

CHAPTER V



MAJOR SOURCE OF INCOME

(51)

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Major Source of Income¹

SUMMARY

Of every 10 farms in the United States four had one of the following as their major source of income: (1) field crops, (2) vegetables, (3) fruits and nuts, (4) horticultural specialties, or (5) forest products.

Approximately one out of every four reported its major source of income as one of the following livestock or livestock products groups: (1) the sale of livestock, (2) dairy products, (3) poultry and poultry products, or (4) other livestock products.

For one out of every three farm operators the value of the products used by the farm household was greater than the value of products from any of the other nine sources of income.

In the value groups below \$600, farms with products used by the farm household as the major source of income included a greater proportion of all farms than any other single major-source group. Field crops as the major source of income took the lead in the \$600 to \$9,999 value-of-products groups, whereas the proportion of farms reporting the sale of livestock as the major source was greatest in the \$10,000 and over value group. The number of livestock farms in the \$100,000 and over value group was more than two and one-half times as great as the number of field crop farms, the second largest number.

Data on 2 major sources of income for farms with \$10,000 and over value of products are shown by States in table 4. These 2 major-source groups are: (1) livestock and livestock products and (2) crops and forest products, including 13 farms with products used by the farm household as the major source of income. Of the farms in the \$10,000 and over value group in Wyoming, Nevada, and Utah more than nine-tenths reported the sale of livestock or livestock products as their major source of income, whereas less than one-fifth of the farms in Louisiana and Arkansas were in comparable groupings. The proportion of farms reporting crops and forest products as the major source of income in the various States ranged from 8 percent in Wyoming and Nevada to 84 percent in Arkansas.

DEFINITIONS AND EXPLANATIONS

This classification of farms by major source of income was as objective as possible. Of the 10 groups of products listed, the ^{one} that supplied the largest value of products, regardless of the percentage which its value was of the total value of products, was regarded as the major source of income. If the entries for 2 or more of the 10 value-of-products groups were exactly the same, the farm was classified according to the item predominating as the major source of income in the locality.

It was possible, however, for a sheep ranch to be classified with "livestock" as the major source of income or with "other livestock products" as the major source of income, depending upon the comparative gross receipts from the sale of sheep and from the sale of wool on the ranch in 1939. Similarly, a farm

with a single crop or a single type of livestock and with garden, poultry, and livestock products used for home consumption would be classed as a "subsistence farm" if the value of products used by the household exceeded the value of the crop or livestock sold or traded. This situation might be found on a crop farm with a total or part crop failure, or where the crop was not sold or being held for sale, but was consumed on the farm. The small income from livestock might have been caused by the loss of animals through accident, disease, etc.; the retention of the livestock as part of the farm flock or herd; or the sale of the livestock late in 1938 or in the early months of 1940 instead of in 1939. Again the value of products received from crops and livestock or livestock products might be so diverse that the value of products used by the farm household would exceed the value from any one of the other nine value groups into which the income was classified. This kind of farm also would be classified as a "subsistence farm."

A classification of farms by major source of income, such as the one reported here, also differs in several other important respects from a classification by type of farm. All specialized dairy farms where the value of dairy products exceeded the sale of livestock in 1939, for instance, would be classified with dairy products as the major source of income, but so might the farm of a retired farmer living on a 3-acre tract at the edge of a small village and selling milk from two cows to neighbors. The fact that this small farm was not recognized as a dairy farm would not prevent it from being classified with dairy products as the major source of income. Confusion will be avoided, therefore, if it is remembered that these farms are more accurately described as "farms with dairy products sold or traded as the major source of income in 1939" rather than "dairy farms." Similar qualifications apply to all of the other major-source classifications.²

The proportion of farms in each value group with the sale of livestock, "other livestock products," fruits and nuts, and horticultural specialties as the major source increased with an increase in the value of products. The same increase in the proportion of farms in each value group was noted for dairy farms up to about \$2,000 value of products; above that amount the proportion in each value group decreased. The increase in the proportion of poultry farms in each value group was not so marked as it was for the livestock and dairy farms, but with the exception of a decrease in the \$1,500 to \$2,499 value groups, a slight increase in the percentage in each value group was noted in all other value groups.

With minor variations, farms with vegetables as the major source of income were relatively more prevalent in the upper-value groups. Farms with field crops as the major source of income were more frequently found in the middle-value groups than in either the extremely low or the extremely high-value groups.

Farms for which the value of products sold, traded, or used by the farm household was the major source of income were

¹All figures for farms with \$10,000 and over total gross value of products shown in this chapter are based upon a complete tabulation of the reports for individual farms. These figures for the \$10,000 and over value groups, therefore, are not comparable with those used in technical releases numbers 8, 9, 5, and 6 which were based upon tabulations of data from a 2-percent sample.

²A more extended discussion of the 1940 Census classification of farms by major source of income and the differences between the 1930 and 1940 classifications can be found in ch. X, vol. III, General Report on Agriculture, 1940.

concentrated in the lower-value groups. Few farms with products valued at more than \$1,500 were included in this classification, although 8 percent of the farms in the \$1,000 to \$1,499 value group reported products used by the farm household as their major source of income. Some of these "subsistence farms" with a large value of products used by the farm households were rural residences or country estates which supply much of the food requirements of 2 or more families living on the farm. They might also be farms with diversified activities. A farm with \$4,000 gross value of products, for instance, might have farm products used by the household as the major source of income if the farm household used \$600 worth of products and the farm reported 6 other sources of income, none of which equaled \$600.

SALE OF LIVESTOCK AS MAJOR SOURCE

The sale of livestock was the major source of income for 726,162 farms and constituted two-thirds of the total value of their products in 1939. The value of the livestock sold or traded by this major-source group, 12 percent of all farms, was almost two and one-half times the total value of livestock sold or traded by all other farms. Some of these farms were feed lots or ranches which bought mature cattle and fed them out for the market. Many Corn Belt farms with the sale of livestock as the major source of income add their livestock enterprise to a crop-production program, providing feed for their livestock, quite as extensive as that of exclusive crop farms of comparable size. The practice of crediting the gross value of livestock sold to each farm, feed lot, or ranch selling the livestock, regardless of the length of time the livestock was on the farm or the amount of feed consumed by the animals, results in considerable duplication of gross income in the reported total value of livestock sold or traded. It also results in some farms, which otherwise would be included in some other major-source group, being classified in the group reporting the sale of livestock as the major source of income. This situation is particularly true for farms, feed lots, or ranches feeding livestock for the market, and for farms marketing their crops by feeding livestock, although the major portion of their time and effort was spent in producing crops. The large-scale operations and quick turnover obtained by livestock feeders result in a high-gross value of products for these farms and cause a large proportion of them to be classified in the higher-value groups. Livestock farms were infrequent in the value groups under \$400 and relatively infrequent in the value groups between \$400 and \$999. About one-fourth of the farms in the \$2,000 to \$5,999 value groups reported the sale of livestock as their major source of income. In the \$10,000 and over value group, livestock farms were 39 percent of all farms and more than one and one-half times as numerous as field crop farms, the next higher group. Livestock farms occupied this position of importance, however, in only 4 divisions—the West North Central, the Mountain, the East North Central, and the West South Central.

The West North Central States had 45 percent of all the farms in the United States reporting the sale of livestock as the major source of income; 30 percent of the farms in this division reported livestock as their major source of income. The East North Central States were second in number of livestock farms, though the proportion of farms in this major-source group was greater in the Mountain States. New England had the fewest farms with the sale of livestock as the major source of income.

More than one-fourth of the gross value of products from livestock farms in the \$10,000 and over value groups in the Pacific and the West South Central Divisions, 29 and 27 percent, respectively, was produced on farms with products valued at \$100,000 and over.

DAIRY PRODUCTS AS MAJOR SOURCE

Farms with dairy products as the major source of income in 1939 constituted 10 percent of the classified farms in the United States, yet they produced more than two-thirds of the dairy products sold or traded in 1939. The degree of their specialization was indicated by the fact that 63 percent of their total value of products came from dairy products.

The small dairy farm organization is well suited to areas of grass land and pasture where a family, doing its own work, may live fairly comfortably on the output of a few cows as the principal source of income. One-sixth of all dairy farms had a total value of products of less than \$600 in 1939. However, about three-fourths of the value of the products from farms with dairy as the major source of income was produced by medium-income farms in the \$1,000 to \$9,999 value groups.

Farms with dairy products as the major source of income were heavily concentrated in the East North Central, the New England, and the Middle Atlantic Divisions. Outside of this specialized area dairy farms were usually rather small or very large operating units. In the South Atlantic Division most of the operators producing these products had relatively large dairy establishments, with an average value of products of \$3,897; for farms with dairy products as the major source this division had a higher average value per farm than did any other division. Less than 1 in 5 such farms had products valued at less than \$1,000 in 1939.

The second highest average value of products per farm, \$3,075, was in the Pacific States. In the Pacific Division, however, the 43 dairy farms in the \$100,000 and over value group produced 16 percent of the total value of products reported by the \$10,000 and over value groups with dairy products as the major source of income. This was a larger percentage than was noted for any other division.

POULTRY AS MAJOR SOURCE

Less than 4 percent of the classified farms in the United States reported poultry as their major source of income; yet 47 percent of the output of poultry and eggs was produced on these 217,570 farms. Almost three-fourths of the total value of products on these farms came from poultry and poultry products.

Farms with poultry as the major source of income were ordinarily small units; 56 percent had less than \$1,000 value of products in 1939. Poultry can be handled by people of advanced age, by children, and by men and women not strong enough for much other farm work. By careful selection and arrangement of equipment, the necessary work for a small flock can be done after working hours by men working at other occupations.

Large specialized poultry farms were most frequently found in the New England, the Middle Atlantic, and the Pacific States. This was particularly true in New England where more than 6 percent of the total value of products reported by poultry as major-source group came from 10 farms with products valued at \$100,000 and over per farm.

OTHER LIVESTOCK PRODUCTS AS MAJOR SOURCE

The 20,251 farms reporting other livestock products as the major source of income included sheep and goat ranches, on which the value of wool, mohair, and goat milk sold exceeded

the value of the animals sold; commercial fur farms; apiaries; and the like and were rather evenly scattered throughout the value-of-products groups. About one-half of these farms were located in the Mountain and the West South Central States, where a large number of sheep and goats are raised; the sale of wool and mohair was responsible for the placement of these farms in this major-source group.

The greatest concentration in total value of products was noted in the East North Central Division where 9 farms in the \$100,000 and over value group produced 26 percent of the gross value of products reported by the 3,199 farms with "other livestock products" as the major source of income. Fur animals raised in captivity and wool are important sources of income in this major-source group for the East North Central Division.

FIELD CROPS AS MAJOR SOURCE

The number of farms reporting field crops as the major source of income exceeded the number of any other single major-source group. The field crop group, which included 37 percent of the farms in the United States, supplied 83 percent of the field crops sold or traded by all farms. Most of the farms with field crops as the major source of income had a small- or a medium-value of products; approximately 37 percent had a total value of products of less than \$600, while only 2 percent reported products valued at \$6,000 and over. However, almost 12 percent of the total value of products reported by the farms in the \$10,000 and over value group with field crops as the major source of income came from 166 farms with \$100,000 and over value of products.

Nearly two-thirds of the 2,186,986 farms in this major-source group were in the southern divisions. The concentration of field crop farms in these States may be attributed largely to the production and sale of cotton by a large number of operators living on small farms or sharecropper units, who produce few other agricultural products. In the West South Central and the South Atlantic States farms with field crops as the major source were most numerous and constituted 52 and 48 percent, respectively, of all classified farms. In the East South Central Division, field crop farms, 44 percent of the total, were second to farms with products used by the farm household as the major source of income, which were 48 percent of all farms. Although cotton was the chief crop sold by the farm operators in these southern States, tobacco, peanuts, and potatoes contributed a significant amount to the total value of products.

The East and the West North Central States, which include the area referred to as the Corn Belt, also had a large number of farms with field crops as the major source of income. The proportion of all farms in this major-source group in these States was less than for the southern States, being 24 percent for the East North Central and 34 percent for the West North Central States.

Farms with field crops as the major source of income did not constitute as large a proportion of the farms in the Pacific, the Middle Atlantic, or the New England Divisions as in other areas. The higher-value groups in these three divisions included a larger proportion of farms with field crops as the major source of income than the lower-value groups; in the other divisions the larger proportions were noted in the medium-value groups.

The Pacific Division had 100 farms with field crops as the major source of income in the \$100,000 and over value group. The West South Central and New England Divisions ranked second and third with 17 and 16 farms, respectively.

VEGETABLES AS MAJOR SOURCE

Farms with vegetables as the major source of income, 1.3 percent of all farms, were relatively more numerous in the Middle Atlantic, Pacific, and New England Divisions. The Pacific Division vegetable farms, however, attained the highest average value of products per farm. One-sixth of the total value of products from vegetable farms in the Pacific Division was reported by 43 farms in the \$100,000 and over value group.

FRUITS AND NUTS AS MAJOR SOURCE

The sale of fruits and nuts was reported as the major source of income for 2.2 percent of the classified farms in the United States. Farms with this major source of income were most frequently found in the Pacific Division which had 4 out of every 9 fruit and nut farms in the United States. This division in 1939 produced about 52 percent of the value of fruits and nuts reported on the classified farms. Only in the Pacific Division, where 22 percent of all farms had fruits and nuts as the major source of income, did the number exceed 3 percent of the classified farms. In 5 divisions less than 2 percent of the classified farms reported fruits and nuts as the major source of income. About 25 to 30 percent of the farms in the value groups \$400 to \$5,999 in the Pacific States had fruits and nuts as the major source of income. In only one other value group among all the divisions did the proportion of farms in this major-source group exceed 8 percent of the farms within a single value group.

In the South Atlantic Division 16 percent of the farms in the \$10,000 and over value group reported fruits and nuts as the major source of income; these farms in large part were located in the citrus fruit areas of Florida, the peach and pecan areas of Georgia, and the apple-growing sections of Virginia and West Virginia.

HORTICULTURAL SPECIALTY AS MAJOR SOURCE

Horticultural specialty farms were the fewest in number—18,950—and had the highest average value of products. Growing crops under glass, nursery products, vegetable seeds, bulbs, plants and flowers all take special skill, as well as considerable capital and labor. Although some operators find employment in this line without much capital or hired labor, as was indicated by the appearance of figures in practically all value groups, the largest single group, 16 percent of the total, was the \$10,000 and over value group which produced 70 percent of the total value of products reported by this major-source group.

FOREST PRODUCTS AS MAJOR SOURCE

Farms with forest products as the major source of income were only a fraction of 1 percent of the farms in every division, except New England where this group accounted for 3 percent of all the farms. The sale and use of maple sirup and sugar by the farm operators help explain the importance of forest products in this division. The average value of products from these farms was small. In every section with woodland, some farm operators may cut off enough wood to establish forest products as the major source of income for the year. Few properties classed as farms, however, had woodlands extensive enough for operation on the "sustained yield" basis or annual crop of forest products. The entire group of farms with forest products as the major source of income sold 40 percent of all forest products sold by farm operators.

PRODUCTS USED BY FARM HOUSEHOLD AS MAJOR SOURCE

The caption "subsistence farms" included all farms on which the value of products used by the farm household exceeded the value of products reported for any of the other 9 major sources of income. Almost one-third of the classified farms were included under this caption, the percentage varying from 79 percent in the \$1 to \$99 value group to less than 1 percent in the value groups of \$2,000 and over. In the \$10,000 and over value group, 13 farms reported the products used by the farm household as the major source of income; most of these farms were large country estates or farms following a diversified plan of farming and supplying food to several families living on the farm. Two-thirds of the farms in this major-source group reported less than \$400 value of products; these farms accounted for almost two-thirds of all farms in the value groups under

\$400. Some of the farms in the lower-value groups were the rural residences of persons working at other occupations, the homes of individuals living in semiretirement, or the homes of part-time farmers, but for many individuals these farms supplied their total gross income.

Farms with products used by the farm household as the major source of income included almost one-half of the classified farms in the East South Central States, but only one-fifth of those in the West North Central States. The 3 southern divisions—East South Central, South Atlantic, and West South Central—reported almost two-thirds of all farms in this major-source group. About two-thirds of the farms with farm products used by the farm household as the major source in these 3 divisions had less than \$400 value of products; almost seven-eighths had less than \$600 value of products.