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DEPARTMENT OF AGRICULTURE
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Cooperative Report

AGRICULTURE CENSUS

CASH RENT

PAID, OR PAYABLE, BY CASH TENANTS AND BY PART OWNERS RENTING ON A CASH BASIS

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

This cooperative report makes available, on a county and crop-reporting district basis, Sixteenth Census data on cash rent paid or payable by tenants and part owners renting entirely on a cash basis. The Bureau of the Census is responsible for the collection and compilation of the data; the Bureau of Agricultural Economics is responsible for the analysis of these data.

For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 35¢

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LETTER OF TRANSMITTAL

DEPARTMENT OF COMMERCE,
BUREAU OF THE CENSUS,
Washington, D. C.,
February 18, 1944

SIR:

I transmit herewith for publication a special report on cash rent paid or payable by tenants and part owners renting entirely on a cash basis. The report presents by counties and crop-reporting districts the amount of rent with totals for all land, cropland harvested, value of land and buildings, and value of buildings. The data are a compilation from the Census of Agriculture returns of the Sixteenth Decennial Census.

Provision for the Sixteenth Decennial Census was made in the Act providing for the Fifteenth and subsequent decennial censuses which was approved June 18, 1929. The information contained in this report was secured from farm operators by census enumerators in a personal canvass of the individual farms.

This report was made possible through the cooperation of the Bureau of Agricultural Economics of the United States Department of Agriculture. The Agriculture Division of the Bureau of the Census prepared the tabulations, while the responsibility for the interpretation of the data rested with the Bureau of Agricultural Economics, United States Department of Agriculture.

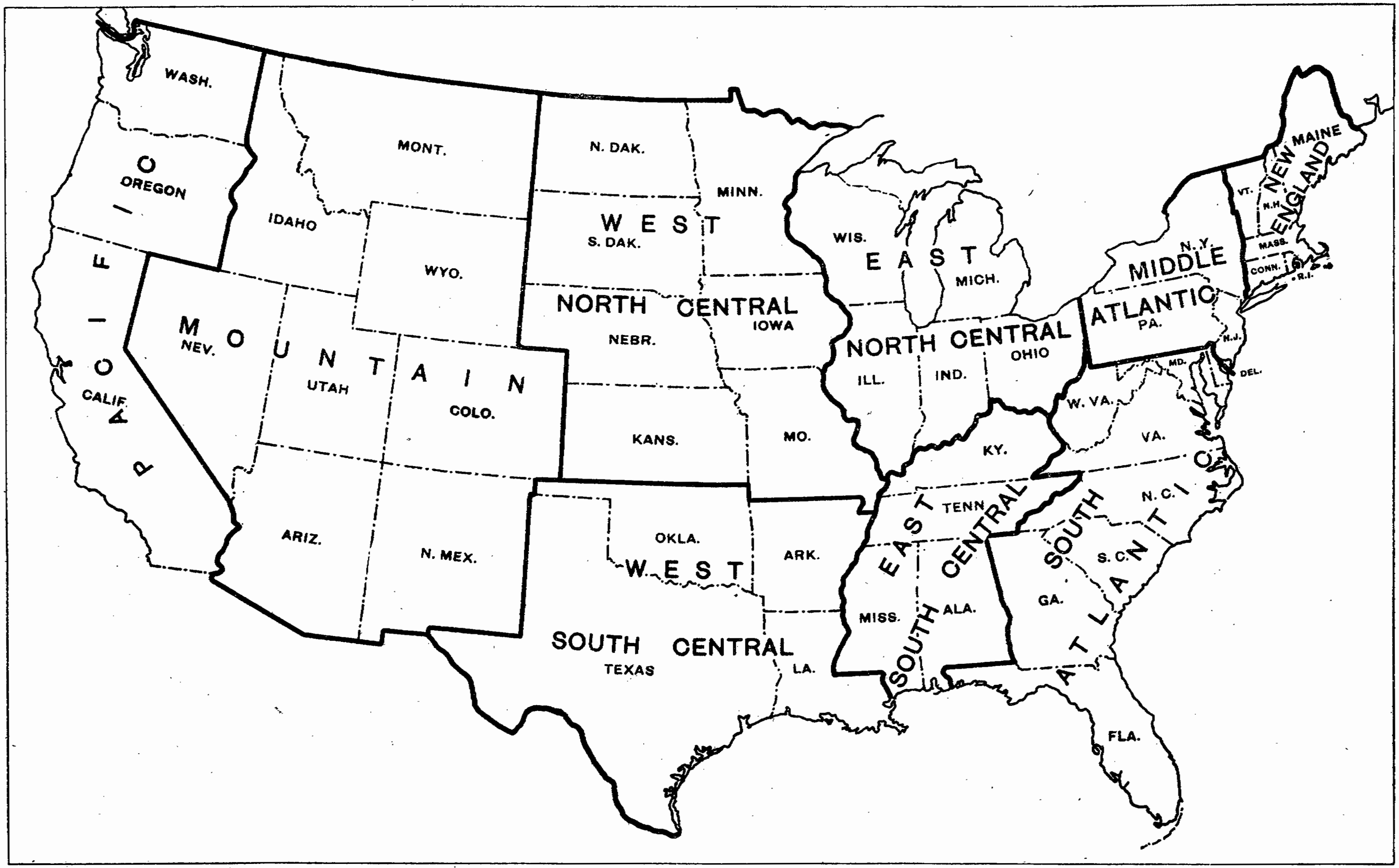
This study was made, principally, by Elco L. Greenshields, Senior Agricultural Economist, Bureau of Agricultural Economics, United States Department of Agriculture, and Hilton E. Robison, Principal Agricultural Statistician, Farm Economics and Finance, Agriculture Division, Bureau of the Census.

Respectfully,

J. C. CAPT,
Director of the Census

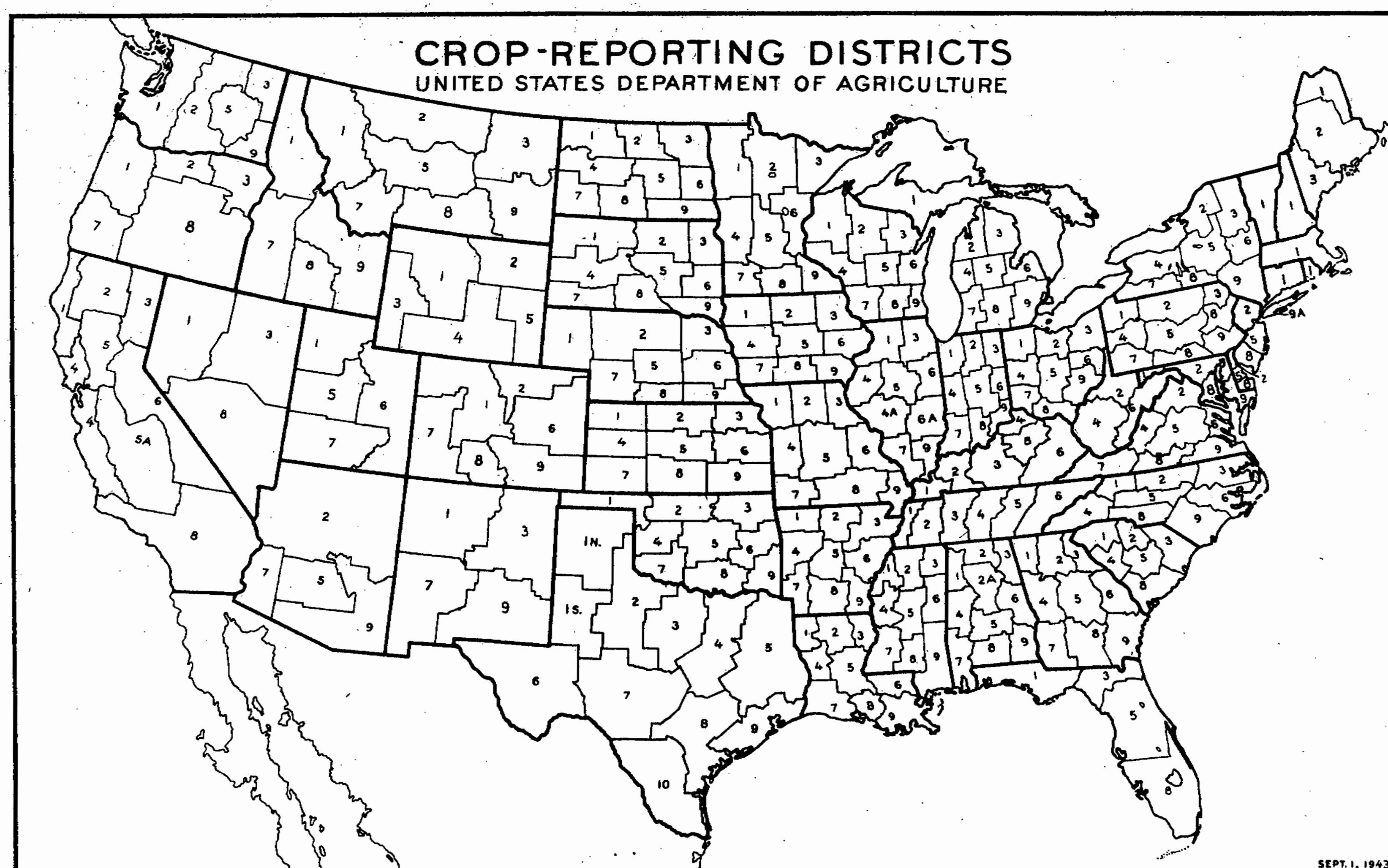
Hon. JESSE H. JONES
Secretary of Commerce

MAP OF THE UNITED STATES SHOWING GEOGRAPHIC DIVISIONS



CROP-REPORTING DISTRICTS

UNITED STATES DEPARTMENT OF AGRICULTURE



U.S. DEPARTMENT OF AGRICULTURE NEG. 24286-A AGRICULTURAL MARKETING SERVICE

CONTENTS

CASH RENT PAID, OR PAYABLE, BY CASH TENANTS AND BY PART OWNERS RENTING ON A CASH BASIS

INTRODUCTION

The publication by the Bureau of the Census of this special report, presenting statistics relating to cash rent paid for farm real estate, was made possible through the cooperation of the Bureau of Agricultural Economics of the United States Department of Agriculture. In this report, which is the first to present county figures on cash rents for the 1940 Census of Agriculture, the data are arranged and summarized by United States Department of Agriculture crop-reporting districts.[1] This arrangement has been used in order that broad relationships between cash rent, type of land, kind of farming, and economic conditions may be more readily indicated. In presenting figures by crop-reporting districts, totals are shown for each of the 304 districts into which the States are divided; also for the District of Columbia and the independent cities of Virginia.

Uses of cash-rent statistics.—Cooperation between the Bureau of the Census and the Bureau of Agricultural Economics in the compilation and publication of these data was undertaken primarily because of the need for a better pre-war base from which wartime trends in farm rents could be measured. Because of the impending danger of inflation created by war conditions, an endeavor is being made to follow more closely than formerly the trends in rents and market values for farm real estate. The complete census bench mark, which will be provided by the data contained in this report, will make possible a more accurate measurement of current trends, and will be helpful in appraising these trends in the light of conditions existing immediately preceding the war.

In addition, the publication of the rent data appears to be warranted because of its probable usefulness to the public. These data should be of considerable interest to those who are contemplating the purchase of real estate for investment purposes. The cash-rent statistics obtained through the 1940 Census are considered to indicate a more normal rate of income for farm-land investments than current rental rates. Those who acquire farm real estate at this time might well take cognizance of the differences in current rents and those existing before the war. The National and State figures that are available through previous Census publications are helpful in this respect; but, for the most part, these data are too general for use by individuals who are usually interested in land investment only in particular localities. The county data provided through this report are considered to be of sufficiently localized character to serve as a guide to these investors.

Furthermore, these data should be helpful in connection with the problem of land evaluation. Those concerned with making appraisals of land values for farm-mortgage and related purposes should find these data useful. In this connection, however, the average cash rents presented cannot be accepted as representative of gross rental returns to landlords.

Presentation of data.—This report consists primarily of a presentation of cash-rent data by counties and by United States Department of Agriculture crop-reporting districts, with summaries for the United States and divisions and States. The data are arranged to show the amount of rent paid in relation to the total acres of land rented and to the value of the land and buildings. The cropland harvested and that part of the total value represented by the buildings were also included in the tabulations, as these two items often have considerable bearing on the amount of rent paid. Figures are shown not only for cash tenants but also for part owners renting on a cash basis. Available comparative data are included for 1930.[2]

Statistics by color of operator are presented for the South on a crop-reporting-district basis. Figures for irrigated and nonirrigated farms are shown by States for 20 States. In presenting summary and State data, cash-rented farms are also shown in their relation to farms of other tenures.

To portray the data more effectively the tabulated material is supplemented by a number of shaded and dot maps. Maps showing the distribution of the number of farms by tenure are included to present the relative geographic importance of tenant farms and part-owner-operated farms. Other maps are presented to show the geographic distribution of the major methods of renting, including cash renting. A final set of maps shows the average cash rent per acre and the average per $100 of value.

Other sources of information on farm rents.—In addition to the Federal farm census, other sources of information on farm rents are available. The Department of Agriculture through its crop-reporting service obtains reports annually on farm rents. Reports on cash rents were obtained for the first time in 1921, and an annual report has been obtained each year since. Beginning in 1925, these data were supplemented for the 11 Western States by separate reports for irrigated land, for dry farming land, and for nonirrigated pasture or grazing land. The average rent per acre for farms or ranches rented entirely for cash and the average cash rent per acre for plowland were obtained continuously in all States through 1935. Starting in 1936, the separate report for plowland was dropped for all States, and in all States other than the 11 Western States a separate report was added for pasture or grazing land.

Beginning in 1943, the Department of Agriculture obtained reports on share-cash rents from the real estate dealers who for a number of years have been reporting on farm real estate values and market activity. No attempt is made to obtain per acre rentals through these reports. The questions are designed to ascertain year-to-year changes in fractional shares and in the amount of cash paid in addition to shares of crops and livestock produced. Reports of these rent data are made available regularly by the Department of Agriculture through occasional news releases and periodic publications.

INHERENT CHARACTERISTICS OF THE DATA

In using the cash-rent statistics presented in this report, the special nature of census data should be considered. The most important of the characteristics peculiar to census data that are pertinent to this report are covered by the definitions and explanations of terms given in the Appendix. It is essential first of all to know the types of rental arrangement that are classed as "cash." Statistics other than the count of farms are given for only those farms of cash tenants and part owners paying their entire rental in cash, and for which the amount of rent was reported. If the cash rent paid or to be paid represented only a part of the total rental, as in cases in which a portion of the farm was rented for cash and a portion for a share of the crops produced, then no cash-rent data were included.

As rents are reported to census enumerators on a farm-unit basis, or, in the case of part owners, on the basis of that part of the farm that is rented, the concept of the farm used by the Census is especially significant. A canvass is made of all farming operations, no matter how small, on tracts of land of 3 acres or more, also on tracts smaller than 3 acres if the total products are valued at $250 or more. This means that many farms enumerated by the Census are primarily places of

[1] See Appendix for description of crop-reporting districts.
[2] See Appendix under Historical census data relating to cash renting for availability of data for other years.

residence, and that the operators thereon are not necessarily farmers by occupation. For instance, in 1939 one operator in every seven (15.5 percent) worked off their farms 100 or more days, mostly at nonfarm occupations. As indicated by the schedules a large proportion of the operators of these small and part-time farms who rent their places pay cash rentals. Thus the cash rents which they report represent a rental which is chiefly for a place to live rather than for a farm. Especially around metropolitan areas where many of these farms are located, the cash-rent figures tend to present an unrealistic picture of rents paid for agricultural lands.

In addition to the need for making allowances in these cash-rent statistics for places where the farming operations have little or nothing to do with the amount of rent paid, cognizance should also be taken of the extent to which land belonging to the farm is not used by the operator. Many farms include idle and waste lands and woodland that have very little bearing on the farming operations or on the amount of rent paid.

Another significant characteristic arises out of the procedure used by the Census for determining the land included in a farm unit, in that public land grazed on a permit basis was excluded whereas public land leased for grazing was included in a farm unit. Thus, in some areas of the western grazing region, the cash-rent statistics are affected to an appreciable extent by the rates of rent set by the agencies administering public lands. In other areas of this region the data represent largely the rentals that are charged by private owners under competitive conditions.

In comparing the amount of rentals with the value of land and buildings, it is important to keep in mind the procedure followed in enumerating farm real estate values. The value for an individual farm represents the opinion of the farm operator given at the time of the enumeration. When a total represents only a few of these individual opinions, the averages should be scrutinized carefully as they may have been thrown out of line by one or two somewhat erratic reports. Average values for large numbers of farms represent a composite of many opinions and can be considered dependable.

LIMITATIONS IN THE USE OF THE STATISTICS

Extent of completeness.—The figures presented for cash rent paid or payable do not represent totals of all cash rents. The 1940 figures do not include cash-rent payments made by 29,002 cash tenants for whom information as to the amount of cash rent was incomplete or not reported, 278,605 tenants who paid cash rentals in addition to a share of crops or livestock, and 10,823 croppers who supplemented their share rentals with cash payments. Also excluded are cash-rent payments made by part owners who paid a share of crops or of livestock in addition to cash, or who, though renting solely on a cash basis, failed to report the amount of rent. No tabulations were made which provide a measure of the incompleteness for part owners.

An additional loss in coverage, although inconsequential in most areas, resulted through the occasional failure of an enumerator to obtain any information on rent payments for some of the tenant operations he enumerated.

Rents consisting of specific quantities of products were excluded, even though somewhat in the nature of cash rents and though cash equivalents could have been readily computed. Standing renters are unlike cash tenants in many respects. Therefore, as noted in the definitions (see Appendix), standing renters were classed as "other" tenants.

Limitations of analyses based on area totals.—County, crop-reporting-district, and State summaries of cash-rent statistics which are presented in this report do not necessarily exhibit the same relationships as would be shown by an analysis of the data for the individual farms in a particular area. Area totals represent the composite results of large numbers of forces, some of which have tended to be offsetting. Comparisons of area totals give emphasis to those variations in characteristics of farms which result from geographic differences. These may or may not be the same as those which would be associated with variations in cash rent within a particular area. Thus the statistics may appear to indicate some relationships which may be divergent from those that would be shown by an analysis based on individual farms within a particular area.

Use of cash-rent statistics as an indication of land income.—In the introduction, the suggestions of possible uses of cash-rent statistics included several which implied their use as a general indication of land income. When so used the limitations of the data must be kept in mind. It is of particular importance to take into account the stability of the averages, the homogeneity of the agriculture within the areas for which averages are given, the differences in characteristics of cash-rented and other farms, and the limitations of cash rent as a measure of investment returns.

Relative significance of State, crop-reporting-district, and county figures.—Crop-reporting-district figures may be expected to be more useful generally than either State or county figures. Each district covers an area relatively homogeneous with respect to agriculture. Also, most of the districts include enough reports to provide considerable stability in the averages as each district usually comprises several counties. State figures are likely to be less significant because of the diversity of agriculture in different sections of the State, whereas county figures may not include a sufficient number of reports to give stability to the figures. The totals and averages may be appreciably affected by one or more outstanding reports. However, all unusual and outstanding reports were examined with especial care, as were the reports involved where the county totals or averages were not in line with those in adjoining counties. Limitations of the data for such individual reports are discussed under the definitions and explanations of the several items.

Differences in characteristics of cash-rented and other farms.—All conclusions with respect to cash rent as an indication of land income must necessarily take into account the differences between cash-rented farms and other rented farms. Some of these differences are shown by the data presented in this report. Selected data showing these differences for the United States in 1940 are as follows:

ITEM	All tenants	CASH TENANTS		Tenants other than cash tenants
		Total	Reporting amount of rent	
Number of farms	2,361,271	514,438	485,436	1,846,833
Percent distribution	100.0	21.8	20.6	78.2
Land in farms (acres)	311,898,526	74,888,541	70,072,002	237,009,985
Average per farm	132.1	145.6	144.3	128.3
Value of land and buildings (dollars)	10,789,396,595	2,227,608,406	2,103,568,157	8,561,788,189
Average per farm	4,569	4,330	4,333	4,636
Average per acre	34.59	29.75	30.02	36.12
Cropland harvested (acres)	128,442,418	18,810,390	17,710,999	109,632,028
Farms reporting	2,243,738	454,522	428,752	1,789,216
Percent reporting	95.0	88.4	88.3	96.9
Average per farm reporting	57.2	41.4	41.3	61.3
Value of buildings (dollars)	2,733,505,896	663,647,388	623,102,195	2,069,858,508
Farms reporting	2,249,715	495,230	467,412	1,754,485
Percent reporting	95.3	96.3	96.3	95.0
Average per farm reporting	1,215	1,340	1,333	1,180

The differences shown by the preceding United States summary figures should be discounted somewhat because they are partially a result of geographic variations in agriculture. However, differences of similar magnitude, although not always in the same direction as shown by the National summary, may be noted by referring to State and county data. Cash-rented farms, as will be noted from this tabulation, comprise roughly one-fifth of all tenant-operated farms. The average size of cash-rented farms is 13.5 percent greater than the average size of tenant farms rented by methods other than cash. The average value of land and buildings per acre is 17.6 percent less than that for other tenant farms. A significantly smaller proportion reported cropland harvested, indicating that many cash-rented farms are primarily places of residence. Furthermore, the average acreage of cropland harvested per farm reporting is one-third less for cash-tenant farms than that for other tenant farms. The value of buildings alone is 13.5 percent greater on the average than for other tenant-operated farms. The value of land alone in cash-rented farms is much less than that of other tenant farms.

Part owners renting for cash leased 420 acres per farm on the average as compared to 198 acres for those renting on other bases. The value of land rented for cash is less than one-half that of land rented on other bases by part owners. This indicates a predominance of cash renting by those part owners who rent large acreages of grazing land.

ITEM	Total part owners	Part owners renting on a cash basis	Other part owners
Number of farms	615,039	152,201	462,838
Percent distribution	100.0	24.7	75.3
Rented portion (acres)	155,686,276	63,910,785	91,775,491
Average per farm	253.1	419.9	198.3
Value of land and buildings (rented portion) (dollars)	2,548,208,381	624,040,906	1,924,167,475
Average per farm	4,143	4,100	4,157
Average per acre	16.37	9.76	20.97

Cash rent as a measure of investment returns.— In order to appraise properly the cash-rent data as a measure of income from farm land, the conditions that make cash rent nonrepresentative of investment returns must be taken into consideration. In the first place, the cash rents reported are gross rents. Landlords' expenditures for taxes vary considerably from an insignificant fraction of their rental returns to even more than the rent in individual instances. In addition to this tax expense, landlords of cash-rented farms have other expenses in the upkeep of the farm which likewise vary considerably from region to region, depending upon the nature of the buildings and other improvements, the susceptibility of the land to erode or to become depleted of its fertility, and other conditions requiring extra maintenance expense. Depreciation is another variable cost depending upon the nature of improvements and type of farming. In irrigated sections, water charges are borne by landowners in varying amounts. Drainage-district assessments are also usually borne by landlords who rent their land for cash. All of these fixed expenses of landlords renting on a cash basis by no means represent a consistent proportion of the rental return for the many vastly different areas of the country.

Furthermore, the contributions that landlords make to operating expenses vary from farm to farm, depending upon individual circumstances and to some extent upon the type of farming. Usually, it may be rightfully concluded that landlords renting on a cash basis supply none of the operating expenses, but this is not always the case. In many instances, landlords furnish some operating equipment; also, particularly in the South, many landlords furnish power and fertilizer to cash tenants. Personal considerations sometimes have a bearing on the kind and amount of contribution made by landlords to operating expenses. Some concessions, in the way of contributions to operating expenses or in actual cash rent paid, are made occasionally because the landlord and tenant are relatives or close personal friends.

The risk that a landlord bears in collecting rents under differing circumstances is a further consideration that must be recognized when appraising cash rents as a measure of land income. Whether the landlord takes a risk depends to some extent upon the type of rental agreement. If the agreement calls for payment of cash rent in advance, the landlord assumes little or no risk in collection. If the rent is paid when the crop is harvested, the risk assumed by the landlord depends upon the financial reliability of the tenant. In some sections of the South, for example, tenants have virtually no security collateral which the landlord can attach in case the tenant fails to make a crop and cannot pay his rent. This element of risk, no doubt, is one of the main reasons for the prevalence of the generally higher rates of rent in this region.

This question of risk in the collection of rent should not be confused with the risks involved in production which also have an important bearing upon rents paid. In those areas in which the tenant is faced with considerable risk in producing a crop each year, rents are lower. This situation is made clear by the maps showing rents per acre and those showing rents per $100 of value. Beginning west of the 100th meridian, the rate of cash rent falls perceptibly. In this region, a tenant takes considerable risk, especially if he pays a part or all of the rent in advance. Occasional crop failures are to be expected; consequently lower cash rents are the result.

Another factor which merits mention is the extent of management and supervision furnished by landlords in the operation of farms on which they have placed cash tenants. This affects the amount of rent they are able to charge and to collect. Absentee landlords who do not manage their farms directly are probably obliged to accept less rent than those landlords who live close to their farms and who take an active part in supervising their operations. Sufficient information is not available on this point to suggest the relative importance that should be attached to landlord supervision in arriving at net rental rates.

Finally, a factor that enters into the amount of cash rent paid is the contribution made by tenants to the upkeep of the farm or for repairs. Many landlords, who are interested primarily in protecting their investment and who are not much concerned about current earnings, enter into rental agreements calling for no rental charge except the proper maintenance of the farm. In many cases tenants make minor repairs and do other maintenance work which is recognized as a partial payment of rent. In interpreting the gross-rent figures presented, it should be recognized that the cases in which the cash rent reported is less than the actual rent paid tend to offset those cases in which landlords contribute to operating expenses or bear heavier costs than are normal for the average cash-rented farm.

GEOGRAPHICAL DISTRIBUTION OF CASH RENTING

Cash renting was the most frequent method of leasing farms in nearly one-third (32.8 percent) of the counties. The counties in which cash rent is most prevalent correspond generally with those having a high percentage of owner-operated farms. These counties fairly well blanket several large regions (see maps). The largest of these cash-rent areas includes most of Washington, Oregon, California, Nevada, and Arizona, northern Idaho, and western Montana. Another group of cash-rent counties is situated in northern Wisconsin, the adjoining upper peninsula of Michigan, and the northeastern two-thirds of Minnesota. The New England States, together with New Jersey, northeastern Pennsylvania, and eastern New York, make up a third large group. Still another group consists of West Virginia and the Pennsylvania and Ohio counties that lie to the north. Moreover, cash renting is the most frequent method of renting farms throughout most of Florida, southwestern Alabama, the ranching section of southwestern Texas, Wyoming, and Western South Dakota, and in counties in which are located the larger cities. This geographical distribution of cash tenancy indicates a predominance of cash renting for grazing lands, specialized fruit and truck farms, specialized livestock farms, and part-time or residence farms near cities.

Counties in which a share-cash rent was more frequently paid than any other rent include only 12.2 percent of all the counties of the country, but these are a significant group. These counties are concentrated in Illinois and in the better agricultural portions of the West North Central States. Within these counties the percentage of tenancy is high. These share-cash areas correspond approximately to the rich corn-hog farming belt.

Share tenancy was the principal form of farm tenancy in two-fifths of the counties of the country. Counties in which share tenancy is important are widely dispersed although important blocks do exist, among which is one that has its core in central Pennsylvania and includes the Del-Mar-Va peninsula. Another block includes most of the State of Indiana along with nearby counties in Michigan, Ohio, and Kentucky. The largest share-rent area is located in the panhandle of Oklahoma and Texas, western Kansas, and eastern Colorado, an area that is largely devoted to winter wheat.

Cropper-type rental agreements are important in the South, primarily on cotton and tobacco farms. Cropper agreements exist elsewhere in the country, but the number is insignificant. Agreements of this type are most frequent in 14.7 percent of all counties. These cropper counties are highly concentrated. The chief concentration is in the central valley, from the Missouri line south to include practically all of Mississippi, eastern and southern Arkansas, and the northern half of Louisiana. Another large group embraces the southeastern Cotton Belt and covers nearly all of Georgia, the upper half of South Carolina, and the southeastern portion of Alabama. In tobacco-growing areas along the Virginia-North Carolina and Virginia-Tennessee borders and in central Tennessee and south central Kentucky, the cropper agreement is also the numerically outstanding method of renting farms. A few of these counties are in Florida and Texas, two in Missouri, one each in Maryland and West Virginia.

In those parts of the country that have comparatively low rates of farm tenancy, a larger number of the tenant farms are cash rented than is the case where comparatively high rates of farm tenancy are found. Of the tenant farms classified by definite tenure relationship, 37.5 percent were cash rented in the group of States in which less than two-fifths of the farmers were tenants. In the States with two-fifths or more of the farm operators as tenants, 18.5 percent were cash rented. The corresponding importance of cash renting ran as high as 88.2 percent in the group of States in which less than one-tenth of the farm operators were tenants and as low as 16.0 percent where three-fifths or more of the operators were tenants.

The bearing that type of farm has on the form of rental agreements was brought out by the Census of 1930. Of all tenant-operated farms 18.4 percent were rented for cash, whereas by type of farm the proportion rented for cash ranged from 10.5 to 59.0 percent as follows:

TYPE OF FARM	Proportion of tenant farms cash-rented, 1930 (percent)
All types	18.4
Crop-specialty	10.5
Cash-grain	10.6
Cotton	10.8
Self-sufficing	23.1
General	23.3
Fruit	27.6
Animal-specialty	31.2
Poultry	42.9
Dairy	42.9
Truck	44.3
Stock-ranch	59.0

GEOGRAPHICAL VARIATIONS OF CASH RENTS PER ACRE

On a crop-reporting-district basis the average cash rent per acre paid or payable by cash tenants in 1940 ranged from \$0.08 for district 2 in Arizona to an outstanting high of \$19.67 for district 9-A in New York. The next highest was \$7.66 for district 8 in California. (See maps: Average Cash Rent Per Acre—Cash Tenants, Census of 1940; Average Cash Rent Per Acre—Cash Tenants, Census of 1930.) The range in average rent per acre for part owners reporting amount of cash rent paid or payable was from \$0.03 for district 2 in Arizona to \$16.91 for district 9-A in New York, with the next highest average, \$6.61 for district 9 in Missouri. (See map: Average Cash Rent Per Acre—Part Owners, Census of 1940.) As shown by these maps, the geographical variations in cash rents per acre reflect the widely different grades and uses made of land in the United States. Because of the influence of many other factors which affect the amount of cash rent paid, the differences in the levels of rents do not indicate without exception the relative grades of land nor the intensity of different farming enterprises. The productive efficiency of land and the intensity of the use made of it, however, are the chief factors which account for the broad differences in levels of rents for the several major agricultural regions.

Inasmuch as the cash-rent figures reported represent the entire rental payment for farms, including all building improvements, the extra rental value of well-improved places for residences increases the total rent paid above the level which would otherwise exist on the basis of land grade alone. Furthermore, as the intensity of land use does not vary uniformly and in direct ratio with the relative grades of land, the level of rent will not be entirely consistent with land grades. In some areas, therefore, high rents indicate the use of farms as residences by city people whose farming operations may be only incidental to their occupation, and in other areas high rents may indicate intensive types of agriculture.

In only a few areas is intensity of land use more important as a factor in causing high rents per acre than the inherent productive efficiency of the land. These areas are located mainly around the large cities where special demand conditions warrant intensive use of poor grades of land. The areas where the use of farm dwellings as residences for city people has tended to increase rents are also associated with the large metropolitan districts.

In regions largely devoid of urban and industrial influences, demand conditions for cash-rented land lead to some underevaluation of building improvements as a consideration in determining the amount of rent to be paid. To a limited degree the level of rent is fixed by custom and the customary rate is established on the basis of average improvements. Therefore, the tendency to discount the value of buildings in contracting rent is particularly likely wherever the buildings are better than average, unless, as previously stated, the buildings are the primary consideration for residential purposes rather than for farming operations. The demand for additional land by farmers, both owners and tenants, who are already established on farms with satisfactory building improvements contributes to this tendency to discount the value of improvements in rent determination. These established farmers have need for the land only and do not consider buildings in bidding for additional land to rent.

In analyzing differences in cash rent per acre, one further situation with respect to building improvements on farms should be considered. In the North, principally in the dairy region and in the Corn Belt, building improvements are a significant part of the farm plant. The average rent per acre in these regions includes whatever consideration comes into rent determination on account of buildings. That is, the rent for buildings is distributed on an acreage basis in these average rent per acre data. In other areas, particularly in the southern Cotton Belt and the western grazing regions, building improvements represent a small part of the farm plant. Thus only a small part of the average rent per acre in these areas is attributable to improvements. Therefore, in comparing the average rents per acre between these major agricultural regions, the difference in the relative importance of building improvements should be recognized. It should not be assumed, for example, that the productivity and the intensity of use of land are similar in the Iowa section of the Corn Belt and the Delta section of the Cotton Belt although the average rents per acre are similar. In the Corn-Belt section a significant portion of the rent per acre is due to buildings, whereas in the Cotton-Belt section building improvements have practically no influence on the amount of rent paid.

The influence of building improvements on average cash rents per acre is indicated partially by the differences in the cash rent paid by cash tenants and that paid by part owners in the principal agricultural regions. The average cash rent paid by part owners, who for the most part lease land not including building improvements, corresponds with the relative productivity of the land more consistently than the rent paid by cash tenants. It should be kept in mind that land rented by part owners may be of a different grade from that rented by cash tenants. For example, in the Western States many part owners rent only grazing lands whereas cash tenants rent complete farm units that may include considerable cropland.

As will be observed from a study of the maps showing average cash rents per acre, broad areal differences conform in general with variations in the value of land. The areas of highest rent per acre are usually the areas of highest land values. Thus the high-rent areas consist of the Corn Belt, the Mississippi Delta, and the irrigated portions of the West. Also, as previously mentioned, high rents are reported in metropolitan areas where considerations other than agricultural production determine the rental rates. The relation between the average rent per acre and the average value of land and buildings per acre on a crop-reporting-district basis is shown by the following frequency distribution of the 304 crop-reporting districts in the United States, cross-tabulated by specified rent and value intervals.

CROP-REPORTING DISTRICTS DISTRIBUTED ACCORDING TO DISTRICT AVERAGES OF RENTS AND VALUES PER ACRE FOR CASH-TENANT FARMS

RENT PER ACRE (DOLLARS)	VALUE PER ACRE (DOLLARS)					
	Under 15	15-29	30-49	50-74	75-99	100 and over
Under 0.25	14					
0.25-0.74	37					
0.75-1.24	8	56				
1.25-2.24	-	50	43	3		
2.25-3.49			22	16	1	
3.50-4.99			2	16	9	5
5.00 and over				4	8	10

CROP-REPORTING DISTRICTS DISTRIBUTED ACCORDING TO DISTRICT AVERAGES OF RENTS AND VALUES PER ACRE FOR PART-OWNER FARMS RENTED ON A CASH BASIS

RENT PER ACRE (DOLLARS)	VALUE PER ACRE (DOLLARS)					
	Under 15	15-29	30-49	50-74	75-99	100 and over
Under 0.25	44					
0.25-0.74	46	9				
0.75-1.24	15	54	1			
1.25-2.24	1	29	31	1		
2.25-3.49		3	21	19	1	1
3.50-4.99			1	13	10	2
5.00 and over				1	2	1

Thus, as would be expected, the district totals show a high degree of correlation between cash rents per acre and land values per acre. Although a close relationship between land values and rents is shown, great variation occurs in land values for specified levels of rent, particularly for the middle ranges of rent. For example, districts with average rents of $1.25 to $2.24 per acre fall into value per acre groups ranging from $15 to $50-$74 for cash tenants and from under $15 to $50-$74 for part owners. In the next rent range, $2.25-$3.49 per acre, the districts fall into value per acre groups ranging from $30 to $99 for cash tenants and from $15 to $100 and over for part owners.

The level of rents and that of values, as would be inferred from the broad relationship that exists between them, are largely the result of the same economic forces. However, as will be noted from the derived figures presented on rent per $100 of value of land and buildings, the correlation between rents and values is far from uniform. This is not to say that the long-run tendency for the relative level of rents and of values to correspond is disproved by the rent-value ratios. It must be remembered that values are based on long-time possibilities, but that rents, to a large extent, are based on the prospects for one season. For instance, prospects for a favorable growing season, marketing, and prices, or a good period in crop rotation, as well as year-to-year changes in the demand for cash-rented farms may cause rents to be high relative to the value of land for any one year.

GEOGRAPHICAL VARIATIONS OF CASH RENTS PER $100 OF VALUE

Cash rents per $100 of value for all cash-tenant farms vary from $3.02 for crop-reporting district 2 in Delaware to $10.91 for district 4 in Mississippi. For part owners renting on a cash basis, the lowest average rent per $100 of value is $1.88 for district 7 in New Mexico, whereas the highest rent per $100 is $11.18 for district 9 in Arkansas. The basic causes for these rather wide geographical variations in the rate of returns represented by gross-cash rents are only partially covered by the data that have been assembled in this report. Therefore, interpretation of these geographic variations of rental returns for this report is limited to the use of the few related facts that are given and to comparisons with the general geographical features of farming for which data are available elsewhere. When using these data as an indication of the variations in returns from investment in farm land, it is important that reference be made to a preceding section, **Cash rent as a measure of investment returns.**

In the South when a separation is made between white and nonwhite farmers, a significant difference is indicated in the rent per $100 of value. In general, the nonwhite farmers pay substantially more than the white farmers. Thus it may be inferred that color and race have some bearing on the higher rents per $100 found throughout large areas of the South. However, as noted later, the race of the farm operator is only one of the factors associated with relatively high rents in the South.

The comparative levels of values of farm land appear to have some relation to the rent per $100 of value. The exceedingly low rents per $100 of value are concentrated within the areas of low-valued land, except in metropolitan areas where the value of the land appears to be inflated considerably above the agricultural use value. In such areas, even though much of the land which was included in the enumeration was rented primarily for residential purposes, it is evident that some of the land was rented for agricultural purposes at levels commensurate with its agricultural productivity. The rates of rents above the average ordinarily occur in the better land areas, but the higher valued agricultural areas are not consistently the highest rent areas. Some of the highest rates of rental return occur in the Mississippi Delta where land values are lower, for example, than in the Corn Belt. For some regions the highest rentals per $100 of value exist in areas of the lowest valued land, but this relation is much less frequent than low rates of rental return in low-valued land areas.

These data are not fully adequate for arriving at a definite conclusion with respect to rental returns and the relative value of farm lands. Broadly, the data show a tendency toward higher rental returns on the higher valued lands. This could mean an underevaluation of the better grades of land on a basis of rental return or, in a market sense, an actual higher rate of return for the better grades of land. That is, as an over-all proposition and disregarding possible variations in the landlords' contributions, demand conditions appear to be such that investment in the higher priced land areas brings a better return than investment in low-grade land areas. This tendency is only slight and many exceptions can be observed. Furthermore, because cash-rent figures cannot be accepted as representative of the rental return for all farms, the actual relationship between rents and values is not fully shown.

The geographical variations in cash rent per $100 of value also indicate that the type of agriculture has an important bearing on the rate of rental return. In those types of agriculture for which the gross returns per acre are high and for which labor is used intensively, rates of rental return may be disproportionately high when compared with the market value of the land. In these situations, the apparent high rental charge constitutes but a small share of the total production cost. Thus, as may be observed from the map showing the distribution of average cash rent per $100 of value, the high rates of rental return are generally most prevalent in the irrigated, truck-farming, and Delta-cotton areas.

These variations by type of farming suggest a probable relation between the rate of rent paid and the relative contribution of land, labor, and capital for different agricultural enterprises. In general, higher rents per $100 of value were paid for intensive crops requiring larger amounts of hand labor. In these areas, rents are high in comparison to the value of land but low in comparison to the value of the agricultural production. This is not borne out for all areas by the data summarized on a crop-reporting-district basis. However, an examination of a random sample of individual schedules revealed that rents were high relative to the value of land and buildings for types of farms having high gross income per acre. Apparently, farm operators engaged in the more intensive types of agriculture are willing to pay higher rents than would be justified in types of less intensive agricultural production. Inasmuch as the rental costs are minor in relation to total gross income, these operators can pay somewhat higher rentals in order to guarantee undisturbed possession of land especially well suited for the more intensive types of enterprises and conveniently located with respect to market.

A factor that enters into the determination of rental rates for the intensive as well as for all other types of farming is the relative bargaining position of landlord and tenant. If, for example, landlords in general are in a more favorable position than tenants for bargaining on rents, then landlords with land suited to intensive types of crops will be able to get relatively higher rents. When this situation exists, the result almost invariably will be an increase in rents and a lowering of the returns to the operator for his labor contribution. The tenant operator who follows a type of agriculture that requires relatively large amounts of labor will be able to absorb higher rental charges than the operator who undertakes a type of agriculture that requires small amounts of labor.

Another factor which apparently has some bearing on the return of rent per $100 of value is the contribution made by landlords to the farm enterprises. This contribution may take such form as the upkeep of buildings, the payment of high taxes, management, or the like. In the South, for example, it is recognized that plantation operators contribute considerably in the way of management to those cash tenants who, for all practical purposes, occupy a tenure status similar to that of a cropper. This management contribution undoubtedly accounts for a part of the relatively high rental rate per $100 of value occurring throughout the plantation areas of the South.

In the irrigated sections of the West, it is usually the custom for the landowner to pay the major portion of the water cost. The cash rent reported paid by the tenant in these areas, therefore, includes a charge for the land and a charge for the water. Thus the total rent paid when applied to the actual value of the land results in a high ratio of rent to value. As the Census Reports do not show a separation of the total cash rent paid for water and for land, it has been impossible to reconcile this inconsistency in the data shown for irrigated areas. A composite picture of the effect of irrigation on the level of rents can be obtained from the summary of cash rents for irrigated, partially irrigated, and nonirrigated farms for 20 States (tables 3 and 8).

The comparatively high ratio of rent to value in the Corn Belt, principally Iowa, seems to be in contrast with the situation existing in 1920. (See Appendix, text table Historical Census Data.) Although in 1920, land values in this section had reached boom levels, rents were probably held in check by custom and kept more nearly in line with normal prices of agricultural products. This situation resulted in a relatively low rent per $100 of value. In 1940, land values and rents in the Iowa area apparently were in a more normal relationship. The high rate of return in the Corn Belt in 1940, as compared to other sections of the country, appears to indicate the relative advantage that accrues to landowners who own highly productive lands.

TRENDS IN CASH RENTS

The relative levels of rents for 1930 and 1940, as presented in this report, should not be taken as an indication of either the long-time trend in farm rents or the trend that occurred during the 10-year period between 1930 and 1940. A series of farm-rent statistics assembled by the United States Department of Agriculture makes possible a brief sketching of the trends in farm rents that have taken place. As shown by this source of information, farm rents as well as land values rose steadily for a long period preceding World War I. During 1917, 1918, and 1919 rents increased at a rapid rate and then leveled off for a period continuing to about 1929. Following 1929, farm rents declined sharply to the low level of 1933. Since 1933, rents increased rather gradually until 1942. In both 1942 and 1943, substantial increases have taken place.

The average cash rent for the United States, as shown by the census statistics presented here, was 38.4 percent lower in 1940 than the average shown by the 1930 Census. Thus by 1940 cash rents had not recovered from the decline that took place during the first 3 years following 1930. But present indications are that the level of cash rents in 1943 is somewhat above that existing in 1930.

The net results of the downward trends in the early thirties and the upswing from 1933 to 1940 may be noted by reference to the two maps showing the average cash rent per acre by crop-reporting districts for 1930 and for 1940. The relatively high-rent areas, rents ranging from $3.50 to $5.00 per acre, remained virtually unchanged for the two periods. The highest-rent areas, those with an average cash rent of $5.00 and over, however, narrowed considerably between 1930 and 1940. The areas of southern Idaho, northern Utah, and southern Florida with $5.00 and above average rent per acre declined to lower levels. The portion of the Corn-Belt region in which the average rent was $5.00 or more had contracted from 28 crop-reporting districts to 10. The Mississippi Delta high-rent region remained above the $5.00 average level during the decade beginning in 1930. The other high-rent areas—the eastern metropolitan sections, the Northwest, and southern California—held their relative positions through 1940.

The medium-rent areas, rents averaging from $0.75 to $3.50 per acre, likewise were similar in both 1930 and 1940 except for a few crop-reporting districts. A few districts within the medium-rent range dropped to lower levels. These were the Ouachita Mountain area of Oklahoma, the Ozark area of southern Missouri, and the eastern portion of the spring-wheat area of North Dakota and South Dakota. Rents in these districts declined to the level found only in the grazing regions. In the low-rent areas, average rents ranging under 75¢ per acre were confined exclusively to the grazing regions in 1930. In 1930 the average rent was lower than 25¢ per acre in only 3 crop-reporting districts in the intermountain-range region; in 1940, the 25¢ level prevailed in 15 crop-reporting districts. For the most part, the less than 25¢ level of rents in 1940 was confined to a large contiguous region comprising eastern Montana and Wyoming, southwestern North Dakota, and western South Dakota.

The trends that are indicated for cash rent are not consistently parallel to all farm rents. Cash rents are generally more fixed than the returns from share renting and during periods like the present, when prices are rapidly changing, it may be expected that the returns from cash rent will not correspond to other types of rent. Increases in share rents during the last 3 years, as shown by surveys made by the United States Department of Agriculture, have been substantially greater than those noted for cash rents.