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AGRICULTURAL EXTENSION DIVISION
UNIVERSITY OF MINNESOTA

F.W. Peck, Director

MINNESOTA FARM BUSINESS NOTES

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Prepared by the Division of Agricultural Economics
University Farm, St. Paul, Minnesota

FARM TENURE IN MINNESOTA
Prepared by George A. Pond

The farm tenancy situation and the problems arising in connection with it are receiving much attention both locally and nationally at the present time. Unfortunately there has been available only a comparatively meager supply of detailed information as to leasing terms, leasing practices, and the types of ownership of our rented farms. In this article are presented a few facts regarding trends in farm tenancy in Minnesota obtained from the federal census together with information on leasing systems and the ownership of rented land gained in a special study made the past year in cooperation with the Federal Bureau of Agricultural Economics.

Forty-seven per cent of all farm land in Minnesota was operated by tenants in 1935. The remaining 53 per cent was operated by the owners of land. The proportion of tenant-operated land has increased steadily since 1900, when it was only 25 per cent. The percentage of tenant-operated farm land varies widely among different parts of the state. The figures for each type of farming area in the state are as follows:

Area 1 - 45%	Area 4 - 57%	Area 7 - 59%
Area 2 - 40%	Area 5 - 35%	Area 8 - 28%
Area 3 - 60%	Area 6 - 48%	Area 9 - 36%

These type-of-farming areas are showing in Figure 1. Of the land operat-

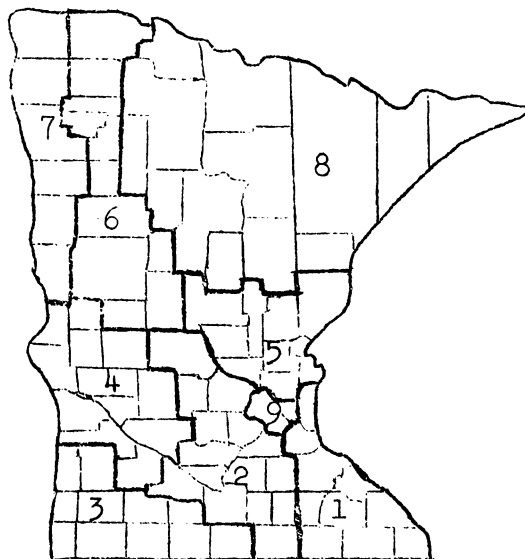


Figure 1. Type-of-Farming Areas

ed by tenants, 79 per cent is held by men who own none of the land they operate and 21 per cent by those who operate land owned by themselves in addition to that which they rent. The average size of farms operated exclusively by owner-operators is 128 acres, of tenant-operated farms 180 acres, and of farms of which part is owned and part rented 222 acres (124 acres owned and 98 acres rented).

Type of Leases

Approximately one-half of all rented land is rented under a lease calling for a share payment from crops grown on a part of the farm and for a cash payment for the rest of the farm. Straight cash leases were second in importance with livestock-and-crop-share leases, and crop-share leases following in third and fourth places. The distribution of these leases by type of farming areas is shown in Table 1.

Table 1

Percentage Distribution of Rented Acreage According to Type of Lease									
Type of lease	Type of Farming Areas								State
	1	2	3	4	5	6	7	8	
Cash and crop share	35.9	39.3	68.9	75.4	35.9	34.6	55.5	24.2	51.7
Cash	25.9	36.8	18.2	7.1	42.2	24.0	12.8	52.6	21.2
Crop and livestock share	32.8	19.2	9.9	7.8	11.3	20.0	5.0	8.0	14.5
Crop share	5.4	4.7	3.0	9.7	10.6	21.4	26.7	15.2	12.6

Share of Crop Taken as Rent

The share of the crop taken by the landlord varies considerably in various parts of the state. The most common shares are one-fourth, one-third, one-half and two-fifths. Under the one-fourth, one-third and two-fifths share leases, the landlord usually contributed only the land. Under the one-half share leases, he may furnish only the land in the southern part of the state but in the northern part he pays all or part of the seed, twine, and thresh bill. This group also includes the fifty-fifty livestock share leases under which the landlord pays one-half of the crop expense. Data for each type of farming area are shown in Table 2.

Table 2

Percentage Distribution of Rented Acreage According to Share taken by Landlord as Rent									
Share taken by landlord	Type of Farming Areas								State
	1	2	3	4	5	6	7	8	
One-fourth	0.6	0.3	0.1	2.4	0.1	12.3	23.1	-	6.6
One-third	16.3	30.3	22.2	49.8	78.7	44.2	27.8	48.6	35.8
Two-fifths	10.9	13.1	56.9	14.9	0.3	0.4	-	-	16.5
One-half	72.2	56.3	20.8	32.9	20.9	43.1	49.1	51.4	41.1

Ownership of Rented Farms

The type of landlord has an important bearing on the land tenure problem. The percentage distribution of ownership of the rented farm land in the state is shown in Table 3. In spite of popular opinion to the contrary, the landlords of Minnesota are predominately individual rather than institutional or corporate. Farmers, both active and retired, the widows of farmers, and the estates of farmers

hold the title to more than 46 per cent of all rented land in the state. To a considerable extent, this type of ownership represents a transitional tenure since a large number of these farms will be passed on to the sons, sons-in-law and other relatives. It is also interesting to note that 30 per cent of the tenants who rent from private owners are related to these owners. Seventy-five per cent of them are either sons or sons-in-law. It seems reasonable to assume that many of these tenants will inherit at least a portion of the farm and eventually become owner-operators.

Table 3

Percentage Distribution of Rented Farm Land in Minnesota by
Type of Ownership

Type of ownership	Type of Farming Areas								State
	1	2	3	4	5	6	7	8	
Insurance companies	6.5	1.9	12.3	14.7	4.6	3.9	9.6	6.3	8.7
Minnesota Dept. of Rural Credit	0.9	1.1	0.9	1.7	5.6	14.2	6.8	17.4	4.8
Mortgage & Land Investment Co.	0.8	0.2	1.2	3.4	2.6	4.7	4.2	3.8	2.6
Commercial and savings banks	2.1	1.4	1.5	1.1	3.3	3.1	3.4	1.7	2.1
Joint stock land banks	0.6	-	0.5	3.6	0.1	0.1	0.5	-	1.0
Federal Land Bank	0.5	0.4	0.7	1.6	1.6	0.5	0.5	1.4	0.8
Churches, colleges and misc.	0.5	0.5	0.2	1.0	1.6	5.5	2.2	1.2	1.7
Total institutional	11.9	5.5	17.3	27.1	19.4	32.0	27.2	31.8	21.7
Farmers	35.3	40.0	32.0	24.4	28.6	22.8	18.4	24.3	27.8
Widows of farmers	15.5	14.4	9.2	9.0	10.4	8.7	6.6	7.3	10.0
Non-farmers - in county	8.4	16.4	10.3	8.4	10.7	9.7	11.7	5.1	10.3
Non-farmers - out of county									
in state	10.2	6.4	6.2	10.5	17.3	11.7	10.8	17.2	10.1
Non-farmers - out of state	4.2	3.3	13.1	10.2	6.3	7.3	15.6	6.9	9.3
Estates	14.0	13.4	8.4	9.4	6.3	7.6	8.1	7.4	9.5
Miscellaneous	0.5	0.6	3.5	1.0	1.0	0.2	1.6	-	1.3
Total individual	88.1	94.5	82.7	72.9	80.6	68.0	72.8	68.2	78.3

The major portion of the rented land in the state is for sale. The institutional owners are largely involuntary landlords who have acquired the land thru foreclosure or voluntary deed from a distressed borrower. In most cases, they are attempting to liquidate their holdings as rapidly as possible. Of the individual owners contacted in this study, more than two-thirds said their holdings were for sale. It is apparent that there is no large permanent landlord class in Minnesota. Most of the owners of rented farms have only a transitory interest in them.

Tenant-operation of farms involves certain definite problems dealing with security of tenure, the equitability of leases, and the maintenance of soil productivity. Improvements in leases and leasing practices designed to provide equitable treatment of the tenant, encouragement of good farming practices, and the remuneration of the tenant for his contributions to the productivity of the farm would doubtless do more to improve the lot of the tenant than any wholesale attempt at the extension of farm ownership. Proposals are being made to solve tenancy problems by programs of government loans to enable tenants to buy farms. Tenant-operation represents a process whereby a young man may accumulate the experience and capital needed before he can safely assume ownership. To saddle upon him the burden of ownership with the debt load it would involve might easily be disastrous both to him and to the money lender.

MINNESOTA FARM PRICES FOR MAY 1937
Prepared by W. C. Waite and W. B. Garver

The index number of Minnesota farm prices for the month of May, 1937 was 99. When the average of farm prices of the three Mays 1924-25-26 is represented by 100, the indexes for May of each year from 1924 to date are as follows:

May 1924 - 84	May 1931 - 64
" 1925 - 106	" 1932 - 43
" 1926 - 110	" 1933 - 49
" 1927 - 109	" 1934 - 53
" 1928 - 113	" 1935 - 86
" 1929 - 113	" 1936 - 79*
" 1930 - 98	" 1937 - 99*

*Preliminary

The price index of 99 for the past month is the net result of increases and decreases in the prices of farm products in May, 1937 over the average of May, 1924-25-26 weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index,
May 15, 1937, with Comparisons*

	May 15, 1937	Apr. 15, 1937	May 15, 1936	Av. May 1924-25- 26	% May 15, 1937 is of April 15, 1937	% May 15, 1937 is of May 15, 1936	% May 15, 1937 is of May 15, 1924-25-26
Wheat	\$1.21	\$1.35	\$.83	\$1.31	90	146	92
Corn	1.15	1.19	.44	.65	97	261	177
Oats	.45	.47	.19	.35	96	237	129
Barley	.84	.93	.38	.59	90	221	142
Rye	.92	.99	.39	.75	93	236	123
Flax	1.93	2.00	1.50	2.32	97	129	83
Potatoes	1.25	1.35	.55	.83	93	227	151
Hogs	9.60	9.30	8.80	9.60	103	109	100
Cattle	7.60	7.20	6.10	6.38	106	125	119
Calves	7.90	7.90	7.60	8.07	100	104	98
Lambs-sheep	9.34	9.36	8.57	11.39	100	109	82
Chickens	.119	.110	.146	.189	108	82	63
Eggs	.168	.193	.176	.22	87	95	76
Butterfat	.34	.35	.29	.40	97	117	85
Hay	9.52	9.92	4.52	11.49	96	211	83
Milk	1.70	1.85	1.52	1.95	92	112	87

*Except for milk, these are the average prices for Minnesota as reported by the United States Department of Agriculture

Indexes and Ratios of Minnesota Agriculture*

	May 1937	April 1937	May 1936	Av. May 1924-26
U.S. farm price index	93.0	94.0	75.0	100.0
Minnesota farm price index	99.0	101.0	79.0	100.0
U.S. purchasing power of farm products	108.0	110.0	97.0	100.0
Minnesota purchasing power of farm products	115.0	119.0	103.0	100.0
U.S. hog-corn ratio	7.7	7.6	14.3	12.1
Minnesota hog-corn ratio	8.3	7.8	20.0	15.1
Minnesota egg-grain ratio	8.8	9.5	17.8	14.4
Minnesota butterfat-farm-grain ratio	20.6	20.0	42.0	34.5

*Explanations of the computation of these data may be had upon request.