sup> Turner, op. cit. Figure 50.

are experienced an increase in tenancy while the eastern side experienced a decrease.<sup>18/</sup>

For the State as a whole, farms operated by tenants are smaller than those operated by full owners. The averages for Oklahoma in 1935 were 120 acres for the tenants and 146 acres for the full owners. For the State as a whole, little difference is found in the average value per acre of land on tenant- and owner-operated farms, but data indicate that owner-operated farms are better equipped from the standpoint of machinery, farm dwellings and out-buildings.

Table 6. Average Size of Farms in Oklahoma by Tenure of Operator\*

Year	All Farms (acres)	Full Owners (acres)	Tenants (acres)
1900	212.9	203.3**	165.4
1910	151.7	187.3**	119.4
1920	166.4	165.2	128.3
1930	165.6	146.6	130.3
1935	165.6	145.5	129.4

\* U. S. Census of Agriculture

\*\* Full Owners could not be separated from total owners.

Another study says that the basic cause of agricultural distress in the plains is the uneconomic size of farm units. To this factor are closely associated increases in tenancy,

<sup>18/</sup> See Tables 2 and 5.

land misuse resulting from the one-crop evil, and low standards of living.<sup>19/</sup>

One section of a national report devoted to soil, after emphasizing the wasteful erosion that has followed poor farming methods, declares: "Southeastern farms are smallest in the Nation. The operating units average only 71 acres, and nearly one-fourth of them are smaller than 20 acres. A farmer with so little land is forced to plant every foot of it in cash crops; he cannot spare an acre for soil-restoring crops or pasture."<sup>20/</sup>

The fundamental problem of this county, one author asserts, is that there are too many families in the county for the land to support. Larger farms are needed but the resources of the land cannot provide sites for them. This article is based upon a 1936 report by the same authors on file in the TVA division of land planning and housing.<sup>21/</sup>

In the general South, the cotton-type farms are generally so numerous, so small, and so frequently tenant-operated, that there is a higher rate of tenancy on farms of under 50 acres in size than on farms of larger size.<sup>22/</sup>

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<sup>19/</sup> MacMillan, Robert T., "Farm Families in the Dust Bowl." Land Policy Review, I, (Oct. 1938). See also Willard, Rex E., "The Basis of Rehabilitation." Land Policy Review, I (Sept.-Oct., 1938).

<sup>20/</sup> Report of National Emergency Council to President Roosevelt on economic conditions of the South. Staff article in Land Policy Review, I (Sept.-Oct. 1938).

<sup>21/</sup> Glendinning, R. M., and Torbert, E. N., "Agricultural Problems in Grainger County, Tenn." Economic Geography, Mass. (Apr. 3

<sup>22/</sup> Turner, op. cit.

Scotland accepted the institution of farm tenancy and set about to improve it by expending much government action in enlarging holdings and relieving poverty in highly congested areas.<sup>23/</sup>

Recommendations have been made that farmers in certain parts of Oklahoma be resettled elsewhere.<sup>24/</sup> Others feel that it is desirable in some areas to create holdings of a size and character to permit systems of farming predominantly commercial. In other areas more emphasis should be placed on production for home use supplemented by the development of cooperative community enterprises, such as processing farm products and manufacturing necessities for home consumption.<sup>25/</sup>

Table 7. Size of Farm in Kiowa and Muskogee Counties, Oklahoma, by Type of Tenure\*

	Kiowa County, Area 12	Muskogee County, Area 9
Owner-Oper.	178	143
Part O.-O.	343	216
All Tenants	184	105

\* From Unpublished data from Oklahoma Experiment Station and USDA cooperative survey, 1938.

The preceding information for the State as a whole might lead one to conclude a rather distorted picture of Oklahoma's size of farms in regard to tenure. A recent survey using one county as representative in each of two type-of-farming areas

<sup>23/</sup> Harris, Land-Use Planning Publication 4a, op. cit.

<sup>24/</sup> Nelson, Peter, "The Land Tenure Problem in Oklahoma." Current Farm Economics, X(August, 1937), 74.

<sup>25/</sup> President's Report on Farm Tenancy, 1937, op. cit.

shows that in one area the tenants have the larger farms while in another the owners have the larger farm. 26/ From this one could conclude that size depends on type-of-farming areas. Muskogee tenants as a whole are of the group with least ability to farm large holdings successfully. Kiowa tenants as a whole are of a group with more ability to farm large holdings successfully.

Another point to note in the table is the fact that tenancy is increasing in the Kiowa County area (52 to 60 per cent from 1910 to 1935) where the farms on the average are larger than those in the Muskogee area. In the Muskogee area tenancy has decreased since 1910 (72 to 69 per cent). 27/

Yet one writer says: "The farmer is being faced with a necessity of finding a new economic farm unit. Often this has meant that the size of farms has increased. This in turn tends to check the growth of tenancy in those areas and to force the displaced tenants to go elsewhere. Apparently the tenant is not only faced with the supposed evil of having to rent a farm, but also with increasing difficulty in finding a farm for rent in the better agricultural areas of Oklahoma. The result is that a large share of the tenant population is being driven either out of agriculture entirely, or to more remote areas, or to poorer land. This means that the farm population is being concentrated into areas or regions in which

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26/ Nelson, Peter, "Revision of Rental Agreements." Current Farm Economics, XI (April, 1938) 30.

27/ See Table 7.

the chances of making a living are increasingly difficult."28/

This study continues the thought that farm size has a decided influence on rate of tenancy but other studies29/ seem to show that tenancy increase in Oklahoma is to the larger farms in the better farming area. In other words, it can be said, depending on the area, that large farms and high rate of tenancy, at present, go hand in hand and that tenants soon move and stay on farms that are of sufficient size to allow an income above rent. Still we must consider the fact that the poorer areas have become saturated several years ago.

Studies reveal that in southern states such as Oklahoma there are many families, both owners and tenants, endeavoring to support themselves by full-time farming on holdings insufficient in size to provide an adequate standard of living by any system of farming which will maintain soil fertility or pay for improvements of any kind. 30/

Many instances can be cited where such subdivisions has only led to a more or less permanent sentence, to a relatively mediocre subsistence level, or to eventual disappointment and consequent desertion of farming as a mode of living.31/

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28/ Duncan, O. D., "Where to in Farm Tenancy?" Current Farm Economics, X (Dec., 1937), 126.

29/ See Tables 2 and 5.

30/ President's Report on Farm Tenancy, 1937, op. cit.

31/ Johnson, O. R., "The Farm Tenant and His Renting Problems." Agr. Exp. Sta. Bulletin 315, University of Mo. (July, 1932).



A recent article pointed out that 12 southern states have a farm population more than two million more than the other states, Mr. Randall proposes Southern farmers use more land and make grass, livestock, and timber work for them. 32/

"Differences in income as between owners and tenants are significant in many portions of the United States. The average annual net income of tenants in the better farming areas of the North and West apparently is not very different from that of owner-farmers, while in the South the income of tenants is much lower than that of operating owners.33/ Only a small amount of information is available in Oklahoma relative to farm income by the tenure status of the operator.

A study of 51 farms in the western part of the State shows that 25 tenant farms had an average farm income of \$1,012 in 1933. In Payne County, analysis of 555 individual farm records reveal that share and cash tenants received a larger labor income than did owners or part owners. The share tenants received \$193 labor income, the cash tenant \$125, the part owner a negative labor income of \$-17, and the full owner a negative labor income of \$-111. 34/ Kiowa County tenants also received larger labor incomes than did owners--tenants receiving \$608 labor income while owners received

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32/ Randall, C. C., "Is There a Way Out of the Landlord-Tenant Problem in Arkansas?" Extension Service Review, USDA, IX, (July, 1938), 98.

33/ President's Report on Farm Tenancy, 1937, op. cit.

34/ Nelson, Peter, "Land Tenure Problem in Oklahoma." Current Farm Economics, X (August, 1937).

\$317 labor income.

In an eastern Oklahoma County, Muskogee, both owners and tenants had a negative labor income with the advantage in favor of the owners whose income was \$87, while the tenant had a labor income of \$-111. 35/

These data should not be used as conclusive evidence that either tenants or owners receive the larger returns, although the information does indicate that tenants receive the higher income in the better farming areas of central and western Oklahoma and owners receive the higher returns in the relatively poorer farming areas of the State.

Remembering studies concerning size in these two types of areas, we can conclude that the size of farm to permit savings depends entirely on the type-of-farming area rather than on the type of tenure. Tenants have larger holdings in the western areas than owners and owners have larger holdings in the eastern areas than tenants. This might also be another interpretation of the fact that a majority of Oklahoma's farms are too small for a living plus saving for ownership.

We can readily see that only the larger farms permit the making of money by tenants, but we must remember that a smaller farm than these tenant farms is permitting owners in poorer farming areas to save and continue to own their farms.

In other words, to state that any one size farm permits saving is out of line. Studies indicate that it is type of renting including type of organization on a certain size in

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35/ Current Farm Economics, XI (April, 1938), op. cit.

a certain locality that permits or does not permit savings.

This brings us back to the fact that the right size to permit saving for possible ownership, thereby increasing stability, should be selected in the first place, if the rate of tenancy is to be decreased.

#### Relation of Land to Rate of Tenancy

It can readily be realized from data already presented and to be presented that the land of a certain locality plays a big part in determining type-of-farming area, that type-of-farming area is associated with certain crops, crops determine type of tenure, and that type of tenure determines the stability on that piece of land. 36/

Unstable areas of eastern Oklahoma have the highest rate of tenancy. So we see that the type of land plays a part in determining the rate of tenancy.

Then is this increase in the rate of tenancy due to the physical limitations of the land, the landlord or the tenant?

One publication expresses the belief that failure of ownership which accentuates the rate of tenancy is due in part to the size of the farm. "The intensity of farming largely determines the land use and its effect on soil deterioration." It continues to say that "the crop system possibly affords a partial explanation of the tendency toward more erosion on small farms."37/

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36/ See Johnson, O. R., Bulletin 315, op. cit.

37/ Schickele, op. cit., 14.

We have already concluded that the crop system is correlated with the size of farm and type of land and only partially with the type of tenure. In fact, security of that tenure plays nearly as big a part as the type of land, which leaves type of tenure as not being a reason for soil deterioration and eventual failure because of low yields.

As to the physical limitations of this land determining the failure, one study says: "Obviously the building of a permanent agriculture pre-supposes the elimination of such exploitative farming methods and the adoption of scientific farm management practices which will enable farmers to earn a livelihood while conserving and rebuilding agricultural resources. But adoption of farm management programs which are conducive to greatest security and permanency of agriculture is complicated by the fact that the physical, biological, and economic factors which determine types of farming operate in somewhat discordant relationships. Particularly, is there conflict between the practices most adapted to the present conception of a permanent agriculture and those permitting the maximum current farm returns under the existing system of tenure." 38/

Students of the problem remember that other studies indicate tenants receive a higher income when located in the relatively better farming areas of Oklahoma than do the owner-operators of the same area, while owners receive relatively higher return in the less productive areas of Oklahoma

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38/ Nelson, Peter, "Tenancy--A Major Factor in Soil Conservation." *Journal of Land and Public Utilities Economics*, XIV, (Feb., 1938).

than do the tenant-operators. 39/

But another study states that "erosion is more serious on nonrelated tenant farm (rating 3.17) than on owner and related tenant farms (2.85 and 2.81, respectively). In other words the non-related tenant farms are in a worse state of erosion both absolutely and relative to their topography, than are the owner and related-tenant farms." 40/

This leads one to question the limitations of the tenants themselves when it comes to failure due to eroded farm.

In other words, physical limits determine the type-of-farming area which, as was stated, partially regulates the profit from that piece of land determines the rate of tenancy as shown in studies of tenancy in western and eastern Oklahoma. The tenant is regulated in type and size of organization for better farming by the physical limits of the area in which he is situated. Type of lease plays a part but it usually goes hand in hand with the type of area. This is discussed in a later part.

The type of landlord seems to have very little to do with the success or failure as far as the land is concerned. It is recognized that he plays a part in the operation but that part comes under another heading and will be discussed elsewhere.

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39/ Current Farm Economics, VI (October, 1933); VII (August, 1934); X (August, 1937); XI (April, 1938).

40/ Schickele, op. cit., 11.

## Relation of Method of Renting

One writer says that the intensity of farming largely determines the land use and its effect on soil deterioration.<sup>41/</sup> Intensity of farming is due to size of farm and size of farm is due to type-of-farming area. Type-of-farming area is correlated with the rate of tenancy. Table 8 depicts the proportion of all farmland and the proportion of harvested cropland which was operated by tenants in 1930 and 1935. In every type-of-farming area of the state the proportion of harvested cropland operated by tenants was greater than the proportion of all land operated by them, signifying that the tenant-operator usually cultivates a larger per cent of the farm than does the owner-operator.

Table 8. The Per Cent of All Land Operated by Tenants and the Per Cent of Harvested Cropland Operated by Tenants by Type-of-Farming Areas in Oklahoma, 1930 and 1935\*

Type-of-Farming Area	Per Cent of All Land Operated By Tenants		Per Cent of Harvested Cropland Operated by Tenants	
	1930	1935	1930	1935
State	48.3	47.8	53.5	54.0
2	23.7	23.2	29.3	31.9
2	27.0	31.9	31.7	34.2
3	44.3	45.5	48.1	48.3
4	51.7	38.1	66.6	67.5
5	47.5	45.5	50.2	50.1
6	41.8	41.9	46.9	45.9
7	57.8	60.2	56.6	57.1
8	68.3	72.6	66.0	70.3
9	68.0	67.5	75.4	70.8
10	47.7	48.5	50.7	52.1
11	53.6	47.3	57.2	48.6
12	54.7	54.1	58.9	56.7
13	62.3	60.8	65.5	64.1
14	57.6	58.3	64.8	65.2
15	47.1	48.9	63.3	66.4
16	65.7	68.8	68.8	72.0

\*Source: U. S. Census of Agriculture, 1935.

<sup>41/</sup> Schickele, op. cit., 14.

This table (8) also shows that the areas where tenants cultivate the highest per cent of the farm is in the eastern part of the State where the farms are smaller. As indicated by the per cent of harvested cropland, areas 16, 14, 9 and 8 show an average of 64.8 to 75.4 per cent while the State average is 54.0.

The opposite situation is shown in western Oklahoma on the larger farms. Areas 1, 2, 3 and 6 average from 29.3 to 48.1 per cent harvested cropland.

Studies in 1930 census report (Table 9) show that the per cent of leases other than cash rental are higher in percentage in eastern Oklahoma than in western Oklahoma.

Counties picked at random from the eastern area average 90 to 97 per cent of leases other than cash. A group representing the western area average 70 to 86 per cent with one county 95 per cent leases other than cash. For the State the average is 86 per cent other type.

Table 9. Type Lease by County

County	Eastern Area			Per Cent Other
	Cash	Other	Total	
Adair	80	733	813	90
Atoka	60	1,265	1,325	95
Latimer	91	2,647	2,738	96.6
McIntosh	82	2,682	2,764	97
		Western Area		
Ellis	104	510	614	83
Custer	201	1,297	1,498	86.5
Kiowa	287	691	978	70.6
Greer	75	1,516	1,591	95.0
STATE	17,598	107,731	125,329	86.0

Then farms in the western part are farmed more under cash basis while those with the highest per cent cultivated

are farmed more on third and fourth basis. 42/

High per cent of the total farm in cultivation is correlated with high mobility and high intensity and mobility are associated with "third and fourth," so this method of renting must have some bearing on mobility and on the rate of tenancy.

The 1935 United States farm census classifies Oklahoma farmers according to tenure as 27.6 per cent owner-operators, 10.8 per cent part-owners, 4 per cent managers, and 61.2 per cent tenants. More than 85 per cent of the tenants (including share croppers) pay a share of the crops as rent, and generally operate under an annual agreement, a combination which does not tend to promote systems of farming that conserve the land. 43/

Under the crop-share lease a considerably greater proportion (51 per cent) of tenants remained less than five years on the farm than was true under the stock-share lease (37 per cent). Under the cash rent lease the mobility of tenants seems to be even lower than under the stock-share lease, but the number of cases is too small to permit generalization.

The type of lease has a very marked correlation with

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42/ It is shown in studies that of all the leases in Oklahoma the "third and fourth" are the largest percentage. So it is natural to conclude that they include the majority of leases other than cash.

43/ For discussion on various aspects of the present situation of farming in Oklahoma the reader is referred to Current Farm Economics, IX (No. 1), 3-15; (No.6), 142-7; X (No.4), 74-83; Okla. Agr.Exp.Sta.Bulletins 198 and 208.



the length of occupancy of non-related tenants of private landlords. In the latter groups, the average occupancy under crop-share leases is five years as compared with nine years under stock-share leases.

"The greatest degree of mobility of tenants is found among crop-share tenants of non-related private landlords. The average length of operatorship of these tenants is 13 years, the average occupancy is five years, which means in general terms that they have spent only 38 per cent of their time as operators on the present farm, as compared with 75 per cent for stock-share related-tenants, who constitute the most stable group of tenants.

"This attitude and interest in the land are, within limits, both determined and reflected by the type of lease under which a tenant rents a farm.

"Comparing owner-operatorship with tenancy in general it appears that land is less exploitatively used and suffers less from erosion under the former than under the latter form of tenure. However, there are exceptions to this generalization. Related tenants follow practically the same program as owner-operators, regardless of lease types and have only slightly higher degrees of erosion on their land. This leaves the farms operated by non-related tenants under crop share and cash rent leases as the tenure group where the heaviest land exploitations and the highest degree of erosion is found." 44/

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44/ Schickele, op. cit.

"The tenure of a farm in Oklahoma seems to effect the use or type of operation which is followed on that farm. Tenants, as a class, are more inclined than owners toward a cash crop system of farming--cotton and wheat being the dominant cash crops of the state. While both owners and tenants in Oklahoma generally use their land in such manner as to promote soil erosion and soil fertility depletion, available information indicates that tenants, as a group, misuse their land to a much greater degree in this manner than owners. That is, as we mentioned, when compared with owners, tenants plant a smaller proportion of their land in legumes, and they have less pasture and livestock. They plant a larger proportion of their land in intertilled or soil depleting crops. Probably the chief reason for this practice on the part of tenants is due to their lack of stability. The tenant who expects to remain but a short time on a farm, and many times they have no reason to expect otherwise, has little incentive to institute soil conservating and farm improvement practices.

"The proportion of tenants, for the State as a whole, operating cotton farms was 51.9 per cent in 1930 while the proportion of owners operating cotton farms was only 27.3 per cent. Those operating cotton farms varied from 1.6 per cent in type-of-farming area two (where very little cotton is grown) to 92.1 per cent in area 11, the southwest corner of the State where cotton predominates.

"The proportion of owners operating cotton farms in these two areas was 0.8 per cent and 73.5 per cent, respective-

ly. In only seven counties is the proportion of owners operating cotton farms above 60 per cent while more than 60 per cent of tenants operate cotton farms in 26 counties. The proportion of tenants operating wheat farms is also larger than the proportion of owners operating these farms. Owners, as indicated above, operate general, self-sufficing, livestock, dairy, and other types of farms more than do tenants--that is, the proportion of owners operating these types of farms is greater than the proportion of tenants operating the same types.

Localized studies in land use and practices have been made in Payne, 45/ Kiowa, 46/ and Muskogee, 46/ counties. Here again the studies indicate that the tenant cultivates his land more intensively than the owner-operator. A comparison of the practices of 555 farmers in Payne County reveals that tenants of this group cultivated about the same proportion of their farmland as the owners, but they had a larger proportion of their cropland in cotton, a smaller proportion in legumes, and less terracing. Owners had 16 per cent of their land terraced while tenants had only 10 per cent. In Kiowa County, which is in the southwestern part of Oklahoma, results of a study of 122 farmers indicate that tenants cultivate more of their land and also plant more land to cotton and wheat than do owners. Owner-operators have an average of 15 animal units per farm while tenants have only 10 animal units per

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45/ Current Farm Economics, X (August, 1937).

46/ Current Farm Economics, XI (April, 1938).

farm. A comparison of 76 farmers in Muskogee County, in the east-central portion of the State, indicates that tenants and owners cultivate about the same proportion of their farm land, but the owner-operator farms were approximately 40 acres larger than the tenant farms. Tenants in this county plant about 55 per cent of their cropland to corn and cotton while owners plant only 42 per cent of their cropland to those products. Animal units on owner-operated farms in Muskogee County averages 12 per farm while tenants average nine animal units per farm.

"Thus it can be seen that for the State as a whole and also for localized areas within the State, tenants tend more to a cash crop organization than owner-operators. Tenants also tend to use their land in such manner (higher per cent in cultivation) as to foster the depletion of soil fertility more than owners." 47/

This goes hand in hand with the studies presented earlier which show that the eastern half correlates cash crop, "third and fourth" lease, high per cent in cultivation, high degree of mobility, poor farming area and high rate of tenancy.

#### What Part Does Organization Play?

This study also brings to mind a question regarding the relation of organization on the land to the rate of tenancy. It says that "tenants tend more to cash crop organization

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47/ Southern, (June, 1938), op. cit.

than owner-operators." 47a/ If this organization fosters a high degree of depletion one can readily see that this speeds up the loss of the farm which causes the per cent of mobility to rise and keeps the tenant from becoming an owner.

Owners under similar organization would soon find themselves tenants.

One author says, "Regarding land use in its effect on erosion, there are three important criteria which largely determine the relative degree of erosion and soil depletion on a given land class: (a) the proportion of the crop land in inter-tilled crops, particularly corn; (b) the proportion of the crop land in grasses and legumes; and (c) the proportion of the total farm land under permanent vegetable cover, i. e., permanent pasture and timber." 48/

In other words the degree of erosion which is correlated with mobility and rate of tenure is regulated by the way the farm is organized for growing soil saving and building crops. This study leaves the degree of erosion up to use of land with no thought of type of operator.

Another says that the type of lease determines the organization. "The effect of the types of leases upon the crop system is striking. The crop-share tenants have 70 per cent of their crop land in corn and soybeans, and only 10 per cent

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47a/ Ibid.

48/ Schickele, op. cit., 4.

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in grasses and legumes, as compared with 57 and 23 per cent, respectively, on stock-share farms. That is to say, on the stock-share farms there is 19 per cent less corn, 130 per cent more grasses and legumes, and, in addition, 27 per cent more permanent pasture than on crop-share farms. 49/

This statement might lead one to believe that the type of lease determined the crops that are grown and that all leases should be stock-share. In this instance the author is evidently not considering the fact that the type of land has more to do with the type of crop to be grown than does the type of lease. The type of lease is fitted to the type of crops grown in any one section of an area.

Other important observations from studies were that on the average the share tenants had the largest acreage of land in cotton, milked the fewest cows, had the smallest acreage of land terraced, and a not significantly larger acreage of land in farms or in crops. 50/

One book strengthens this statement by saying, "The South has an abundance of natural resources, but it ranks below other large sections not similarly endowed because of its waste of both the land the the people--its vast area being given over to a collapsing one-crop system.

In other words, there must be a shift away from one-crop farming to diversified farming, industrialization must

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49/ Schickele, op. cit.

50/ Nelson, Peter, "Man Labor Requirements on Garfield County Farms." Current Farm Economics, IX (Dec., 1936), 142; see also X (August, 1937), 179.

must be continued, and educational deficiencies must be met, all with an eye on the future." 51/

This author, of course, is considering diversification from the state-wide standpoint. In any one type-of-farming area, one-crop farming may or may not be adapted to that land. The same is equally true of diversification.

One publication states that crops determine tenure. The map indicates that cotton and wheat, cash crops, and corn where it is grown extensively and can be readily converted through hogs into cash, are adapted to tenancy; and that hay and pasture, which mean cattle, including dairying, and sheep, are not so well adapted to tenancy. 52/

Figure 57 of the same publication states that "tenancy is high in the South, particularly the Cotton Belt, and in the cash-grain portions of the Corn Belt, largely because of types of farming." 53/

Studies also indicate that the "most obvious means of improving land use in the South" which cuts down the rate of tenancy is to increase diversification and a wider use of livestock. 54/

51/ Johnson, G. W., "The Wasted Land". University of North Carolina Press. (1937)

52/ Turner, op. cit. Figures 9, 16, 54, and 56.

53/ Ibid. Figure 57.

54/ Schickele, Rainer, "The Land Program at Work." Land Policy Review. (May-June 1938)

A considerably different idea is presented when Johnson says, "there is a problem involved in the relationship between quality of land and method of renting which is worthy of considerable attention. In Missouri, cash rent is ordinarily confined to lands involved in the less productive farm enterprises, while share rent is the custom with the more productive lands.

When land is practically all tillable and very fertile, we will usually find owners and tenants preferring a straight crop-share rent. 55/

From these studies, the idea is presented that length of occupancy is quite often reflected in the methods of land use and of farming in general. The length of occupancy gives some indication of the relative stability of tenancy which in turn somewhat indicates the rate of tenancy. The conclusion is apparent that the method of organization or the use of the land has a direct influence on the rate of tenancy.

#### Credit Facilities

The question then arises, what has credit facilities to do with the rate of tenancy?

Some students of the problem think that increasing credit to anyone wanting it is the solution to the agricultural problem. If credit is made available at low interest rates, more tenants can buy and this in turn decreases the rate of tenancy. But is this the solution?

Recent studies in Oklahoma indicate that the possibilities of tenants becoming owners is very poor in relation to what

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55/ Johnson, O. R. , op. cit.



should be the case of a better tenure status in any state.

According to one study it would take the average farmer fifty years to acquire full title to his farm. 56/

The study was later carried up to 1936 and it was concluded that the most profitable group could pay off a mortgage equal to half the value of their land and part of the value of the buildings in ten years, the average group could manage in twenty years, and the least profitable group could not even manage a  $34\frac{1}{2}$  year amortization. 57/

On the farms here studied, the age of the first group mentioned above when their farms were paid for would be 49, that of the average group 80. It was impossible to say how old the least profitable group would be.

And the tenant would have to remain on that farm that he had decided to buy for the 16 years before he could become a mortgaged owner.

Another author says, "only about one in ten tenants in the Corn and Cotton Belts feels that his prospects of owning a farm in the next five years are 'good'." 58/

56/ Nelson, Peter, "How Much Credit Can A Farmer Afford To Use?" Current Farm Economics, VIII (Apr. 1935) 38. Using data from farm and home accounts of a group of farmers in northwest Oklahoma for the years 1929 to 1933 he concluded that with farm income at the 1933 level, it would take a farmer fifty years to acquire full title to his farm. This figure was arrived at by subtracting from farm income a figure covering household and personal expenses, and using the balance as being available to pay interest and to retire the debt.

57/ Anker, Desmond Louis, "How Much Credit Can A Farmer Afford to Use in Buying Land?" ('A continuation of Dr. Peter Nelson's study from 1933 to 1936. See Ibid.)

58/ Staff article. "What the Tenant Farmer Thinks." Land Policy Review. (May-June, 1938) 19.

Basing his remarks on a study of farm mortgage trends since 1920, one author concludes that farm ownership by farmers is decidedly an up-hill business, if not a futile hope for the majority of on-coming generations of farmers. Tenancy to him has been an adaptation, or perhaps a temporary solution sought by those farmers who could neither buy a farm nor find a market for their labor elsewhere.

The introduction of mechanized farming according to this author has forced tenants into areas or regions in which chances of making a living are increasingly difficult. Thus we have a precarious situation in which it is becoming increasingly difficult either to own or to rent. 59/

As one of the reasons that tenants have very little chance of becoming owners one student of the problem says, "an accumulation of capital for the purchase of farms by tenants has been retarded to a considerable extent by the necessity of resorting to expensive credit for production purposes."60/

But this is considered to be taken care of. "A few favorable aspects of the Bankhead-Jones Farm Tenant program as recognized by leaders are low interest rates, long-time amortization plan, technical aid in the selection of farms,

59/ Duncan, O. D., "Where To In Farm Tenancy?" Current Farm Economics, (December, 1937) Due to the fact that this is possibly partially a sociological study, it may not be comparable, but at any rate, it is presented because of its significance in the field.

60/ Myers, W. I., "Selecting & Financing A Farm" Farm Credit Administration Circular XIII (Sept. 1935)

supervision in planning and managing the farm business, variable yearly payments (i. e., during good years retire large amounts and during lean years, small amounts), and making it possible for a competent person to purchase a good farm with a minimum amount of capital." 61/

When they buy they are faced with securing a unit that will pay itself out even with this low priced credit. One author still doesn't think this is too good a plan. He sees tenants in such a plight that they accept almost anything as a farm. Usually, according to him, they purchase or pay a down payment on units of uneconomic size. Farms have become so scarce that farming has become speculative and more and more tracts have become sub-marginal. 62/

Naturally, if tenants buy farms whose prices are above earning power, this doesn't help the rate of tenancy. In fact, it might help the big owners to own more and more through foreclosure.

Under the heading "Buy a Farm" in the 1938 Yearbook of Agriculture it states that "the principle evil of farm credit is debt beyond earning capacity." 63/

61/ Henderson, C. O., "Tenancy in the Yazoo-Mississippi Delta." The Journal of Land and Public Utility Economics, (Feb. 1938).

62/ Lane, Neil, "The Dust Farmer Goes West", Land Policy Review, (May-June 1938), 24.

63/ USDA "Soils and Men". Yearbook of Agriculture 1938. 16

L. S. Ellis says, "the earning capacity of the farm business is of prime importance, with a conclusion that "one should not be too liberal in supplying or receiving credit." 64/

From this we see that the group feel that improving credit facilities will play a big part in increasing ownership, but that some get this improved credit when they shouldn't burden their farming operation with it. "Low prices and crop failures have made it hard to pay out on any possible basis." 65/

Here's one author who believes that revision of leasing laws and compensation are needed to assist the credit facilities.

Rainer Schickele says, "more important is the strong element of insecurity which has become accentuated during the depression as a result of numerous fore-closures and evictions of tenants who could not pay the stipulated rent because of excessively low prices and crop failures." 66/

64/ Ellis, L. S., "Farm Credit and Its Use." Current Farm

Economics, VIII (Apr. 1935) Use of Farm Credit: 1. The earning capacity of the farm business is of prime importance. One should determine how much credit a particular farm business can stand, and this point should not be exceeded. 2. The amortization principle of repayment should be used, making annual payments of principle necessary. 3. The interest and principle payments should not require all the income during the better years. Reserves or sinking funds should be built up during better years. 4. Advanced payments should be permitted so that extra payments may be made in better years. "One should not be too liberal in supplying or receiving credit."

65/ Ibid.

66/ Schickele, Rainer. "Preparations for a Farm Tenancy Program in Iowa." The Journal of Land and Public Utility Economics. (Feb. 1938)

"Credit can be given to tenant farmers to permit them to make extensive soil-building improvements, such as liming, terracing, draining, reseeding pastures, etc. However, revision of our present leasing laws to provide for long-term leases and compensation for unexhausted improvements will have to be made to permit the widespread adoption of this suggestion. 67/

Another sees training and experience as the main things necessary to pay for a farm on any credit basis.

Average farms are not earning large enough total incomes to buy the farm in twenty years at normal interest rates. The farm of a few regions can do so in thirty years with a small cash balance left for family expenses.

"It seems fair, therefore, to conclude that only they who are well fitted by training or experience, and who in addition possess somewhat more business ability, than the 'average' farm operator should expect to earn a living on the farm and at the same time save enough to buy a farm." 68/

Credit facilities play their part in decreasing the rate of tenancy but they are not as important as some think. Other things play a considerable part as will be seen in further discussions.

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67/ Rush, O. R., "Use of Agri. Credit in Land Utilization Program." Land Policy Renew (May-June 1938)

68/ Stewart, G., "Can the Farms of United States Pay For Themselves." Journal of Farm Economics. II (1921) 177-193

## Land Policies

As the foregoing problems have been presented, the type of ownership has continually stood by as having a part in the rate of tenancy. For this reason, the question arises, what part have the land policies which have determined type of ownership played in the rate of tenancy.

Land policies for disposing of public domain in the past have permitted the acquisition of large areas, largely for speculative purposes by those who had no intention of farming them.

This group of owners were in the business for the money. As is presented in the section on causes for short leases, farms owned by absentee owners are the most exploitatively farmed and usually on a one year cash soil depleting crop basis. 69/

From statistics presented earlier one can readily see that this type farming has a very marked effect on the rate of tenancy. Eastern Oklahoma is noted for this type ownership and the rate of tenancy is very high. Western Oklahoma is not so noted and the rate of tenancy is not so high.

Some students of the problem feel that this situation is changing while others feel that it should change and that many obstacles stand in the way.

"This idea of securing conservative use of privately owned lands marks a change in our traditional concepts of

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69/ See section on "Causes of Short Term Tenure."

land tenure. In the course of development of American economic institutions during the late eighteenth century, an allodial system of ownership in a fee-simple absolute grew up that removed all restraint upon the land owner as to the manner in which he utilized his land. Results of more than a century of exploitation and waste have emphasized that such a concept of land ownership is no longer valid if we are to protect either the welfare of the Nation as a whole, which depends upon wise use of its land resources, or the interests of future generations.

"Pressure should be put behind this need for a national land policy which will protect the interests of society as a whole". 70/

And the past land policy has determined the degree of mobility, which we have already realized plays a part in determining the rate of tenancy.

A study appearing in the Land Use Planning Publication states: "There are significant differences in the length of farm occupancy by tenants according to the various occupations of landlords. The shortest average occupancy (three years) is found with crop-share tenants of landlords engaged in

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70/ Gray, L. C., "Our Land Policy Today". Land Policy Review. (May-June, 1938) 3-6. "In working out a land policy during recent times we have progressed far from the former attitudes and policies that governed the disposition and use of land. For more than a century the United States was dominated by a pioneer attitude toward natural resources. Where the former direction pointed to waste and destruction, the present one points to conservation and intelligent use. Where former policies led toward unrestricted individual freedom in the use or abuse of land, the present ones are shaping an intelligent plan that will protect the interests of society as a whole."

business, the longest with stock-share tenants of landlords with no occupation (16 years), followed by landlords engaged in professions (12 years). " 71/

This same study shows the influence of the type of owner on the type of lease. As is shown in the section of leases, the type of lease determines the rate of tenure. 72/

It is thought by other students of the problem that the occupation of the landlord has considerable influence on type of lease. These studies shows that 75 per cent of the stock-share leases are held by retired or active farmers. This suggests that most of the landlords of stock share rented farms are in close contact with the tenants in matters of management. Landlords of crop-share rented farms are fairly evenly distributed over various occupations. The study shows that the landlords of all stock-share farms, with one exception, are living within 25 miles of their farms and are classified as resident landlords. About one-fourth of the crop share as well as cash rent farms are absentee landlords. Apparently the stock-share lease is not suitable for absentee landlords. 73/

Other writers agree with this study. 74/

71/ Schickele, Rainer, Land-Use Planning Publication IX

72/ See Section on "Variation in Length of Tenure."

73/ Schickele, op. cit. 36.

74/ Beatty, R. C., and O'Donnell, G: M., "The Tenant Farmer in the South." *American Review*. V (1) 75 (April 1935): Farms run on industrial basis are more vicious than those where the owners and tenant share alike in a live-at-home in which the tenant of ability has ample opportunity to become landholder himself."



"It is the absentee landlord who, through ignorance, laxity of supervision, or cupidity, most often allows the "mining" of the land and the loss of the productive top soil through erosion. It is on the absentee-owned plantations that fences and buildings most frequently fall into disrepair. It is these plantations that are least stable in a crisis." 75/

Some feel that the Federal Farm Loan Act and the Emergency Farm Mortgage Act should be amended so as to limit loans for the purchase of land to persons who are at the time, or shortly to become, personally engaged in the operation of the farm to be mortgaged. 76/

In Europe frequently there has been requirements that the holder shall reside at the holding and manage the farm personally. In Germany the government has gone farther. The state can appoint trustees if the owner is lax. 77/

These foregoing studies seem to point out the absentee owner as a bad element in the agricultural situation.

A recent writer feels that one of the most puzzling problems in any program of rehabilitating agriculture in the Southern Great Plains, is that of the nonresident owner. Yet he feels that the thoughts regarding the effects of nonresident

75/ Woofter, T. J., Jr., "Landlord and Tenant on Cotton Plantation." WPA Div. Soc. Res. (1938)

76/ President's Report (1937)

77/ USDA Yearbook of Agri. (1938) op. cit. 131

ownership are in inverse proportion to the amount of data available. Statistics show that "only 38 per cent of this area is owned by absentee owners", yet we know that the rate and evils of tenancy far exceed this. And the part of this survey which includes the state of Oklahoma is third in percentage of absentee owners.

This author goes further to say that analysis of land use fails to prove nonresidents worse than residents as to amount of land plowed out. Other indications of poor land use such as erosion, abandoned land and improvements, fail to prove that any marked difference exists. 78/

This author concludes that "to the more casual observer, there is frequently little to choose between resident and nonresident ownership". 79/

If this is true and studies indicate that it is, can we lay many of the causes for high rate of tenancy directly on the shoulders of the absentee owners as such?

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78/ Evans, Morris, "Nonresident Ownership--Evil or Scapegoat?"

Land Policy Review, I, (July-August, 1938)

79/ Ibid.

## RELATION OF COMPENSATION TO LONG TENURE

This last viewpoint opens the next question regarding the type of lease that is desirable. From the material presented regarding leases, one could conclude that the length of tenure itself is not the important thing. There seems to be something else arising; something which gives the tenant assurance of receiving benefit from any type of farming he undertakes regardless of how long the term of his lease is. Many studies concluded that a long term was the solution but they all agree that the long term in itself is not what is needed. The long term seemed to tie the tenant and landlord down. Others who advocated the short term lease, advocated it only with the idea that the tenant could farm on a long time basis.

This opens the conclusion that some compensational provisions are what is needed to put the tenant and landlord on the right relationship. This being the case, let us look at compensation as playing a part in establishing security rather than long term tenure.

Now that we see that students of the problem conclude that some form of compensation is desirable the question arises immediately as to why it has not become a common practice.

Marshall Harris says, "Since early days some form of compensation has been carried on. It is a recognized fact

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80/ Harris, Marshall, "A Suggested Study in The Farm Tenancy System." Journal of Farm Economics, XIX (Nov.1937)

that the tenant be compensated and the landlord likewise if either deserve it. But studies indicate that ~~it~~ has not been carried out on the proper basis." 80/

One reason is, as was mentioned before, Oklahoma has not removed the old rule from English farm tenancy system, that whatever agricultural fixtures and improvements are affixed to the premises become the property of the landlord.

English acts provide to penalize the tenant for poor farming and reimburse him for conservational farming. They also provide that the landlord shall pay the tenant compensation for disturbance in event he terminates the tenancy without good and sufficient cause. In case the tenancy is terminated without good cause, the minimum amount of compensation is one year's rent and the maximum amount is two years' rent. The Act also establishes a procedure whereby either the landlord or the tenant may bring about an adjustment in the amount of rent to be paid for the farm. Furthermore, it provides that practically all difficulties or disputes which arise between the landlord and the tenant are to be settled by arbitration before a single arbitrator. It is significant that each new enactment enlarged the rights and responsibilities of the tenant farmer, and that these added rights and responsibilities have resulted in a superior system of conservational farming, an energetic and thrifty tenantry, and a stable rural society.

Major studies dealing with the farm leasing problems have

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81/ Harris, Marshall, Unpublished Citation. Landlord-Tenant Day 1938 See also International Institute of Agriculture. "Agricultural Legislation." International Review of Agri. (1938) 213, to 219.

invariably recommended the use of compensation. Significant improvements have been effected in many leases by following recommendations of these countries. Probably one of the main reasons why compensation has not been practiced more in the United States is because under prevailing systems of landlord-tenant relations each is not justly compensated in accord with his contributions. In other words, there are no accepted set of values to work from. 82/

On what basis should the worth compensation be evaluated? One author says that the amount of compensation should be based upon the actual loss or damage experienced and should be determined in a manner agreed upon by the two parties. 83/

Another says, "There are, in general, four principles which may be used as the basis for evaluating the amount of compensation which is due the outgoing tenant for the unexhausted portion of improvements effected by him during his occupancy of the farm. They may be designated briefly as follows: (a) original cost, (b) reproduction cost, (c) prudent investment cost, and (d) value to an incoming tenant.

Probably the easiest plan to use is the one which is at present used by many landlords and tenants, that is, the

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82/ Harris, Marshal, Land Use Planning Publication No. 14 op. cit. Compensation is usually divided into three main categories -- compensation for improvements, compensation for deterioration, and compensation for disturbance. The first refers to the payment which is made by the landlord or by the incoming tenant to the outgoing tenant for the unexhausted value of the improvements which the outgoing tenant made during his occupancy of the farm. Compensation for deterioration refers to the payment which is made by the tenant to the landlord for any damage, deterioration, or dilapidation which the tenant causes.

83/ Schickele, Rainer, Journal of Land Public Utility Economics, op. cit.

original cost of the improvement less normal straight-line depreciation. 84/

How is this to be impressed on the minds of landlords and tenants; by legislation, custom, education or what?

One student of this problem says that compensation is coming even without legislative action. Compensation for improvements will become more widely diffused as landlords and tenants learn of this method of improving their relations, and as experience indicates what adjustments in the compensation provisions should be made and which types of provisions are the most valuable. But he says, "Compensation will be very slow without legislation." 85/

Another thinks custom is and will establish the paying of full benefit for anything put on the farm.

"One tenant, recently observed, owns the improvements on the land he rents. The reason that he has a well equipped farm is because he knows he will receive full benefit from anything he puts on the farm. If he were in the shape of some tenants, he probably would have a very poorly equipped farm." 86/

The Aetna Life Insurance Company has studied these results and feels that the tenants benefit enough indirectly from sources on the farm other than the crops, that they provide facilities to that end, such as hen-houses, stock sheds, adequate

84/ Harris, Land-Use Planning Publication 14. op. cit. 48

85/ Harris, Land-Use Publication 14 op. cit. See also, "Farm Tenancy", "An Editorial and Two Articles", Wallace's Farmer, (July, 1938)

86/ Schiekele, Rainer. op. cit.

fencing of pastures and garden plot. Income from sale of such products may mean a better plow or cultivator or any other of the many things which in the end mean a better crop--in which the landlord shares. 87/

Harris, feeling that compensation is needed, says, "The basic philosophy underlying compensation is mutuality. Mutual advantage is given and mutual responsibility is required. The main objective of compensation is to place the tenant-operator in a position as similar to that of an owner-operator as is reasonably possible, with reference to the organization and management of the farm, the improvements of the farm home, and participation in the activities of the community." 88/

In another part of this study he states that legislation is the principle way in Oklahoma to establish compensation.89/

Consideration might be given to legislation such as that deemed advisable by the President's Committee in 1937. They recommended: " (a) Agricultural leases shall be written; (b) all improvements made by the tenant and capable of removal shall be removable by him at the termination of the lease;(c) the landlord shall compensate the tenant for specified unexhausted improvements which he does not remove at the time of quitting the holding, provided that for certain types of improvements the prior consent of the landlord be obtained; (d)

87/ Williams, M.B., Unpublished Citation. Oklahoma Farm Landlord-Tenant Day (1938)

88/ Harris, Marshall D., "A Suggested Adjustment in the Farm Tenancy System." Journal of Farm Economics, XIX, (Nov. 1937)

89/ Ibid.

the tenant shall compensate the landlord for any deterioration or damage due to factors over which the tenant has control, and the landlord shall be empowered to prevent continuance of serious wastage; (e) adequate records shall be kept of outlays for which either party will claim compensation; (f) agricultural leases shall be terminable by either party only after due notice given at least six months in advance; (g) after the first year payment shall be made for inconvenience or loss sustained by the other party by reason of termination of the lease without due cause; (h) the landlord's lien shall be limited during emergencies such as a serious crop failure or sudden fall of prices where rental payments are not based upon a sliding scale; (i) renting a farm on which the dwelling does not meet certain minimum housing and sanitary standards shall be a misdemeanor, though such requirements should be extremely moderate and limited to things primarily connected with health and sanitation, such as sanitary outside toilets, screens, tight roofs, and other reasonable stipulations; (j) landlord and tenant differences shall be settled by local boards of arbitration, composed of reasonable representatives of both landlords and tenants, whose decisions shall be subject to court review when considerable sums of money or problems of legal interpretation are involved."

These studies indicate that legislation will be needed in Oklahoma to speed up custom, but education will be needed before legislation will go over in the right manner.

Another thing that may be hindering compensation is the fact that many disputes arise over slight differences regard-



ing valuation and the necessity of any compensating actions.

Arbitration is usually thought of as a means of settling disputes between two parties. In the case of landlord-tenant relations, the two parties would be the tenant and the landlord. Many things happen in the course of the relationship of these two persons that cause friction because each feels that he is not getting his share of the returns. It has been a practice in some cases to place the dispute before two parties selected by the landlord and the tenant. Their decisions are considered final.

Arbitration is used only in cases where a minor difference is experienced. Naturally it is limited in its scope because of the slight prejudice in opinion of either party or the unwillingness of the landlord or tenant to accept the final decision.

The development of arbitration procedure is settling differences between landlords and tenants is being worked on by leaders in the tenancy program. Many of them are discussing the question of what kind of difficulties can best be handled through arbitration and to what extent such arbitration should be made mandatory upon both parties. 90/

Under foregoing systems of arbitration the tenant is certainly not controlled as is the case in eastern Arkansas, the landlord "controls the courts, the agencies of law enforcement and can effectively thwart any efforts at organization

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90/ Schickle, Rainer, Journal of Land and Public Utility Economics. op. cit.

to protect their meager rights." Under this condition, the tenant is nearly enslaved and will not take any interest in better farm management program. 91/

Under the English system, in the majority of cases, differences between the two parties do not arise, owing to concise and complete statutes, explicit written leases, and relatively long-term occupancy. Thus, the majority of landlord and tenant problems are settled by mutual agreement. 92/

If this does not settle the disagreement, the English law calls for agricultural valuers which attempt to arrive at an equitable adjustment of the differences. In case they do not agree, a third is called in.

This is much the same system as is being tried in Oklahoma today. Instead of the difference being decided the landlord's way, the tenant has his say-so. It has been definitely established that this makes for better agreement of the two parties in the realms of those things which are not written into the lease such as admiration, trust and confidence.

#### Variations in Length

In discussing the problems involved in establishing security of tenure in Oklahoma the question arises, "What does the variation in length of tenure have to do with security?" In the first place, we realize from data previously presented that the length of tenure determines the type of farming practices that the tenant carries out on the farm. These farming

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91/ Woofter, J. R., "Landlord and Tenant on The Cotton Plantation." WPA Division of Social Research. (1938)

92/ Harris, M., "Agricultural Landlord Tenant Relations in England and Wales", and Harris, M., and Schepmoes, Scotland's Activity in Improving Farm Tenancy." Land Use Planning Publication USDA (Nov. 1936)

practices determine the crops he raises. That is to say, he plans his farming on the basis of the length of time he feels sure he will be on that place. There is a correlation between poor farming and mobility. Mobility is in most cases associated with short tenure. Studies indicate that short tenure is conducive to soil depleting, unstable crops which do not permit savings. We can readily come to the conclusion from this that the length of tenure is based on the security of the operator. And we question more strongly whether short leases are desirable.

One author of the problem has this to say: "Many are economically unable to make essential improvement on their farms, or hesitate to do so because of the danger of losing them upon the refusal of the landlords to renew their short leases. For the same reason they do not find it worth while to plan their short leases. For the same reason they do not find it worth while to plan their farm operations for more than a one-year period. The lack of a long-time interest in their farms results in serious deterioration, negligent farming, and soil erosion. Insecure tenants tend to be irresponsible citizens. Their operations are characterized by a lack of long-time planning and by inadequate improvements. The system of which they are a part is causing an erosion of both the soil and society, the decay of rural communities, and the development of a shifting and shiftless tenantry that is tending to become a permanent class. 93/

Length of lease has definitely become a problem. Studies show that 93 per cent of the leases studied were one-year leases; 5½ per cent were for three years and one and one-half per cent for five years. 94/

In the United States farm leases have been predominantly of short duration, majority for one year. In Oklahoma as shown by the following table, 39 per cent of the operators stay on the farm one year or less, 7 per cent stay on the farm two years or less.

TABLE 10. Tenure of Farm Operators U. S. Census Report, 1935-- 206,990 farms reporting

Per cent	
39.0	One year or less
7.7	Two years or less
6.0	Three years or less
6.2	Four years or less
15.0	5 to 9 years
26.1	9 years or over

It is also known that the majority of this 39 per cent comes from the eastern half of the State which is predominantly poor farming area. 95/

Further consequences of such leasing conditions which are in line with this thought are that "many tenant farmers do not properly rotate crops, neither do they coordinate their livestock and their crop enterprises. They add only negligible quantities of limestone and fertilizers in comparison with what they should use, and they do not conservatively utilize the manure produced on the farm. They seldom make essential physical improvements. Consequently, many tenant farms decrease in fertility year after year, many of them are seriously eroded and their buildings and fences are in a poor state of repair. 96/

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95/ See Table 5

96/ Land-Use Planning Publication XIV 86, op. cit.

Sanders thinks that this type of insecure renting doesn't allow the operator to put savings in the farming business, which is possible only to a limited extent with the prevailing crop and renting system. This lack of opportunity to accumulate by gradually increasing their investments in the farm constitutes one of the most serious drawbacks to the tenure and financial progress of the tenant in this area. 97/

Economists must all realize that if the tenant is "uncertain of being able to remain on the farm for a number of years because of having his rent contract terminated, he does not have much incentive to handle livestock. Also, the livestock business as an investment is a long-time proposition. Stock he acquired for one farm might be decidedly out of place on another farm, so he cannot take chances." 98/

Therefore, students of the problem feel that short term knowledge of what is going to happen is not the best for a good system of tenancy.

The question arises, "what causes short term lease." The first probably arises out of the method of paying rent. In Oklahoma there are four main types or ways in which a landlord is paid for the use of the land. (1) cash renting (2) livestock-share (3) crop share (4) share-cropping.

97/ Sanders, J.T., "Economic and Social Aspects of Mobility of Okla. Farmers. OAMC Agri. Exp. Sta. Bul. 195

98/ Farmer's Bulletin, 1164, op. cit. See also, Johnson, O.R. op. cit.

The USDA yearbook for 1938 feels that "tenancy may be good or bad depending on the leasing system and other landlord-tenant relations.

Of these four types of leases the "third and fourth" share-crop has become the most customary in Oklahoma. This method is built on the basis of year-to-year, hand-to-mouth cash crop farming. It has become the customary manner because of the short term of tenure in which a tenant is able to engage in Oklahoma. Cash payment is predominantly for a one year set-up because of the fact that changing prices and other divisions of the farm situation cause the amount to get out of line with a year's time.

The "third and fourth" type of rent payment is thought to be of much importance by economists. One economist states it rather harshly, but there is reason to believe that he is partly right.

"Unless the program to adjust land use in the upland Cotton Belt can remove one formidable stumbling block, all its charts, tables, and statistics will not suffice to change seriously the fundamental agricultural pattern of this region. And that stumbling block is all the more difficult to push aside, since it is elusive, intangible, a compound of prejudice and inertia. It is, to be brief, the traditional "third and fourth lease of the cotton South; the custom of setting the tenant's rent at one-fourth of the cotton he grows, and one-third of his other crops.

"Even continued and invigorated research, however, will prove of little value if landlords and tenants are not in-

formed of improved methods of farm leasing. Nor will an education program in these areas be easy to carry out. It must aim at changing attitudes and traditions, as well as at giving needed information. The third-and-fourth custom possesses all the inertia that nearly a century of continued habit can give. The mere spreading of information will not be enough to undermine it."99/

Another cause of short term tenure is the uncertainty on the part of the owner of the tenant's ability and honest. When a tenant moves on the farm there is undoubtedly considerable suspicion between the two parties. This consists of a lack of mutual interest and understanding of ability. Therefore, no arrangements are made for further partnership. Since the tenant takes the farm on a one year basis, planning to ~~move~~ at the end of the season, he is likely to go ahead and gets a new farm for the following year.

A question arises as to whether the type of ownership has anything to do with determining the length of tenure. Speculation has caused this point to be of considerable importance in the tenure set-up. Corporation owners, insurance companies, and large land owners are continually looking for a buyer, many of them being required by law to return the farm back to an owner within seven years. Naturally they cannot afford to enter into anything but a short term lease, if the tenant has only renting in mind.

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99/ Baker, John, "A New Lease for A New South". Land Policy Review. (July-Aug. 1938)

## Problems Involved In Long Tenure

From this, some people may conclude that a short lease is not the best suited to the farm problem. Studies show that short leases do not necessarily imply short tenures. Such statistics as are now available appear to indicate that in the United States tenants under one-year leases have occupied their farms leased for a greater number of years than those whose leases were for longer periods. 100/ This study shows that there is even greater reason in the United States than in such countries as England for short tenures. Land in America changes owners much more frequently than land in England does; and the short lease has great advantages for both parties because of its elasticity.

Out of recent conferences sponsored among landlords and among tenants by the Farm Landlord-Tenant Relations Department of the Extension Service, came recommendations for (1) long-term tenancy, and (2) adoption of written, flexible, long-term leases with the option of renewal with ample time to negotiate renewals. Both landlords and tenant emphasized that the right attitude between the owner and tenant based upon (1) a permanent instead of a speculative attitude of the owner toward the farm, (2) an interest by the tenant in maintaining and rebuilding the farm, and (3) mutual regard for the other's rights is basic to proper landlord-tenant relationships. These improved relationships must come about if greater

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100/ Farmers' Bulletin 1164 op. cit.



security for the tenant, a more permanent agriculture, and, for the owner, a more satisfactory investment field in land are achieved. 101/

"Some students of the land question believe that even in an ideal system of land tenure a considerable proportion of tenancy would be desirable provided that the relationship of landlord and tenant were such as would insure good farming, the conservation of the soil, a fair division of the product, and a progressive community life, of which the tenant is an essential part." 102/

Students of the problem realize because of possibilities of better organization that a long length of tenure is needed. But, there is not much unanimity of opinion as to the way a longer length of tenure can be secured. This opens the question of what problems are involved in introducing long term tenure. Many think it can be secured by a long term lease. One writer says, "a long term lease cannot tie two men together who otherwise would not maintain pleasant relations. And mighty few owners will let three and five year leases to renters in whom they do not have full confidence." 103/

One author states his ideas of what is needed by saying: "It is not stability per se, but stability for the purpose of facilitating a balanced economic and social development of farm life, toward which our efforts should be aimed. The fundamental problem is to stimulate a long-time personal

101/ Schneider, Graham op. cit.

102/ Farmers' Bulletin 1164 op cit.

103/ Roberts, Clarence, Editorial in The Farmer Stockman. (July 1, 1939)

interest of both tenant and landlord in the land, the farm home, and the community.

It's not long tenure that counts, it's placing the tenant in as near the owners situation as possible. England and Wales system at first limited the rights of the tenant entirely. Their improvement has been based on increasing his rights until he is now on the same basis as the owner. 104/

"The lack of difference in the average length of occupancy supports the above statement that it is the security of occupancy rather than the length of occupancy which determines the type of farming." 105/

And it is the right type of farming under whatever length lease is necessary that has been the aim of studies on the subject.

Indices of farm homes of owners and tenant operations show that owners have the best organization and that length of tenure or stability is in ratio with improvements. 106/

If the length of tenure is in ratio with improvements, it seems that length is the thing, not the type of lease. This length of tenure could be had under short term leases or long term leases as far as the leases themselves are concerned.

Clarence Roberts continues to say that "the greatest handicap of many renters is not lack of a long term lease but the lack of high quality seed; and the lack of business methods in 104/ Land Use Publication op. cit.

105/ Land-Use Planning Publication IX op. cit. 37 & 38

106/ Census of Agriculture, 15th Edition, X (1930).

dealing with the owner." 107/

In other words, the long term lease helps but it will not take the place of other things. It is needed only to give assurance of further partnership so that the tenant can plan his operations.

"Leasing the land for one year with the understanding that the same agreement is to be renewed if both parties are satisfied at the close of the year is much better than a straight year lease. 108/

The type of landlord, his occupation, his rural or urban background, his intent of ownership and the distance of his residence from the seem to be important factors influencing the character of leasing arrangements and the security of tenure. In analyzing these various factors and their interrelations, a highly significant fact is revealed: "it is not the actual length of past occupancy of a farm by an operator, but his anticipated security of occupancy, which determines land use and degree of soil conservation." 109/

"It is too much to expect that a desirable relationship can be established merely by improvement of the lease contract, but it must be admitted that since the lease agreement is the basis of the relationship between landowner and tenant, a careful consideration of its terms may have much to do with promoting harmony and mutual satisfaction, lengthening the period of

107/ Roberts, Clarence, op. cit.

108/ Farmers' Bulletin 1164 op. cit. See also Land Use Publication 4a op. cit.

109/ Land-Use Planning Publication IX op. cit. 1

occupancy, and improving the methods of farming rented land. 110/

Another viewpoint on length is expressed here; Owing to the present minimum and maximum regulations as to the length of agricultural leases, it appears that the various States could require that all agricultural leases be drawn for a period of at least five years, terminable at the end of any crop year upon the payment of damages for disturbance, and further terminable without payment for disturbance when certain obvious conditions exist. 111/

One of the major farm problems of this State as elsewhere in the United States, then, is to increase the security of farm tenure. About this one fact students of the problem are fairly well agreed. But it is not too well agreed, as to the most desirable means of bringing about this security. The recommendations that have been made may be summarized into two important ways in which security of tenure may be achieved: (1) by having farm operators become owners, (2) by making it possible for a tenant to feel the assurance of being able to remain on the same farm for several years." 112/

The task then, seems to be one of finding a new way of establishing security of tenure and at the same time provide

110/ Farmers' Bulletin 1164 op. cit.

111/ Land-Use Planning Publication XIV op. cit.

112/ See Report of President's Committee, (Feb. 1937), "Farm Tenancy"; "Collapse of Cotton Tenancy" by Charles S. Johnson, et al, University of North Carolina Press; and "Tenancy Problems and Research Needs in the Middlewest," by Schickele, Journal of Farm Economics, (February 1937)

a means for general enlightenment concerning old and new proposals and thereby gradually improve the situation. 113/

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113/ Nelson, Peter, "The Land Tenure Problem in Oklahoma,"  
op. cit.

## SUMMARY

## The Situation

As tenancy in Oklahoma continues to grow, the problems of acquiring the use of a farm become more complicated. Although in some areas the rate of tenancy is declining, mobility continues to show that farmers are not using farms in the proper manner. In the better farming areas there is less mobility. In the poorer farming areas the opposite condition exists. Recent studies in Oklahoma correlate high mobility, high rate of tenancy and poor type-of-farming area, as well as poor type farming. But this high rate of tenancy is thought by some to not be an indication of the true agricultural situation. Still the fact remains that under present conditions it is hard for tenants to find proper farms on which to make a living.

This increase seems to be caused by the fact that there are no new frontiers to be opened and the fact that the spread between price of farm and the actual return is rapidly widening due to speculation. It is thought that the reason for the eastern poor farming sections decline, is the fact that between 1920 and 1930 possibilities of receiving credit caused many farmers to buy at speculative prices. Later farmers had to leave this area because a living could not be made above the payments on the farm.

## PROBLEMS CONDUCTIVE TO HIGH RATE OF TENANCY

There are many problems conducive to this high rate of tenancy. The first one, selection of a farm, seems to have real bearing on the tenancy situation. Statistics show that

in the areas that we think of as better farming areas, more cash leases are found. These are associated for this reason with more care and selection. It is easy to see from this that the selection of a farm plays an important part in keeping down the rate of tenancy.

One of the main problems in the selection of farms is the size. Studies in Oklahoma and others relating to the southern section show that most farms in this area are of uneconomic size. Size depends more on the type-of-farming area than on the tenure of the operator. Thus the size of a farm to permit saving in any part of Oklahoma depends on the type of farming in that area.

#### Relation of Land to Rate of Tenancy

It has been found that in any certain locality, the land determines the type-of-farming area, that the type-of-farming area determines the crops, that the crops determine the type of tenure, and that the type of tenure is related to stability. We see from this since stability plays a big part in determining the rate of tenancy that the land takes its place as an influence. Studies show that failure of tenants to make a living and pay for a farm is complicated by the physical limitations of the land in that area. The tenant is regulated in type and size of organization for better farming by these physical limitations. The type of lease plays a considerable part in this case but it is determined by the type of area. The same case applies to the type of landlord. He is governed mostly in this case by the land.

## Influence of Method of Renting on the Rate of Tenancy

Farming where a high per cent of the farm is in cash soil depleting crops is due to the size and the size is due to the type-of-farming area. The type-of-farming area is correlated with the high rate of tenancy. This leaves soil depletion farming correlated with high mobility. High per cent soil depleting crops and high mobility are associated with Oklahoma's leading method of renting in the poor farming areas, the "third and fourth" lease. The eastern half of Oklahoma is predominant in cash crops, "third and fourth" leases, high per cent soil depleting crops, high per cent of mobility, poor farming area, and high rate of tenancy.

### Organization as a Factor

It has been found that tenants tend to grow cash crops which are associated with soil depletion. The degree of erosion, which goes hand in hand with the per cent of mobility and the rate of tenancy, is regulated by the way the farm is organized for growing soil saving and building crops. It is thought that in certain localities and type-of-farming areas there must be a shift away from one-crop farming to diversified farming. The length of occupancy is quite often reflected in the methods of land use and of farming in general. The length of occupancy gives some indication of the relative stability of tenancy which, in turn, somewhat indicates the rate of tenancy. The method of organization or the use of the land has a direct influence on the rate of tenancy.



## Credit Facilities

Some students of the problem think that credit facilities should be increased to all who want to own a farm. But the possibility of ownership in Oklahoma at present is low. Too many obtain farms that are too high in price in relation to earning capacity. Security, training, and experience are necessary along with better credit facilities. This is due to the fact that the average farms in Oklahoma are not earning large enough total incomes to buy themselves in twenty years at normal interest rates. Credit facilities are important in decreasing the rate of tenancy but they are not as important as some think. Other things play a considerable part in determining the possibilities of ownership.

It has been established that there are many problems involved in establishing security of tenure in Oklahoma. Variation in length of tenure seems to play a considerable part in determining security. The length of tenure in most cases is correlated with the type-of-farming practices. Farming practices determine the crops from which there is a correlation between poor farming and mobility, mobility being associated with short tenure. This leaves the length of tenure being based on the security of the operator.

Many tenants do not improve their farms because of the danger of not being able to renew their lease. They plan for one year at a time. In Oklahoma 39 per cent of the tenants are on the farms under one year. The majority of this high percentage is on poor farms. Short term tenure is evidently not desirable.

The method of paying rent is among the first causes associated with short term tenure. The customary "third and fourth" of Oklahoma is a stumbling block to agriculture. There should be a shift to some diversification which includes livestock. The uncertainty on the part of the owner of the tenant's ability as they begin negotiations is another cause of short term leases. The type of ownership is still another cause. In Oklahoma corporations and speculative owners, due to the reasons for owning the land, cannot enter into anything but a short term lease.

#### Land Policies

Land policies for the distribution of public domain in the past have permitted the acquisition of large areas, mainly for speculative purposes, by those who had no intention of farming. This type of ownership usually sponsors short term exploitative farming. Land policies must and are changing from this situation to a policy that will protect the interests of society as a whole. Some feel that the absentee owner is the cause of the past situation. They think of him as an evil, but other studies conclude that he is the victim of land policies. To the casual observer there is frequently little to choose between the resident and non-resident owner.

#### PROBLEMS INVOLVED IN INTRODUCING THE LONG TERM TENURE

There is a lack of unanimity of opinion among economists as to the way a long term tenure can be secured. Many think long term tenure can be realized by the long term lease. But it is not stability per se, it is stability for long term interest in that farm that counts. Security of occupancy, rather than

length of occupancy, is what is needed. Leasing with agreement of renewal is concluded to be the best.

### Variations In Length

Studies indicate that it is knowledge of length, or knowledge of getting benefit from any practice carried out, that gives security. Compensation has not been practiced because Oklahoma has not removed the old English law, which provides that the permanent improvements cannot be taken off the farm. Europe has taken a step forward by legislating compensation with arbitration, as well as other things which enlarge the rights of the tenant.

### Compensation

The amount of compensation is determined by the benefit or damage. There is not much agreement as to exactly how compensation can be impressed on both landlords and tenants. Studies indicate that education is needed, but legislation must be passed to speed the results of education. Many disputes will come out of slight difficulties which arise. Legislation must also set up a system of arbitration.

## CONCLUSION

These studies indicate that tenancy must be accepted as an institution and given refinement through improvement in landlord-tenant relationships thereby leading to a greater security for the tenant, a more permanent agriculture, and a more satisfactory investment field in land for owners.

These objectives will be made possible through managing the farm toward permanent improvement--a policy which pays only when the lease is equitably drawn and fully complied with.

The rental lease should be drawn or made to promote harmony and mutual satisfaction, lengthening of the period of occupancy and improvement in the method of farming rented land. Farm tenancy is desirable when the relationship of owner and tenant is such that it will (1) insure good farming, (2) insure the conservation of the soil, (3) result in fair division of the products; and (4) permit a progressive community life in which the tenant is an essential part.

Leases should be worked out by the landlord and tenant keeping in mind the known criteria with changes to fit local conditions. They should be simple as possible but written with an Annual-Automatic Renewal clause which provides that the two contracting parties shall come together for a settlement at some stated place each year, at which time the flexible contract could be either renewed or canceled. This agreement should contain a clause specifying that the tenant should be compensated for improvements, the value of which would reach beyond his term of tenancy. Usually the value of

the improvement to the typical oncoming tenant is considered. Likewise, the owner should be protected against unnecessary destruction of property. For improved management practices, where applicable, a supplementary or sideline enterprise should be incorporated with the 1/3 and 1/4 crop-share rental system. This policy can be readily adopted on an individual farm basis as more stable tenure is attained.

Of course, the tenant as well as the landowner should have ample notification preferably at least six months, if a change is contemplated by either party, as an unexpected move very often causes considerable expense and disturbance.

Some feel that without long leases improvement of the farm is impossible. The writers are not of the belief that long leases, as such, are the solution to the problems attendant to tenancy. Long tenure, not long leases, is the real solution.

If a lease has a year's trial, compensation, and automatic renewal clauses, so that both the tenant and the landlord can have security, the land will be improved. Many times a tenant might have a long lease, but find the farm unsuitable; if so, he can move. If this tenant were held to a long lease he would work under a hardship for himself, the landlord, and the farm. Furthermore, a tenant may let the farm run down during the closing years of a long lease so that no net improvement is obtained. Progress toward ultimate solution of the problems attending the building of a per-agriculture under a high percentage of tenancy will depend

on (1) education of those concerned and the general public to the nature of the problems, (2) determining through research the proper methods of approach, (3) further education of landlords, tenants, and the general public in the results of the research, and (4) effectuating the results of the research in an active program which is supported by public opinion.

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