The act will eventually have to be modified so as to assist in the development of agriculture and to take care of the men who have good ability and opportunities even if they are not yet financially in a good condition. I would not, however, abolish the act, but with the experience that is accumulating, modify it to meet the needs of the country.

REMARKS ON TENANCY

E. D. Chasell, Sec.-Treas., Farm Mortgage Bankers Association of America.

It seems to be popular now at agricultural meetings to express regret at the shifting of the majority of our population from rural to city homes. It is maintained that our national life would be improved, the prosperity of our people increased and the happiness of our citizens intensified if the tide of population from country to city could be turned back and the percentage of rural population increased to that of 75 or 100 years ago. Numerous idealistic, educational and legislative plans are suggested for overcoming the drift to cities.

Human nature is not readily changed. Yesterday, today and tomorrow the same causes are likely to have the same effects upon people of the same race, nationality and environment. Causes which induced people of the last generation to move to cities will have a similar effect upon those of this generation and the next.

While listening today to the excellent papers and the well-considered discussions of the hegira of the farmer from agricultural districts to industrial and commercial fields, I have made a mental census of the gentlemen and ladies composing this convention. Unless I am very much mistaken, more than 65% of those present passed their childhood days on the farms.

To come down to plain speaking, let me inquire, why did you leave the farm. Why do you not return to the farm tomorrow. A composite answer to that question would be that you turned your faces to the city in the hope of bettering your condition. You expected to have an easier time, make more money, have greater opportunities for personal development and generally to get greater enjoyment out of life.

Why do you not go back to the farm? It is because you have in a measure succeeded in attaining the objects for which you originally abandoned rural life. You prefer to be college professors, editors of agricultural papers and followers of other callings. You prefer to give your wives and families the advantages afforded by the town rather than to impose upon them the long hours of labor and drudgery necessarily incident to ordinary farm life.

How much of a government subsidy would it require to induce you to return with your wife and children to the long hours of hard work of farm life? Do you think it would be worth while for the government to impose additional taxes upon the people of
this country in order that money might be drawn from the public treasury to be used directly or indirectly to induce you to return to the farm.

The average young people of the next generation will have the same ambitions and equal intelligence with those of the present. The same causes which induced you to abandon the farm for other fields of labor will have the same effect upon the young people of the next generation.

Under existing conditions you do not practice what you preach. Under the same conditions they will do then what you are now doing.

We are here primarily to consider the welfare of the farmer and the encouragement of the business of agriculture. For the purpose of bringing out the truth and developing discussion, may I be pardoned for making a few suggestions which at first may seem to be discordant and heretical. I believe that we are approaching this subject from the wrong angle and directing our attention to effects when we should address ourselves to causes.

In order to divert the tide from town to country, we must make country life more attractive and more profitable than town life. The majority entertain an opposite opinion at the present time and consequently the trend is toward the cities.

With all due respect to the gentlemen who entertain different opinions, I maintain that the condition of the farmer would not be improved by inducing half of the people who live in cities to move out on farms to increase production. It would increase competition in farm life, reduce prices and deprive the farmers of many luxuries which they now enjoy.

In the good old days, when the majority of the population lived on farms the conditions of farm life were not anywhere near so pleasant and the profits were less than they are today when the farmer has the benefit of a large urban population competing for the products he offers for sale.

The labor unions thoroughly understand that increased competition reduces prices. They object to the importation of cheap labor and they regulate the number of apprentices permitted to learn the various trades. Last summer, 110,000 members of the building trades were idle several months because they would not work eight hours for $7.40, demanding $1.00 per hour for regular time and $1.50 per hour for over-time. Their children attend schools and their wives work fewer hours than the women on the farms.

The average farmer works from ten to sixteen hours a day. His children work many hours every week from early childhood, and his wife usually works longer hours than the farmer himself. The farmer's compensation is far less than $7.40 for eight hours. Such facts and conditions as these must be taken into consideration when we suggest methods for improving the condition of the farmer.

May we not question the wisdom of trying to improve conditions
under which the farmer conducts his business by subsidizing or otherwise inducing others to enter into competition with him.

My conclusion is that farm life must be more profitable in order to be more attractive than town life before it will draw people from the town to the country. Artificial stimulation of the country spirit by propaganda, subsidies and other methods can not permanently succeed.

As conditions of prosperity in the business of farming have steadily improved as the proportion of population engaged in agriculture has decreased, it is not reasonable to assume now that farm life would be made more profitable or attractive by inducing a large part of the city residents to shift their homes and occupations to rural life.

Improved methods of farming as taught and encouraged by the agricultural colleges, the department of agriculture and the banker-farmer movement have done much in the past thirty years. The first thing to do is to raise the compensation of the farmer to that received by men of equal ability and industry in other occupations. It requires a high order of ability as a manager and far more technical knowledge to operate a farm successfully than to follow an ordinary industrial occupation in town. If the bricklayer is entitled to a dollar an hour for his services, certainly the farmer is entitled to as much.

The problem of farm tenancy presents many sides. A superficial consideration of one or two phases of the question is of little value unless we consider the economic principles that underlie and govern the entire proposition.

It is argued by many that farm tenancy should be abolished. There is a great tendency now among agricultural writers to claim that the farming industry in America is going to the dogs because of farm tenancy. Before deciding this question let us give sober consideration to a few incontrovertible facts.

We are at present living in abnormal times. Financial, industrial and agricultural conditions have been greatly disturbed by the world war. With a return to normal business conditions, there is likely to be an increase in the proportion of farm owners operating their own farms.

An ideal condition of farming would be one with every farm operated by its owner and every farmer out of debt. Ideal conditions may be approximated, but never fully attained. A practical condition will be found to be one in which one-fourth or more of the farms are operated by tenants.

It is estimated that nearly two-thirds of the farms of the United States are owned by the men who operate them, leaving something over one-third operated by tenants. It is also estimated that only about one-third of the homes in cities and towns are occupied by owners, and therefore about two-thirds are occupied by tenants. It is also estimated that only about one-third of the homes in cities and towns are occupied by owners, and therefore about two-thirds
are occupied by tenants. This makes the proportion of town tenants twice as great as on the farms. Cities are getting along very well with two-thirds of the people living as tenants. This comparison is quite favorable to the agricultural industry.

The records and reports of the Agricultural Department at Washington show that there has been an increase in the average yield per acre of farm crops during the last thirty years. It is therefore clear that all rented farms have not lost productiveness, although there may be more of a tendency toward depreciation on rented farms than on those occupied by owners.

It is argued that the farm tenant leads a life of hard labor and poverty because he is a tenant. In these days when the majority of our population live in towns and cities, a comparison of the condition of the American farm owners in the "good old days" prior to the civil war when the majority of our population lived on farms, with that of the farm tenants of today will be favorable to the living conditions of the latter. The intelligent, thrifty, industrious tenants of today make more money, have more luxuries for their families and send more of their sons and daughters to colleges than did the owners of farms in the days when the majority of our people were engaged in the business of farming. Some men are not successful as tenants. They might not succeed as farm owners. Most farm tenants ultimately become farm owners.

The gentleman from Minnesota, in his most excellent paper, has shown that the capital return to farm owners, aside from the increase in value, has averaged less than 4%, in some cases less than 3%. I am confident that the average for the last thirty years would be even less than that shown for the period that came under his observation.

The farm tenant who successfully operates a farm of 160 acres, furnishing his own complete equipment of teams, farm machinery and live stock, will require an investment of approximately $5,000.00. Assume that he rents a farm valued at $25,000.00, a very moderate estimate. The owner of the farm ordinarily will receive not more than 3½% as rental, after deducting taxes and depreciation of buildings. This is, in fact, a liberal estimate for the return to the land owner.

If the gentleman from Minnesota had made a careful study of the capital income returns obtained by farm tenants he would have discovered that the farm tenant often receives a return of from 10% to 20% on capital invested in farm equipment and stock.

Now assume that a beneficent government were to loan this farm tenant $25,000.00 to buy the farm which he rented, and that the tenant pays 6% interest on the $25,000.00 invested in the farm. With the same crop conditions and prices he would lose 2½% through owning the farm as compared with renting it. This would be an actual annual loss of $625.00. As a farm owner he would be a speculator in real estate, and would benefit by any increase in the value of the farm, but he would also be liable for losses through
destruction of buildings by fire or depreciation. It is not a safe business proposition ordinarily for a man to borrow a large amount of money for real estate speculation. As a sound business practice, it would be a good deal better for the farm tenant with moderate capital to increase his investment in live stock and other equipment so as to rent more land profitably, rather than to speculate in buying farms on borrowed capital. The gambling conditions of the land market for the past year or two cannot be depended on to last. The man with capital is usually content to accept a rental rate on farm land as low as two or three per cent. It is safe to assert that the average return for farm rental for the last fifty years has been lower than three per cent. This is far below the interest rate for industrial purposes.

The reliable tenant who pays rent equal to three per cent of the value of the farm is able to make profits equal to those which would be his, if he owned the farm and paid three per cent interest on its value. He would not of course have the personal satisfaction of living in his own home nor would be receive the benefit of the increase in value, but farms do not always increase in value.

As a business proposition, the tenant would each year be the gainer. He would be able to annually increase his bank balance or his more highly productive live stock. The incompetent farmer is a failure either as owner or tenant.

The competent farmer with small means accomplishes most by renting for a few years until he acquires sufficient capital to enable him to make a substantial payment on a farm. A reasonable proportion of such farm tenantry is essential to the successful management of the farming business of every state.

To aid farm owners and farm tenants, let us favor legislation for those already in the business rather than to tax them to induce competitors to engage in farming.