

Farm Tenancy in Iowa

By EARL D. ROSS

Iowa farming in the formative era of the 1840s and 1850s presents most striking contrasts to the modern Corn Belt undertaking, in management and tenure no less than in operational technique. Initial investment reflected primitive abundance of natural resources and elemental simplicity in their development. At the prevailing "government minimum" a quarter section could be acquired for the present average price of a single acre. Even so, many shaved the "ten shillin'" in "hard money" very considerably. In the years of most rapid settlement, in the 1850s the main currency was depreciated Mexican war land warrants. These were later supplemented by college land scrip from eastern states. Grants for education, railroads, river improvement, and drainage added to the competitive market.

The area left for homesteading in the northwestern counties was restricted, but so cheap was the price of the land that in many cases it was more profitable to buy a going farm than to be at the expense of developing the unbroken prairie to that stage.

In any case, the availability of good land gave a large measure of reality to the contention of eastern agrarians and western promoters, like Thomas H. Benton and James Lane, that land was a free good.

Capital outlay was correspondingly modest. An ox team, a cumbersome wagon or cart, an improvised breaking plow and a few crude hand tools of home or neighborhood contrivance constituted the inventory.

John B. Newhall at the time of statehood estimated a total expenditure of not over \$400 for the acquisition and "making" of an 80 to the first crop. He was certain that nine-tenths of the settlers had made a start on less.

¹This paper essays merely a brief historical survey and does not discuss various controversial issues and involvements that for some years have been studied by the experiment stations, particularly of the North Central states, the U.S. Department of Agriculture, and the Farm Foundation.

From such rare opportunities and aspirations emerged the standard and custom of the family farm. Large enterprises were the exception. There were big land promoters, but few big operators. And most of the speculators were caught in the panic of 1857. Lincoln was obviously thinking of his own region when, in 1854, he declared that there was "no permanent class of hired labor among us." Ownership was so easily attained and so widely diffused that the figure of the agricultural ladder from hired man to owner had greater reality than at any other time and region.

EARLY STAGE TENANCY

The second round of the ladder, that of tenancy, appeared fairly early for a state of such abundant resources. Industrious young men with little capital found it more profitable to rent a producing farm than to undergo the delay and expense of bringing a sizeable unit of virgin prairie to that state. From the second generation of settlement, relatives came to lease farms from the retired owners, often with the expectation of ultimate inheritance.

At this early stage tenancy involved no serious economic and social maladjustments. However, the extent of such tenures at a time when large acres of the prairie remained unbroken was significant. By the first official record of 1880, 23.8 per cent of Iowa farm operators were tenants, as compared with 25.6 per cent for the nation as a whole.

An ominous influence—forecasting even greater catastrophe of matured development—came in the depression of the 1890s with the loss of investment by over-involved proprietors which forced them to drop to a lower level of tenure. From the first, for many ultimate ownership was long delayed and hampered by heavy mortgaged burdens. These obligations were greatly magnified as the price of land came to increase more rapidly than the return for its products.

In the new industrial and commercial expansion from the late '90s to the world war era the unprecedented growth of tenancy in the state was generally interpreted,

in line with the assured optimism of the "New Agriculture," as an evidence of progressing prosperity. This was in direct contrast to the explanation of the similar tendency in the South.

INCREASED LAND PRICES AIDED

The chief explanation of an increase of nearly ten per cent in tenancy from 1890 to 1910 (when the proportion was 37.8 per cent) was the rapidly-mounting price of land. The average selling price per acre rose from \$28.13 in 1890 to \$43.31 in 1900 and \$96.00 in 1910. Speculation both in the holding of raw lands and in the partial improvement for quick turnover had attended western settlement from earliest times. To the turn of the century competition of regions and of promoters, individual and corporate, had kept land prices from rising unduly in relation to improvements and earning capacity. But with rising prices for farm products, the shortage of good land, speculative buying, and investment hedging by city businessmen and corporations, land prices increased to an unprecedented degree in amount and velocity.

The slight decrease in the population of the state recorded by the census of 1910 was due largely to the migration to cheaper lands in the South, the Plains area, and Canada. Whether the option of ownership in less productive lands was superior to tenancy in the heart of the Corn Belt depended upon individual initiative and the greatly-varying economic and social conditions of the adopted regions.

Capital demands were no less exacting than those of land investment. Ever-extending mechanization of farm and home, that relieved, speeded, and standardized the application of labor until the old drudgery was largely removed, was costly beyond anything previously experienced in typical outlay. Before the farm loan act of 1916 adaptable farm credit was lacking and the new system down to the war years proved most inadequate. With mounting public expenditures, a disproportionate burden was carried by the general property tax, as applied to land and its improvements.

The first world war proved to be the most unsettling

influence that Iowa land tenures have experienced. Home and Allied demands brought expanded production and acceleration of change in technique. During the war selling and rental prices increased less than commodities. But in 1920, with the continued war boom, Iowa land soared to an all-time high. In the resulting deflation of the 1920s and the general depression of the 1930s so many were forced from ownership to tenancy as to reverse the movement on the "ladder." By 1935 about 50 per cent of the farms of the state and 58 per cent of the acreage had tenant operators. Necessitated foreclosures had brought the holdings of corporations to a record high. The Great Depression, which tried so ruthlessly all phases of the economy, posed a peculiar threat to the characteristic American tenure.

SECURITY ACTS AIDED OWNERSHIP

In the ensuing salvaging and recovery programs in state and nation, the family farm was generally accepted as the normal unit and the main policies were predicted upon its security and progression. The Iowa homestead exemption act of 1937 gave a considerable measure of tax relief. Federal farm credit was provided for long time mortgages for intermediate term, and for special productive and cooperative undertakings. As a direct aid and stimulus to ownership, the Bankhead-Jones Farm Tenant Act of 1937 provided loans for purchases of approved family farms. The Farm Security Administration, later the Farm Home Administration, has given understanding advice and supervision to these enterprises. To the end of 1946, 956 such loans had been made in Iowa. During the past decade most of the corporate holdings have been sold to private owners, many of whom have been operators. By 1945, tenancy had declined to 42.2 per cent, and probably at present has reached about the proportion of 1920, (41.7 per cent.)

The chief restriction on a marked extension of land ownership in Iowa is the shortage of land to be had at a prudential cost and the increasing investment in machinery and improved livestock. The prediction is sometimes made that the main future opportunity for such

proprietorship will be in inheritance. In other words, the old system will function only when the father owns the ladder. The increase of the average size of farms by nearly ten acres, along with the decrease in number of farms by nearly 10,000 in the past ten years, reflects the narrowing area for new farm enterprises.

Controls of land inflation by taxation or otherwise may help to stabilize the land market. Cooperative use of the higher-priced machinery may work economies in production. But at best, a considerable proportion of tenancy seems likely to persist. Hence the best practices should prevail. These should include longer and more stable tenure and equitable adjustments of the costs of improvements, scientific methods of production, and conservation.

Whatever the opportunities of tenancy as a temporary status may have been, the economic and social limitations of the system in typical operation have been generally experienced. Too frequently farming methods are exploitive and community relations indifferent. In contrast the family farm represents, economically and socially, probably the biggest bulwark of middle class proprietorship. Hence such a goal for rural economy and society may be said to be an essential tenet of the American way of life.

Threat to Civilization

Gov. George W. Clarke: I deprecate this cry of failure. The day of surrender should never come. The face of every man and woman should ever be turned toward the future, aglow with hope, and their minds and hearts animated with confidence in the ultimate triumph of the great ideals that have ever inspired the men and women whom all of the world, good and bad alike, have pronounced blessed and the real kings and queens of humanity. I believe with Browning that "God is in His Heaven and all is right with the world."—From the Inaugural Address, 1915.

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