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Proposed Adjustments in the Farm Tenancy System in Missouri

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COLUMBIA, MISSOURI

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FOREWORD

The increased emphasis which has recently been given to the condition of the American farm tenant has seemed to justify a more detailed analysis of certain aspects of the tenant problem. A great many studies have been made dealing with farm management aspects and problems of improvement in farm leases chiefly from a farm management point of view. The recent report of the President's Committee on Tenancy has seemed to justify further study of the landlord-tenant relationship more from the standpoint of economic implications and the legal provisions which have more or less controlled that relationship. Also some of our major landlord-tenant problems seem to parallel those at one time existing in England, and therefore it has seemed logical to make some reference to the manner in which the English have dealt with these problems.

The object of this study has therefore been to bring together in readily available form some of the most recent thinking in connection with this general problem of landlord-tenant relationships, and to quote from our own statutes the most pertinent legal provisions for dealing with this relationship. There is also presented some of the more obvious advantages and disadvantages connected with current proposals for improvement of the landlord-tenant situation, more particularly those proposals embodied in the report of the President's Committee.

This material should be of particular interest to Extension workers and those dealing directly with such problems as those confronting the field workers of the Farm Security Administration and those lending agencies which find themselves in the position of unwilling landlords.

O. R. Johnson,
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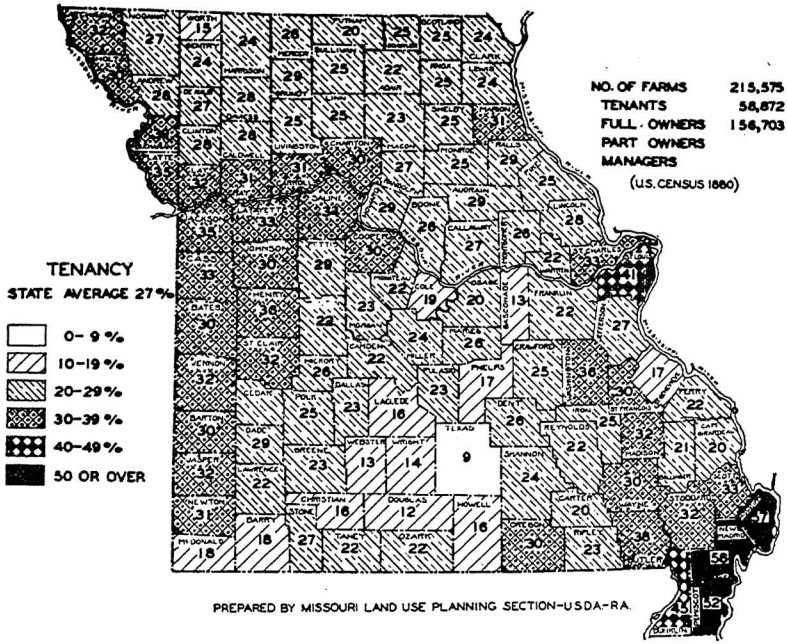

Figure 1.—Percentage of all farms operated by tenants, 1880.

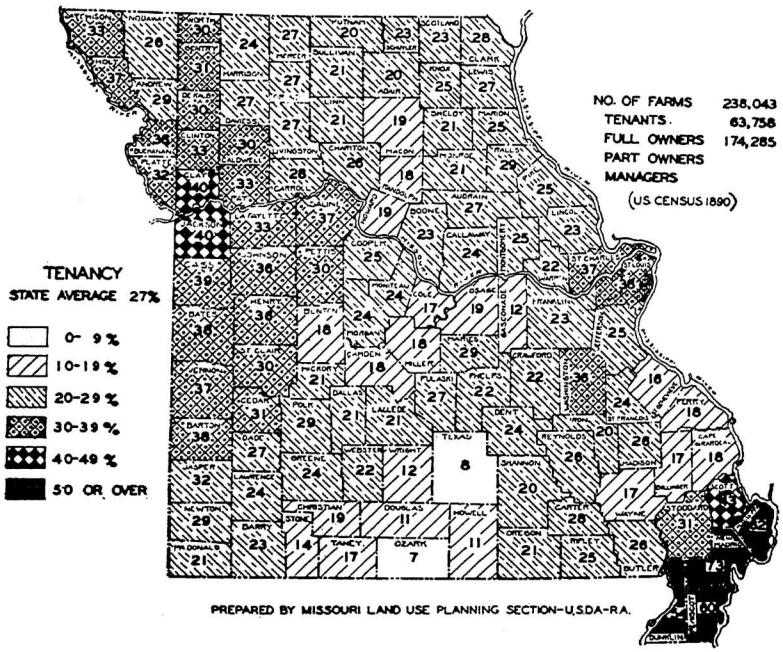

Figure 2.—Percentage of all farms operated by tenants, 1890.

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THE PROBLEM

The Growth and Expansion of Tenancy

Half a century ago only about one of every four farmers in Missouri was a tenant. Today nearly two of every five occupy farming units which they do not own. These 108,000 tenants operate 12,837,960 acres or 37% of the State's farm land, which with the improvements thereon was valued by the 1935 Census report at $387,891,622.00.

From 1925 to 1935 the number of tenants in the State increased from 85,000 to 108,000, an average increase of 2,300 per year. Figures 1 to 7 show the trends in tenancy in Missouri by counties for ten year periods from 1880 to 1930 and the increase from 1930 to 1935. Figure 8 shows the percentage of farm land operated by tenants in 1935, excluding that leased by part owners.

In the fertile general farming and grain producing area of the northwest glacial and loessal region nearly half the farms are tenant-operated. The highest percentage of tenancy in all except the cotton area is found in Atchison county, where the average farm value is highest in the State. In the less productive eastern half of North Missouri and in the western part of South Missouri the percentage of tenancy is somewhat lower. In these areas tenancy problems are comparable in extent and type to those in other typical midwestern sections. In the Ozarks, where the land is least productive, and in most of the Ozark border region, tenancy is least prevalent. In Rey-

*Submitted by the author in partial fulfillment of the requirements for the degree of Master of Arts in the Graduate School of the Universiy of Missouri, 1937.

In the preparation of this publication many sources have been drawn upon for material The writer wishes to acknowledge his special indebtedness to Professors O. R. Johnson and C. H. Hammar of the Department of Agricultural Economics, College of Agriculture, University of Missouri, for their specific suggestions and constant interest. Valuable suggestions, both general and specific in character, were made by Ross J. Silkett, State Land Use Planning Specialist for Missouri, and by the Regional and Washington Land Use Planning Sections.

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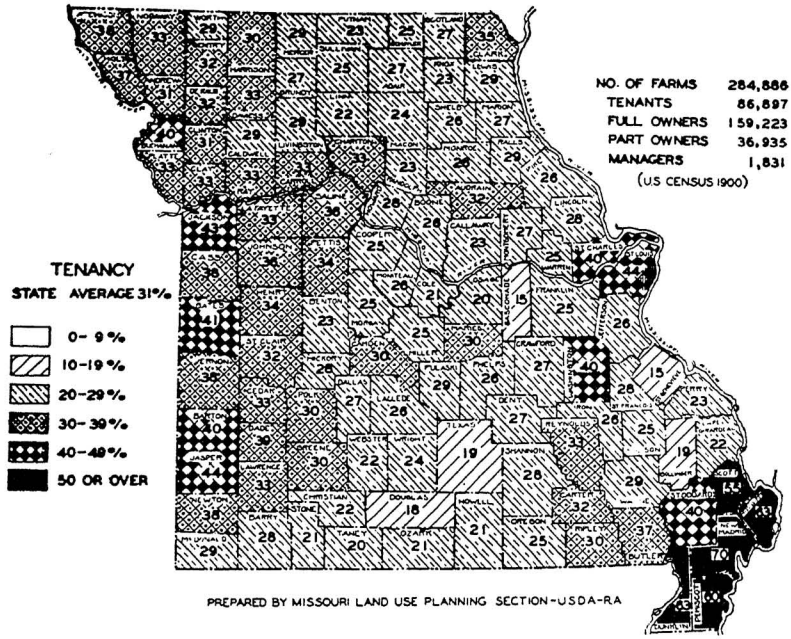

Figure 3.—Percentage of all farms operated by tenants, 1900.

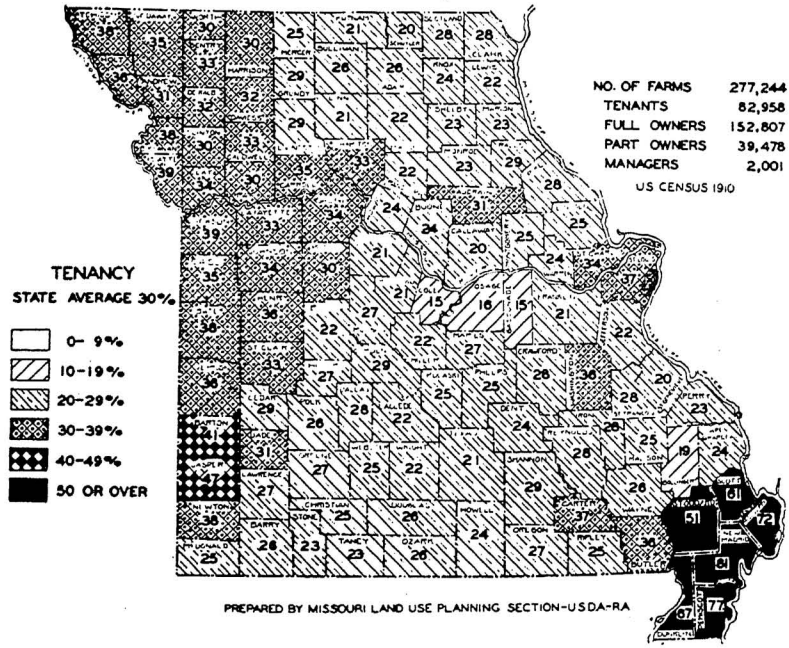

Figure 4.—Percentage of all farms operated by tenants, 1910.

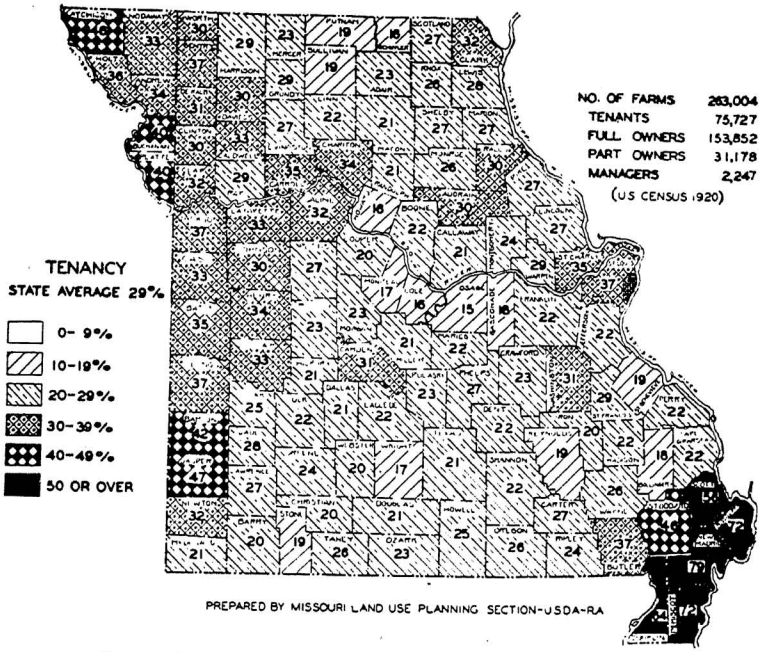

Figure 5.—Percentage of all farms operated by tenants, 1920.

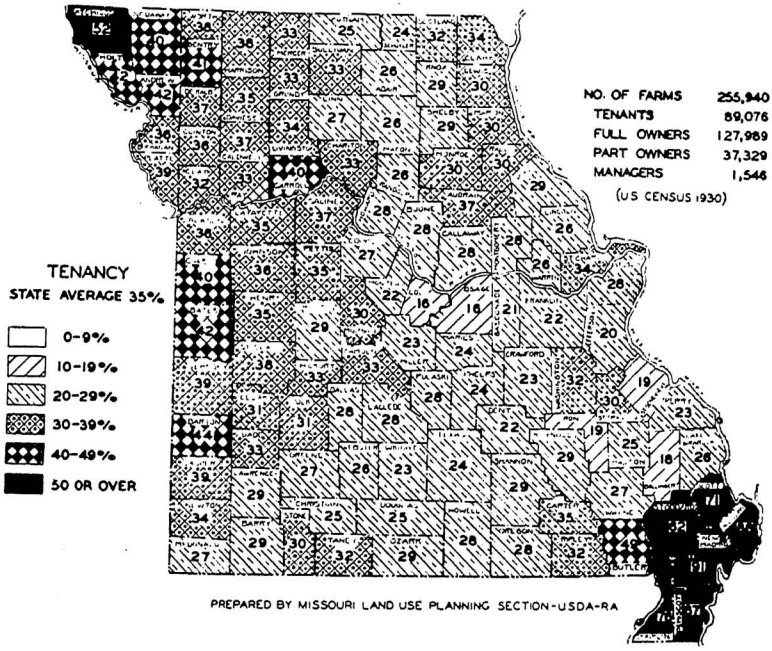

Figure 6.—Percentage of all farms operated by tenants, 1930.

nolds county, where the average productivity of the farm units and the average farm value are among the lowest, only 17 per cent of the farms are tenant-operated. In many parts of the Ozark areas, the tenancy problem, as such, is admittedly of lesser importance than the matter of proper adjustments in the use of the marginal and submarginal lands. In certain parts of these areas, however, there is considerable agricultural land, and in connection with its use are tenancy problems similar to those in the general farming areas.

Conditions in the cotton region of Southeast Missouri are comparable to those in the deep South. Cotton is Missouri's most important cash crop though over 99 per cent of it is produced in the seven counties in and bordering the upper Mississippi delta. The percentage of tenancy in this area is the highest in the State. The operating units are small. In Pemiscot, the leading cotton county, 81 per cent of the farms, which average 54 acres in size, are tenant or cropper operated. The average density of the State's rural farm population in 1930 was 21 persons per square mile of land in farms. The comparable figure for the seven cotton counties was 48 per square mile.[1] Poor housing conditions, an insufficiency of garden and truck crops, and a scarcity of livestock products for domestic use are among the most striking characteristics of the cotton district. Devotion to a single crop has unduly excluded food production. Cotton tenancy presents problems so widely different from those of the general farming areas that in many cases their special consideration is necessary.

All farm tenancy is not, of course, undesirable. Tenancy formerly was considered as a rung in the ladder to farm ownership. In a properly regulated agricultural system it would again fill this place. It is natural for the older farm operators to retire and for younger men to succeed them. Tenancy resulting from this shifting of age groups is ostensibly normal. Also, certain types of farming may, by their nature, progress best under the tenancy system. Some operators are more successful when they have supervision. Again the ownership and operation of efficient farming units of certain types may require more capital than every operator can expect to acquire. It is only the undesirable features of tenancy, and its abnormal prevalence, which should be sought out for correction.

When the 1935 Census data were gathered, it was found that 34% of all tenant farmers in the state had been on the property they were operating less than one year. An additional 15% had occupied the farms they were on for less than two years. In contrast, 45% of the farm owners had occupied their farms for fifteen years or over, while

1. 1930 Census data.

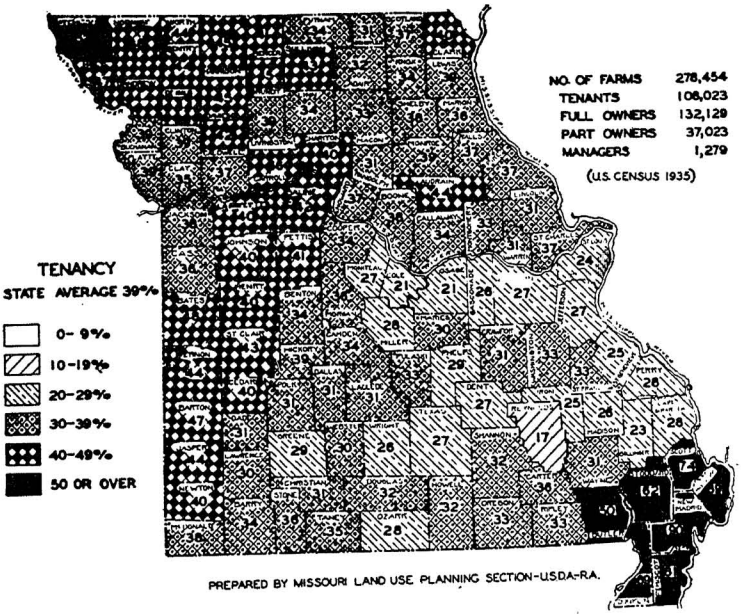

Figure 7.—Percentage of all farms operated by tenants, 1935.

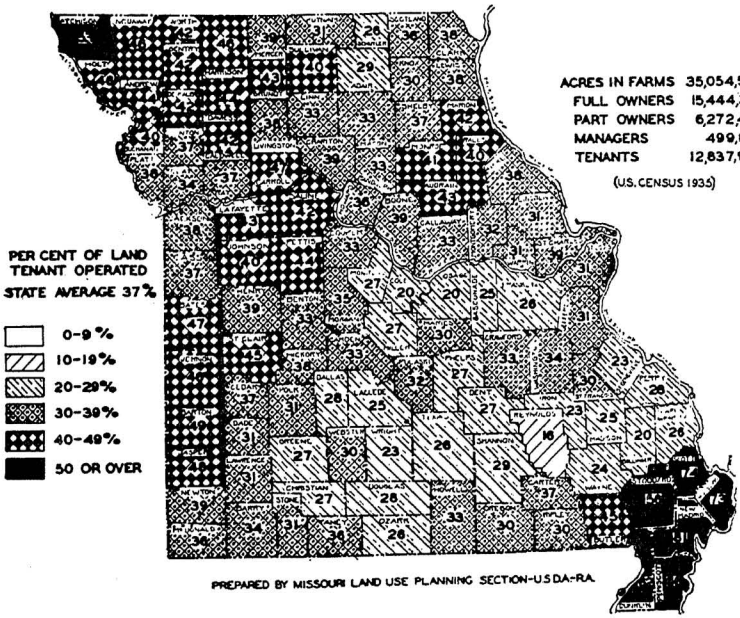

Figure 8.—Percentage of farm land rented by operators, 1935.

an additional 30% had operated the same property for from 5 to 14 years.

However, many farm owners are in positions of extreme insecurity with reference to land tenure. This is mainly because of the progressive dwindling of equities which came with the decline of nearly $700,000,000 or 39% in Missouri farm real estate values during the period 1930-1935. Figure 9 shows by counties the percentage of owner-operated farms which were carrying mortgage indebtedness in 1930. Figure 10 shows by counties the percentage of the total value of the encumbered farms which the mortgage debt represented in the same year.

Similar figures for 1935 are not available, but, in view of the drastic decline in farm real estate values since 1930, it is safe to conclude that the mortgage debt on farms now represents an even larger proportion of their value.

It is not intended to infer that unencumbered ownership of all farms by their operators would be an ideal goal even if attainable. It is only excessive encumbrance in relation to the earning capacity of the agricultural enterprise which makes farm ownership insecure. Debt loads out of proportion to earning ability may result from a decrease in farm income or over-lending on the real estate security. Poor liquidation schedules greatly increase the danger of debts becoming excessive. The data graphically presented in Figures 9 and 10 show a substantial proportion of mortgaged farms, each with a relatively high average indebtedness. It is evident that a sizeable proportion of debtor-owners have small equities in their holdings. These insecure owners, together with the large proportion of farm tenants with inadequate security of tenure, comprise nearly half the State's farm operators. The position of this group is not conducive to the use of the most effective production methods, nor the employment of proper soil conservation practices.

Besides the increase in percentage of tenancy there has been a decrease in the effectual productiveness of farming units. A reconnaissance survey made by the United States Department of Agriculture shows that over three-fourths of the land of the State has lost at least one-fourth of its most fertile portion, the surface soil. From half the area of Missouri over one-half the surface soil has been eroded.[1] As conditions have changed, tenure arrangements which met past needs when extractive systems of farming could be effectively employed have become more and more adverse to best agricultural and, also, public interests. The tenancy problem does not involve alone the increase in

1. Baver, L. D., *Soil Erosion in Missouri*, Missouri Experiment Station Bulletin, No. 349 p. 8.

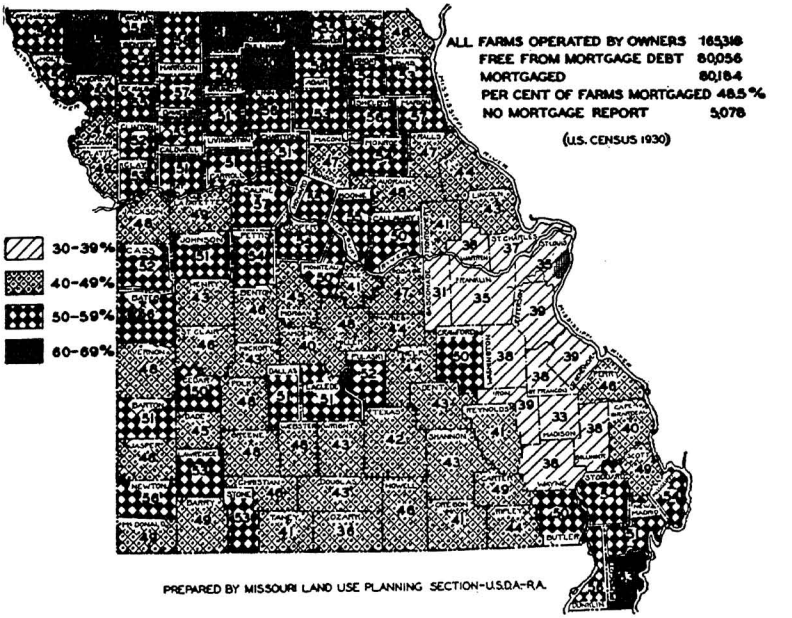

Figure 9.—Percentage of owner operated farms mortgaged in 1930.

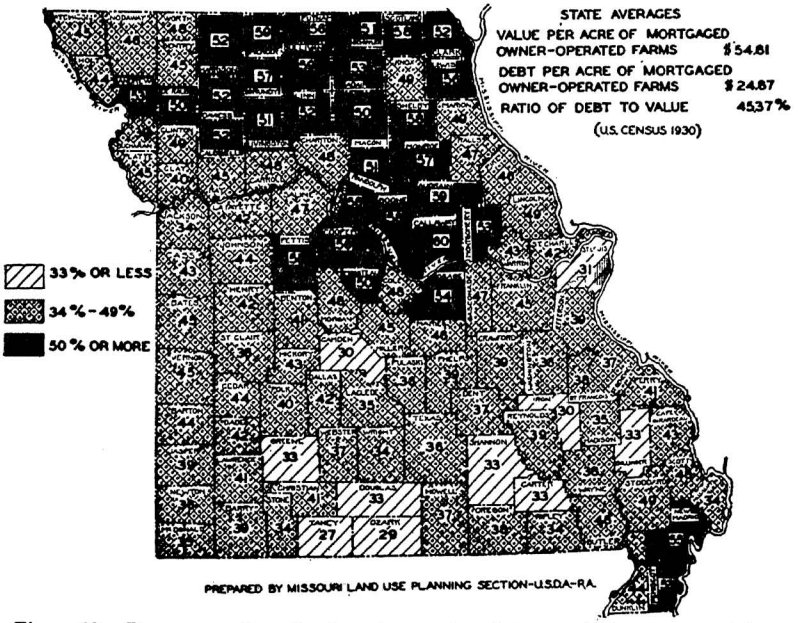

Figure 10.—Percentage of total value of encumbered farms which mortgage debt represented, 1930.

number of tenanted farms, but includes as well the increasing maladjustment of the present tenure system to current cadastral requirements.

It should also be noted that under present conditions, long occupancy of a farm by a tenant does not necessarily indicate that he has had any exceptional degree of security. Throughout the period of his tenure he may not have known from one year to the next whether or not he could continue to stay on the farm. His operations might have been quite different had he known at the start of his lease term that he would have been allowed to stay for more than a season. In spite of the fact that he was allowed to stay for a long period, therefore, he may have felt insecure throughout the time and conducted his operations accordingly.

The above facts suggest something of the magnitude of certain phases of the agricultural problem in Missouri.

Causes of Present Unsatisfactory Conditions of Tenure

These present conditions of tenure, unsatisfactory from an economic and social standpoint, have developed over a long period of time. Numerous causes have contributed to their growth. The fall in the general level of prices, which started in 1929, and the even more precipitous drop in the purchasing power of farm products, with resulting foreclosures, were immediately responsible for most of the recent rapid increase in tenancy.

The average debt per mortgaged owner-operated farm in Missouri in 1930 was $3,233.[1] With a rate of 6 per cent, the yearly interest payment would have been $194. Had this debt been contracted, say, in 1928, the interest obligation for that year could have been met by selling ten 225-pound hogs at $8.62 per hundred weight, the average farm price received by Missouri farmers in that year. Had the interest been paid out of proceeds from the sale of corn and wheat at the average Missouri farm prices of $.92 and $1.32 per bushel respectively, it would have required 211 bushels of corn or 147 bushels of wheat. The situation was virtually the same in 1929. If, however, this debt, contracted in 1928, had been carried as many were, with no principal payments until 1932, the mortgagor, selling his produce at the average 1932 farm prices of $3.43 per hundredweight for hogs, $.28 per bushel for corn, and $.40½ per bushel for wheat, would have had to sell twenty-five 225-pound hogs, 693 bushels of corn, or 479 bushels of wheat in order to meet the nominally unchanged interest installment.[2]

1. U. S. Census data.
2. Prices adapted from Table 1—"Monthly Prices of Thirteen Agricultural Products in Missouri." Research Bulletin 221, *Missouri Farm Prices for 25 years* by D. R. Cowan and F. L. Thomsen.

Missouri index numbers of prices of 13 farm commodities, published in Research Bulletin 221, show that the 1928 and 1929 price levels of these commodities were 147% of their 1910-1914 average. The 1932 and 1933 levels were only 63% of the base figures. In other words, a farmer in 1932 and 1933 was forced to sell two and one-third times the amount of the 13 products that were required in 1928 and 1929 in order to meet the same amount of interest or other fixed charges. Stability of the price level of farm products is, therefore, of special significance in its bearing upon farm ownership.

For a considerable time prior to 1929, injudicious financing enabled and encouraged farmers to assume debt burdens out of proportion to the subsequent earning capacity of the land, debt burdens based upon anticipated increases in value of land, and failed to provide liquidation schedules which would encourage systematic payment of reasonable loans. Too often the matter of whether or not a lending agency placed a farm loan depended upon its willingness to make the highest commitment. Competition among loan companies unquestionably tended toward over-capitalization. Ill-considered application and use of available credit were among the major causes of the unprecedented maladjustments which have characterized agriculture since 1929.

It is not surprising, however, that those concerned with farm financing were optimistic. For a period of almost fifty years prior to the World War, the trend of real estate prices was upward. By 1920, farm land values in the United States, reflecting the most violent commodity price rise in the history of agriculture, were 170% of their 1912-1914 average.[1] The belief that there was a speculative advantage in dealing in farm properties was thus well established. This speculative attitude did its part to increase the difference in the sales value of land over and above its value figured on the basis of production during the time in which the purchaser contracted to complete payment of the purchase price. By 1930, fixed charges, of which interest and taxes are the principal components, attained an exceedingly high level, especially when compared to farm incomes. Figure 11 shows for the United States the trends of interest and taxes as compared to gross farm incomes from 1909 to 1933.

Exploitative farming practices and reduction of fertility levels were accelerated during the war period. Systems of cropping even more depleting of soil fertility were followed, however, after 1930, when an attempt was being made on the part of farmers to carry high and rigid fixed charges under conditions of rapidly falling prices of

1. Wiecking, E. H., *The Farm Real Estate Situation*, 1928-29, U. S. D. A. Circular No. 101, December, 1929, p. 10.

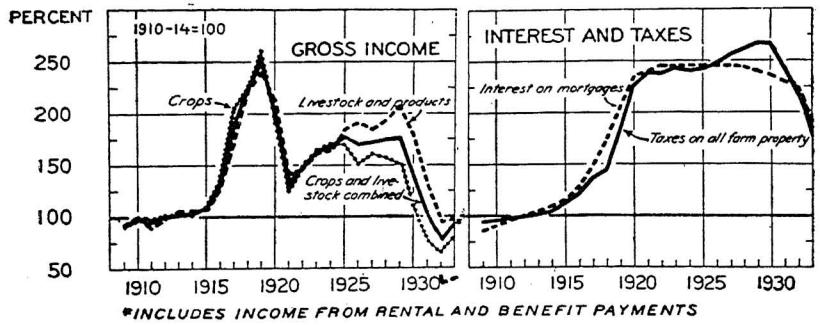

Figure 11.—Gross farm income from farm production in the United States and farm interest and taxes, 1909-1935.

The 1932 farm income established a 25-year low. It was 78.9 per cent of 5-year pre-war average and only 44.6 per cent of the 1929 figure. Interest and taxes declined rapidly from 1930, but their fall lagged behind the drop in farm income. (Adapted from the Farm Real Estate Situation, 1933-34. p. 11)

farm products and shrinking farm incomes. But even the most exploitative systems of farming often failed to yield adequate, sustained incomes, and foreclosures with lapses into tenancy were the results.

In addition to the decline in the general price level, over-valuation, credit disabilities, and their natural concomitant, over-cropping, "the land policy adopted by this country, under which title to practically all agricultural land of the nation passed to private owners in fee simple absolute, has proved defective as a means of keeping the land in the ownership of those who work it."[1]

Since the era of English colonial settlement in America, which began with the establishment of Jamestown in 1607, a liberal governmental land policy has encouraged the acquisition and private ownership of land in fee simple absolute. Land, in the new country, was abundant, but labor was scarce. Grants of land were early made to colonists in exchange for interests which they held in their settlement companies, and additional areas were awarded settlers who provided funds for the transportation to America of other able bodied men and women. In other instances land was acquired for considerations nominal in nature. "We are told by Weeden" asserts Dr. W. B. Bizzell, "that 'when by the treaty of Fort Stanwix (1766) the Mohawk Valley was purchased of the Iriquois Confederacy, land offices were opened and farms were made over in fee simple to actual settlers on the easy condition that five acres out of fifty should be cleared within three years.' "[2]

1. *Farm Tenancy Report of the President's Committee,* Feb., 1937, p. 6.
2. Bizzell, W. B., *Farm Tenantry in the United States.* Texas Agricultural Experiment Station Bulletin No. 278, p. 33.

After the close of the Revolutionary War (1783) and the establishment of the National Government (1788) "statesmen . . . worked on the public lands 'as an asset to be cashed at once for payment of current expenses of government and extinguishment of the national debt.'

"The early political platform announcements . . . turned on the importance of the sale of the land as a means of raising revenue for governmental purposes."[1] No need for safeguards which would assure proper land use were anticipated. Though the public land policy was somewhat modified with the beginning of the nineteenth century, and the preemption system, which gave preference in the sale of land to actual settlers and encouraged them by allowing them to purchase land at a minimum price, was begun, no permanent right of land use regulation was reserved by the government. It was assumed that land conveyed to individual owners would be utilized, improved, and financed in a way most beneficial to society as a whole. But, being privileged to dispose of their holdings as they desired, many settlers themselves soon became speculators.[2]

As land in this country has always been subject to purchase and sale just as has other private property, and as the pressure of a rapidly growing population has caused a continual increase in the demand for land, and, until the close of the World War, an almost uninterrupted increase in its price, investments in land were, as a rule, excellent for speculative purposes. As a result, the price of land naturally rose to include a consideration for expected, or more correctly perhaps, assumed, increment. On this basis of valuation land was bought and sold, and, facilitated by the development of specialized farm loan agencies, purchasers made long-time commitments to cover deferred payments representing substantial parts of the purchase price.

Had there been no appreciable fall in the prices of farm products the disabilities of the established land system would not have revealed themselves, at least at so early a date. But, with the unprecedented fall in the price level of farm products, which started in 1929, farmers found it necessary to produce in much larger quantities crops which were the best source of cash income. In the absence of land use regulations of any type, the immediate emergency requirements of individual landowners became the primary factors in determining production policies. Land use practices so wasteful of soil fertility that they have lately arrested the attention of even the most casual observers were the final result.

1. Bizzell, W. B., *op. cit.*, p. 39.
2. A concise history of the land policy in the United States is given by Dr. W. B. Bizzell in the publication above referred to.

As stated by Dr. L. C. Gray, Assistant Administrator, Farm Security Administration, "It can be truthfully said that in the long run the system of land ownership in fee simple title has been one of the most unfortunate influences our agricultural development has known."[1]

The Effects of Insecurity of Tenure

The stifling effect exerted on both managerial ability and the motive for observance of good farm management practices by insecurity of tenure, regardless of whether it arises from short term leasing or excessive debt burden, can hardly be exaggerated, though it is difficult to accurately measure. The insecure farmer, not knowing from one year to another whether or not he will stay on the farm he is operating, has little incentive to initiate or carry out soil building practices or attempt substantial improvement of the farmstead. He knows that under the present system the value of all unexhausted improvements at the end of the period for which the farm is leased accrues to the landlord. If he does not move and thus lose the benefits of his improving the farm, there is nothing to keep the owner from requiring more rent because the potential productivity of his property is greater. Indeed, other prospective tenants, recognizing the more desirable condition of the holding, may conceivably offer more money for the place and bid up the rent. The tenant responsible for the increased value is thus left with the choice of paying rent for the value he has created or surrendering it to another individual, the landlord.

Whatever ability to improve and increase the productive capacity of farm units the tenants and insecure farm owners of the State may have remains almost entirely inactive. There is no way, except by special agreement, whereby tenants can create for themselves and retain wealth in the form of increased productivity in the farm units they operate. In view of the fact that almost 40% of the State's farmers are tenants, and nearly all of these, together with owners of heavily encumbered farms, are unable, as a result of insecurity, to improve their economic condition by carrying out practices which build up the farms they operate, the total effect of this condition on the maintenance of the State's agricultural resources is necessarily great. Any reasonable change in the leasing system which would give the tenant-operator greater security of tenure and offer him reasonable assurance of the benefits from improvements which he might make in the farm he operates would encourage fuller use of his managerial ability and increase his desire to make his operating unit more productive.

The abuses arising from these present unsatisfactory conditions of

1. Gray, L. C., *Basic Elements of a National Program for Land Reform*, paper read before conference of Southern Agricultural Workers, Nashville, Tennessee, February 3, 1937.

farm tenure cannot be corrected in a short time. Nevertheless, the maladjustments should be recognized and steps taken toward the ultimate solution of the problems. As stated in the Report of the President's Committee on Farm Tenancy, "The responsibility for action by State and Federal Governments is clear."

The Committee further states in its report, "Although the Federal Government can do much to improve conditions of tenant farmers, some of the most fruitful fields of endeavor are under the jurisdiction of State agencies."[1]

The Point of View

Wise and conservative utilization of agricultural resources serves the best interests of practically every member of society regardless of his occupation. Wasteful and short-sighted farming methods result in depleted soil fertility and lowered crop yields, costly production, and, therefore, higher prices to the consumer. A lower margin of productivity for labor and capital in agricultural production, with smaller returns to these agents of production, is another result. A lowered standard of living is inevitable. In this connection, Henry A. Wallace says: "Heedless wastage of the wealth which nature has stored in the soil cannot long continue without the effects being felt by every member of society."[2]

If soil resources were humanly produced and brought into being by those who hold title, the right of others to deny the owner unrestricted powers in determining use policies might be more difficult to establish, notwithstanding the fact that the ill effects of improper utilization and exploitation are not confined to those practicing them. But soil resources are chiefly the result of natural forces, and land value the result of the same forces plus social activity. On the other hand, much land ownership today represents thrift and saving on the part of the title holder, and his rights to the benefits of his frugality should be protected. At the same time, nevertheless, the license to abuse ownership rights can rightfully be denied.

Regarding general responsibility for proper land use, some recent statements of Dr. L. C. Gray are pertinent. To quote the author, who is in charge of the Federal Land Program: "The first basic element in any program of land reform is to reestablish in our land policy a recognition of the social interest involved in the ownership and use of land. We must definitely establish the fact that the ownership of land does not include a right to destroy it or use it in such a manner as will injure the interests of the community."[3]

1. *Farm Tenancy, Report of the President's Committee*, Feb., 1937, p. 17.
2. Wallace, H. A., Foreword to *A Standard State Soil Conservation Districts Law.*
3. Gray, L. C., *Op. Cit.*

The land tenure system must be considered as essentially man-made and, therefore, subject to such reasonable alterations and adjustments as will result in its best meeting current requirements. It should be regulated so that it will equitably serve all agricultural groups and through them enhance the welfare of society as a whole. To do this it is necessary that those who actually till the soil receive a fair share of the agricultural income and acquire a reasonable degree of security.

There are, as previously indicated, two groups of farm operators whose conditions of tenure do not contribute to the most productive and stable system of agriculture. The first includes the tenants, renting from landowners the farm units which they operate. The second is the debtor-owner class, whose equities have been greatly reduced or completely wiped out by depressed agricultural conditions. Drouths in 1934 and 1936 imposed extra burdens. Their effects were aggravated by depleted soil resources, which made efficient use of available moisture impossible.

At the present time, however, the immediate forces which placed debtor-owners in their positions of jeopardy and necessitated farming practices which rob the soil are not so prominent. The purchasing power of farm products started an upward trend in 1933. Burdensome surpluses have partly disappeared making price prospects from the viewpoint of supply more favorable. The outlook for an improved demand for farm products has many favorable aspects.[1] Government soil conservation and production control programs are encouraging improved farming practices. Farm loans are being granted on a basis much more conservative than formerly, and definite programs of liquidation are stipulated in practically all cases. Land speculation has not yet begun on a scale sufficiently large to have a noticeable effect on transfers.

Nevertheless, the adoption of policies which will tend to prevent further recurrence of distressing conditions of farm ownership should receive continued consideration. The proposals of the President's Committee designed to stabilize ownership are discussed in subsequent sections. The first items here to be considered are the proposed improvements in landlord-tenant relationships.

Included with the proposals of the President's Committee for the improvement of landlord-tenant relationships is a recommendation that consideration be given to the regulation of rural living conditions. Following the outline furnished by this series of proposals, a discussion of the matter of living levels is included under the heading of landlord-tenant relationships. Under the same heading, mention is made of present activities in research, education, and extension work on tenancy problems.

1. Hammar, C. H., *Outlook for Improved Agricultural Prices.* An address given Farmers' Week, October, 1936, at Missouri College of Agriculture.

THE IMPROVEMENT OF LANDLORD-TENANT RELATIONSHIPS

The Need for Improvement

Regardless of whether the tenant system is to exist as a permanent and extensive method of farm operation or is only to be a stepping stone to ultimate ownership, every possible improvement should be made in the institution. "The present task is to improve rural education, health, and housing, and to regulate farm leases—as well as to help wage hands and tenants toward farm ownership."[1]

The future efficiency of the tenancy system in providing a desirable basis for farm operation and in serving as a rung in the ladder to farm ownership will no doubt depend largely upon its degree of adaptation to changing conditions. To properly serve its purpose, tenancy must provide opportunity for the practice of efficient farm management principles. The practice of short-sighted exploitative farming methods depletes the soil and makes it extremely difficult for a tenant to earn a competence for the purchase of a farmstead. Equity of income distribution to parties to the lease is also necessary. The better the adjustment of landlord-tenant relations the surer will be the tenant's ascent to ownership. Proper adjustment of landlord-tenant relationships is, therefore, fundamental to the ultimate solution of the tenancy problem. Greater stability of tenure is a primary need of the present tenancy system. Great weight is given this item in the report of the President's Committee.

Recommendations of the President's Committee on Tenancy

In its report of findings and recommendations the President's Committee on Farm Tenancy urges "that the several states give consideration to legislation which might well include provisions such as the following:

(a) agricultural leases shall be written;
(b) all improvements made by the tenant and capable of removal shall be removable by him at the termination of the lease;
(c) the landlord shall compensate the tenant for specified unexhausted improvements which he does not remove at the time of quitting the holding, provided that for certain types of improvements the prior consent of the landlord is obtained;
(d) the tenant shall compensate the landlord for any deterioration or damage due to factors over which the tenant has control, and the landlord shall be empowered to prevent continuance of serious wastage;
(e) adequate records shall be kept of outlays for which either party will claim compensation;
(f) agricultural leases shall be terminable by either party only after due notice given at least six months in advance;
(g) after the first year payment shall be made for inconvenience or loss sustained by the other party by reason of the termination of the lease without due cause;

1. Gard, Wayne, "The American Peasant" *Current History*, XLVI, No. 1, p. 52, April, 1937.

(h) the landlord's lien shall be limited during emergencies such as a serious crop failure or sudden fall of prices where rental payments are not based upon a sliding scale;
(i) renting a farm on which the dwelling does not meet certain minimum housing and sanitary standards shall be a misdemeanor, though such requirements should be extremely moderate and limited to things primarily connected with health and sanitation such as sanitary outside toilets, screens, tight roofs, and other reasonable stipulation;
(j) landlord and tenant difference shall be settled by local boards of arbitration, composed of reasonable representatives of both landlords and tenants, whose decisions shall be subject to court review when considerable sums of money or problems of legal interpretation are involved."[1]

The report of the Committee continues:

"Leasing provisions are strongly governed by custom and frequently fail to become adjusted to changing system of farming and farm practices. It is, therefore, recommended that State Agencies, particularly the Agricultural Extension Service . . . inaugurate vigorous programs to inform landlords and tenants concerning methods of improving farm leases; and that State Agricultural Experiment Stations adequately support research work to adapt leases to various type-of-farming areas. Research is also needed in the technical application of compensation clauses.

"State agricultural research and extension service could be helpful in providing groups of tenants—as well as other farm operators—with the benefit of intensive technical aid on the payment-for-service basis successfully pioneered at the University of Illinois. In many areas such a program could be set up and paid for by cooperating groups of tenants, but in other areas it might not be within reach of poorer tenants, unless the service is subsidized."[2] Each of the Committee's recommendations will be considered from the standpoint of its application to Missouri conditions.

There is in the agrarian history of many of the older countries, as well as in their present agricultural law, much precedence in favor of laws which increase the "stability of occupancy and security of tenure" of tenant farmers. In Europe leases running for 3 to 5 years are definitely classed as short term contracts. "In Sweden, the shortest lease term recognized by law is 5 years."[3] The rights of tenants have perhaps been expanded further in Great Britain than in any other country. The extensive legislation which Parliament has enacted governing landlord-tenant relationships seems to be based upon three fundamental concepts. These are as follows: (1) that the tenant is entitled to receive payment for unexhausted improvements of his con-

1. *Farm Tenancy Report of the President's Committee*, p. 18.
2. *Ibid*, p. 18.
3. Schickele, Rainer, *Land Tenure Problems and Research Needs in the Middle West.* Address given at the twenty-seventh annual meeting of the American Farm Economics Association, Dec. 29, 1936, p. 10.

struction whenever he surrenders possession of his holding, (2) that the tenant is entitled to extended notice and to payment for disturbance when unreasonably or unduly required to move, and (3) that the landlord should have adequate protection against damage by unscrupulous tenants. Numerous laws have been enacted by Parliament since 1851 in order to carry out these principles. Where it will aid in the analysis of proposed adjustments in the State's system of tenancy, reference to provisions of the English order will be made.

Agricultural Leases Shall be Written

The present Missouri Statutes provide that a lease for more than one year must be written in order to be valid.[1] A one year lease may be oral, but an agreement to take a lease for a year with privilege of renewal on notice must be in writing.[2] The use of the oral contract creates a "tenancy from year to year" and this type of claim may be terminated by written notice given by either party to the other sixty days before the end of the lease period.[3] Under a written lease specifying a definite expiration date, no notice for termination is required.[4] In contrast, the English law provides that at least a year's notice is necessary to terminate a farm tenancy of any type provided each party is properly meeting the requirements of his contract. Parties to the lease under the English law are not at liberty to contract out of this requirement.[5]

A written lease records each party's rights in the demised premises for a specified period of time. It minimizes the possibility for misconceptions on the part of either the lessor or lessee regarding his exact obligations. It prevents either party's forgetting promises or qualifying agreements, which may have been part of the consideration. It is the most satisfactory means of conveying to others who may be charged with interpreting the agreement the real intent of the contracting parties.

If there are any disadvantages to written leases, they are nominal. The cost is negligible, and little time is required for drawing the contract. Numerous farmers look upon the written lease as evidence of distrust, but this is largely due to their misconception of its purposes. The lease contract is merely a record of the terms to which each party agrees in consideration of expected benefits. It is, of course, recognized that there are numerous instances in which exemplary landlord-tenant relations are maintained solely on the basis of oral agreements. Notwithstanding this fact, the verbal lease cannot furnish as good a basis for unmistakeable agreements as the written contract offers.

1. Revised Statutes of Missouri, 1929—Sections 2965 and 2967, App. pp. 54 and 55.
2. *Ibid.*, Section 2967, Appendix p. 55.
3. *Ibid.*, Section 2583, Appendix p. 52.
4. *Ibid.*, Section 2585, Appendix p. 52.
5. Great Britain, *Agricultural Holdings Act*, 1923, Sec. 25, App. p. 62.

As rapid scientific advancements in farming methods and changes in farm practices and techniques, with production control, give rise to more intricate relationships between parties to the lease contract, the need for written agreements will become ever greater. Executed leases are almost a prerequisite to the systematic improvement of the tenancy system. The adoption of a state law stipulating that all valid farm leases shall be written, rather than limiting this requirement to those for more than one year, appears desirable as a basis for improved landlord-tenant relationships.[1]

Compensation for Improvements and Removal of Severable Fixtures

At common law, when an agricultural tenant makes needed improvements or erects essential fixtures on the land, they become the property of the landlord at the termination of the lease. This is true even though other business men, including nurserymen and gardeners, are permitted to remove comparable articles needed in the course of their business. However, differences of interpretation of the common law and conflicts of authority are spread throughout the states. Some states have adjusted this regulation and now allow the tenant to remove severable fixtures of his construction. The basis for the present common law rule is furnished by early English decisions. The English themselves, however, have long since ceased to follow the common law.[2]

The Agricultural Holdings Act of 1923, which is the present basis for landlord-tenant relations in England and Wales, provides that on terminating his tenancy and quitting the farm, whether of his own accord or at the landlord's request, the tenant may claim compensation for the unexhausted value which may remain in any of an extensive list of improvements he has made. The basis of payment for these improvements is their value to an incoming tenant.[3] The Act also expressly permits the tenant to remove severable fixtures he has constructed provided his rent is completely paid and such removal does not damage other buildings or any other part of the farm. A month's notice from the tenant to the landlord of his intent to remove his fixtures is required, and the owner has the right to purchase the fix-

1. Consideration should be given, of course, to the question of what tenable relations would exist between landlord and operator, if regardless of a requirement for a written lease, an oral agreement were used. Under such circumstances the operator might be considered a tenant at will. However, the court decisions of this State are quite uniform in holding that a tenancy at will of farming land is a tenancy from year to year and not from month to month as is the case when the property is a store or dwelling house situated in a town or city. "The principle underlying this distinction . . . . had its origin in the strong desire of the courts to protect tenants at will against being deprived of crops sown, by the arbitrary termination of these estates, or, in other words, from the determination of the courts to uphold the just and equitable policy of allowing a tenant 'who sows to reap'." (Womac v. Jenkins, 128 A. 408). Nevertheless any possible difficulty on this score could perhaps best be avoided by placing upon the landlord the responsibility for drawing the lease, or by providing that if not given a lease by the landlord the tenant would operate under a contract prescribed by statute.

2. Harris, Marshall, "Compensation as a Means of Improving the Farm Tenancy Systems," *Land Use Planning Publication No. 14*, Feb., 1937, pp. 41 and 60-80.

3. Great Britain, *Agricultural Holdings Act*, 1923, Sec. 1, App. p. 56.

tures in case he desires to do so.[1] The law regarding fixtures is permissive, however; that is, it is possible for the landlord and tenant to contract out of its provisions.

The above arrangements, supplemented by the requirement for a year's notice when the lease is to be terminated, allow the tenant to increase his economic security by improving the farming unit which he operates. They justify him in exercising his managerial ability and increasing the productive capacity of the farm to an extent, which, were the improvement not legally recognized as created by and belonging to himself, would only license the landlord to charge more rent. With the operator's contribution to the productive capacity of the farming unit thus recognized, a more conservative and far sighted system of production is encouraged.

Under the English law the landlord's consent is required for the construction of the more permanent improvements for which the tenant may claim remuneration in case he does not receive the full benefit of them. There is a list of improvements, however, which the tenant may construct at his own discretion and on leaving the farm claim compensation for the unexhausted value thereof.[2] Receipted bills evidencing expenditures are not required by the English law, but the advisability of keeping these records of outlays has been demonstrated by experience.

Without recognition of tenants' rights to the benefits of improvements they may make, there is no incentive for the tenant group, comprising nearly 40% of the State's farm operators, to practice any farming methods other than those which will yield the greatest immediate returns. Continued practice of such methods will unquestionably tend to exhaust the agricultural resources of the State to a point where further use of exploitative farming methods will not only fail to produce immediate results but also jeopardize the future welfare of society in general and farmers in particular. This distinct tendency toward depletion tells strongly in favor of any measures which will reduce the incentive to recklessly deplete agricultural resources.[3]

As stated by Rainer Schickele in a paper read at the Twenty-Seventh Annual Meeting of the American Farm Economic Association, "The principle of compensation for unexhausted improvements

1. Great Britain, *Agricultural Holdings Act*, 1923, Sec. 22, App. p. 61.
2. *Ibid.*, Schedule 1, Parts 1, 2, and 3, Appendix p. 63.
3. "It is interesting to note that European students of land tenure distinguish between three phases in the management of the farm under a long-term lease; (1) the 'investment phase' during the first few years, (2) the 'normal production (or rental) phase' during the main period of the lease, and (3) the 'liquidation phase' during the last two years of the term. A major part of the rented land in the Corn Belt is farmed continually in the "liquidation phase' of management." Schickele, Rainer, *Op. Cit.* p. 6. See also Brandt, Karl, "Die Lehre von der Pacht," *Handbuch der landwirtschaft*, Paul Perey, Berlin 1930, p. 550.

with its implications is new to farmers in the Corn Belt. Yet, its recognition is essential if tenancy conditions are to be improved in the interest of agricultural progress. Its application may, in the beginning, perhaps be confined to semi-permanent soil improvements and building repairs and gradually expanded as the tenant's security of occupancy increases and his managerial initiative develops.

"Under present leasing arrangements the landlord has complete control over all permanent improvements on the farm, and substantial control over semi-permanent soil improvements . . . The tenant cannot, on his initiative, add to the improvements; in fact he cannot even provide materials for necessary repairs, since this would give him an equity in the farm which is not recognized under his lease. He depends entirely on the willingness and ability of the landlord to furnish any materials that go into the fixtures on the farm. Nor can the tenant seed alfalfa or spread limestone at his own expense, since he loses his claims to the fruits of his effort in case the lease is not renewed. If he builds up the productivity of the farm, he increases the value of the landlord's property without being entitled to any compensation for his contributions. Nothing prevents the landlord from charging rent for improvements in land and buildings the tenant has made. The strangling effect of these tenure arrangements on the tenant's initiative can hardly be overemphasized. . . ."[1]

It was found in a study made by Iowa State College in which the county conservation committees of twenty-eight Iowa counties were interviewed that practically all representatives "favor and recommend some provisions in leases that would guarantee compensation to tenants for the unused portions of soil improvements, such as seed and lime, which the tenants have made."[2] Grass and legume seed, lime, and fertilizer would unquestionably be more widely used in the cropping system on tenant farms if, by leasing or legal provisions, tenants were assured that they would obtain their full share of benefits from labor and capital expenditures required for carrying out such improved practices. The committees estimated that in actual practice more than 40 per cent of the landlords furnish insufficient seed and lime.

It is, of course, realized that many landlords cooperate to the fullest extent or take the initiative in improving their properties, and tenants holding under these owners have little need for making improvements of their own accord. A law requiring compensation for improvements would be of little direct benefit to this group. However,

1. Schickele, Rainer, *Land Tenure Problems and Research Needs in the Middle West.* Address given at the twenty-seventh annual meeting of the American Farm Economics Association, Dec. 29, 1936, p. 17.

2. Schickele, Rainer and Norman, Charles A., *Tenancy Problems and Their Relation to Agricultural Conservation,* Iowa Bulletin 354, p. 177.

to tenants operating farms on which, due to debt burdens or other reasons, the owners are unable or unwilling to make needed expenditures for proper operation, a recognition of tenants' rights to improvements which they make would provide a way to better maintain these farming units and would encourage practices which are more productive on a long-time basis.

Compensation for improvements would also be comparatively ineffective in the many cases where tenants are unable to make more than a bare living and current operating expenses. But, even such tenants would tend to apply more labor, generally available, to the upkeep and improvement of the farms they operate if their rights to the benefits from their efforts were recognized.

The primary object of compensation for improvements is to guarantee to the tenant the benefits of his efforts in making his operating unit more productive and thereby encourage a more stable tenancy pattern and better farming methods. He should be given no unfair advantage of the land owner. Eviction of unscrupulous tenants should under no conditions be made more difficult. On the other hand, relief for the lessor suffering damage should be expedited in every way possible. However, the common law rule with its maxim of "all that is attached to the soil belongs to the soil" can hardly be considered fair to the lessee, profitable to the lessor, nor in the public's interest.

The effective application of the principle of compensation for improvements is necessarily a rather complex procedure. Its intensive use will probably require the services of some arbitrating body more readily available than is court jurisdiction. However, by mutual agreement the principle could be more widely used at the present time in connection with liming and fertilizing, seeding permanent pastures and meadows, etc.

A statute covering the contingency of improvement might be formulated after the manner of the English provisions[1] and also the present Missouri law which provides compensation for improvements made by an individual holding land in good faith, but whose legal right to the property is subsequently disproved by another.[2] To be fair to the farm owner all expenditures on the farm for which the tenant expects to claim remuneration should be approved by the landlord except the outlays for such items as are necessary in order to maintain an acceptable standard of health and sanitation, and those necessary to carry out the most elemental of good farm management practices, such as fertilization of small grain, etc. The provision, with its impli-

1. Great Britain, *Agricultural Holdings Act*, 1923, Sec. 1, App. p. 56.
2. *Revised Statutes of Missouri*, 1929, Section 1384, Appendix p. 52.

cations, should be aimed at shifting the system of tenant farming from its present basis of continual liquidation to one of properly balanced investment and discount.

Compensation for Disturbance

The principle of the landlord's paying the tenant for disturbance when the latter is required to move from the property he is operating is one quite unusual from the viewpoint of American farmers. The present English law, nevertheless, provides that the landlord shall not terminate the tenant's occupancy at the expiration of the term of the lease, regardless of its provisions, without becoming liable for compensation for disturbance. Exceptions to this rule are made, practically speaking, only in instances where the tenant fails to live up to his contract, most important of which are when the tenant:

(a) "is not cultivating according to the rules of good husbandry;
(b) has not complied with notice to remedy breach of contract which is capable of being remedied;
(c) has committed a breach incapable of being remedied;
(d) is bankrupt or compounded with his creditors;
(e) has refused or failed to agree to arbitration as to the amount of rent to be paid. . . . . ."[1]

Among other exemptions is one provided when, at the time of leasing, the landlord expressly reserves the right to resume occupation of the farm before the expiration of seven years, and at that time had been in occupation of the farm not less than twelve months. This provision suggests the lengths of tenure periods which are contemplated under the English system.

The amount of compensation payable by the landlord for undue termination of tenancy or refusal to renew the lease is stipulated as equal to one year's rent of the farm unless it can be shown that the loss and expense incurred exceed such an amount, in which case the sum shall be equal to the whole amount incurred, but is not to exceed an amount equivalent to two year's rent of the farm.[2]

As previously stated, the tenant is also guaranteed a year's notice for termination of his lease regardless of its terms. The Missouri law provides only sixty days' notice to tenants holding under verbal leases, while the matter of notice when written leases are involved is contractual.[3] The English law recognizes a right of the tenant to security of tenure in his holding sufficiently stable to prevent his continually having to keep his assets in position for immediate liquidation. The opera-

1. Great Britain, *Agricultural Holdings Act,* 1923, Sec. 12, App. p. 58.
2. *Ibid.,* Section 12, Appendix pp. 59 and 60.
3. *Revised Statutes of Missouri,* 1929, Sec. 2583 and 2585, App. p. 52.

tor is recognized as having special rights in the land which are just as inviolable as are those of the owner. In this country no such inherent rights are recognized as belonging to the farm tenant. Attention should be called to the fact, however, that some American students of the tenure problem feel that the English order has extended tenants' rights to a point where the owners' interests are inadequately protected.

An Oklahoma bulletin published in 1929 concludes that landlords as well as tenants are benefitted by a secure tenantry and a stable tenancy pattern.[1] One of the conclusions of the authors of a Missouri Experiment Station Bulletin, after making case studies of 669 farms, was "that . . . perhaps the greatest handicap of the tenant is the fact that he does not remain on the farm long enough."[2] The present degree of tenant security and stability of occupancy, with over one-third of the tenant farmers moving annually, is extremely low.

Moving is an extraneous, and too largely an unproductive burden on the farm population. It is, of course, realized that not infrequently the tenant elects to move in order to attain certain economic or other advantages, or is personally accountable for the landlord's requiring him to vacate. In such cases, the tenant alone is responsible for the attendant disadvantages. In some instances, on the other hand, he is forced to move because of no fault of his own, or, too often, no doubt, as a result of unreasonable demands on the part of the landlord. In the latter instances, at least, the interest of better and more permanent agriculture would doubtlessly best be served by imposing on the landlord liability for the damage which the tenant sustains as a result of moving and readjustment. Also, requiring the landlord to compensate the tenant for disturbance is no doubt just in special cases where the tenant is forced to move within a comparatively short time after having invested a considerable amount in order to adapt his farming operations to a specific property.

In a few unusual cases landlords have granted long-term leases, reserving the privilege of terminating the lease at the end of any crop year, with the further agreement that if they terminate the lease they will compensate the tenant for the inconvenience and loss which he experiences. Generally the amount of compensation is set forth in the lease and is usually graduated, being large at the end of the first year and becoming smaller each year thereafter.[3] Under such an arrangement the tenant can make extensive long term production plans advan-

1. Sanders, J. T., *The Economic and Social Aspects of the Mobility of Oklahoma Farmers,* Experiment Station, No. 195. Summary and p. 54.
2. Johnson, O. R. and Foard, W. E., *Land Tenure,* Missouri Agricultural Experiment Station Bulletin, No. 121, p. 97.
3. Harris, Marshall, *op. cit.,* pp. 46 and 47.

tageous to both himself and his landlord. With reasonable assurance of being able to carry out his plans the tenant is justified in setting up a type of production program which would be impractical on a short term basis.

It is, of course, obvious that formulating a selective rule to provide compensation for the tenant unreasonably required to vacate a farm would be extremely difficult. A general application of the principle might enable unscrupulous tenants to take unfair advantage of land owners. In addition, the implications of such a requirement might be somewhat objectionable. In other plans proposed by the President's Committee and in other precedents established by older orders there appear to be less impugnable bases for stabilizing the tenancy system, at least if general application of the principle is considered. It appears that permanence of tenure can perhaps best be encouraged by the general use of automatically renewable leases with the requirement of adequate notice for their termination and recognition of the tenant's rights to improve the operating unit and derive full benefit therefrom. In certain instances, perhaps, a limited and special application of the principle of compensation for disturbance would prove desirable.

The matter of sufficiency of notice now required for the termination of lease contracts is the subject next to be considered.

Notice for Termination of Tenancy

If ground is to be broken for fall-sown grain, operations should begin in July. If the crop is to be sown under conditions where breaking is not required, preparation cannot practically begin later than September. Fall-sown grains are becoming more important and necessary in the farming systems of the State and this change in cropping practices causes an added need for earlier decisions on leasing arrangements. A definite decision by the parties to the lease on or before September 1 as to whether or not they will continue through the next crop year is as late as can be conceived to serve even the most reasonable requirements for security.

The principle of long term leasing, with provisions for termination of the tenancy only after extended notice, facilitates well-planned and efficient farm management. The principle is adaptable to the farming systems in this State and is necessary if the agents of agricultural production are to be used most effectively and the farm resources properly conserved. It can be carried out on the basis of a term lease subject to cancellation under certain conditions by notice from either party to the other or by an annual lease automatically renewable from year to year as long as no notice to quit is given. Both types of contract

serve essentially the same purpose. The principles of compensation for improvements and early notice in case of termination of the tenancy can be as easily carried out under one type of agreement as under the other. The automatically renewable contract seems, however, somewhat less forbidding than the term lease, and probably the greater advantages are in its favor.

In an Iowa study, reference to which was previously made, it was found that the unqualified support of all members of the 28 county conservation committees was given to the principle of automatic continuation clauses in leases with a definite and ample period of notice required for their termination. "A 'lease drawn for one year' and continuing thereafter until notice is served by either party 'prior to a specific date, not later than August 1 and preferably July 1, would undoubtedly result in greater stability . . .' "[1]

Owners often delay completion of leasing arrangements in hope of making sale of their properties. However, leases in force can always be assigned to the purchaser. It is true that the resulting inability of the new owner to get complete possession may somewhat reduce the price he would be willing to pay for the farm, but the farm operator, producing the income upon which the value of the property is at least partially based, should thereby acquire a right to the landlord's early consideration of his future operating plans.[2]

An effective law requiring six months' notice from either party to the other in case either is unwilling to renew or continue the lease contract on terms identical with those currently in force would promote a more orderly shifting of tenant farmers as well as give greater security and encourage a more stable tenure pattern. In case either party to the contract insists on a change of terms, an early notice gives the other reasonable time to consider alternatives. The notice required by law at present is so short that it has practically no stabilizing influence on the tenancy pattern. Any improvement in the leasing system, the making of which works no undue hardship on either landlord

1. Schickele, Rainer and Norman, Charles A., *op cit.*, p. 177.

2. In the practical application of a law requiring early notice for termination of leases, a peculiar problem is presented. Under a statutory requirement for, say, six months' notice, some landlords might serve the legal notice for termination of the tenancy, indicating to the tenants at the same time that they actually expect to renew the leases for the coming year, but are somewhat undecided about particular points at present, and are only giving notice because of state law. Landlords who have come into possession of farms through foreclosure and hope to make early sale, those who are holding farms for speculative purposes, and those who intend to drive the hardest bargains with their tenants are the ones most likely to follow such a procedure. The tendency of landowners to follow this practice would be discouraged if, in working out a principle for compensation for improvements, the time of payment by the landlord was set at the time he served his tenant with notice for terminaton of the lease. A more effective control would be furnished by requiring a payment for disturbance at the time a notice for termination is given. The justification for compensation for disturbance, is, however, as previously stated, questionable except in special cases. Notwithstanding the limitations of a provision for early notice for termination of a tenancy, its significant value to both landlords and tenants should not be overlooked.

or tenant, is doubly desirable. The extension of the time required for notice to terminate a tenancy is undoubtedly a change of this type.

The Tenant Shall Compensate the Landlord for Damage and the Landlord Shall be Empowered to Prevent Continuance of Wastage

Present State laws provide for the dispossession of the tenant on ten days' notice if he is guilty of violating his written lease or is committing waste,[1] and further provide that liability for wanton waste shall be three times the amount of damages assessed.[2]

It is unfortunate that the provisions of these statutes cannot be brought to bear upon all cases to which they are applicable. However, it is a matter of common knowledge that the landowner resorts to legal action to protect his rights only in unusual cases where substantial waste has been committed and where the chances of collecting damages are considerably better than average. The cost of litigation for damages is such that it is seldom advisable for the landowner to attempt recovery notwithstanding the strict laws in his favor. In view of these facts it is impossible to conceive how increased stringency of the present statutes could improve the landlord's position.

On the other hand the fairness of the law placing the tenant's liability for wanton waste at three times the amount of damage committed is perhaps open to question. However, if wanton is interpreted as willfully malicious the law can hardly be considered as potentially unfair. This principle of punitive damages has been handed down through common law. In actual practice it has often been repudiated.

The fairness of the provision for ejectment after 10 days notice to a tenant violating his lease or committing waste is still more questionable. It would seemingly be more desirable to provide a reasonable probation period in which the tenant would be given a chance, after proper notice, to specifically meet his obligations. If in this probation period he failed to remedy the breach of contract or repair waste, ejectment proceedings could be rightfully instituted. It is quite conceivable that a modulation of these provisions resolving the tenant's responsibility to the landlord would make them more effective.

A wider yet equitable application of the present laws setting forth the tenant's liability to the landlord for undue damage to the latter's property should unquestionably accompany any extension of the principle of the landlord's compensating the tenant for unexhausted improvements of the tenant's construction which remain when he quits

1. *Revised Statutes of Missouri*, 1929, Sec. 2581 and 2582, App. p. 52.
2. *Ibid.*, Sections 2616, 2622, 2623, Appendix p. 54.

the farm. It appears that in so far as is possible the principle of compensation for damages should be extended to a point where it will effectively prevent all unnecessary abuses to tenant-operated units. Arbitrative bodies readily available to both landlord and tenants, the duties of which are to review small claims, could likely aid in this extension. It is necessary that the cost of arbitration be little or nothing. The establishment of local boards of arbitration has been suggested as a possible means for adequately meeting this need.

Boards of Arbitration

If the present tenancy system is properly modified to meet changing conditions, greater security for the tenant-operator is imperative. Relationships between the landlord, the tenant, and the land will necessarily become more complex. Questions as to the specific rights and obligations of each party to the contract will probably arise more frequently. Equitable settlement of such matters will be necessary if the tenancy system is to properly serve all parties concerned. The impartial judgment of disinterested parties would probably in many instances be of help in solving the problems which can be expected to arise between landlord and tenant. The establishment of boards of arbitration has been proposed as a means of meeting this need.

The principle of settling controversies by arbitration is not new. During the period of forced farm refinancing, debt adjustments were arranged by voluntary Farm Debt Adjustment Committees. These committees had no legal authority but in meetings of debtors and creditors suggested arrangements which would permit the debtor to retain his property and at the same time deal fairly with his creditors. In 18 months ending February 28, 1937, 51,400 adjustments were made. Of all cases considered 53.6% were successfully compromised.

There is also a parallel of the arbitration principle in the English system. Early in the agrarian history of England there developed a tendency for landlords and tenants to look to certain well informed farmers to settle their leasing difficulties. "As tenant rights were greatly expanded by the various Agricultural Holdings Acts, there naturally evolved a semi-professional group who followed the business of making valuations. This growth has persisted until at present there is an association of agricultural valuers in most of the counties of England and Wales which is affiliated with a national organization known as the Central Association of Agricultural Valuers."[1]

The President's Committee on Tenancy has recommended the establishment of rural boards of arbitration. The same recommenda-

1. Harris, Marshall, "Agricultural Landlord-Tenant Relations in England and Wales," *Land Use Planning Publication No. 4a*, p. 47.

tion has been made to the Governor of Missouri by the Department of Agricultural Economics of the Missouri College of Agriculture.[1] Such bodies, perhaps most desirably operating with quasi-legal authority, would aid in the protection of the rights of both landlords and tenants in instances where the matter involved do not justify the court's consideration. The findings of the board of arbitration should, as recommended by the President's Committee on Tenancy, be subject to court review where matters of legal interpretation are involved. Boards of arbitration composed of a landlord, an owner-operator, a tenant, and in the cotton country a cropper, could probably reach the fairest decisions.

Probably the most basic objections to the establishment of boards of arbitration for settlement of landlord-tenant disputes is that it would grant powers to laymen which supposedly should be exercised only by court authority. There is also the possibility that the boards would be biased in their decisions. However, if the conditions outlined in the previous paragraph are met these objections would likely lose much of their validity.

There is also the question of how extensively landlords and tenants would use the arbitrative committees in settling differences were they established, and in addition how much payment the boards should have for their services, and from what source payment would come.

It is evident that more investigation is needed to determine the specific possibilities which boards of arbitration present for improving the tenancy system. However, it is a generally accepted fact that the establishment of more equitable rental agreements and a more stable and permanent system of tenancy should be encouraged by every reasonable means. Introducing into the system any or all of the principles of compensation for improvements, compensation for disturbance in special cases, early notice of termination of tenancy, and positive protection of the landowner against the acts, however petty, of unscrupulous tenants, should serve as means to this end. The successful application of such principles if they are made a part of the tenancy system will almost certainly give rise to a need for some arbitrative authority more readily available than court jurisdiction. The establishment of local boards of arbitration presents itself as a plausible approach to meeting problems which will arise from just and needed expansion of tenants' rights.

1. In this connection it is significant that Dr. W. B. Bizzell, writing in 1921, recommended the establishment in each state of a State Land Commission whose duty it would be to regulate practices followed by real estate agencies and also operate to conform land rents to productivity. See Bizzell, W. B., *Op. Cit.*, p. 392.

Limitation of Landlord's Lien

It has been suggested that the landlord's lien on the tenant's crop should be limited during emergencies such as a serious crop failure or extremely low prices. The present law, until affected by the statute of limitations, releases the owner's claim on the tenant's crop only upon complete liquidation of the rent account.[1] Limitation of lien under extenuating circumstances might in some cases prevent undue hardship on the operator, but its implications are not commendable and would necessarily weaken, unduly, the position of all landlords. When lease terms are agreed upon, the owner as well as the tenant commits himself to certain definite obligations. Both parties to the contract recognize that conditions will be continually changing. If during the year prices rise and crops are good, that part of the farm which he rents for cash will bring increased returns to the tenant, but the landlord cannot expect a larger cash rental than that previously agreed upon. In years when the tenant receives decreased returns, the owner's claim for the agreed rent, therefore, should not be jeopardized. The tenant's liability for the stipulated rental should not cease as a result of adverse conditions.

It is not intended to infer that in times of emergency, compromise settlements of cash rents may not be most profitable to all concerned. In fact, the reverse is quite often true. In years of crop failure or low prices, adjustments in cash rents or their collection in labor in improving the farm may be an advantage to both landlord and tenant. The making of reasonable cash rent adjustments, especially on the basis of payment in labor, should receive every encouragement in instances where, due to extremely adverse economic conditions, crop failure, or related causes, full payment in cash unduly depletes the tenant's resources. Notwithstanding these recommendations a statutory provision for the cessation of the landowner's claim for rent as a result of unfavorable circumstances of price or production can hardly be conceived as a constructive regulation.

This conclusion seems justified in spite of the fact that cash rents are often higher than the productivity of the cash-rented land warrants. The statement of the President's Committee that "leasing provisions are strongly governed by custom" is especially true in regard to the division of crops. The competitive bidding of tenants for farms seldom increases the landlord's share of a farm crop but has its full impact on cash rent rates. The agreed cash rent, therefore, often represents not alone the specific productivity of the cash-rented land but

1. *Revised Statutes of Missouri*, 1929, Sections 2589, 2590, 2591, and 2592. Appendix pp. 52 and 53.

in addition a "bonus" on some of the crop land or a "privilege rent" on the entire farming unit. Limiting the tenant's liability, however, would not remedy this condition and might quite conceivably aggravate it.[1]

Minimum Housing and Sanitary Requirements

It is a well-established fact that the state may take action to preserve public health.[2] Requiring the maintenance of farm improvements in a condition necessary for sanitation and conducive to healthful living would be a reasonable use of this power. Another precedent for establishing health standards for rural homes and for requiring the landlord to meet these standards may be found in the urban housing laws where extensive regulations have been adopted in order to insure healthful homes for the people. Also, the exercise of a comparable regulation, rural zoning, is permitted in Wisconsin and California under general state enabling acts. Some other states have extended the power to counties under individual or special authority.

Up to the present time legislation with respect to housing facilities has been almost exclusively directed toward the improvement of living conditions in urban centers. This legislation has been uniformly upheld. The justification for it hinges mainly upon the broad power of the states to require landlords to make expenditures necessary to protect the public health, and only partly upon the existence of conditions peculiar to urban environment.

In certain areas of Missouri, rural housing facilities are exceedingly deficient. In the seven cotton counties, where the proportion of tenancy ranges from approximately 50% to 90%, the average value of farmers' dwellings was $485.65 according to the 1930 Census, while the average value of those for the entire State was $1,099.20. A recent survey, conducted by the Department of Rural Sociology of the University of Missouri in representative sections of the cotton area, shows that on the basis of levels of living and housing conditions tenure groups rank as follows: owner, tenant, cropper, and laborer. There are no available data on the relative adequacy of improvements on tenant and owner-operated farms in the State as a whole. An analysis of data

1. A so-called "sliding scale" basis of rent adjustment with revisions upward with a rise in prices of certain farm products and downward in response to a fall in prices of the same commodities has been suggested by some students of the tenure problem as a means of arriving at equitable rental terms. This method of adjusting rents is fully discussed by H. C. M. Case of the University of Illinois in a mimeographed paper printed by that institution. In years like 1932 when yields were good but farm product prices were far below normal (grain prices were then only 44 per cent of the 1909-1914 average), rent adjustment on the basis of price would have been adequate. This plan, however, does not allow for crop failures, and in the past three years would have failed entirely in meeting the problem it is designed to solve. A broader basis of adjustment using both yield and price as criteria might be made to more nearly solve the problem of conforming rents to productivity.

2. *Revised Statutes of Missouri,* 1929, Sections 9013, 9014, 9015, and 9028, Appendix pp. 55 and 56.

on 18,789 Iowa farm houses made at the Iowa Agricultural Experiment Station shows that for every item considered "a larger percentage of non-owners report poor conditions than do owners." The author of the study concludes: "Houses on rented farms are less adequately kept up than are houses on owner-operated farms."[1]

Tentative plans for a public health program which will reach every Missouri county on a permanent basis have recently been made. An appropriation of $50,000 for the 1937-38 biennium was allotted by the State Legislature to carry on the work. To this the Federal government is expected to add $150,000. According to present arrangements eleven public health districts will be created in the State.

Each district will have a health officer, from two to four nurses, and a sanitary engineer. It is probable also that district testing laboratories will be established. District sanitary engineers will check water supply, sewage disposal, and all other environmental factors affecting health. The health officer and nurses will devote their time to preventive work through immunization, control of communicable disease, health work in the schools, etc.[2]

A program such as that above outlined could be made the more effective with rural health regulations. Regulations affecting rural health standards similar to those which govern urban conditions would aid in assuring to the rural population its share of benefit under a statewide health movement.

When an owner leases his farm, he generally rents it in the manner which will yield him the largest immediate return. If this maximum return is obtained by requiring the tenant family to live under unhealthful conditions, legal regulation is fully as justifiable as if the homestead were in an urban center. The regulation should be confined exclusively, of course, to those items fundamental to health and sanitation. Serviceable, clean, well-screened dwellings, with solid foundations and tight roofs, adequate healthful water supplies, and sanitary outdoor toilets, should be required. Lack of future regulations of such matters will unquestionably prove inimical to rural public welfare. Conceivable objections to wise regulations of rural health conditions seem hardly worthy of discussion.

Research, Education, and Extension Work

As the margin of agricultural land use is extended by the pressure of population, the relation of man to the land gains in importance as a problem of agriculture. In the past a vast amount of research and

1. Schickele, Rainer, *Facts on the Farm Tenancy Situation, Farm Tenure in Iowa,* Bulletin 356, p. 278.
2. *Kansas City Times,* July 10, 1937.

educational work has been done of technical problems of farm production, while comparatively little thought has been given to land use problems, including land tenure, one of its most important phases. Only a very limited amount of scientific research has been carried on to determine equitable bases for division of the income from leased land. Less attention has been given to the dissemination of knowledge along these lines. This, of course, is because the primary need has been for production studies. It is now necessary to recognize, however, a rapidly growing need for land use and land tenure studies. As stated by the Director of the Missouri Experiment Station this does not mean that less attention will be devoted to production problems, but that the land use studies will merely receive the full amount of attention which their weights warrant.

The Station's policy is further described as follows:

"The Missouri Agricultural Experiment Station continues to devote its efforts to the solution of agricultural problems. It interests itself, likewise, in the social institutions of the rural community and in farm life generally.

"..... more and more the Station must interest itself in agricultural economics—in the problems of distribution, marketing, farm credit, tariffs, and even the tariffs quotas, and embargoes of foreign countries.....

"The problems of the farm home are equally important with the problems of production and distribution. The Experiment Station, therefore, is developing important home economics projects dealing with ..... the furnishing and equipment of farm homes, water supply, sewage, and adequate housing for farm people."[1] The solution of tenancy problems is obviously an integral part of a program of this scope.

The Oklahoma Legislature in its 1937 session passed a bill establishing in the A. and M. College a Farm Landlord and Tenant Relationship Department. It is the duty of this department to improve landlord-tenant relationships by determining equitable rental terms, inaugurating educational programs on the advantages of stability and security of tenure, fostering a better understanding between landlords and tenants, assisting both lessor and lessee to take advantage of existing farm organizations, organizing new organizations where needed, and by working out a basis for arbitration of all differences arising between landlords and tenants. The work is to be carried on by a supervisor and four assistants, with the help of two office workers. The department as established will continue until June 30, 1939.

1. Mumford, F. B. and Shirky, S. B., *Work of the Agricultural Experiment Station*, Missouri Experiment Station Bulletin No. 370, pp. 5 and 6.

Another important measure concerning education and research on tenancy problems has recently been enacted in North Carolina. This law directs the Governor to appoint a Home Ownership Commission composed of five members, three of whom are to be the Commissioner of Agriculture, the Director of Agricultural Extension, and the Director of Vocational Education. As explained by Marshall Harris: "It is the duty of the Commission to study the tenant problem in the State, and to cooperate with Federal and other agencies in efforts to encourage home ownership. If the Governor requests, or if the Commission deems desirable, it shall prepare and submit to the Governor a report including its findings and any recommendations deemed desirable."[1]

In the latter part of 1924 there was organized in Illinois the Farm Bureau Farm Management Service. This was an outgrowth of the farm management extension work. The purpose of this organization is "to assist the cooperating farmers to keep such farm accounts as will enable them to study the efficiency with which they are conducting their farm business, and to apply to their individual farms the practices in farm organization and operations which have proved profitable on other farms of a similar type."[2] A farm management fieldman serves each group of cooperators. The number in each group is not to exceed 250.

The fieldman makes four or five annual trips to the farm of each cooperator and on these visits assists with records, analyzes the farm business in the light of the experience of other cooperators, discusses management problems, and gives special service to those desiring to reorganize their enterprises. In January a summary of his own past year's business is furnished each cooperator with comparisons of his efficiency of operation with that of the group average. All individual records are kept confidential. The average annual cost of this service is now about $35 per farm, varying with the size of the operating units.

On the basis of accomplishments of the Illinois organizations similar types of management associations are recommended to farmers of other states. Perhaps it would be possible for the members in organizing new groups to make special provisions for tenant operators and also interest landlords in the projects, thereby obtaining landlord cooperation and support. The experience of the Illinois groups indicates that other farm operators can organize farm management associations with profit. In the establishment of these associations the special problems of the tenant farmer should not be neglected.

1. Harris, Marshall, *Farm Tenancy Legislation in the United States, Land Policy Circular*, U. S. D. A., Resettlement Administration, Division of Land Utilization, July, 1937.
2. *Twelfth Annual Report of the Farm Bureau, Farm Management Service on 424 Farms of the Higher-Valued Lands of North Central Illinois*, p. 23.

Research, education, and extension projects can be made significant parts of a program of tenancy improvement by some special adaptation.

THE ENCOURAGEMENT AND STABILIZATION OF FARM OWNERSHIP

Recommendations of the President's Committee on Tenancy

In connection with the problem of encouraging and stabilizing farm ownership the President's Committee on Tenancy, previously quoted at length on farm tenant problems, makes the following statements:

"It has been pointed out that speculation has been one of the most potent forces retarding the ownership of land by farmers. The capital value of land tends to outrun upward trends in farm income. At times this condition has been aggravated by purchase of land by non-farmers primarily for speculative purposes. Measures to avoid excessive over-capitalization and associated abnormal indebtedness resulting from widespread speculation are a necessary part of any fundamental attack on the evils of farm land tenure . . .

"As a . . . means of controlling speculation, it is recommended that the Federal Government at an early date insert a provision in the Federal Income Tax Law imposing a specific tax on capital gains from sales of land made within three years from the date of purchase. Due allowance should be made for improvements, including soil enrichment, beautification, reforestation, or other enhancement of value brought about by the owner. A capital gains tax, taking a large percentage of the unearned net increment, would materially discourage buying land merely for the purpose of early resale and would tend to keep land values on a level where farmers could better afford ownership."[1]

A differential tax system which discriminates in favor of small or "family size" farms is also suggested as a possible way to encourage ownership by operators, but this proposal is given only a qualified recommendation by the Committee. The exemption of farm owners from tax payments on future improvements including addition of fertility, control of erosion, etc., which they make in their properties, seems a much more defensible basis for tax differential. Such a tax is not, however, suggested by the President's Committee.

Special Tax on Capital Gains from Short Term Farm Ownership

As inferred in the recommendation of the President's Committee, the taxation of capital gains or profits from speculation in farms can

1. *Farm Tenancy, Report of the President's Committee,* Feb., 1937, p. 17.

probably best be handled by the Federal Government. State to state variation in laws governing this matter would be very objectionable Also, the matter of the constitutionality of such a measure would probably be a serious question in many states. Land use and, therefore, land ownership is now recognized as a national as well as state problem. The question as to which authority a regulatory power is delegated should, therefore, be determined by the ability of the State compared to that of the Federal Government to accomplish the desired results. Notwithstanding the fact that such a tax can best be Federally administered, and that this is primarily a discussion of state activities, some of the considerations in connection with the tax will be briefly pointed out.

A tax on capital gains or profits from the purchase and sale of land under specified conditions of transfer would tend to reduce the number of conveyances under those conditions which permitted the collection of the tax. Thus, taxing capital gains realized on farms bought and sold within a period of three years would lessen the number of properties purchased and resold for profit in that length of time. Such a tax would obviously operate to discourage speculators and others from profiteering through short-term ownership.

The levying of a substantial tax on capital gain from short-term ownership might, on the other hand, tend to make the owners of recently acquired holdings retain title until such a time as the tax would be inoperative. Also, some prospective profiteers who would otherwise buy and within a short time resell to resident owners might, if a tax were levied on profits from short-term ownership, nevertheless purchase for speculation and hold the property longer in order to escape the tax. Thus, acquisition by owner operators might be delayed. The prevention of transfers of land is not, therefore, necessarily desirable from the standpoint of encouraging owner-operatorship.

On the one hand, therefore, a tax on capital gain realized within a limited period of time might delay the acquisition of farms by owner-operators, while on the other it would tend to stop the activity of speculators who are willing to acquire ownership only when profitable resale is in immediate prospect.

Naturally the larger the percentage of gain taken in taxation the more effective would be the tax in preventing purchase and sale for profit within the limits of time during which the tax is applicable. The limit of effectiveness, would, of course, be reached by taking 100% of the capital gain realized within the specified time after purchase.[1]

1. With the limit tax imposed no one would buy a farm in anticipation of a capital gain if unwilling to hold it for the time required to exempt him from the tax of 100 per cent on his profit. If a tax takes only part of the gain, it would be proportionately less effective in preventing speculation.

A tax taking only a part of the profit from speculation will not only be less effective in preventing speculative transfers, but in addition might result in somewhat increased sale prices in cases where speculative transfers are not prevented. In other words, there will be a tendency for part of the tax burden to be shifted to the purchaser.

To be effective the tax must reach speculators disposing of their properties by sales contracts, trades, etc., as well as by regular conveyances. Numerous precautions will be necessary to prevent dodging of the tax. While competent administration will no doubt be somewhat difficult, it should not prove impracticable.

It may, of course, be logically contended that speculators may profit most by holding their land, at least as long as prices are rising. Selling land within a short time after it is purchased may not, therefore, always be the way in which to make the greatest profit on it. A tax on capital gains from short-term ownership would not necessarily decrease the number of farms being held for profits when speculative gains could be made from long-term as well as from short-term ownership. However, in spite of the fact that long-term ownership would yield a good speculative profit the purchase and sale of several farms in the same length of time might easily result in a larger gain. It is the short-term ownership of farms and the resulting unstable tenure pattern that is especially adverse to best agricultural interests.

The ultimate effect on land values which is exerted by any tax is highly important. A consideration of the probable effects on land values of a tax on speculative profits in this connection is, therefore, justified. The value of land is at least broadly determined by the capitalization of its net rent, present and prospective, at the current interest rate. Other things being equal the more productive a farm at present or in prospect the higher is its value. The proposed tax on capital gains will not reduce the rents which land will yield, and so will not change its actual capitalized value. The value of the land to the prospective owner-operator will not be diminished by the tax; neither will it take anything from the farmer living on and operating his farm.

The main arguments both for and against the tax can be stated in a summarized form. Arguments for a tax on capital gains include the following:

1. It would discourage short-term ownership.
2. It would serve as an expression on the part of the government that land should not be the object of unregulated speculation.
3. It would tend to thwart the attempts of speculators to increase land prices.

4. It would decrease the amount of activity resulting from increasing land values.
5. It would discourage unrestricted reaction to temporary land booms.
6. The tax would not affect the value of land to long-term owners.
7. It would divert to a more permanent class of landowners benefits and profits now accruing to admittedly temporary titleholders.

Against the taxation of capital gains from short-term ownership it is argued:

1. It would be extremely difficult to prevent evasion of the tax.
2. The fairness of taking capital gains by taxation, especially if these gains are due to increases in price levels, is questionable.
3. Taxing gains from short-term ownership will have no fundamental effect upon land values.
4. Preventing transfers does not necessarily encourage owner-operatorship.

While such a tax has some evident shortcomings, these seem to be outweighed by its desirable features.[1]

The justification for levying a tax on capital gains must be based upon the principle that the State may subordinate private rights to promote the public welfare. Admittedly, the taxation of capital gains from short-term ownership cannot be entirely justified by economic considerations. However, the position of those who recommend reasonable control of the use and ownership of farms should be strengthened by the fact that a considerable proportion of the physical farm units is land, the "given" and "non-reproducible" agent of production. The land is not created by any individual or groups of individuals. These facts should furnish considerable justification for the regulation of both the use and ownership of farms. In practice ". . . the courts have repeatedly sustained land use regulation . . . where the purpose to

1. In appraising the fairness of such a tax considerations should be given to the cause of the increase in value or the source of the capital gain. It may be produced by the owner's activity in improving the property. It may arise from an increase in the general level of prices, or, conversely, a decrease in the value of money. It may result from pressure of population upon land resources or from any increased demand for land.

It would obviously be unfair to take by taxation the increase in value due to improvements made by the owner. This is clearly stated in the report of the President's Committee.

An increase in value due to a rise in the level of prices and exactly proportional to this price rise, is, when the purchasing power of money in terms of goods is considered, nominal in nature. This greater value in terms of money represents no greater purchasing power than did the previously lower money value. However, the power of the dollar to pay previously contracted debts remains constant, even though its value in terms of commodities changes. Because of the instability of money in terms of commodities, however, it seems that the right of society to take capital gains arising from a decrease in the value of money should be judged by criteria somewhat different from those used to determine the justification for taxing actual unearned increment.

be achieved was deemed sufficiently important and the interference of private right deemed necessary to accomplish the purpose."[1]

In connection with the question of regulating the purchase and sale of land, it is worthy of note that there is at present a law which describes the conditions under which insurance companies may own real estate.[2]

Attention should be called to the fact that if properly drawn and effectively administered a capital gains tax would operate to prevent taxable transfers and little revenue could be expected from it. The tax would be regulatory and not revenue-producing in nature.

Tax Exemption on Limited Holdings for Homesteads

Tax exemption or at least tax differential in favor of "family-sized" farms used as homesteads has lately received impetus as a means of encouraging ownership of units suitable for family homes. Between 1933 and 1935 seven states, namely, Texas, Minnesota, West Virginia, Louisiana, Mississippi, Florida, and Oklahoma, provided homestead exemption by either constitutional amendment or legislative enactment. Exemption or partial exemption is usually allowed on the first $1,000 to $5,000 of assessed valuation of residential property owned by the occupants.

The Iowa Legislature in its last session passed a measure which it is predicted will operate quite generally to free from property taxation homesteads located in rural townships. As explained in *Wallaces' Farmer*, "The estimated average assessed valuation of rural homesteads is $2,013, and the average millage tax levied in rural townships in 1935, for 1936 taxes, was 22.78 mills (on each dollar valuation).

"Since the maximum benefit which is possible under the bill is a credit of 25 mills on a valuation of $2,500, the average rural homestead comes within the limits for removing taxes entirely.

"To grasp the manner in which the bill would operate, assume that you own a homestead which is assessed at $2,500, in a district in which the rate of taxation is 25 mills. Your taxes in the first place would amount to 25 mills times $2,500, or $62.50. Your credit would amount to 25 mills times $2,500, or $62.50. Hence, your rebate would exactly wipe out your taxes."[3]

The purpose of this provision and that of similar laws is to encourage the acquisition and ownership of homesteads. Only those

1. White, Mastin G., "Abstract of Opinion of Solicitor on Constitutionality of a Standard State Soil Conservation Districts Law." *A Standard State Soil Conservation Districts Law*, p. 43.
2. *Revised Statutes of Missouri*, 1929, Section 5918, Appendix p. 55.
3. *Wallaces' Farmer and Iowa Homestead*, March 13, 1937, p. 10.

owning and living on the property on which credit is claimed are eligible to receive benefits under the exemption provisions.

The advantages to present resident owners from tax exemption or differential in favor of homesteads are direct and easily appraised. The homestead exemption law will give to these owners net benefits from their properties that are larger by the amounts of the tax refunds than those which they would have received without exemption. The net benefits from and, therefore, valuation of homesteads to resident owners is thus increased. In cases where equities are small and debt burdens heavy, mortgage foreclosures or tax sales may, therefore, be prevented by the homestead exemption law.

The influence of tax exemption in encouraging the acquisition of homesteads, if indeed any favorable effect is produced, is more uncertain and difficult to calculate. Homesteads will not be made cheaper, in fact, the primary effect of tax exemption will cause the reverse to be true. The purchaser planning to utilize a property as a homestead will be justified in paying more for it if, in the future, he will not be required to pay taxes on the holding. Owner-occupants considering sale of their properties will require higher prices because of lower ownership costs. Absentee owners will have no reason to sell cheaper. In fact, on seeing that purchasers of homesteads will be required to pay less taxes or none at all on properties they acquire, these sellers might demand higher prices. In so far as there is an adjustment of prices to be reduced costs of ownership which result from tax exemption, advantages to purchasers will be offset.

If the tax relief were general and applied to all properties regardless of ownership, the exemption from taxes would make the land sell for enough more so that additional interest would finally just offset the tax saving. The same principle that applies to complete relief holds true as well in regard to partial exemption or differential rates favoring owner-occupied holdings. This principle is stated as follows by Dr. H. G. Brown, Professor of Economics at the University of Missouri: "Relieving land of taxes makes the land sell for enough more so that the relief is no advantage at all to future buyers . . ."[1] The reason for this is clear when it is recalled that the sale price of land is based upon its net product.

Direct benefits under tax exemption laws begin only after the purchaser becomes an owner-occupant. Tax exemption will not, therefore, enhance the ability of a tenant or other prospective purchaser to save enough money for a down payment on a farm.

1. Brown, H. G., *The Economic Basis of Tax Reform*, p. 118.

There is, however, an adverse effect of a secondary nature which tax exemption on homesteads is almost sure to produce on individuals attempting to save in order to buy homes. The loss of revenue to governments which would result from homestead exemption would be so great that the services rendered would have to be seriously reduced unless new taxes were levied. If the incidence of the substituting taxes is partly or largely upon persons striving to attain ownership, as practically it must be, their ability to save is reduced by just so much.

The tax base of any community initiating tax exemption on homesteads will be reduced in proportion as properties are owner-occupied and their values are at or near the limit for exemption. In a report published by the Civic Research Institute of Kansas City concerning the possible effects of a homestead exemption on $1,500 valuation in Missouri, it is estimated that the total tax loss would vary from 8% to 54% for the county governments. "It is in the poorer counties, those with the smaller assessed values that the greatest loss generally would come. In Cass county, for example, one of the wealthier of those listed, the loss would be only 15%, whereas in Stone county the loss would be 40%, and in Ozark county it would be 54%. In New Madrid county, the loss would be small (8%) because of the small number and percentage of owner-occupied homes and farms."[1]

"In brief," concludes the Institute, "a homestead exemption of $1,500 would mean a heavy revenue loss to most governments in Missouri. Much of this loss would have to be made up from other sources."[2]

The increasing of income and sales taxes, especially the latter, seems to be the most popular method for raising additional revenue. Income taxes, particularly those in the lower bracket, rest in part at least on persons saving to buy homes. Revenue raised by sales taxes comes largely from "the masses," a majority of whom are home renters. These are the individuals whom the exemption of taxes on homesteads purports to aid. Increasing income and sales taxes means that tenants will be required to pay increased taxes in order that present owners may have their taxes on homesteads reduced. In this way tax exemption for homesteads will actually be adverse to those attempting to acquire homes.

There is also a possible effect of homestead exemption on the tenant and prospective tenant group. In the normal course of events there is a natural shifting of farm generations. Older men often retire and lease their properties to younger operators. Farm tenancy arising from this natural movement of the rural population is part of the normal

1. *The Exemption of Homesteads from Taxation,* Civic Research Institute, 1935, p. 25
2. *Kansas City Public Affairs,* Civic Research Institute, No. 673, Feb. 1936, p. 3.

tenancy pattern and is the basis for possible advantages to all concerned. If the older owners on retiring from their farms must pay additional taxes because their properties no longer serve them as homesteads, they will be more reluctant to retire unless they happen to own other property to which they can move. Thus, normal shifting of farm generations may be hampered. Favorable rental terms may, as a result, become more difficult for tenants to obtain.

From the foregoing analysis it is clear that the greater weight of evidence as to the probable effects of tax exemption or tax differential in favor of homesteads is not on the side justifying the adoption of such measures. It is true that provisions of this type will help present owners retain title to their properties in instances where fixed charges are excessive. But evidence that the acquisition of homesteads will be encouraged by tax exemption is most difficult to establish.

There is, however, a universal disparity in the present property tax system which reduction of taxes on homesteads would tend to correct. This is the inequality of higher assessment on properties in the lower value classes. In a study of rural real estate assessment in Missouri, Dr. C. H. Hammar found "a strong tendency to over-assess tracts of low total and per-acre value and a somewhat weaker tendency to over-assess tracts of small size in acres."[1] Nevertheless, more accurate valuation of property by the use of soil maps, aerial photographs, files of property descriptions, and tables of sales values, supplemented by publication of assessment lists and State supervision of assessment as recommended by Dr. Hammar, is obviously a more equitable means of correcting the present inequity of appraisal than is a blanket tax exemption on a certain valuation.

Accurate comparative valuation for assessment purposes would minimize injustices of the present tax system. Under unbiased appraisal a substantial tax would be imposed only upon property of substantial value and presumably commensurate productive power. Small homesteads, capable of yielding but little return, would pay but little tax. It is, however, conceivable that under certain conditions the payment of a fair tax would be an undue hardship on an aged or incapacitated homestead owner. Under such exceptional conditions tax exemption would seem expedient. The subvention of home ownership in such cases would be based upon the need of certain members of society for governmental aid. A general exemption of all homesteads from taxation is, nevertheless, quite different.

1. Hammar, C. H., *The Accuracy and Flexibility of Rural Real Estate Assessment in Missouri,* Research Bulletin No. 169, p. 4.

SUMMARY

The diverse nature of the types of farming, and, therefore, the tenancy problems of Missouri should be fully recognized. For instance, tenancy problems in the general and cotton farming areas are widely different. This diversity means that the judicious application of regulations for the improvement of the tenancy system will be more difficult to accomplish. Special adaptations in the application of the several proposals for improvement will no doubt be necessary in order to meet the varied requirements of diverse types of farming. Any outline of application which could be given here in connection with the proposals discussed would be so inadequate as to be misleading. Nevertheless, a summary of the possibilities for improvement in the tenancy system presented by each of the proposals herein discussed can be made on the basis of the previous analysis.

(1) Written leases have many advantages and few or no disadvantages. A law requiring that all agricultural leases between landlord and tenant or landlord and cropper must be written, would serve as a sound basis for improvement of landlord-tenant relationships.

(2) The principle of compensation for improvements has for a long time been an important part of the tenancy system of Great Britain. It tends to stabilize the tenure system and encourages better maintenance of rental properties. It appears highly desirable that further investigation be carried on to the end of establishing an equitable basis for compensation in the tenancy system of Missouri, and thereupon enacting a law by which the tenant, on releasing a holding, may require payment from the landowner for unexhausted improvements, including soil improvements, which said tenant has affected.

(3) The principle of the landlord's compensating the tenant for disturbance when the tenant is required to move from the premises undoubtedly has several undesirable implications. In certain cases it is admittedly justifiable, but its general application hardly seems defensible. On the whole, the end of stabilizing the tenant system can perhaps better be attained by providing compensation for improvements, adequate notice for termination of a tenancy, and otherwise encouraging security and stability of tenure by research, extension work, and education. Under certain special condi-

tions, however, it is evident that compensation for disturbance could be a reasonable requirement.

(4) It appears from all angles of consideration that the length of time prior to March 1 required for legal notice of termination of a tenancy should be substantially increased. From the limited amount of information now available on this subject it seems that requiring a notice of six months to tenants and three months to croppers should prove adequate under most conditions and exert a much needed stabilizing influence on the tenancy system. The provision would be more effective in stabilizing the tenancy system if made compulsory rather than permissive. Provisions should be made to prevent the landowner's meeting the letter of such a law and yet at the same time escaping the obligation it is intended to impose. The requirement for longer notice would perhaps most effectively stabilize the tenancy system if enacted and administered in connection with the principle of compensation for improvements and compensation for disturbance in the special cases where application of the latter is equitable.

(5) Present laws governing waste committed by tenants are without question sufficiently stringent. Some moderation of the law authorizing ejectment for commitment of waste or breach of contract seems advisable. The tenant should at least be given a probation period in which to repair the waste or remedy the breach of contract.

Greater stringency in the laws regarding waste is obviously not needed. It is quite likely, however, that a more general knowledge of the present laws governing waste by tenants would be advantageous to all maintaining landlord-tenant relationships. An understanding by tenants disposed to commit waste of their treble liability for damages under existing laws would perhaps oftentimes assist the landlord in protecting his property from undue damage. Increased effectiveness of the principle of the tenant's liability for damages will likely come through more effective recourse to present laws rather than by increased stringency of the regulations. Better enforcement of present provisions could perhaps be facilitated by the establishment of local arbitrating committees whose duties are to review small claims.

(6) There seems to be a definite place in the tenancy system for some arbitrative authority more easily and cheaply available

than is court jurisdiction. The expansion of tenants rights will necessarily increase this need. In Great Britain arbitration has proved effective in settling landlord-tenant differences and in this country committees have substantially aided in effecting farm debt adjustments. The arbitrative board could perhaps best operate with quasi-legal authority and make awards subject to court approval where legal interpretation is required or the amount involved is large but final in all other cases.

(7) Limitation of the landlord's lien for rent owed by the tenant would most likely weaken to an undue degree the positions of all landlords as parties to lease contracts. It might also increase the tendency of competing prospective tenants to bid cash rents up to levels unwarranted by the productivity of the cash-rented lands. A limitation of lien, therefore, does not seem commendable.

(8) Minimum standards of housing and sanitary conditions have become recognized requirements for urban welfare and have proved highly desirable from the standpoint of guarding public health. Similar regulations affecting rural living standards, especially those maintained on tenant farms, should likewise result in a marked improvement of farm housing and health conditions. There seems little ground for objection to wise regulation of rural conditions directly affecting the health of the people.

(9) Because of the limited amount of technical knowledge on tenure problems their solution will unquestionably require special efforts and extensive investigation. Education and extension work in farm management and production methods need to be adjusted to recognize the tenant's problems. Also the dissemination of accurate and up-to-date information on lease contracts should greatly aid in improving the tenancy system. In any well rounded program for the improvement of tenant conditions these activities are necessary.

(10) Regulation of private land use in order to protect public interest has repeatedly been sustained as a proper exercise of governmental power. Taxing speculative profits from short-term ownership would discourage frequent transfers of farms. Such taxation would also be an expression on the part of the government that land should not be the object of unregulated speculation. There are several possible objections to such a tax but these seem to be more than offset

by the benefits it would produce. In the formulation of such a tax, provision should be made for exemption in special cases, for instance, where the profit is due to the owner's activity in improving the property. Also, numerous precautions will be necessary to prevent unwarranted evasion.

(11) Because of the fact that the primary effect of tax exemption or tax reduction on any property is to increase its value, and, furthermore, that tax exemption for one class of taxpayers means higher taxes or new taxes for others, tax exemption for homesteads, except perhaps in special cases and on the basis of need, seems inadvisable.

Those interested in furthering agricultural interests have generally given primary attention to obtaining for agriculture a fair share of the national income. Almost equally important, however, is the equitable distribution of this income to those responsible for its production. Tenant operators should receive a portion of the total farm income commensurate with their contribution to production and, in addition, enjoy a reasonable amount of security.

The Federal action program for the improvement of tenants' conditions provides for the establishment of a loan fund from which farm tenants who are qualified to become owners can obtain credit for the purchase of farms. It also provides aid for the families on submarginal land and furnishes means for retiring such land from agricultural uses. The Farm Security Administration makes rehabilitation loans to farmers bankrupted by adverse economic and natural forces. With a state program increasing the security of tenants, outlining more equitable rental terms, requiring better living conditions, and providing information relevant to the farm management problems of tenant farmers, a significant improvement in the tenancy system should result.

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APPENDIX

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Part 1

Sections of Revised Statutes of Missouri, 1929, Pertinent to Questions Discussed in Text

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Sections from the Agricultural Holdings Act, 1923, in effect in England and Wales which are referred to in the text

APPENDIX

Part 1

Sections in Revised Statutes of Missouri, 1929, Pertaining to Landlord-Tenant Relationships Discussed in Preceding Pages

Sec. 1384. When defendant may recover compensation for improvements.—If a judgment or decree of dispossession shall be given in an action in favor of a person having a better title thereto, against a person in the possession, held by himself or by his tenant, of any lands, tenements or hereditaments, such person may recover, in a court of competent jurisdiction, compensation for all improvements made by him in good faith on such lands, tenements or hereditaments, prior to his having had notice of such adverse title. (R. S. 1919, Sec. 1834)

Sec. 2581. Tenant not to assign without consent—nor violate conditions—nor commit waste.—No tenant for a term not exceeding two years, or at will, or by sufferance, shall assign or transfer his term or interest, or any part thereof, to another without the written assent of the landlord; neither shall he violate any of the conditions of his written lease, nor commit waste upon the leased premises. (R. S. 1919, Sec. 6877)

Operation in general.—Waste is a question for jury. Boefer v. Sheridan, 42 A. 226.

Sec. 2582. Tenant violating preceding section, landlord may take possession, when.—If any tenant shall violate the provisions of the preceding section, the landlord, or person holding under him, after giving ten days' notice to quit possession, shall have a right to re-enter the premises and take possession thereof, or to oust the tenant, subtenant or undertenant by the proper procedure. (R. S. 1919, Sec. 6878)

This and the preceding section refer to leases for a term of two years or less. Edwards v. Collins, 198 A. 569, 199 S. W. 580; Guthrie v. Hartman, 226 S. W. 593.

Sec. 2583. Either party may terminate tenancy, how.—Either party may terminate a tenancy from year to year by giving notice, in writing, of his intention to terminate the same, not less than sixty days next before the end of the year. (R. S. 1919, Sec. 6879)

General Operation.—An oral contract creates a tenancy from year to year. Tiefenbrun v. Tiefenbrun, 65 A. 253; Womach v. Jenkins, 128 A. 408, 107 S. W. 423. A growing crop placed on land by tenant belongs to him at the end of a tenancy from year to year. Horman v. Cargill, 100 A. 466, 73 S. W. 1101. For a discussion of different circumstances under a parcel lease, which do, and which do not, make notice to terminate necessary, see Ray v. Blackman. 120 A. 497, 97 S. W. 212. Courts incline to presume a tenancy from year to year of farm lands, where the parties do not express a contrary intention, especially where an annual rental is reserved. Idalia Co. v. Norman, 232 Mo. 663, 135 S. W. 47.

Sec. 2585. No notice necessary, when.—No notice to quit shall be necessary from or to a tenant whose term is to end at a certain time, or when, by special agreement, notice is dispensed with. (R. S. 1919, Sec. 6881).

In general.—Agreement dispenses with notice. Ass'n v. Murphy, 75 A. 57; Bradford v. Tilly, 65 A. 181; Grant v. White, 42 Mo. 285; Swaby v. Boyers, 221 S. W. 413.

Sec. 2589. Landlord has lien on the crops grown, etc.—Every landlord shall have a lien upon the crops grown on the demised premises in any year, for the rent that shall accrue for such year, and such lien shall continue for eight months after such rent shall become due and payable, and no longer. When the demised premises or any portion thereof are used for the purpose of growing nursery stock, a lien shall exist and continue on such stock until the same shall have been removed from the premises and sold, and such lien may be enforced by attachment in the manner hereinafter provided. (R. S. 1919, Sec. 6885).

Right and enforcement of lien.—That the purchaser knows crops were grown on leased premises puts him on inquiry, and landlord can recover. Dawson v. Coffey, 48 A. 109; Williams v. Store Co., 104 A. 567, 79 S. W. 487. Landlord can enjoin an execution on the crop covered by his lien. Selecman v. Kinnard, 55 A 635. Purchaser can pay landlord for crops so far as he had a lien. Hardy v. Matthews, 101 A. 708, 74 S. W. 166. Lien continues for eight months after the rent note becomes due. Chamberlain v. Heard, 22 A. 416. Taking a rent note does not necessarily waive the lien. Garst v. Good, 50 A. 149. Nor does landlord

waive his lien by authorizing tenant to sell. Roberts v. Hodges, 222 S. W. 859. See also Maier v. Wallace, 211 A. 457, 244 S. W. 945.

Sec. 2590. Landlord's lien against crop of tenant.—Every landlord shall have a superior lien, against which the tenant shall not be entitled to any exemption, upon the whole crop of the tenant raised upon the leased or rented premises, to reimburse the landlord for money or supplies furnished to the tenant to enable him to raise and harvest the crops or to subsist while carrying out his contract of tenancy, but the lien of the landlord shall not continue for more than one hundred and twenty days after the expiration of the tenancy, and, if the property upon which there is a lien be removed from the leased premises and not returned, the landlord shall have a superior lien upon the property so removed for fifteen days from the date of this removal, and may enforce his lien against the property wherever found. (Laws 1925, p. 281).

Sec. 2591. Lien, how enforced.—The landlord may enforce the lien given in the preceding sections by distress or attachment, in the manner provided in this chapter for the collection of rent, and subject to the same liability, and the action for money or supplies and for rent may be joined in the same action. (Laws 1925, p. 281).

Sec. 2592. Action brought, when.—Whenever a half year's rent or more is arrear from a tenant, the landlord, if he has a subsisting right by law to re-enter for the non-payment of such rent, may bring an action to recover the possession of the demised premises. (R. S. 1919, Sec. 6886.)

Lessee may defeat the recovery by tendering payment before judgment is given. Carrbonetti v. Elms, 261 S. W. 748.

See also Sections 2593-2596, and Sections 2607-2611, Revised Statutes of Missouri, 1929.

"By this Statute the lessor, whenever any rent has become due and payable and remains unpaid after demand therefore made at any time after the rent becomes, due, may bring his action for recovery of the demised premises, and whenever a half year's rent or more is in arrear he may bring his action without any previous demand whatever for the payment of the rent; but in each instance the lessees may defeat the recovery by tendering payment before judgment is given in the action."

Sec. 2599. Attachment for rent will lie, when—how obtained.—Any person who shall be liable to pay rent, whether the same be due or not, or whether the same be payable in money or other thing, if the rent be due within one year thereafter, shall be liable to attachment for such rent, in the following instances; First, when he intends to remove his property from the leased or rented premises; second, when he is removing his property from the leased or rented premises; third, when he has, within thirty days, removed his property from the leased or rented premises; fourth, when he shall in any manner dispose of the crop, or any part thereof, grown on the leased or rented premises, so as to endanger, hinder or delay the collection of the rent; fifth, when he shall attempt to dispose of the crop, or any part thereof, grown on the leased or rented premises, so as to endanger, hinder or delay the collection of the rent; sixth, when the rent is due and unpaid, after demand thereof; Provided, if such tenant be absent from such leased premises, demand may be made of the person occupying the same. The person to whom the rent is owing, or his agent, may, before a justice or the clerk of a court of record having jurisdiction of actions by attachment in ordinary cases, of the county in which the premises lie, make an affidavit of one or more of the foregoing grounds of attachment and that he believes unless an attachment issue plaintiff will lose his rent; and upon the filing of such affidavit, together with a statement of plaintiff's cause of action, such officer shall issue an attachment for the rent against the personal property, including the crops grown on the leased premises, but no such attachment shall issue until the plaintiff has given bond, executed by himself or by some responsible person for him, as principle, in double the amount sued for, with good security, to the defendant to indemnify him if it appear that the attachment has been wrongfully obtained: *Provided*, if any person shall buy any crop grown on demised premises upon which any rent is unpaid, and such purchaser has knowledge of the fact that such crop was grown on demised premises, he shall be liable in an action for the value thereof, to any party entitled thereto, or may be subject to garnishment at law in any suit against the tenant for the recovery of the rent. (R. S. 1919, Sec. 6893).

General Application.—Attachment suit under 6th clause, against property removed, must be commenced within thirty days, as provided by 3rd clause. Wamsganz v. Farmers Co., 206 A. 194, 227 S. W. 924. While tenant may remove portion of crop, he shall not remove or dispose of it so as to endanger or hinder collection of rent, and such question is not to be determined with reference to any property tenant may have elsewhere. Haseltine v. Ausherman, 29 A. 451; s. c. 87 Mo. 410. Consent of landlord waives lien. White v. Nye, 64 A. 539. Purchaser of crop during life of lien is liable for an action for rent until statute of limitations runs out. Belshe v. Batdorf, 98 A. 627, 73 S. W. 888. Purchaser of crop may pay landlord and defend against tenant on the ground of unpaid rent. Hardy v. Mathews, 101 A. 708, 74 S. W. 166. Purchaser of crop is liable if he knew only that the crop was grown on demised premises. King v. Rowlett, 120 A. 120, 96 S. W. 493. Statutory lien is restricted to rent for the year in which the crops are matured. Joeckel v. Gust, 217 A. 495, 268 S. W. 888. "Knowledge" of the purchaser means actual knowledge or such actual notice as would put the purchaser upon inquiry, and does not mean constructive notice such as would be given by a public record Dubach v. Dysart, 184 A. 702, 171, S. W. 597.

Sec. 2604. If tenant sublet, landlord may join sublessees in same actions.—In case any tenant shall sublet any premises or any part thereof demised or let to him, the landlord shall have the right, in any action provided for by this chapter, to join as party defendant his lessee and all sublessees in the same action. (R. S. 1919, Sec. 6898).

Sec. 2605. What property exempt from attachment for rent.—Property exempt from execution shall be also exempt from attachment for rent, except the crop grown on the demised premises on which the rent claimed is due. (R. S. 1919, Sec. 6899).

Sec. 2616. Penalty for waste.—If any tenant, for life or years, shall commit waste during his estate or term, of any thing belonging to the tenement so held, without special license in writing so to do, he shall be subject to a civil action for such waste, and shall lose the thing wasted and pay treble the amount at which the waste shall be assessed. (R. S. 1919, Sec. 6910).

Waste means the spoil and destruction of an estate either in houses, woods or lands, by demolishing, not the temporary profits only, but the very substance of the thing. It is a lasting damage to the reversion and the measure of damages is the extent of the injury to plaintiff's particular estate. Realty Co. v. Mason, 185 A. 37, 171 S. W. 971.

This section "subjects any tenant for life or years to a civil action for waste of anything belonging to the tenement so held, without special license in writing so to do."

"The measure of damages for waste is compensation to the extent the value of the land is diminished."

Section 2623 "authorizes a judgment for treble damages if the jury find the waste was wantonly committed."

Sec. 2619. Tenants liable for damages when.—If a tenant of land commit any waste thereon after he has aliened it while he remains in possession, he shall be liable to the party injured for damages. (R. S. 1919, Sec. 6913).

Sec. 2622. What damages recovered for waste.—Any person who is entitled to such civil action shall recover such damages as it shall appear that he has suffered by the waste complained of. (R. S. 1919, Sec. 6916).

Sec. 2623. If waste was wantonly committed.—If in any action for waste, the jury find that the waste was wantonly committed, judgment shall be entered for three times the amount of the damages assessed. (R. S. 1919, Sec. 6917).

Sec. 2965. Leases, not in writing, operate as estates at will.—All leases, estates, interests of free hold or terms of years, or any uncertain interest of, in, to or out of any messuages, lands, tenements or hereditaments, made or created by livery and seisin only, or by parol, and not put in writing and signed by the parties so making or creating the same, or their agents lawfully authorized by writing, shall have the force and effect of leases or estates at will only, and shall not, either in law or equity, be deemed or taken to have any other or greater force. (R. S. 1919, Sec. 2167).

Estate Created—

Estate Created—A tenancy at will of farming lands is a tenancy from year to year. Womack v. Jenkins, 128 A. 408.

Sec. 2967.—What agreements must be in writing.—No action shall be brought to charge any ----------person ----------upon any contract made for the sale of lands, tenements, hereditaments, or an interest in or concerning them, or any lease thereof, for a longer time than one year ---------- unless the agreement upon which the action shall be brought, or some memorandum or note thereof, shall be in writing and signed by the party to be charged therewith, or some other person by him thereto lawfully authorized ----------.

Following agreements within this clause of statute and must be in writing.—Agreement to take a lease for a year with privilege of renewal on notice. Donovan v. Brewing Co., 92 A. 341.

Following promises are not within this clause and need not be in writing.—Contract for rental of a farm for the term of lessor's life is not within statute of fraud as it might be performed within less than one year. (See v. See, 237 S. W. 795).

Leases for a longer time than one year.—A lease that is not for a longer time than one year is valid under this section. Hosli v. Yokel, 57 A. 622; Winters v. Cherry, 78 Mo. 344.

Sec. 3075. Mortgages with power of sale.—All mortgages of real or personal property, or both, with powers of sale in the mortgagee, and all sales made by such mortgagee or his personal representatives, in pursuance of the provisions of such mortgages, shall be valid and binding by the laws of this state upon the mortgagors, and all persons claiming under them, and shall forever foreclose all right and equity of redemption of the property so sold: *Provided*, that nothing herein shall be construed to affect in any way the rights of a tenant to the growing and unharvested crops on lands foreclosed as aforesaid, to the extent of the interest of such tenant under the terms of contract or lease between such tenant and the said mortgagor or his personal representatives. (R. S. 1919, Sec. 2234).

Sec. 5918. Not to deal in real estate, except, etc.—No insurance company formed under the laws of this state shall be permitted to purchase, hold or convey real estate, excepting for the purpose and in the manner herein set forth, to-wit: First, such as shall be necessary for its accommodation in the transaction of its business; or, second, such as shall have been mortgaged in good faith by way of security for loans previously contracted, or for moneys due; or, third, such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings; or, fourth, such as shall have been purchased at sales upon the judgments, decree or mortgages obtained or made for such debts. And it shall not be lawful for any company incorporated as aforesaid to purchase, hold or convey real estates in any other case or for any other purpose; and all such real estate as may be acquired as aforesaid, and which shall not be necessary for the accommodation of such company in the convenient transaction of its business, shall be sold and disposed of within six years after such company shall have acquired absolute title to the same. (R. S. 1919, Sec. 6330).

Sec. 9013. Board, how appointed.—The governor, by and with the advice and consent of the senate, shall appoint seven persons, who shall constitute a board which shall be styled. The state board of health of Missouri---------- (R. S. 1919, Sec. 5770).

Sec. 9014.—Qualifications.—At least five of said board shall be physicians in good standing, and of recognized professional and scientific knowledge, and graduates of reputable medical schools, and they shall have been residents of the state for at least five years next preceding their appointment:---------- (R. S. 1919, Sec. 5771).

Sec. 9015. Powers and duties of the board.—It shall be the duty of the state board of health to safeguard the health of the people in the state, counties, cities, villages and towns. It shall make a study of the causes and prevention of diseases and shall have full power and authority to make such rules and regulations as will prevent the entrance of infections, contagious, communicable or eases into the state.----------(R. S. 1919, Sec. 5772).

Duties of board are of an administrative character, and as long as it exercises a reasonable discretion, it is free to act. Writ of prohibition will not lie against the board. (State ex rel. Goodier, 195 Mo. 551, 93 S. W. 928).

Sec. 9023.—Annual report, contents.—It shall be the duty of the board of health to make an annual report, through its secretary or otherwise, in writing,

to the governor of this state, on or before the first day of January of each year, ---------- with such suggestions as to legislative action as it may deem necessary. (R. S. 1919, Sec. 5780).

Sec. 9024. Commissioner of health.—A commissioner of health may be selected by the board, who shall be a physician skilled in sanitary science and experienced in public health administration. It shall be his duty to enforce the rules and regulations of the board and he shall submit to the state board of health an annual report with his recommendations. (R. S. 1919, Sec. 5781).

Sec. 9025. Deputy state commissioners of health for counties and cities.—At the first regular February term of the county court in each county of the state after this article becomes effective and at the regular February term of said county court every third year thereafter said court shall appoint a reputable physician as a deputy state commissioner of health for that county for a term of three years ----------(R. S. 1919, Sec. 5782).

Sec. 9027. Duties and jurisdiction of deputy state commissioner of health--penalty for violation.—It shall be the duty of the deputy state commissioners of health for the counties to enforce the rules and regulations of the state board of health throughout their respective counties outside of incorporated cities which maintain a health officer who has been appointed a deputy state commissioner of health as provided for in section 9025 ----------(R. S. 1919, Sec. 5783).

Sec. 9028. Rules and regulations prescribed to supersede.—All rules and regulations authorized and made by the state board of health in accordance with this chapter shall supersede as to those matters to which this article relates, all local ordinances, rules and regulations and shall be observed throughout the state and enforced by all local and state health authorities. Nothing herein shall limit the right of local authorities to make such further ordinances, rules and regulations not inconsistent with the rules and regulations prescribed by the state board of health which may be necessary for the particular locality under the jurisdiction of such local authorities. (R. S. 1919, Sec. 5784).

Sec. 9030. Penalty for violation.—Any person or persons violating, refusing or neglecting to obey the provisions of this article or any of the rules and regulations or procedures made by the state board of health in accordance with this article ---------- shall be guilty of a misdemeanor. (R. S. 1919, Sec. 5786).

Part 2
AGRICULTURAL HOLDINGS ACT, 1923
CHAPTER 9

An Act to consolidate certain enactments relating to Agricultural Holdings in England and Wales (7th June, 1923)

Be it enacted by the King's Most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal, and Commons in this present Parliament assembled, and by the authority of the same, as follows:—

Section 1.Compensation for Improvements on Holdings.

(1) Where a tenant of a holding has made thereon any improvement comprised in the First Schedule to this Act he shall, subject as in this Act mentioned, and, in a case where the contract of tenancy was made on or after the first day of January, nineteen hundred and twenty-one, then whether the improvement was or was not an improvement which he was required to make by the terms of his tenancy, be entitled, at the termination of the tenancy, on quitting his holding to obtain from the landlord as compensation for the improvement such sum as fairly represents the value of the improvement to an incoming tenant.

(2) In the ascertainment of the amount of the compensation payable to a tenant under this section there shall be taken into account—

(a) any benefit which the landlord has given or allowed to the tenant in consideration of the tenant executing the improvement, whether expressly stated in the contract of tenancy to be so given or allowed or not; and

(b) as respects manuring as defined by this Act, the value of the manure required by the contract of tenancy or by custom to be returned to the holding in respect of any crops grown on and sold off or removed from the holding within the last two years of the tenancy or other less time for which the tenancy has endured, not exceed-

ing the value of the manure which would have been produced by the consumption on the holding of the crops so sold off or removed.

(3) Nothing in this section shall prejudice the right of a tenant to claim any compensation to which he may be entitled under custom, agreement, or otherwise, in lieu of any compensation provided by this section.

2. Compensation under this Act shall not be payable in respect of any improvement comprised in Part I of the First Schedule to this Act, unless the landlord of the holding has, previously to the execution of the improvement, consented in writing to the making of the improvement, and any such consent may be given by the landlord unconditionally, or upon such terms as to compensation or otherwise, as may be agreed upon between the landlord and the tenant, and, if any such agreement is made, any compensation payable under the agreement shall be substituted for compensation under this Act.

3.—(1) Compensation under this Act shall not be payable in respect of any improvement comprised in Part II of the First Schedule to this Act, unless the tenant of the holding has, nor more than three nor less than two months before beginning to execute the improvement, given to the landlord notice in writing of his intention so to do, and of the manner in which he proposes to do the intended work, and, upon such notice being given, the landlord and the tenant may agree on the terms as to compensation or otherwise on which the improvement is to be executed.

(2) If any such agreement is made, any compensation payable under the agreement shall be substituted for compensation under this Act.

(3) In default of any such agreement, the landlord may, unless the notice of the tenant is previously withdrawn, execute the improvement in any reasonable and proper manner which he thinks fit, and recover from the tenant as rent a sum not exceeding five per cent, per annum on the outlay incurred, or not exceeding such annual sum payable for a period of twenty-five years as will repay that outlay in that period, with interest at the rate of three per cent, per annum:

Providing that, if the landlord fails to execute the improvement within a reasonable time, the tenant may execute the improvement, and shall, in respect thereof, be entitled to compensation under this Act.

The Minister may be regulation substitute such percentages of period as he thinks fit for the percentages and period mentioned in this subsection, having due regard to the current rates of interest.

(4) The landlord and the tenant may, by the contract of tenancy or otherwise, agree to dispense with any notice under this section, and any such agreement may provide for anything for which an agreement after notice under this section may provide, and in such case shall be of the same validity and effect as such last-mentioned agreement.

Section 9.—*Compensation in respect of increased or diminished value of holding.*

(1) Where a tenant on quitting a holding proves to the satisfaction of an arbitrator appointed under this Act that the value of the holding to an incoming tenant has been increased during the tenancy by the continuous adoption of a standard of farming or a system of farming which has been more beneficial to the holding than the standard or system (if any) required by the contract of tenancy, the arbitrator shall award to the tenant such compensation as in his opinion represents the value to an incoming tenant of the adoption of that standard or system:

Provided that—

(a) this section shall not apply in any case unless a record of the condition of the holding has been made under this Act or any enactment repealed by this Act, or in respect of any matter arising before the date of the record so made; and

(b) compensation shall not be payable under this section unless the tenant has, before the termination of the tenancy, given notice in writing to the landlord of his intention to claim such compensation; and

(c) the arbitrator in assessing the value to an incoming tenant shall make due allowance for any compensation agreed or awarded to be paid to the tenant for any improvement specified in the First Schedule to this Act which has caused or contributed to the benefit.

(2) Nothing in this section shall entitle a tenant to recover in respect of an

improvement specified in the First Schedule or the Third Schedule to this Act any compensation which he would not have been entitled to recover if this section had not been passed.

(3) The continuous adoption of such a beneficial standard or system of farming as aforesaid shall be treated as an improvement for the purposes of the provisions of this Act relating to the determination of the rent properly payable in respect of a holding.

10. Where a landlord proves, to the satisfaction of an arbitrator appointed under this Act, on the termination of the tenancy of a holding, that the value of the holding has been deteriorated during the tenancy by the failure of the tenant to cultivate the holding according to the rules of good husbandry or the terms of the contract of tenancy, the arbitrator shall award to the landlord such compensation as in his opinion represents the deterioration of the holding due to such failure:

Provided that—

(a) compensation shall not be payable under this section unless the landlord has, before the termination of the tenancy, given notice in writing to the tenant of his intention to claim such compensation; and

(b) nothing in this section shall prevent a landlord from claiming compensation for dilapidations or for the deterioration of the holding under the contract of tenancy.

Section 12.—*Compensation for Disturbance.*

(1) Where the tenancy of a holding terminates by reason of a notice to quit given by the landlord, and in consequence of such notice the tenant quits the holding, then, unless the tenant—

(a) was not at the date of the notice cultivating the holding according to the rules of good husbandry; or

(b) had, at the date of the notice, failed to comply within a reasonable time with any notice in writing by the landlord served on him requiring him to pay any rent due in respect of the holding or to remedy any breach being a breach which was capable of being remedied of any term or condition of the tenancy consistent with good husbandry; or

(c) had, at the date of the notice, materially prejudiced the interests of the landlord by committing a breach which was not capable of being remedied of any term or condition of the tenancy consistent with good husbandry; or

(d) was at the date of the notice a person who had become a bankrupt or compounded with his creditors; or

(e) has, on or after the first day of January, nineteen hundred and twenty-one, refused, or within a reasonable time failed, to agree to a demand made to him in writing by the landlord for arbitration under this Act as to the rent to be paid for the holding as from the next ensuing date at which the tenancy could have been terminated by notice to quit given by the landlord at the date of the said demand; or

(f) had, at the date of the notice, unreasonably refused, or within a reasonable time failed, to comply with a demand made to him in writing by the landlord requiring him to execute at the expense of the landlord an agreement setting out the existing terms of the tenancy;

and unless the notice to quit states that it is given for one or more of the reasons aforesaid, compensation for the disturbance shall be payable by the landlord to the tenant in accordance with the provisions of this section:

Provided that—

(i) compensation shall not be payable under this section in any case where the landlord has made to the tenant an offer in writing to withdraw the notice to quit and the tenant has unreasonably refused or failed to accept the offer; and

(ii) this section shall not apply where notice to quit was given on or before the twentieth day of May, nineteen hundred and twenty; and

(iii) where notice to quit was given after that date but before the first day January, nineteen hundred and twenty-one, this section shall

apply whether or not the notice stated the reason or reasons for which it was given.

(2) The landlord of a holding may at any time apply to the agricultural committee for the area in which the holding is situate for a certificate that the tenant is not cultivating the holding according to the rules of good husbandry, and on any such application made, the committee, after giving to the landlord and the tenant or their respective representatives an opportunity of being heard, shall, as they think proper, either grant or refuse the certificate within one month after the date of the application.

The landlord or tenant, may, within seven days after the notification to him of the refusal or grant by the committee of a certificate, require the question as to whether the holding is being cultivated according to the rules of good husbandry to be referred to an arbitrator who may grant a certificate for the purpose of this subsection or revoke the certificate granted by the committee, and the award of the arbitrator shall be given within twenty-eight days of the date on which the matter is referred to him.

Subject to any such appeal, a certificate granted under this subsection shall be conclusive evidence that the holding is not being cultivated according to the rules of good husbandry.

In the case of a holding situate in a county borough for which an agricultural committee has not been appointed, this subsection shall have effect with the substitution of the Minister for an agricultural committee.

(3) Where the landlord of a holding refuses, or within a reasonable time fails to agree to, a demand made to him in writing by the tenant for arbitration under this Act as to the rent to be paid for the holding as from the next ensuing date at which the tenancy could have been terminated by notice to quit given by the tenant at the date of the said demand, and by reason of the refusal or failure the tenant exercises his power of terminating the tenancy by a notice stating that it is given for that reason, the tenant shall be entitled to compensation in the same manner as if the tenancy had been terminated by notice to quit given by the landlord:

Provided that such compensation shall not be payable if the circumstances are such that a notice to quit could have been given by the landlord for any of the reasons mentioned in paragraphs (a), (b), or (c) of subsection (1) of this section.

(4) The provisions of this section relating to demands for arbitration as to the rent to be paid for a holding shall not apply where the demand, if made later than six months after the thirty-first day of December, nineteen hundred and twenty, is so made that the increase or reduction of the rent would take effect at some time before the expiration of two years from the commencement of the tenancy of the holding or from the date on which a previous increase or reduction of the rent took effect.

(5) (a) Where a demand in writing for an arbitration as to the rent to be paid for the holding has been made for the purposes of this section and has been agreed to, whether in writing or otherwise, the question as to the rent shall be referred to arbitration.

(b) An arbitrator, in determining for the purposes of this section what rent is properly payable in respect of a holding, shall not take into account any increase in the rental value which is due to improvements which have been executed thereon so far as they were executed wholly or partly by and at the expense of the tenant without an equivalent allowance or benefit made or given by the landlord in consideration of their execution and have not been executed by him under an obligation imposed by the terms of his contract of tenancy, or fix the rent at a higher amount than would have been properly payable if those improvements had not been so executed, and shall not fix the rent at a lower amount by reason of any dilapidation or deterioration of land or buildings made or permitted by the tenant.

(6) The compensation payable under this section shall be a sum representing such loss or expense directly attributable to the quitting of the holding as the tenant may unavoidably incur upon or in connection with the sale or removal of his household goods, implements of husbandry, fixtures, farm produce or farm stock on or used in connection with the holding, and shall include any expenses reasonably incurred by him in the preparation of his claim for compensation (not being costs of an arbitration to determine the amount of the compensation), but for the avoidance of disputes, such sum shall, for the purposes of this Act, be

computed at an amount equal to one year's rent of the holding, unless it is proved that the loss and expenses so incurred exceed an amount equal to one year's rent of the holding, in which case the sum recoverable shall be such as represents the whole loss and expenses so incurred up to a maximum amount equal to two year's rent of the holding.

(7) Compensation shall not be payable under this section—

(a) in respect of the sale of any goods, implements, fixtures, produce or stock unless the tenant has before the sale given the landlord a reasonable opportunity of making a valuation thereof; or

(b) unless the tenant has, not less than one month before the termination of the tenancy, given notice in writing to the landlord of his intention to make a claim for compensation under this section; or

(c) where the tenant with whom the contract of tenancy was made has died within three months before the date of the notice to quit; or

(d) if in a case in which the tenant under section twenty-seven of this Act accepts a notice to quit part of his holding as a notice to quit the entire holding, the part of the holding affected by the notice given by the landlord, together with any other part of the holdings affected by any previous notice given under that section by the landlord to the tenant, is less than one-fourth part of the original holding, or the holding as proposed to be diminished is reasonable except compensation in respect of the part of the holding to which the notice to quit related; or

(e) where the holdings was let to the tenant by a corporation carrying on a railway, dock, canal, water, or other undertaking, or by a government department or a local authority, and possession of the holding is required by the corporation, department, or authority for the purpose (not being the use of the land for agriculture) for which it was acquired by the corporation, department, or authority, or appropriated under any statutory provision; or

(f) in the case of a permanent pasture which the landlord has been in the habit of letting annually for seasonal grazing, and which has, since the fourth day of August, nineteen hundred and fourteen, and before the first day of January, nineteen hundred and twenty-one, been let to a tenant for a definite and limited period for cultivation as arable land, on the condition that the tenant shall, along with the last or way going crop, sow permanent grass seeds; or

(g) where a written contract of tenancy has been entered into (whether before or after the commencement of this Act) for the letting by the landlord to the tenant of a holding, which at the time of the creation of the tenancy had then been for a period of not less than twelve months in the occupation of the landlord, upon the express terms that if the landlord desires to resume that occupation before the expiration of a specified term not exceeding seven years the landlord should be entitled to give notice to quit without becoming liable to pay to the tenant any compensation for disturbance, and the landlord desires to resume occupation with the specified period, and such notice to quit has been given accordingly.

(8) In any case where a tenant holds two or more holdings, whether from the same landlord or different landlords, and receives notice to quit one or more but not all of the holdings, the compensation for disturbance in respect of the holding or holdings shall be reduced by such amount as is shown to the satisfaction of the arbitrator to represent the reduction (if any) of the loss attributable to the notice to quit by reason of the continuance in possession by the tenant of the other holding or holdings.

(9) The landlord shall, on an application made in writing after the thirty-first day of December, nineteen hundred and twenty, by the tenant of a holding to whom a notice to quit has been given which does not state the reasons for which it is given, furnish to the tenant within twenty-eight days after the receipt of the application a statement in writing of the reasons for the giving of he notice, and, if he fails unreasonably so to do, compensation shall be payable under this section as if the notice to quit had not been given for a reason specified in subsection (1) of this section.

(10) The expression "holding" in this section shall not include any land which forms part of any park, garden, or pleasure ground attached to and usually

occupied with the mansion house, or any land adjoining the mansion house which is required for its protection or amenity ,and the compensation for disturbance payable in respect of a notice to quit given in respect of any such land shall be such compensation (if any) as is payable under the provisions of this Act in that behalf.

(11) Compensation payable this section shall be in addition to any compensation to which the tenant may be entitled in respect of improvements.

Section 16.—*Arbitration.*

(1) Any question or difference arising out of any claim by the tenant of a holding against the landlord for compensation payable under this Act, or for any sums claimed to be due to the tenant from the landlord for any breach of contract or otherwise in respect of the holding, or out of any claim by the landlord against the tenant for waste wrongly committed or permitted by the tenant, or for any breach of contract or otherwise in respect of the holding, and any other question or difference of any kind whatsoever between the landlord and the tenant of the holding arising out of the termination of the tenancy of the holding or arising, whether during the tenancy or on the termination thereof, as to the construction of the contract of the tenancy, and any other question which under this Act is referred to arbitration shall be determined, notwithstanding any agreement under the contract of tenancy or otherwise providing for a different method of arbitration, by a single arbitrator in accordance with the provisions set out in the Second Schedule to this Act.

(2) Any such claim as is mentioned in this section shall cease to be enforceable after the expiration of two months from the termination of the tenancy unless particulars thereof have been given by the landlord to the tenant or by the tenant to the landlord, as the case may be, before the expiration of that period.

Provided that, where a tenant lawfully remains in occupation of part of a holding after the termination of the tenancy, particulars of a claim relating to that part of the holding may be given within two months from the termination of the occupation.

(3) Where a claim for compensation under this Act has been referred to arbitration, and the compensation payable under an agreement is by this Act to be substituted for compensation under this Act, such compensation as is to be so substituted shall be awarded in respect of any improvements provided for by the agreement.

(4) If in any arbitration under this Act the arbitrator states a case for the opinion of the county court on any question of law, the opinion of the court on any question so stated shall be final unless within the time and in accordance with the conditions prescribed by Rules of the Supreme Court either party appeals to the court of appeal, from whose decision no appeal shall lie.

(5) The Arbitration Act, 1889, shall not apply to any arbitration under this Act.

(5A) Sections one hundred and ten, one hundred and eleven and one hundred and twelve of the County Courts Acts, 1888 (which provide for the issue of summonses to witnesses in County Court action and the enforcement of such summonses and the bringing up of prisoners to give evidence in such actions), shall apply to any arbitration under this Act as if that arbitration was an action or matter in the County Court.

(5B) The High Court may order that a writ of HABEAS CORPUS AD TESTIFICANDUM shall be issue to bring up a prisoner for examination before any arbitrator appointed under this Act, if the prisoner is confined in any prison under process in any civil action or matter.[1]

(6) This section shall not apply in the case of a tenancy which terminated before the first day of January, nineteen hundred and twenty-one.

Section 22.—Fixtures and Buildings.

(1) Any engine, machinery, fencing, or other fixture affixed to a holding by a tenant, and any building erected by him thereon for which he is not under this Act or otherwise entitled to compensation, and which is not so affixed or erected in pursuance of some obligation in that behalf or instead of some fixture or building belonging to the landlord, shall be the property of and be removable by the tenant before or within a reasonable time after the termination of the tenancy:

1. Subsection (5AO and 5B) were added by The Arbitration Act, 1934, Section 18.

Provided that—

(i) before the removal of any fixture or building the tenant shall pay all rent owing by him, and shall perform or satisfy all other his obligations to the landlord in respect of the holding;

(ii) in the removal of any fixture or building the tenant shall not do any avoidable damage to any other building or other part of the holding;

(iii) immediately after the removal of any fixture or building the tenant shall make good all damage occasioned to any other building or other part of the holding by the removal;

(iv) the tenant shall not remove any fixture or building without giving one month's previous notice in writing to the landlord of his intention to remove it;

(v) at any time before the expiration of the notice of removal the landlord, by notice in writing given by him to the tenant, may elect to purchase any fixture or building comprised in the notice of removal, and any fixture or building thus elected to be purchased shall be left by the tenant, and shall become the property of the landlord, who shall pay to the tenant the fair value thereof to an incoming tenant of the holding.

(2) The provisions of this section shall apply to a fixture or building acquired since the thirty-first day of December, nineteen hundred, by a tenant in like manner as they apply to a fixture or building affixed or erected by a tenant, but shall not apply to any fixture or building affixed or erected before the first day of January, eighteen hundred and eighty-four.

Section 25.—Miscellaneous Rights of Landlord and Tenant.

(1) Notwithstanding any provision in a contract of tenancy to the contrary, a notice to quit a holding shall be invalid if it purports to terminate the tenancy before the expiration of twelve months from the end of the then current year of tenancy; but nothing in this section shall extend to a case where a receiving order in bankruptcy is made against the tenant.

(2) This section shall not apply to—

(a) any notice given by or on behalf of the Admiralty War Department or Air Council under the provisions of any agreement of tenancy where possession of the land is required for naval, military, or air force purposes; or

(b) any notice given by a corporation carrying on a railway, dock, canal, water, or other undertaking in respect of any land acquired by the corporation for the purposes of their undertaking or by a government department or local authority where possession of the land is required by the corporation, government department or authority for the purpose (not being the use of the land for agriculture) for which it was acquired by the corporation, department, or authority or appropriation under any statutory provision; or

(c) any notice given in pursuance of a provision in the contract of tenancy authorizing the resumption of possession of the holding or some part thereof for some specified purpose, unless that purpose is the use of the land for agriculture; or

(d) any notice given by a tenant to a sub-tenant; or

(e) any notice given before the first day of January, nineteen hundred and twenty-one.

SCHEDULES

First Schedule
Part 1

IMPROVEMENTS TO WHICH CONSENT OF LANDLORD IS REQUIRED

(1) Erection, alteration, or enlargement of buildings.
(2) Formation of silos.
(3) Laying down of permanent pasture.
(4) Making and planting of osier beds.
(5) Making of water meadows or works of irrigation.
(6) Making of gardens.
(7) Making or improvement of roads or bridges.
(8) Making or improvement of water courses, ponds, wells, of reservoirs, or of works for the application of water power or for supply of water for agricultural or domestic purposes.
(9) Making or removal of permanent fences.
(10) Planting of hops.
(11) Planting of orchards or fruit bushes.
(12) Protecting young fruit trees.
(13) Reclaiming of waste land.
(14) Warping or weiring of land.
(15) Embankments and sluices against floods.
(16) Erection of wireworks in hop gardens.
(17) Provision of permanent sheep-dipping accommodation.
(18) In the case of arable land the removal of bracken, gorse, tree roots, boulders or other like obstructions to cultivation.

(N.B.—This part is subject as to market gardens to the provisions of the Third Schedule.)

Part 2

IMPROVEMENT IN RESPECT OF WHICH NOTICE TO LANDLORD IS REQUIRED

(19) Drainage.

Part 3

IMPROVEMENTS IN RESPECT OF WHICH CONSENT OF OR NOTICE TO LANDLORD IS NOT REQUIRED

(20) Chalking of land.
(21) Clay-burning.
(22) Claying of land or spreading blaes upon land.
(23) Liming of land.
(24) Marling of land.
(25) Application to land of purchased artificial or other purchased manure.
(26) Consumption on the holding by cattle, sheep, or pigs, or by horses other than those regularly employed on the holding, of corn, cake, or other feeding stuff not produced on the holding.
(27) Consumption on the holding by cattle, sheep, or pigs, or by horses other than those regularly employed on the holding, of corn, proved by satisfactory evidence to have been produced and consumed on the holding.
(28) Laying down temporary pasture with clover, grass, lucerne, sain-foin, or other seeds, sown more than two years prior to the termination of the tenancy in so far as the value of the temporary pasture on the holding at the time of quitting exceeds the value of the temporary pasture on the holding at the commencement of the tenancy for which the tenant did not pay compensation.
(29) Repairs to buildings, being buildings necessary for the proper cultivation or working of the holding, other than repairs which the tenant is himself under an obligation to execute;

Provided that the tenant, before beginning to execute any such repairs, shall give to the landlord notice in writing of his intention, together with particulars of such repairs, and shall not execute the repairs unless the landlord fails to execute them within a reasonable time after receiving such notice.