

## Chapter 19

### Farm Tenancy and Its Problems

Land tenancy, as we have already shown, began in the United States in the earliest colonial period.<sup>1</sup> It is an outgrowth and relic of feudalism, which, despite opposition and condemnation, has persisted and spread even into the newly settled regions as the nation expanded and, as time goes on, threatens to develop to an extent that forecasts serious problems in the future. Under almost any system of individual ownership of large acreages, such as we have experienced in the United States and which has been a marked characteristic of land tenure from Roman times to the present, the working and exploitation of the use of the soil must necessarily be ceded to others by the direct owners. Landlordism, in fact, implies tenancy. It involved various systems of land rental, some of a political character as existed under feudalism, and some distinctively economic and commercial.

Under modern conditions, without feudalism, serfdom, or slavery, land tenancy has taken three principal forms: (1) tenancy under lease of land for cash or equivalent rental; (2) lease under a system or plan of division of the product; and (3) employment of a laborer or laborers to work the land under a plan whereby wages or other compensation is linked to a sharing of the crop or its proceeds.

The first is characteristic of land tenure in Great Britain and other leading European countries and is comprised in the quitrent system introduced in this country in the colonial era. It is, moreover, the com-

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<sup>1</sup>For the story of the tenancy system in colonial Maryland, see *The Land System in Maryland, 1720-1765*, by Clarence P. Gould, pp. 67-72.

mon method of leasing urban land and buildings. The second system of leasing land on the basis of sharing the crop or its proceeds between lessor and lessee was common in France under the Old Regime and has become quite common in this and other countries. It is, in its nature, similar to the royalty-payment system in the exploitation of mineral deposits.

Under the third system—i.e., the “sharecropper”—the tenant is essentially an employee of the landowner. The latter, as a rule, supplies not only the land but also the improvements and equipment thereon. He pays no cash wages, though he may make cash advances to the worker, but compensates him for his services in a *pro rata* distribution of the proceeds from the sale of the crop. The worker of the land is thus called a “sharecropper” and, legally, is not considered a tenant.

Crop-share farming, powered by man and mule, was extensively adopted in the South immediately after the Civil War. The national economy has changed greatly since that time, but in some rural areas of the South and Southwest the system of crop-share farming has remained substantially unaltered. Man and animal power alone can no longer compete with the extended use of tractor power, although many leasing structures still function within the framework of an animal-power economy. Moreover, in proposals to raise incomes of “croppers” and tenants, little emphasis has been placed upon the interdependence of leasing arrangements and systems of farming.

Not infrequently, farm-leasing problems are examined largely in the setting of tenancy, but this approach leaves some of the basic economic issues unsolved. An appraisal of the factors affecting production indicates that many of the problems confronting tenants are also faced by other farm-tenure groups. Attaining maximum net returns from the working of the land has been difficult for tenants and others because of small farm units, too much reliance on hand labor, inadequate capital, and inefficient farm-management practices.

It is not necessary in carrying out the purpose of this work to enter into an analysis of the different features and refinements of land tenancy. Our aim is merely to trace its development, to point out its significance, economically, socially, and politically, and to forecast its trend.

The evils or ill effects of land tenancy are well known. Numerous volumes have been written regarding it both in this country and abroad. In recent years in the United States it has become a matter requiring national and state legislation. However, it was not until the census of 1880 that the extent of farm tenancy in the United States became a matter of statistics. Since that time the enumeration of farm tenants has been improved, and each succeeding census until 1940 has shown an almost unbroken persistent growth in both the amount and proportion of farm tenancy. During the half century from 1880 to 1930 the total number of farmers in the United States increased from 4,008,907 to 6,288,648, a gain of 57 per cent. Tenants increased during the same period from 1,024,601 to 2,664,365, a gain of 160 per cent—obviously, the number of tenants increased more than two and a half times as fast during the period as did the number of owners and managers.<sup>2</sup>

Although some of this revealed increase in farm tenancy may be due to more accurate census reporting, there can be little doubt that farm tenancy in this nation, where for several centuries agricultural areas were ample, farm land relatively cheap, and much of it obtained freely from the public domain with little cash investment, has been intermittently on the increase. Moreover, under the ample mortgage-credit system prevailing throughout the nation, the capital outlay in acquiring productive land has been considerably reduced.

Since the census of 1940, when the growth and the evils of farm tenancy received widespread attention, the farm tenant population appears to be on the decrease. But this may be due to the favorable economic conditions of the period, for it is known that the rate of farm tenancy rises in periods of depression and falls during eras of prosperity.

### Farm Tenancy before the Civil War

Despite the abundance and cheapness of agricultural land, farm tenancy was prevalent to a considerable degree before the Civil War. We have already seen that it had become both an economic and political problem in New York State, where it developed out of the colonial

<sup>2</sup>See Part VII of the *Supplementary Report of the Land Planning Committee of the National Resources Board*, p. 20.

land system there. It was taken up by the Wadsworths of Geneseo, who, unlike most of the large landholders in New York State, leased a large portion of their estate instead of disposing of it by sale.

Political opposition to land tenancy was manifest even in the South before the Civil War. Thus Thomas Hart Benton, an early senator from Missouri, expressed the view that "tenantry is unfavorable to freedom. . . . It lays the foundation for separate orders in society, annihilates love of country, and weakens the spirit of independence." He added, "The farming tenant has, in fact, no country, no hearth, no domestic altar, no household god. The freeholder, on the contrary, is the natural supporter of a free government; and it should be the policy of republics to multiply their freeholders, as it is the policy of monarchies to multiply tenants."<sup>3</sup>

In the southern states, owing to the existence of slavery, farm tenancy was undoubtedly the exception and not the rule, though we have little data regarding it. The profitableness of the slave-worked plantation made it uneconomical to divide up holdings and lease acreages to tenants. Moreover, farming of a single crop, such as cotton, on a small scale could hardly afford the means of livelihood of a cultivator who was subjected to the competition of the large slave-worked plantations. Accordingly, as stated by Enoch Marvin Banks, "In view of . . . the abundance of land in Georgia in the early decades of the last century, it is needless to say that no great amount of tenancy had arisen before 1860."<sup>4</sup>

In the mid-northwestern states, where practically all private acreage represented a part of the original national domain, and where actual ownership of land was made relatively cheap by the public land laws, land tenancy came into existence on a considerable scale. According to Paul Wallace Gates,<sup>5</sup> "A study of the early settlement of the prairie counties [of Indiana] reveals that responsibility for the high degree of tenancy, the large farms, the declining population, the poor tenant

<sup>3</sup>*Thirty Years View*, Vol. I, pp. 103-4.

<sup>4</sup>*Economics of Land Tenure in Georgia*, p. 82.

<sup>5</sup>"Land Policy and Tenancy in the Prairie Counties of Indiana," in *Indiana Magazine of History*, Vol. XXXV, No. 1, March 1939, p. 2.

homes, and the soil depletion is to be attributed in part to the operation of the land system in the nineteenth century."

It was pointed out as early as 1835 by Solon Robinson, an agriculturist of this region, that the "cash-sale system" of disposing of the public lands in unlimited areas was a prime cause of the above situation because it gave an opportunity to non-residents to obtain large bodies of land and let it out for lease to tenants.<sup>6</sup> It was in this period that eastern capitalists and manufacturers, particularly in New England, used their surplus cash to speculate in western lands.

It is noted by a writer on the early history of cotton manufacture in the United States that the files of New England cotton manufacturers contained numerous references to speculation in western lands.<sup>7</sup> When they failed to profit from such speculation and were unable to dispose of the land without great loss, they naturally sought to exploit it through lease to tenants. Thus landlordism became a detriment to early western development.

Professor Gates notes that among the Easterners who bought large tracts of western public land for the purpose of leasing were Daniel Webster, the Wadsworths of New York, Thomas Ludwell and Lee Brent of Virginia, and Romulus Riggs of Philadelphia.<sup>8</sup> Like so many others, Webster's project, for which he was compelled to borrow money, did not prove a success. However, several well-known capitalists of the times carried out their plans of dividing their lands among tenants. Among these was Henry L. Ellsworth, a member of the prominent Ellsworth family of New England, who in 1835 became United States Commissioner of Patents and in that capacity was impressed with the achievements of farm machinery as a means of large-scale farm cultivation. He saw opportunities for use of such machinery on the prairie lands of Indiana and Illinois. This led him, in company with others, to engross large acreages in the region. The Panic of 1837 did not deter him, and following the recovery he plunged more deeply into the pur-

<sup>6</sup>*Ibid.*

<sup>7</sup>See Caroline F. Ware, *The Early New England Cotton Manufacture*, p. 158.

<sup>8</sup>*Op. cit.*, p. 8.

chase of land. At the Crawfordsville, Indiana, land office between 1847 and 1852, he entered 73,500 acres, largely with military land warrants which he could buy from 65 cents to \$1.10 per acre.<sup>9</sup> Other capitalists of this "Yale" group followed the same plan.

Ellsworth was bent on settling the land with tenants. In this he was partially successful. When he died in 1857, members of his family became heirs to over 110,000 acres in Indiana and Illinois, which was only a part of the holdings, since Yale University and Wabash College also received approximately 12,000 acres as a bequest. For almost a half century these heirs were engaged in selling and renting the land.

Contemporary with Ellsworth, others were engrossing large areas in the prairie region of the mid-Northwest. Among these were W. W. Corcoran, the Washington banker; Elisha Riggs and Romulus Riggs, his partner; Solomon Sturges; Alvah Buckingham; along with John Grigs, Isaac Funk, and a host of others—all absentee landlords, who endeavored to exploit their holdings, in whole or in part, through a system of land tenancy.<sup>10</sup>

#### Farm Tenancy after the Civil War

The ending of the slave-worked plantation system is responsible for the introduction of widespread farm tenancy in the South. Here, to a greater extent, it took the form of sharecropping more than in other territorial sections. As stated by James G. Maddox and Howard A. Turner of the Land Policy Section of the Agricultural Adjustment Administration:

It is generally accepted, and hardly can be contested, that hundreds of thousands of tenant farmers appeared in the South in the years immediately following the struggle between the States. The slaves had their freedom, in that they were legally transferred from chattel to persons, but they were without land and equip-

<sup>9</sup>*Ibid.*, p. 11.

<sup>10</sup>For a more detailed list of these "frontier landlords," see Paul Wallace Gates, *Frontier Landlords and Pioneer Tenants*, "Land Policy and Tenancy in the Prairie Counties of Indiana" (*Indiana Magazine of History*, Vol. XXXV, No. 1, March 1939), "Cattle Kings in the Prairies" (*Mississippi Valley Historical Review*, Vol. XXXV, No. 3, December 1948), and other writings of the same author.

ment. The large landholders had their property and equipment, but they were without their former labor supply. The result of the compromise between the two groups was the development of tenant farming. The plantation owner furnished the land and equipment and the propertyless class furnished the labor. They shared in the proceeds of the crop produced. In these tragic years, when the South was not only conquered and its agriculture forced to readjust itself to free labor, but was also virtually bankrupt and had many areas devastated with respect to physical wealth and energetic manpower, the former slave was not the only one to become a tenant operator. Many whites were also forced to rent their land from others.<sup>11</sup>

The greatest amount of land tenancy or sharecropping exists in the cotton-growing area of the South. Georgia, Mississippi, Oklahoma, and Alabama are the most notable areas of the sharecropper. In these states there are more farms operated by tenants than by owners. The tenants in most cases, as has already been pointed out, are practically laborers with an uncertain stipend for their labor.

### The Evils of Farm Tenancy

The spread of farm tenancy in the United States is no doubt due in large part to land engrossment arising from financial speculation and the consequent rising rental income from land. It is indeed a monstrosity of history that in a period of a century and a half a nation with a seemingly boundless area, largely arable, and with a relatively sparse population compared with Europe and Asia, and with land, until recently, distributed freely to settlers, should develop a "landless class."

Taking the nation as a whole, approximately one half of the farmers are tenants in one way or another. Tenant farming prevails in every section of the nation, and there is no evidence that the percentage will permanently decline. In fact, with the cyclical tendency for land values to increase, the proportion of tenant farmers is likely to rise, and the agrarian problems, which have wrecked older nations in Europe and Asia, promise to become serious here in our own blessed

<sup>11</sup>See Part VII of the *Supplementary Report of the Land Planning Committee to the National Resources Board*, p. 20.

land. It has been truthfully stated that "there has never been an attempt in this country to make a comprehensive analysis of all our land-tenure problems, or to evaluate the institution of rural tenancy as an integral part of our national agricultural economy. Most students of rural tenancy are, however, agreed that it is associated with, and perhaps the cause of, certain socially undesirable phenomena."<sup>12</sup>

Space permits only a discussion of a few of these.

One of the outstanding evils of rural tenancy is its discouragement of stability of farm occupancy. The tenant does not feel that he is fixed to the land he works. Thus the habit of migrating, which has dominated the American spirit since colonial days and which in earlier times was a useful force in the rapid settlement of the country, is enhanced. It is estimated that more than half of the farm tenants remain on the same piece of land less than two years. This has a bad effect, socially and economically, on both the farmer and the farm. It discourages farm improvement. It leads to careless farming. The tenant is apt to take little care to preserve the fertility and permanent productivity of the soil when he feels that he may move off the land when his lease expires. It is also a detriment to the making of adequate repairs and the employment and maintenance of efficient farm equipment. In European countries experience shows that when the peasant tills his own land he is more efficient and produces more. It is noted also that, particularly in the South, thousands of tenants move at the end of each harvest season.<sup>13</sup> Under such circumstances, the landlord must furnish supplies, machinery, and equipment, since tenants are not likely to haul such implements along with them. Poor methods of farming are thus inherent in the rural tenancy system.

Moreover, a migratory farm population is not conducive to high moral, political, or social standards. Migratory farmers, like migratory workers, are, on the whole, a shiftless, irresponsible lot. They have little interest in local and political affairs. The element of civic pride, the force that creates progressive communities, is absent in them.

The low economic status of many tenant farmers, particularly in the

<sup>12</sup>*Ibid.*, p. 37.

<sup>13</sup>*Ibid.*, Part VII, p. 39.



South and Southwest, intensifies the economic impact of agricultural and industrial depressions. When agricultural prices decline or when farm surpluses pile up, the tenants, whether sharecroppers or cash renters, are likely to suffer the extremes of poverty because of their lack of worldly goods. This was notable and significant during the agricultural depression of the 1930s, when the low condition of the sharecroppers became a national problem.

Another factor in the adverse situation is the demand and supply of efficient farm laborers. Tenant farmers are not likely to employ an adequate number of laborers on the farms they occupy, nor are they likely to pay a fair rate of wages. Since the employment of laborers is regarded by them as an expense that may not be recovered from the returns of the crop, and since farming, in itself, is essentially a risky undertaking, the tenants naturally evade as far as possible the employment of an adequate force of laborers. For these, as well as many other reasons—economic, political, and social—rural tenancy, particularly of the type where the tenant is dependent on his crops for a livelihood, should be eliminated as far as can be accomplished through national and local efforts. Henry A. Wallace, who as Secretary of Agriculture had a thorough knowledge of agricultural problems, well stated in 1935: "We have been talking about the evils of farm tenancy in this country for a great many years. It is high time that America faced the tenant situation openly and pursued a vigorous policy of improvement."<sup>14</sup>

### **The Bankhead-Jones Farm Tenant Act**

On July 22, 1937, Congress, after extensive hearings on the unhappy farm tenant and sharecropper situation, finally passed the Bankhead-Jones Farm Tenant Act. The aim of this legislation was to afford the means needed to make the tenant farmer the actual owner of the land he tilled. Under the terms of the act, the Secretary of Agriculture was authorized to make loans and to insure mortgages in the United States and its territories in the amounts that would support a family-size farm

<sup>14</sup>A statement by Mr. Wallace before a subcommittee of the Committee on Agriculture and Forestry, U. S. Senate, 74th Congress, 1st Session.

to persons engaged in farming as an occupation. It was stipulated that no loan would be made for the acquisition, improvement, or enlargement of any farm unless it was of such size and type as the Secretary determined was sufficient to constitute an efficient family-type farm-management unit and to enable a diligent farm family to carry on successful farming of a type which the Secretary deemed could be carried on successfully in the locality in which the farm was situated.

This provision was aimed particularly to overcome the difficulty, as experienced by the southern cotton sharecropper, in making a livelihood from the produce of a small-acreage plot. At the same time, it sought to avoid making loans for an acreage in excess of the amount that could be successfully tilled by a single family. The act provided, in addition, for direct loans by the government and for federal insurance of tenant mortgage loans made through other sources. The act also provided for the setting up of county committees, with a majority of each comprising resident farmers, to assist and advise in making loans and mortgages. The duty of these committees consisted of: (1) the examination of applications for loans, (2) the appraisal of the farms involved, and (3) ascertainment of the qualifications of the loan applicant for receiving the loan. All loans made had to be certified by one member of the committee.

For the purpose of specifically carrying out the provisions of the act, a federal agency was created, the Farmers Home Corporation, to which the Secretary of Agriculture had power to delegate the duties assigned to him under the legislation. This agency was merged with other federal farm-credit agencies into one organization under the Farmers' Home Administration Act of 1946.

### European Policy on Farm Tenancy

The problem of farm tenancy has been an economic and political scourge in many European countries, and they have been forced to deal seriously with the evil at various times. According to a statement prepared under the auspices of the Land Planning Committee of the National Resources Board, published in 1935,<sup>15</sup> "European countries

<sup>15</sup>*Op. cit.*, Part VII, p. 41.

have followed three general plans in their attempts to improve their tenancy situation. Some of the countries, such as England, for example, have accepted tenancy on privately owned land, and set about to improve the relationship between landlord and tenant by regulatory measures. Other countries, notably Ireland and Denmark, have pursued a policy of aiding tenants in becoming owners through a system of long-time loans from the government at a low rate of interest. Still a third procedure has been the promotion of state tenancy, under which plan the title to the land rests in the government and the tenant pays rent to the state for the use of the land instead of paying rent to a private landlord."

"The latter plan," says the Land Planning Committee in its report, "is too greatly at variance with present American ideals and principles to merit our consideration. Our policy should probably be developed through a combination of the first two schemes mentioned and should embody the following five objectives:

- "1. To insure reasonable stability of occupancy among farm tenants.
- "2. To eliminate excessive land speculation and irresponsible absentee ownership.
- "3. To promote progress to ownership by farm operators who are competent to assume the responsibilities of an owner-operator.
- "4. To create conditions of occupancy and land use favorable to soil maintenance and improvement.
- "5. To stimulate a fuller identification of farm laborers and tenants with community life by reducing the number of migratory farm tenants and laborers, and by encouraging group activity among this class of our population."

#### Tenancy and Leased-Land Statistics

The percentage of the nation's farms operated by tenants was lower in 1950 than at any other time since 1880, when data on tenure were first collected. The percentage of farms under lease increased steadily from 1880, when 25.6 per cent of the farms were rented, until 1930, when 42.4 per cent were rented. The percentage then decreased slightly

during the later depression years, being 42.1 per cent in 1935. By 1940, when the economy had recovered from the severe depression, the figure was 38.7 per cent. The greatest decline in recent years in the percentage of rented farms occurred during World War II. The proportion dropped then from the 38.7 per cent figure in 1940 to 31.7 per cent in 1945. The downward trend continued to 1950, with leased farms constituting only 26.8 per cent of all farms in that year, almost the same as the 1880 figure.

The recent decline in the number of rented farms has been accompanied by a decline in the percentage of land in farms under lease, which includes both land operated by tenants and land rented by part owners. The peak in the amount of rented land in farms for the entire country was reached in 1935, when 44.7 per cent of all farm land was under lease. The proportion declined to 35.4 per cent in 1950. This decrease, however, was not as large as either the decline in tenancy or the proportion of land operated by tenants.

Several causes have been responsible for the fluctuations in the proportion of rented units and in the total quantity of rented land since 1880. Several decades ago, cessation of the homestead programs ended the supply of free or cheap farm land. Throughout these years, population continued to increase at a rapid rate, which has resulted in an increase in a demand for agricultural products.

Before 1920 the demand for land increased and land prices rose—an increase in tenancy followed. After 1925 the number of tenants was augmented by a large number of former landowners, who found it impossible to maintain an equity in their land with the relatively low commodity prices and the credit arrangements prevailing at that time.

The marked change in economic conditions brought about by World War II enabled many farmers to improve their tenure position. The increase in land prices was not proportional to the increase in commodity prices. Military service and attractive non-agricultural employment removed many prospective land purchasers and tenants from the farm-land market. Moreover, since the war, favorable employment opportunities outside of agriculture have reduced the number of people required to produce the nation's food and fiber. The trend thus has

been toward a more widespread owner operation of farms. But, as already noted at the beginning of this chapter, this may be merely a temporary development. As long as prosperous conditions continue and the demand for industrial workers rises, the motive to become tenant farmers is lessened. Should there be an unfavorable change in economic conditions, there is likely to be a reverse move back to agricultural occupations, and the number of tenant farmers may again be on the increase.

Several states, particularly in the Southwest, have passed legislation to alleviate the evils of farm tenancy; but, though helpful, they have not altered the fundamental conditions that make the farm tenant system economically and socially objectionable. As stated by Professor Spiegel in his book, *Land Tenure Policies at Home and Abroad*:<sup>16</sup>

With few exceptions, the state laws adhere to the rules of the common law which does not secure adequate protection for the tenant and, in England, has been supplemented by the Agricultural Holdings Acts. Only a few similar attempts have been made in the United States, and the practical importance of these attempts is almost negligible. . . . It seems safe to say that state action did not succeed in improving the lease terms to a noteworthy extent. Hence, federal action seems necessary.

<sup>16</sup>Pp. 75-76.