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## Farm Tenancy Problems in South Dakota

R. L. Berry

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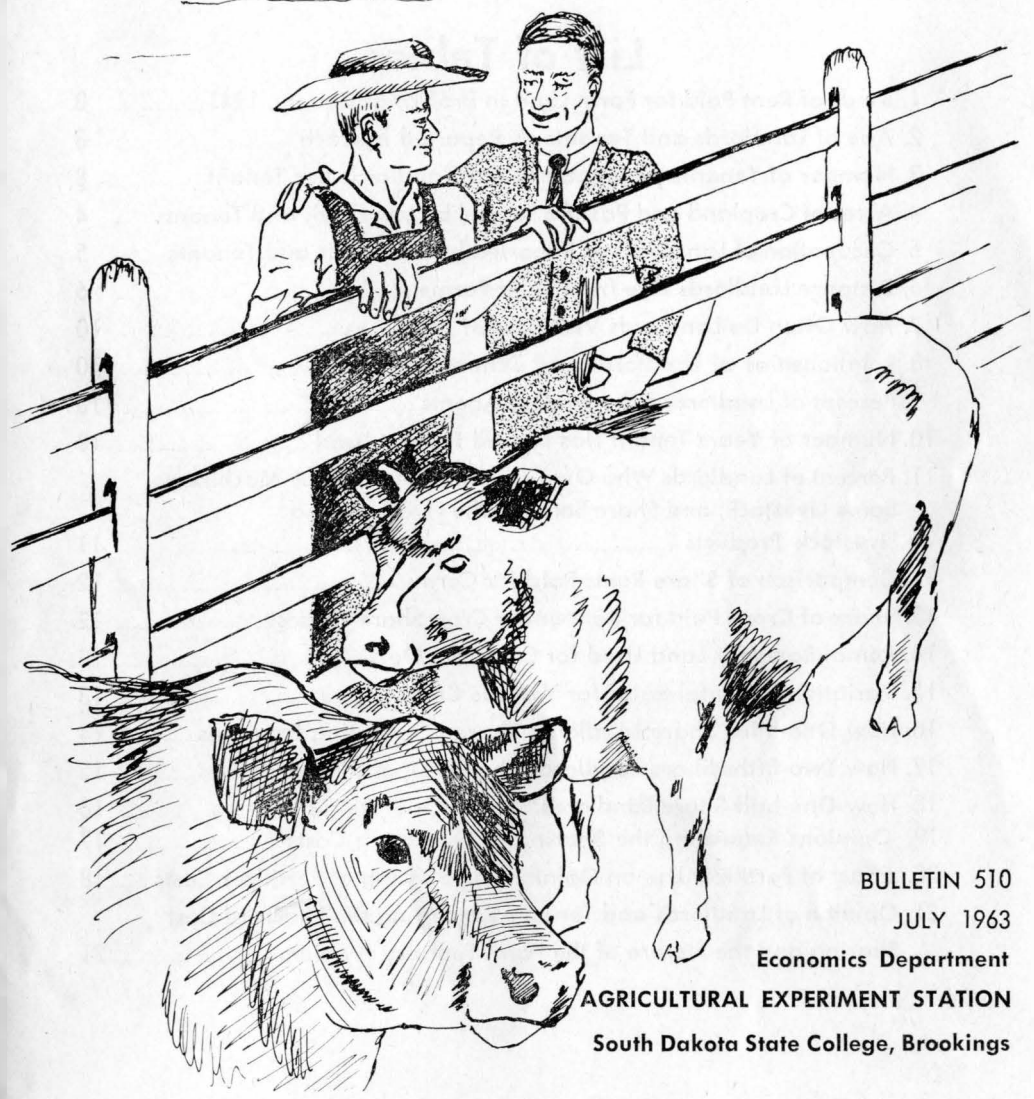
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# Farm Tenancy Problems

in South Dakota



BULLETIN 510  
JULY 1963

Economics Department  
AGRICULTURAL EXPERIMENT STATION  
South Dakota State College, Brookings

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# FARM TENANCY PROBLEMS

in South Dakota

By Russell L Berry

## Summary

THE MAIN purpose of this study was to determine whether or not share rent landlords should also share their tenant's operating costs. A mail questionnaire was sent to 250 landlords and 500 tenants. One-third of the landlords and one-fourth of the tenants replied. A summary of their replies follows.

Almost all the landlords and tenants agreed that commercial fertilizer costs should be shared but that "all the cash operating costs" should not be shared as the product is shared under share rent leases. More specifically most of them said that "all seeds" should be shared only when crops are shared 50-50. Three-fourths of all landlords and tenants said that tractor fuel, hired labor, and machiney-repair costs should not be shared. Three-fourths also said that cost sharing would neither increase yields nor reduce landlord tenant disagreement.

Over 80% of the tenants thought

that long term leases should be used and that the landlord should compensate them for the unexhausted value of the improvements that they made. Only half the landlords agreed on these two points, but over 90% of both landlords and tenants agreed that ability to get along together was more important than a long-term lease.

The main reason why both landlords and tenants rejected cost sharing may well be that it decreases the ability to get along well together. In their comments landlords and tenants often mentioned the disagreements, misunderstandings, and confusion that would result when many costs were shared. Cost sharing would be particularly difficult when the tenant owned land or leased land from more than one landlord. Fully 40% of the farmers in South Dakota are part owners

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that rent land from one or more landlords, and another 30% rent all their land—often from two or more landlords.

Both landlords and tenants seem to reject the idea that they should combine their resources into a quasi partnership. As one tenant said "I thought the idea was to keep as much distance between the landlord and tenant as possible. This way (cost sharing) you lose a lot of freedom." In general tenants seemed to want greater fixity of possession, freedom of operation, and freedom of improvement—the "Three F's" that have long been the farm tenure goals not only in this country but abroad. Except for commercial fertilizers they showed little interest in cost sharing.

#### **Importance of the Problem**

In the past, farm tenure workers have been severely criticized for too great an emphasis on factual or inductive studies. In 1946 Salter reviewed the previous farm

tenure work in the United States and pointed out that:

"In the first place a good deal of the work is not of the problem solving type. Much effort has been given to describing existing lease forms and republicizing census data, not with any purpose of revealing sources of difficulty of finding solutions, but merely to make simple information available to any who might be interested in it. Only in Taylor's earliest work and a few rare instances since, is there any evidence that investigations were specifically conducted for the purpose of clarifying difficulties and uncovering experiments in which these difficulties had been overcome. . . . On the contrary. . . there has been an increasing predominance of reports with no action problem posed, no problem explored, and no problem solved.<sup>2</sup>

## **Introduction**

Should share rent landlords share their tenants' operating costs in the same way they share the product? If the share rent landlord and his tenant want to combine their resources into one firm as a quasi partnership, then there are logical reasons to believe that they should. On the other hand, if the landlord and tenant want separate firms, then logic suggests that costs should not be shared.

Which view is the correct one?

The main purpose of this study was to secure the opinion of landlords and tenants regarding these questions. Their opinions were secured by two nearly identical questionnaires that were sent to 250 randomly selected landlords and 500 randomly selected tenants in Brookings County during the summer of 1961.<sup>1</sup> Replies were received from 34% of the landlords and 26% of the tenants. It should be borne in mind that the sample of landlords and

tenants were independently drawn. That is, the tenants who replied are not necessarily the tenants of the landlords who replied.

In 1947, as if in answer to Salter's vigorous criticism, Heady made a logical or deductive study of the farm tenancy situation in an attempt to determine the imperfections of share rent leasing. He took as given a general desire to achieve economic efficiency by means of private ownership of resources and competitive markets and concluded that "a perfect leasing system must thus result in . . . the most efficient organization or resources . . ."<sup>3</sup> When he examined the share rent lease he found there were several conditions that might logically interfere with the share tenant's freedom to respond to consumer needs, as expressed in market prices and costs, as would a cash tenant or an owner operator. To correct these conditions he declared that:

(1) The costs, or at least the direct variable costs, for each particular crop must be shared as the crop is shared.

(2) The shares paid as rent for all competing crops must be equal.

(3) For each kind of resource furnished a specific rent must be paid which is equal to the marginal contribution of that resource to farm income.

(4) The prospects for return over time must be made comparable to that of owner-operators by either a long-term lease or by compensating the tenant for the unexhausted value of his improvements.<sup>4</sup>

Heady's ideas were first reduced

to rules or "incentive conditions" by Hurlburt, who also demonstrated that "few leases contain all four of these incentive conditions. Consequently there are one or more conditions in most leases to encourage resource owners to maximize the returns from the resources they contribute rather than to try to maximize the returns on the combined resources in the farm firm."<sup>5</sup>

#### Rule 1 of Primary Concern

Of these four rules only Rule 1 is of primary concern in this study. Rules 2 and 3 would give the tenant

<sup>3</sup>Since the two samples were independently drawn from U. S. Department of Agriculture (ASC) lists, the farmers who replied were not necessarily the tenants of the landlords who replied. The samples were taken by starting with a randomly chosen card and taking every nth name from alphabetical lists. In both cases a second questionnaire was sent to non-respondents about two weeks after the first mailing. Random samples of non-respondent landlords and tenants were interviewed but no differences were found in the responses of respondents and non-respondents to questions in tables 19 and 21.

<sup>4</sup>Leonard A. Salter, Jr., *A Critical Review of Research in Land Economics*, University of Minnesota Press, Minneapolis, 1948, p. 230 and Joseph Ackerman, "Status and Appraisal of Research in Farm Tenancy," *Journal of Farm Economics*, Vol. 23, 1941, p. 227-90.

<sup>5</sup>Earl O. Heady, "Economics of Farm Leasing Systems," *Journal of Farm Economics*, Vol. 29, No. 3, August 1947, p. 660 and his *Economics of Agricultural Production and Resource Use*, Prentice Hall, Inc., 1952, p. 589.

<sup>4</sup>For Heady's statement of these rules see his *Marginal Productivity of Resources and Imputation of Shares for Cash and Share Rented Farms*, Iowa Agricultural Experiment Station Research Bulletin 433, 1955, p. 601-2.

greater freedom of operation by eliminating discriminatory rents. Rule 4 would give the tenant more fixity of possession or security of tenure. This in turn gives the tenant more freedom of operation, and freedom of improvement. These "Three F's" have long been considered the important farm tenure goals.<sup>6</sup>

#### Example Clarifies Assumption

That it is logical to assume that failure to share costs as the product is shared will result in inefficiency can be made clear by a simple example. Suppose a certain practice costs \$6 and can be expected to give a return of \$9. Either an owner-operator or a cash tenant would make \$3 or 50% on his investment by use of this practice. In contrast the share tenant who pays all the cost (\$6) and gets only two-thirds of the returns (\$6) will just break even. Hence, he will be reluctant to use this practice. On the other hand, the landlord, because he gets one-third of the returns at no cost to him, will strongly favor this practice. Hence, disagreement and friction may arise because the landlord may feel that the share tenant should farm like an owner-operator or even more intensely to insure the payment of a fair rent.

This logical bar to the share tenant's efficiency was recognized by early economists in Europe although it received little attention in this country before 1941. D. Gale Johnson has presented an excellent review of the literature on this problem and, therefore, it need not be repeated here.<sup>7</sup>

#### Schickele's Solution

Schickele seems to have been first to recognize that this defect or imperfection of share rent leases could be removed if the landlord shared the cost of the practice in the same way that he shared the product.<sup>8</sup> His solution can be made clear by the same example used above. If the landlord paid one-third of the cost or \$2 and received one-third of the return or \$3, he would make \$1 or 50% on his investment. Likewise, if the tenant paid only two-thirds of the cost or \$4 and received two-thirds of the returns or \$6, he would make \$2 or 50% on his investment, or the same as the owner-operator. Because the logic is mathematically correct and hence undeniable, many land tenure workers adopted it despite the fact that in five separate studies little or no

<sup>6</sup>Virgil L. Hurlburt, *Farm Rental Practices and Problems in the Midwest*, (North Central Regional Publication No. 50), Iowa Agricultural Experiment Station Research Bulletin 416, 1954, p. 84. The rules are stated on p. 86.

<sup>7</sup>For example, the English tenants used the Three F's in their successful efforts to improve farm tenancy. However, freedom of operation and freedom of improvement were considered as one and "fair rents" was the third. For the emphasis placed on the Three F's in this country see R. L. Berry, "Cost Sharing as a Means of Improving the Share Rent Lease," *Journal of Farm Economics*, Vol. 44, No. 3, August, 1962 (in process).

<sup>8</sup>D. Gale Johnson, "Resource Allocation Under Share Contracts," *Journal of Political Economy*, Vol. 58, No. 2, April 1950, p. 111-14.

<sup>9</sup>Rainer Schickele, "Effect of Tenure Systems on Agricultural Efficiency," *Journal of Farm Economics*, Vol. 23, No. 1, February 1941, p. 194-5.

evidence has been found to indicate that share tenants farm less intensively or efficiently than owner-operators.<sup>9</sup>

### Present Rule Uncertain

At the present time landlords and tenants are being told that "each variable expense must be shared in the same proportion as the products obtained from it are shared" if the tenant is to farm as efficiently as either cash tenants or owner-operators.<sup>10</sup> Yet some evidence exists that landlords may use the uncertainty of the one-year or year-to-year lease as an unspoken threat to force share tenants to farm as intensely as owner-operators.<sup>11</sup> If this is the situation, then it seems reasonable to suppose that tenants are frustrated and vexed because landlords do not share their operating costs. But are they? To answer this question factual or empirical studies are needed and this need has not been met. Hurlburt's study cited above accepted Heady's logic and rules without question and investigated the extent to which these rules were broken. The other empirical studies cited raise the question as to what effect these logical gaps have, if any, on the economic efficiency of the

tenant. Thus, a major purpose of this study was to determine whether or not lack of cost sharing is an experienced difficulty of landlords and tenants as well as a logical or theoretical one.

<sup>9</sup>See: Johnson, p. 118. His evidence consisted mainly of a comparison of net cash and net share rents on Iowa farms from 1925 to 1946. See also: E. O. Heady and Earl W. Kehrberg, *Relationship of Crop-Share and Cash Leasing Systems to Farming Efficiency*, Iowa Agricultural Experiment Station Research Bulletin 386, 1952, p. 635, 661; Walter G. Miller, Walter E. Chryst, and Howard W. Ottoson, *Relative Efficiencies of Farm Tenure Classes in Intrafirm Resource Allocation*, (North Central Regional Publication 84), Iowa Agricultural Experiment Station Research Bulletin 461, 1958, p. 334-5; W. L. Gibson, Jr., *Renting Farms in Southside Virginia*, (Southeast Land Tenure Research Committee Publication 38) Virginia Agricultural Experiment Station Bulletin 523, 1961, p. 30-4, and an unpublished study of the Scully Estate in Marion County, Kansas, by the South Dakota Agricultural Experiment Station.

<sup>10</sup>Marshall Harris and Virgil Hurlburt, *Your Farm Rent Determination Problem*, U. S. Department of Agriculture Farmers' Bulletin 2162, 1961, p. 7. See also Farmers' Bulletin 2164, p. 14-15.

<sup>11</sup>See Johnson, p. 119, and R. L. Berry, *Share Rents and Short Term Farm Leases*, South Dakota Agricultural Experiment Station Circular 117, 1955, Table 7.



# Share Rent Landlords and Tenants as Partners

Share rent leasing is by far the most common rental method in Brookings County. Only 5% of the landlords and tenants who replied to the questionnaire used the cash rent. About 80% rented for a crop share with or without a cash rent for buildings, hay, or pasture land. Another 10% paid some rent as a share of the livestock (See table 1).

## Should Costs Be Shared?

Should these share rent landlords and tenants create a quasi partnership by sharing costs as the product is shared? If they should, then to be successful they should have close agreement about the details of farming. Since age may influence willingness to take risks and adopt new methods, some attention should be given to the age of the parties. Farm landlords are not young men. Of those who replied, 74% were 60 or older, 33% were 70 or older, and none were under 40. In contrast, tenants are young men. Of the tenants who replied 78% were under 50 and 50% were under 40 (See table 2). This disparity in age would seem to be a major obstacle in converting the share rent lease into an economic partnership in which costs are shared as the product is shared.

## Multiple Landlords

Another difficulty in creating a quasi partnership is the complex pattern of land ownership. For example, about half of the tenants owned some of the land they oper-

**Table 1. Kinds of Rent Paid for Farm Land in Brookings County as Reported by Landlords and Tenants, 1961**

Kind of rent	Landlords 74 replies %	Tenants 116 replies %
Cash .....	5	5
Crop share .....	41	32
Crop share cash* .....	41	53
Livestock share .....	13	10
Total .....	100	100

\*This cash is often paid for buildings, hayland, or pasture. However, only 53-58 percent of tenants leased buildings from their landlords.

**Table 2. Age of Landlords and Tenants as Reported by Each, Brookings County, 1961**

Ages	Landlords 73 replies %	Tenants 115 replies %
19 or under .....	0	1
20-29 .....	0	16
30-39 .....	0	33
40-49 .....	8	28
50-59 .....	18	15
60-69 .....	41	4
70 or more .....	33	3
Total .....	100	100

**Number 3. Number of Tenants per Landlord and Number of Landlords per Tenant, Brookings County, 1960**

Number	Tenants per landlord 77 replies %	Landlords per tenant 119 replies %
One .....	69	57
Two .....	17	27
Three .....	5	7
Four to eight .....	8	7
Nine or more .....	1	2
Total .....	100	100

**Table 4. Acres of Cropland and Pasture Leased by Landlords and Tenants, Brookings County, 1960**

Acres	Landlords 78 replies %	Tenants 131 replies %
139 or less .....	13	4
140-179* .....	32	8
180-219 .....	4	2
220-259 .....	12	9
260-499* .....	26	60
500-999 .....	10	16
1,000 or more .....	3	1
Total .....	100	100

\*Difference significant at the 1% level.

ated and over 40% had two or more landlords (See table 3). Only one-half of the landlords owned the farmstead on which their tenants lived. This further complicates the problem. Seventy-seven percent of all farmers operated 260 acres or more, whereas only 39% of the landlords leased this much land to any one of their tenants (See table 4).

If these landlords are to be quasi partners of their tenants, then some farming experience would be helpful. However, only half of the landlords were active or retired farmers. Eighteen percent were widows. No doubt some of the business and professional people had some farm experience and of course business experience may compensate for some lack of farm experience (See table 5).

#### Travel Problems

Sharing costs would probably make it necessary for the landlords to increase their trips to the farm. Two-thirds of the landlords lived on, or within 25 miles of the farm they leased. Only 12-17% lived more

**Table 5. Occupation of Landlords as Reported by Landlords and Tenants, Brookings County, 1961**

Occupation	Landlords 79 replies %	Tenants 112 replies %
Active farmer .....	14	11
Retired farmer .....	34	35
Farm widow .....	13	16
Active businessman....	8	10
Retired businessman ..	3	5
Active professional....	6	5
Retired professional ..	6	1
Non-farm widow .....	5	7
Other .....	11	10
Total .....	100	100

than 100 miles from their farm and only 5-8% lived more than 500 miles away (See table 6). One-third of the landlords said that they visited their farms more often than monthly, while about two-fifths of the tenants said that they were visited this frequently. One-fourth of the landlords said that they visited their farms only 1-3 times per year (See table 7).

The use of share rents alone introduces an element of partnership into the lease and it is significant that

**Table 6. Distance Landlords Live from Their Farm, Brookings County, 1961**

Distance	Landlords 77 replies %	Tenants 115 replies %
Live on place .....	18	8
Less than 25 miles*....	47	62
25-49 .....	10	5
50-99 .....	13	8
100-499 .....	7	9
500 or more .....	5	8
Total .....	100	100

\*Difference significant at the 5% level.

**Table 7. How Often do Landlords Visit Farm? Replies of Landlords and Tenants, Brookings County, 1961**

Times per year	Landlords 77 replies %	Tenants 111 replies %
One .....	8	14
Two .....	8	5
Three .....	8	5
Four .....	3	12
Five to eleven .....	25	17
Twelve* .....	16	3
More than twelve .....	32	44
Total .....	100	100

\*Difference significant at the 1% level.

share rents exist where the landlord-tenant relationships are fairly close. For example, cost sharing as well as product sharing is more apt to be found when the parties are related. One-third of the landlords said that they were related to their tenants—usually as father or mother to the tenant or his wife (See table 8). Most 50-50 leases, or quasi partnerships, are found in this group. Even unrelated landlords do their own supervision. Very few employ an agent to look after their farms (See table 9).

**Table 8. Relationship Between Landlords and Tenants as Reported by Each, Brookings County, 1961**

Relationship	Landlords 70 replies %	Tenants 113 replies %
None .....	64	65
Father or mother .....	21	20
Father or mother- in-law .....	9	4
Other relationships .....	6	11
Total .....	100	100

**Table 9. Percent of Landlords Who Employ Agents in Brookings County, 1961**

	Landlords 79 replies %	Tenants 115 replies %
Employ agent .....	3	12
Do not employ agent .....	97	88
Total .....	100	100

### Requires Permanency

A partnership probably requires considerable stability of occupancy. Yet one-third of the tenants had leased their land four years or less; one-third 5-9 years; and 17-25% 10-14 years. Only 11-12% had leased their land 15 years or more (See table 10).

Will landlords and tenants make good partners? The difference in age of the parties suggests that they may have quite different ideas about farm management insofar as risks and new practices are concerned. When a tenant owns part of the land he operates or leases land from more than one landlord, the problems of cost sharing seem almost insurmountable.

**Table 10. Number of Years Tenant Has Leased Present Land, Brookings County, 1961**

Years	Landlords 76 replies %	Tenants 114 replies %
1-4 .....	39	33
5-9 .....	33	30
10-14 .....	17	25
15-24 .....	8	9
25 or more .....	3	3
Total .....	100	100

## Sharing Crops and Operating Costs

Under share rent leases what share of the crops is paid as rent? Do landlords share farm operating costs in the same way that the product is shared?

In order to keep the size of their farms in line with the capacity of modern farm machinery, many owner-operators have leased additional land and some tenants have purchased additional land for farm enlargement. In either case these farmers become part owners. Frequently they own their own buildings and lease bare land. Other tenants lease from two or more landlords. Hence, it is not altogether surprising that over one-half of the landlords do not own the houses in which their tenants live (See table 11). Only 16% of the landlords said they owned

any farm machinery on the farms they leased. Of the tenants who replied, only 8% said their landlords owned any of the machinery. Only 14-19% of the landlords owned any livestock and only 10-14% shared in the livestock or livestock products. When these landlords are examined more closely, it is found that many of them are related to their tenants.

### Share Rent Leases Opposed

One disadvantage claimed for share rent leases is that they are uniform over large areas and hence do not reflect the differences in productivity of farms. Others point out that uniform shares do not make uniform rents. For example, one-third share of a 30-bushel yield is quite different from a one-third share of 24 bushels. Also, it is held that the best farmers tend to get the best farms and the poor farmers the poorest. If true, what appears to be inequitable may be quite fair. The bargaining tends to be over productivity of land and tenants rather than the share itself. Thus, it is argued that the better tenants tend to get the better farms rather than a lower rent.

### Share Rents Differ

Whatever the merits of these arguments, share rents do vary in Brookings County. The evidence shows a considerable shift from a one-third to a two-fifths share during the past 10 years (See table 12).

At the present time the shares of corn, oats, and wheat seem to be rather equally divided between one-

**Table 11. Percent of Landlords Who Own Tenant's House, Some Machinery, Some Livestock, and Share Some of Livestock and Livestock Products, Brookings County, 1961**

Questions*	Landlords 75-78 replies %	Tenants 109- 116 replies %
Landlords who own tenant's house .....	53	58
Landlords who own some machinery on farm .....	16	8
Landlords who own some livestock on farm .....	19	14
Landlords who share in livestock or livestock products .....	14	10

\*The questions actually asked are A5, A15, A16, A17 of the questionnaire in Appendix A.

third and two-fifths (See table 13). In some cases, differences may be due to the fact that few replies were received concerning some crops. Some of these crops are infrequently grown. This may also account for some of the variation in rates reported.

If tenants are to have the same freedom as an owner-operator in the choice of crops, then as Heady has emphasized in his Rule 2, the share of each crop paid as rent should be the same regardless of the crops grown. When this rule is extended to cash rents, it requires that the cash rent should also be uniform, regardless of crops grown.

If the rents do vary, the tenants will want to produce more of those

**Table 12. Comparison of Share Rents Paid for Corn in Brookings County, 1951 and 1961**

Crop share	Tenants*	Tenants	Landlords
	33 replies %	89 replies %	46 replies %
One-third	67†	40†	41
Two-fifths	21†	44†	44
One-half	12	16	13
Three-fifths	0	0	2
Total	100	100	100

\*Replies from a random sample of farm tenants in Brookings County, 1951, unpublished data.

†Difference significant at the 1% level.

crops on which the rent is least and less of those on which the rent is higher. However, sometimes landlords specify the acres of crops to be grown. In these cases, the rent

**Table 13. Share of Crops Paid as Rent for Various Crops Under Crop Share Leases Brookings County, 1961**

Crop	Party replying	No. replying	None %	1/3 %	2/5 %	1/2 %	Total %*
Corn	Landlord	69	4	38	37	19	98
	Tenant	105	0	40	48	12	100
Oats	Landlord	54	6	42	28	22	98
	Tenant	93	3	37	45	15	100
Soybeans	Landlord	9	0	33	45	11	89
	Tenant	22	45	13	23	19	100
Wheat	Landlord	21	5	42	43	5	95
	Tenant	37	14	24	43	19	100
Barley	Landlord	16	0	63	13	19	95
	Tenant	38	26	29	37	8	100
Flax	Landlord	33	9	27	36	24	96
	Tenant	59	10	39	37	14	100
Alfalfa (seed)	Landlord	5	80	0	0	20	100
	Tenant	12	83	8	0	8	99
Grass (seed)	Landlord	7	29	14	14	43	100
	Tenant	17	71	12	0	17	100
Alfalfa (hay)	Landlord	41	44†	10	12	34	100
	Tenant	62	56†	10	1	33	100

\*In a few cases the share was different than those shown. Hence, the totals are less than 100 percent.

†Share was often paid in cash rent.

**Table 14. Comparison of Rental Rates Charged for Land Used for Corn and Oats as Reported by Tenants in Brookings County, 1961**

Share paid for land in oats	Share paid for land in corn				Total
	None	1/3	2/5	1/2	
None .....	6	11	5	1	23
One-third .....	2	27	3	0	32
Two-fifths .....	0	1	41	0	42
One-half .....	0	1	1	13	15
Total .....	8	40	50	14	112

paid and the orders given may be in conflict. Hence, the rents should be uniform regardless of the crops produced whether or not these acreages are specified by the landlord. Yet quite a few tenants are required to pay different shares for corn and oats (See table 14). One-fifth of the tenants said the shares of crop paid as rent were different (See table 15).

#### Avoid Unfair Rates

If the objective is to give the tenant freedom of operation, then such discriminatory rental rates should be avoided. Tenants said that only 33% of the landlords who leased for a one-third share paid any of the commercial fertilizer costs of their tenants (See table 16). Under the two-fifths share, 64% paid two-fifths or more of the cost of fertilizers (See table 17). When the crop share was one-half, 86% paid one-half of the fertilizer costs (See table 18).

The landlord's share of all seed costs also increased as the share rent increased (Compare tables 16, 17, and 18). When the rent was a one-half share the landlord usually furnished at least one-half or more

of the seed. About half of these landlords paid all of the seed expense.

#### One-half Sharers Related

Of the 14 tenants who rented for a one-half share, 11 were related to their landlords and hence might be more properly called father-son business agreements than leases in the usual sense of this word. Yet despite the exceptions of the one-half-share tenants, the general rule was quite clear. As is generally known, most landlords and tenants do not share farm operating expenses in the same way that they share the product.

#### Opinions About Costs

The most important objective of this study was to secure the opinions of both landlords and tenants regarding the sharing of costs. To secure these opinions the questions in

**Table 15. Variation in Rental Rates for Various Crops in Brookings County, 1961**

	Landlords 68 replies %	Tenants 110 replies %
All shares the same ....	82	82
Shares different .....	18	18
Total .....	100	100

Table 16. How One-third Share Landlords Shared Tenant's Operating Expenses, Brookings County, 1961\*

Items	Share of expenses paid by landlords			
	None %	1/3 %	1/2 %	All %
Fertilizer .....	64	25	11	0
Tractor fuel .....	97	3	0	0
Hired labor .....	100	0	0	0
Machinery repair .....	100	0	0	0
Seed, small grain .....	94	3	0	3
Seed, corn .....	97	3	0	0
Seed, grass .....	89	0	0	11
Seed, legume .....	80	6	0	14
Corn picking .....	97	0	0	3
Combining grain .....	97	0	3	0
Hay baling .....	91	3	6	0
Hail insurance .....	100	0	0	0
Government crop insurance .....	100	0	0	0
Weed spray materials .....	55	14	3	28
Weed spraying .....	94	3	3	0
Livestock feeds .....	97	3	0	0
Breeding fees .....	97	3	0	0
Veterinary expense .....	97	3	0	0
Building repair labor .....	78	0	0	22
Building materials .....	70	0	0	30
Fence repair labor .....	94	0	3	3
Fence repair materials .....	50	0	3	47
New fences .....	58	0	3	39
Electricity .....	97	0	3	0
Irrigation water .....	100	0	0	0
Terracing .....	100	0	0	0

\*As reported by 36 tenants paying one-third share of corn as rent.

Section D of the questionnaire were asked of a randomly selected sample of landlords in Brookings County. Then the identical questions were asked of a random sample of tenants in the same county. The replies of both the landlords and tenants are presented in tables 19 and 21.

#### Why Cost Sharing Opposed

While most all the landlords and tenants agreed that commercial

fertilizer costs should be shared, almost all also agreed that "all the cash operating costs" should not be shared. Some important reasons why both landlords and tenants opposed costs sharing were as follows:

(1). Because cost sharing affects the net amount of rent it often increases the landlord's concern with farm management.

(2). Cost sharing complicates record keeping—especially when the

tenant owns or operates other land.

(3). Because the cost sharing landlord is involved in management the tenant loses freedom of operation or management.

(4). Cost sharing provides greater opportunities for cheating and therefore often arouses suspicions and causes disagreements that may decrease the tenant's security of tenure and freedom of improvement.

### SHARING FERTILIZER COSTS

Why do landlords and tenants feel that commercial fertilizer costs be shared while most of the other costs should not? No final answer can be given to this question. Many landlords and tenants said that "both benefit" and a few said "it's fair" without making their feelings clear. Two possible explanations need consideration. First, if the rent

**Table 17. How Two-fifths Share Landlords Shared Tenant's Operating Expenses, Brookings County, 1961\***

Items	Share of expenses paid by landlords			
	None %	$\frac{2}{5}$ %	$\frac{1}{2}$ %	All %
Fertilizer .....	36	31	33	0
Tractor fuel .....	97	3	0	0
Hired labor .....	97	3	0	0
Machinery repair .....	97	3	0	0
Seed, small grain .....	97	3	0	0
Seed, corn .....	100	0	0	0
Seed, grass .....	59	5	3	33
Seed, legume .....	56	0	5	39
Corn picking .....	100	0	0	0
Combining grain .....	100	0	0	0
Hay baling .....	100	0	0	0
Hail insurance .....	100	0	0	0
Government crop insurance .....	100	0	0	0
Weed spray materials .....	23	10	10	56
Weed spraying .....	92	0	8	0
Livestock feeds .....	97	0	3	0
Breeding fees .....	100	0	0	0
Veterinary expense .....	92	0	3	5
Building repair labor .....	54	0	5	41
Building materials .....	44	0	0	56
Fence repair labor .....	82	0	5	13
Fence repair materials .....	39	0	8	53
New fences .....	56	0	5	39
Electricity .....	94	0	3	3
Irrigation water .....	100	0	0	0
Terracing .....	94	0	0	6

\*As reported by 39 tenants paying two-fifths share of corn as rent.



was fair before the fertilizer was used, it is no longer fair after fertilizers are applied, unless the cost is shared as the crops are shared. If the tenant pays all the fertilizer costs, he deserves a larger share of the crops. Rather than change the crop shares, most landlords and tenants may prefer to share the costs as the product is shared.

### Considered Best Solution

There are several reasons why both parties may consider this the best solution. Landlords may prefer to share the costs because this gives them some control over the amount applied and hence the amount of their share rent. If they agree to let the tenant pay all the fertilizer costs and reduce the rent to either a one-

**Table 18. How One-half Share Landlords Shared Tenant's Operating Expenses, Brookings County, 1961\***

Items	Share of expenses paid by landlords			
	None %	1/3 %	1/2 %	All %
Fertilizer .....	14	0	86	0
Tractor fuel .....	64	0	36	0
Hired labor .....	78	0	22	0
Machinery repair .....	86	0	14	0
Seed, small grain .....	7	0	43	50
Seed, corn .....	0	0	43	57
Seed, grass .....	0	0	43	57
Seed, legume .....	28	0	28	43
Corn picking .....	28	0	28	43
Combining grain .....	50	0	50	0
Hay baling .....	50	0	50	0
Hail insurance .....	72	0	28	0
Government crop insurance .....	72	0	28	0
Weed spray materials .....	14	0	64	22
Weed spraying .....	72	0	28	0
Livestock feeds .....	50	0	50	0
Breeding fees .....	57	0	43	0
Veterinary expense .....	57	0	43	0
Building repair labor .....	43	7	28	22
Building materials .....	28	0	14	58
Fence repair labor .....	72	7	14	7
Fence repair materials .....	28	0	14	58
New fences .....	36	0	14	50
Electricity .....	64	0	28	8
Irrigation water .....	64	0	22	14
Terracing .....	64	0	22	14

\*As reported by 14 tenants paying one-half share of corn as rent.

Table 19. Opinion of Landlords and Tenants Regarding the Sharing of Operating Costs, Brookings County, 1961

Questions*	Party†	Replies received			Number of replies
		Yes %	No %	Depends %	
Should the landlord:*					
Share fertilizer costs? .....	L	95	5	0	76
	T	98	2	0	121
Share fertilizer as the product is shared? .....	L	94	3	3	71
	T	95	3	2	120
Share all seed costs? .....	L	13	42	45	74
	T	12	44	44	115
Share tractor fuel costs? .....	L	5	73	22	74
	T	1	72	27	116
Share hired labor costs? .....	L	3	85	12	74
	T	8	83	9	115
Share machinery repairs? .....	L	3	90	7	72
	T	0	97	3	115
Share all cash operating costs? .....	L	3	91	6	70
	T	3	90	7	109
Share costs and give long term lease? .....	L	11	84‡	5	56
	T	15	68‡	17	96

\*See Section D of the questionnaire in the Appendix for the precise manner in which these questions were asked.

†L=Landlord; T=Tenant.

‡Difference significant at the 1% level.

third or a one-fourth share, they have no assurance the tenant will apply the amount needed for a fair rent.

Second, the tenant may prefer to share the fertilizer cost rather than change the shares because without the landlord's help, he may be unable to secure enough fertilizer to get the best results. Also the tenant may be aware that the landlord gets a share of any increase which fertilizer produces. He may be less aware of the other inputs which tend to be fixed. Some examples of the latter are: the depth of plowing, the operations for seedbed prepara-

tion, and the number of cultivations. However, in recent years, farmers have become more flexible about these operations. Hence these ideas are speculative, and need further study.

#### Experience No Factor

Does experience with the use of fertilizers discourage sharing their costs? Apparently not. Of the 73 landlords replying, only 43 reported that fertilizers had been used on their farm, and of these, 62% had been using fertilizer for 5 years or less. Yet, whether fertilizers were being used or not had little effect on

Table 20. Effect of Fertilizer Use on Opinion Regarding Sharing of Fertilizer Costs, Brookings County, 1961

Should fertilizer costs be shared?	Landlord's replies on fertilizer use		Tenant's replies on fertilizer use	
	Used	Not used	Used	Not used
Number of replies .....	43	30	87	46
Should share cost, % .....	95	93	98	78
Should not share cost, % .....	5	7	2	22
Should share like crops, % .....	95	100	100	88
Should not share like crops, % .....	5	0	0	12

the landlords' opinion about the desirability of sharing its costs (See table 20). About three-fourths of the tenants who were not using fertilizer felt that the costs should be shared. Thus the use of fertilizer seems to encourage the sharing of fertilizer costs despite the fact that the landlord and tenant must work together and despite the fact that it is inconsistent with their opposition to sharing other costs—especially fuel, labor, and repairs.

### SHARING SEED COSTS

While only 12-13% of the landlords and tenants felt that all seed costs should be shared, 44-45% felt that the answer depended upon other factors—especially the share of crops being paid as rent. Since a number of landlords in Brookings County do share seed costs in return for a half share of the crops, this answer is not surprising. However, the answer avoids to some extent the question that was being investigated—namely, granting that the one-third share without seed sharing and the one-half share with seed sharing are equally “fair.”

### Is One System Best?

Which is the most desirable system? To some extent this difficulty applies to all the questions about sharing of costs but it is least apparent in the questions concerning hired labor and machinery repair. However, these two questions may suffer from the opposite difficulty. The landlords may have felt they would not get a larger share of the crops as a result of sharing the expenses and hence sharing these costs would be unfair. Since this would have been favorable to the tenants, it might seem that more of them would favor sharing. But this was not the case. On the contrary, some tenants pointed out that sharing these costs would be unfair to the landlord.

### Reported “Loss of Freedom”

Loss of freedom of cropping seems to be an important reason for opposing the sharing of seed costs. This is supported by the following comments:

“My first thought would be—the less sharing the better the relationship—which is why I prefer cash rent.”

"The tenant would have more freedom in choosing crops to be planted."

"As a renter I'd rather have the 'say so' of a type of seed to plant."

"It involves the landlord less. You have more freedom."

"I prefer to buy the kind I think will make the best yield. She'd buy inferior quality."

A few landlords also mentioned difficulties with seed sharing:

"It is better for the renter to furnish the seed. He can get the quality he prefers and can do what he likes with the leftovers."

Another, however, says, "We furnish the seed, as I like to know what kind is planted." Some landlords saw no particular problem with seed sharing as long as the rent was adjusted accordingly.

#### **SHARING FUEL COSTS**

About three-fourths of both the landlords and tenants opposed the the sharing of tractor fuel costs (See table 19).

As one landlord said, "One could get into trouble paying for fuel as my tenant does custom work and I think it would be hard to figure fuel costs."

Another declared, "A good tenant will not let a few gallons of fuel stand in his way of doing a good job. He will plan his work more economically."

Supervision and record keeping problems were frequently mentioned by landlords some distance from their farms.

Use of fuel for personal pleasure or business was also mentioned.

"That will give them that much more gas to run around with," declared one. Another said, "This would be complicated and lead to trouble."

Tenants agree that sharing fuel costs leads to many problems.

"In my case—farming several units—it would be very hard to keep accurate accounts of my fuel bills for each unit."

"This would make renting too involved. It would just cause trouble."

"There would be a chance of too much gas going for uses other than for farming."

Other comments were: "Unfair to the landlord because of possible waste by the tenant."

"You should pay your own and involve the landlord less. You have more freedom."

"Too many things can happen to the landlord's fuel stored on farms."

#### **SHARING LABOR COSTS**

About 85% of the landlords and tenants are opposed to the sharing of hired labor costs (See table 19). Exceptions were noted when improvements such as fence-building and rock-picking are involved. Some indicated that if the rent was high, then landlord sharing of labor costs might be all right.

Among the many tenants who opposed cost sharing of labor, statements such as the following appear:

"It would be an easy way for the tenant to sit . . . and let the landlord pay to get his work done."

"Some tenants would hire all the labor if the landlord paid part of it."

"They would think you weren't

working any yourself and hiring too much labor."

"If landlord wants hired labor, why have a renter?"

Landlords made similar comments on sharing labor costs:

"The landlord should not share unless he is actively engaged in the operation."

"If the landlord should share labor, seed, machinery, etc., he had better give the tenant the farm."

"Too complicated as to who to hire and what to pay."

### **MACHINERY REPAIR COSTS**

Practically all landlords and tenants objected to the sharing of machinery repair costs (See table 19). Some objections raised by tenants were:

"Why should he repair my machinery?"

"This could cause a renter to be careless."

"Tenants with below average machinery would have a hard time finding a farm to rent due to extra upkeep and expense."

"They would think you didn't take care of the machines good enough."

"Renters could be rough on machinery so there would be too much chance for argument."

"Why should the landlord put new parts on a machine that's not his own and could be leaving in a year or so?"

"I think it would require too much bookkeeping and result in misunderstandings."

The last quotation might be particularly true when the farmer owns

part of his land, rents from other landlords, or does custom work.

Landlords had similar objections to sharing machinery repair costs:

"Tenants may use machinery for farming other land."

"Too difficult to divide—if not in partnership."

"Who is farming? The landlord or the tenant?"

"The tenant should be manager. He will have more freedom."

### **COST SHARING VS. LONG LEASES**

Only when the landlord and tenants were asked whether "crop share landlords should share the cash operating costs of the tenant and also give him a long term lease" do we find much difference in the answers given. Even here, 68% of the tenants and 84% of the landlords felt that costs should not be shared (See table 19).

Some views stated by the tenants follow:

"A tenant should not get involved with his landlord . . . the reason many people farm is for their so-called freedom."

"I think he should have a long lease but pay his own expenses."

"I would like a long-term lease but I don't think he should share operating costs."

"In my case, I say he should not share operating costs, but I believe in long term leases so you can plan ahead."

"I think for less hard feelings the renter should see his banker for any money he needs rather than the landlord."

"The less business you have to-

gether the less trouble you will have."

"Operating costs—no! Long-term lease—yes!"

"Should not share operating costs but should use long term lease if both parties are happy with each other."

A landlord who had farmed as a tenant for 40 years, opposed cost sharing and long term lease. "Leave the tenant alone; then he can work. If he dosen't—kick him off the place and get another one."

### EFFECTS OF COST SHARING

Cost sharing will not increase crop yields or reduce disagreements in the opinion of three-fourths of the landlords and tenants (See table 21).

Three-fifths also felt that sharing costs would not increase the tenant's chances of keeping the farm. This clearly indicates that most landlords and tenants have no strong feeling that cost sharing would solve their problems of efficiency and security of tenure.

### More Tenants For Long-Term

Only 53% of the landlords said they believed long-term leases should be made while 84% of the tenants favored long terms (See table 21). It is possible that some of the landlords and tenants may have confused long occupancy of even a year-to-year lease with long terms. Unfortunately, these landlords and tenants were not asked the length of their present leases. However, an

Table 21. Opinion of Landlords and Tenants Regarding the Effects of Cost Sharing and the Nature of the Farm Tenancy Problem, Brookings County, 1961

Questions*	Party†	Replies received			Number of replies
		Yes %	No %	Depends %	
Will sharing costs increase crop yields? .....	L	21	75	4	52
	T	23	76	1	102
Will sharing costs reduce disagreements? .....	L	21	71	8	62
	T	17	82	1	96
Will sharing costs increase tenant's chances of keeping the farm? .....	L	32	57	11	47
	T	22	63	15	81
Should long-term leases be made?‡ .....	L	53	38	9	68
	T	84	14	2	115
Should tenant be compensated for improvements?‡ .....	L	49	36	15	59
	T	81	15	4	102
Is ability to get along more important than long term? .....	L	96	3	1	68
	T	92	6	2	109
Is short term used to insure good job of farming and a fair rent?‡ .....	L	67	30	3	57
	T	77	23	0	104

\*The questions actually asked can be seen in Section D of the questionnaire in the Appendix.

†L=Landlord; T=Tenant.

‡Difference statistically significant.

earlier study showed that in an adjoining county (Moody), 87% of the tenants had one-year or year-to-year leases but that 80% preferred longer terms. This contrast between what tenants have and what they want suggests that most landlords prefer short-term leases.<sup>12</sup> Thus the length of lease or security of tenure seems to be an important leasing problem.

Only one-half of the landlords felt that they should compensate the tenant for his improvements while four-fifths of the tenants felt they should be compensated.

#### Should Get Along

Landlords and tenants are quite agreed that "ability to get along together" is more important than a long-term lease. Since three-fourths of the landlords and tenants are agreed that sharing costs will not decrease disagreements, such cost sharing should be avoided if more secure tenure is desired.

Again, fully two-thirds of the landlords and tenants are agreed that the short term lease is customarily used to make sure that the tenant does a good job of farming and pays a fair rent.

Why is a good job of farming desired by landlords? Largely because it affects their share rents. If costs were also shared the landlords would be concerned because the quality of farming would affect their share of the costs as well as their share of the product.

Thus, when the landlord shares the costs he is much less likely to give the tenant greater freedom of

operation or security of tenure. Because the tenant is not secure, he cannot afford to make needed improvements for which the landlord should compensate him. Cost sharing, then, creates new problems and at the same time intensifies the old problems of the Three F's: freedom of operation, fixity of tenure, and freedom of improvement.

#### Alternative Solutions to Problems

Since sharing costs seems to reduce the Three F's, what, if anything, can be done to strengthen them? There are reasons for believing that most share rent tenants can increase their Three F's by shifting from share rents to a fixed cash or fixed produce rents. Or, if they prefer, they may use a rent that varies with county average yields in such a way that neither the tenant nor the landlord can affect the amount to be paid after the lease is signed.<sup>13</sup>

#### Number Of Advantages

The merit of these fixed or objectively determined rents is that the landlord is no longer vitally concerned about the choice of crops, the acres of crops and the farming practices used. Hence, even under a one-year lease the tenant will enjoy much greater freedom of operation than he would have under share

<sup>12</sup>R. L. Berry and Vernon Bau, *Tenant Interest in Long Term and Flexible Cash Leases*, South Dakota Agricultural Experiment Station Bulletin 480, 1959, p. 10-11.

<sup>13</sup>For a discussion of these flexible rent methods see R. L. Berry, *An Improved Rental Method for South Dakota*, South Dakota Agricultural Experiment Station Circular 141, 1958.

rent leases. Also because the landlord has less reason to want to move him, his security of tenure will ordinarily increase. With greater security of tenure the tenant is more likely to volunteer to make improvements and the landlord is more likely to accept the offer. As a result, the tenant will have much the same freedom to be efficient that is enjoyed by owner-operators.

#### **Kansas Test Cited**

Evidence to support this logic has been found in central Kansas where over 200 tenants lease land on a one-year cash lease from the Scully Estate. Of 41 randomly selected ten-

ants interviewed, 96% said that in comparison with share-rent tenants, they had more security on the land and more freedom to farm as they think best. Moreover, about two-thirds of the owner operators and crop share tenants in the community agreed that the Scully tenants had more security and freedom. When asked if this security and freedom was due to the cash rental or to the size of the estate, most farmers in the community thought that the cash rental was primarily the reason.<sup>14</sup>

<sup>14</sup>Unpublished survey data, Economics Department, South Dakota State College, 1955.



# Appendix I – Questionnaire Used in the Study

## WHAT FARMERS SAY ABOUT SHARING CROPS AND COSTS ON RENTED FARMS

South Dakota Agricultural Experiment Station  
College Station, Brookings

August 1, 1961

To Brookings County Farmers:

Recently several new ideas have been suggested about sharing crops and costs under crop share rent leases. We would like to have your opinion about these ideas. We need to know how you share crops and costs with your tenant and how you think they should be shared. You can help us help you and other farmers by answering the following questions. Your answers will be confidential. Mail them to us in the enclosed envelope. If you are interested we will be glad to send you a copy of the report when the study is finished. Your help will be greatly appreciated.

Yours sincerely,  
Russell L. Berry  
Associate Economist

### A. First we need to know something about your farm so that we can sort the answers that we get by size of farm, number of landlords, etc.

1. How many acres of cropland and pasture did you farm in 1960?.....
2. Of this land (a) how many acres did you own? - .....
- (b) how many acres did you rent? - - - - - .....
- (If no land was rented in 1960 go directly to Part D, page 4)
3. From how many landlords did you rent in 1960? No.....
4. If more than one landlord, will you please answer all the rest of these questions for *your most important landlord*? This will make your answers easier for you and more valuable for us. Yes.....
5. Are your house and barns located on the land you rent from this (your most important) landlord? Yes..... No.....
6. About how far does your landlord live from this farm? .....miles
7. How many times does your landlord visit this farm each year?  
.....times a year.
8. Does your landlord employ an agent to look after this farm?  
Yes..... No.....

9. What relation is this landlord to you? If any?.....  
 What relation is he to your wife? If any?.....
10. About how old is this landlord? ..... Age in years
11. About how old are you? ..... Age in years
12. What is your landlord's occupation? (Check X one)  
 (1) active farmer.....  
 (2) retired farmer.....  
 (3) active businessman.....  
 (4) retired businessman.....  
 (5) active professional man.....  
 (6) retired professional man.....  
 (7) Other (please specify) .....
13. Is your landlord a widow? Yes..... No.....  
 If "yes" was her husband a farmer? Yes..... No.....
14. How many years have you rented this land? ..... years
15. Does your landlord receive a share of the livestock or livestock products produced on this farm? Yes..... No.....  
 If "yes" please indicate *share*: Dairy.....  
 Beef..... Sheep.....  
 Hogs..... Poultry.....  
 Other .....
16. Does your landlord own any of the livestock on this farm?  
 Yes..... No.....  
 If "yes" please indicate *share owned*: Dairy.....  
 Beef..... Sheep.....  
 Hogs..... Poultry.....
17. Does your landlord own any machinery used on this farm?  
 Yes..... No..... If "yes," please list machinery  
 and share owned: .....

**B. Now we need to know something about your crops and your rent paid.**

1. How many acres of the following crops were produced on this land last year? (Read list below and enter answers.)

Crop	1960 acres	Rent Paid to Landlord	
		Share	Cash
Corn			
Oats			
Soybeans			
Wheat			
Barley			
Flax			
Alfalfa Seed Crop			
Grass Seed Crop			
Alfalfa Hay			
Permanent pasture			
House, barns, etc..			
Total acres			

2. How much rent was paid for each of the crops just listed? (Read list above and enter *share* and cash *rent* paid.) Use 0,  $\frac{1}{4}$ ,  $\frac{1}{3}$ ,  $\frac{2}{5}$ ,  $\frac{1}{2}$ ,  $\frac{3}{4}$ , and *all*.

### C. Here's a Question About Operating Expenses:

1. Do you share any of the following expenses? Please check list carefully and indicate the share paid by this landlord of yours, if any. Use 0,  $\frac{1}{4}$ ,  $\frac{1}{3}$ ,  $\frac{2}{5}$ ,  $\frac{1}{2}$ ,  $\frac{3}{4}$ , and *all*.

Item of Expense	Share Paid by Landlord	Item of Expense	Share Paid by Landlord
Fertilizer		Weed spraying	
Tractor fuel		Livestock feeds	
Hired labor		Breeding fees	
Machinery repairs		Veterinary expense	
Seed, small grain		Building	
Seed, corn		repair labor	
Seed, grass		Building repair	
Seed, legume		materials	
Corn picking		Fence repair labor	
Combining grain		Fence repair	
Hay baling		materials	
Hail insurance		New fences	
Government		Electricity	
crop insurance		Irrigation water	
Weed spray		Terracing	
materials			

D. Now we would like to get your opinion about sharing farm costs. Here are some new ideas about sharing costs under *crop share leases*. What we want and need to know is how you *honestly feel* about these ideas on cost sharing.

1. Has any commercial fertilizer been used on this farm?  
 Yes..... No.....  
 If "yes" in what year was it first used? ..... Year. During the first year how much of the cost of the fertilizer was paid by: Tenant's share..... Landlord's share.....  


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2. Someone has said that the landlord *should share* the cost of commercial fertilizers. Other people say that he *should not share* fertilizer costs. What do you say? Should share..... Should not share.....  
 Why?.....  


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3. Someone has said that the landlord *should share* the cost of fertilizer in the same way the crop is shared. Others think the cost *should not be shared*. What do you think? Should share..... Should not share.....  
 Why?.....  


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4. Someone has said the landlord *should share* all seed costs. Others say the landlord *should not share* these costs. What do you say? Should share..... Should not share.....  
 Why?.....  


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5. Someone has also said that the landlord *should share* tractor fuel costs. Others feel that they *should not be shared*. What do you think about this? Should share..... Should not share.....  
 Why?.....  


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6. Someone has said that the landlord *should share* hired labor costs. Others say that he *should not share* hired labor costs. What is your feeling about this? Should share..... Should not share.....  
 Why?.....  


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7. Still others have said that the landlord *should share* the cost of machinery repairs. Others say that the landlord *should not share* these costs. What do you say? Should share ..... Should not share.....  
 Why?.....  


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8. Some people say that the landlord *should share* all the cash operating costs. Others believe that the landlord *should not share* these costs. What do you believe? Should share..... Should not share..... Why?.....

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9. Some people say that *crop yields will increase* when the landlord shares all costs as the product is shared. Others say that *crop yields will not increase* when costs are shared. What do you believe? Will increase..... Will not increase.....

10. Some people say landlords and tenants would have *less disagreements* when costs are shared as the product is shared. Others say there would be *more disagreements*. What do you feel would happen? Less..... More..... Why?.....

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11. Some people think that the tenant's chances of keeping his farm *increase* when costs are shared as the product is shared. Others think that the tenant's chances of keeping the farm would *decrease*. What do you think? Increase..... Decrease..... Why?.....

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12. Some people say that landlords should make *long term leases* to encourage their crop share tenants to maintain and improve the rented farms. Other people say that only *short term leases* of one year or year-to-year should be made. What do you say? Should make long terms..... Should make short terms..... Why?.....

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13. Some people say that landlords *should agree* to pay the tenant for the unexhausted value of improvements that he makes. Others say that the landlord *should not agree* to pay for such improvements. What do you say? Should agree to pay..... Should not agree to pay..... Why?.....

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14. Someone has said the tenant's *ability to get along* with the landlord is more important than a long term lease. Others think the long term lease is more important. Which do you feel is most important? Ability to get along..... Long term lease..... Why?.....

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15. Would you say or would you not say that the main reason why the short term lease is customarily used is to make sure that the tenant does a good job of farming and pays a fair share as rent? Would say..... Would not say..... Why?.....

16. Some people say that crop share landlords should share the cash operating costs of the tenant and also give him a long term lease. Other people say neither of these things should be done. What do you think? Should not..... Should..... Why?.....

## Appendix II

Cash Rents Paid for Farmstead, Permanent Pasture, and Alfalfa Hay as Reported by Share Rent Tenants, Brookings County, 1961

Charge per acre (to nearest dollar)	Number of tenants reporting charges for		
	Farmstead (buildings)	Permanent pasture	Alfalfa hay
	No.	No.	No.
\$ 1.00 .....	0	0	0
2.00 .....	3	5	1
3.00 .....	5	14	5
4.00 .....	3	9	5
5.00 .....	5	12	4
6.00 .....	2	5	4
7.00 .....	1	3	6
8.00 .....	0	0	5
9.00 .....	0	0	0
10.00 .....	0	0	7
11.00 .....	0	0	0
12.00 .....	0	1	2
Total .....	23	49	39
Average rents per acre .....	\$5.70	\$4.30	\$6.60

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