

Chapter IV

**MAJOR SOURCES OF INCOME FOR FARMS
CLASSIFIED BY COLOR AND TENURE
OF FARM OPERATOR**

(147)

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Chapter IV.—MAJOR SOURCES OF INCOME FOR FARMS CLASSIFIED BY COLOR AND TENURE OF FARM OPERATOR

The major-source classification.—The term "major source of income," as used in this study and in the 1940 Census of Agriculture, refers to the classification of farms according to their major source of income in 1939. As explained in the definition quoted in chapter I, this classification was based on the *single largest value entry* for any of the ten value-of-products questions described in chapters I and III. In other words, if the entry for value of dairy products sold or traded was greater than any one of the entries for the other nine value-of-products questions, the farm was classified as a dairy farm. If the entries for two or more of the value questions were exactly the same, the farm was classified according to the one item which predominated, as to major source, in that locality. From this it follows that there are ten major-source classes corresponding to the ten sources of income already described in chapter III. For brevity, the term "subsistence farm" has been used to designate farms with farm products used by farm households as the major source of income in 1939. It was recognized, however, that many farms that fell in the "subsistence" class in the 1940 Census of Agriculture were not subsistence farms according to the common usage of that word.

Basic data on major sources of income.—The recorded 1940 Census totals, for the United States, on number of farms and value of all farm products sold, traded, or used by farm households for farms classified by major source of income are presented in text table VI which follows:

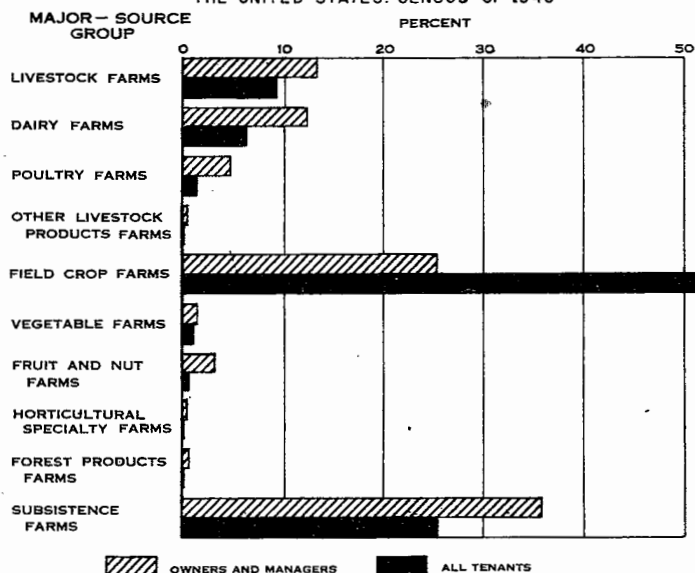
TABLE VI.—NUMBER OF FARMS AND VALUE OF ALL FARM PRODUCTS SOLD, TRADED, OR USED BY FARM HOUSEHOLDS FOR FARMS CLASSIFIED BY MAJOR SOURCE OF INCOME, 1939, FOR THE UNITED STATES: CENSUS OF 1940

MAJOR-SOURCE CLASSIFICATION	FARMS		VALUE (DOLLARS)	
	Number	Percent of all farms	Total	Average per farm
All classified farms.....	5,968,755	97.9	7,813,644,567	1,309
Subsistence farms ¹	1,942,729	31.9	699,917,286	360
All other classified farms.....	4,026,026	66.0	7,113,727,281	1,767
Livestock and livestock products farms.....	1,582,989	26.0	3,459,935,991	2,186
Livestock farms ²	726,162	11.9	1,836,270,543	2,529
Livestock products farms ³	856,827	14.1	1,623,665,448	1,895
Dairy farms.....	619,006	10.2	1,214,181,902	1,962
Poultry farms.....	217,570	3.6	359,087,849	1,650
Other livestock products farms ³	20,251	0.3	50,385,687	2,468
Crop and forest products farms.....	2,443,037	40.1	3,653,791,290	1,496
Crop farms.....	2,419,737	39.7	3,627,852,248	1,499
Field crop farms ⁴	2,186,986	35.9	3,016,168,444	1,379
Vegetable farms ⁴	80,116	1.3	179,505,250	2,241
Fruit and nut farms.....	133,685	2.2	300,975,952	2,251
Horticultural specialty farms.....	18,950	0.3	131,202,603	6,924
Forest products farms.....	23,300	0.4	25,939,042	1,113

¹Farms with farm products used by farm households as major source of income, 1939.
²Excludes poultry farms, apiaries, and fur farms. ³Includes farms with major source of income, 1939, from the sale of wool, mohair, meat, hides, etc., bees, honey, wax, or fur animals and pelts. See text. ⁴Farms with major source of income, 1939, from the sale of Irish or sweet potatoes are included with "Field crop farms," not with "Vegetable farms."

These figures on major source of income, which relate to classified farms, are comparable with the data on sources of income for classified farms, shown in text table V of chapter III, and with the summary statistics on value of products presented in text table II of chapter I. These statistics on major source have been reclassified and retabulated by tenure groups in the North and West and by color-tenure groups in the South, according to the procedure already outlined in chapter II. The basic United States figures on numbers of farms by tenure groups will be found in text table I of chapter I.

PERCENT DISTRIBUTION OF NUMBER OF FARMS BY 10 MAJOR SOURCES OF INCOME, OWNERS AND MANAGERS COMPARED WITH ALL TENANTS, FOR THE UNITED STATES: CENSUS OF 1940



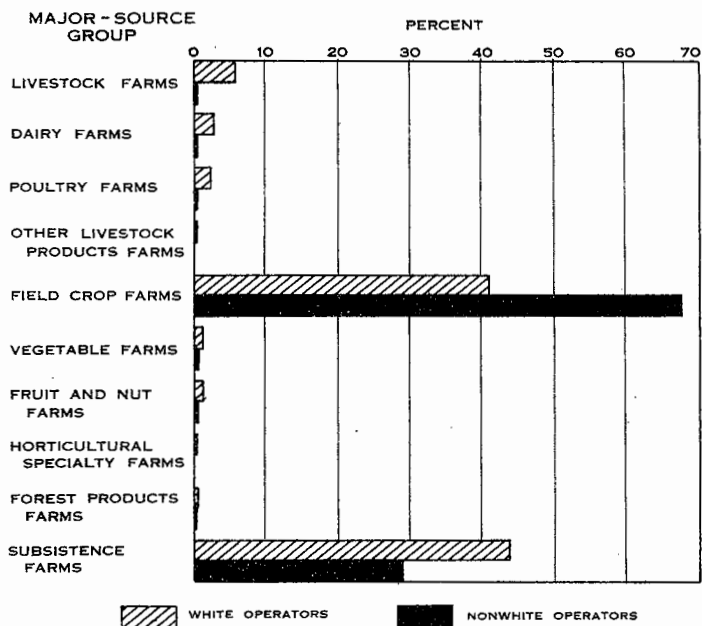
Arrangement of tables.—The general arrangement of the tables in this monograph was summarized in chapter III. In this chapter tables 13 to 19, inclusive, show figures for the complete color-tenure break-down for the United States and/or divisions, while tables 20 to 22, inclusive, present figures by States for the restricted color-tenure break-down. Tables 13 to 15, inclusive, give division figures for the combinations of major-source classes, such as "All crop and forest products farms," comparable with the State data given in tables 20 to 22. Tables 16, 18, and 19 show similar figures by divisions for the individual major-source classes such as "Field crop farms," "Fruit and nut farms," etc. Figures for the United States and the South only are shown for two of the individual major-source classes in table 17, viz, "Other livestock products farms" and "Forest products farms." Division figures are not presented for these two major-source classes because of their minor importance in most States.

Since the statistics on major source of income relate to "Classified farms," tables 1 and 9 in chapter III provide the

necessary summary data, i.e., totals for farms in all major-source classes, as well as figures on "Unclassified farms," "Farms with \$0 value of all farm products," and the recorded totals for "All farms."

Derived figures.—The derived figures on major source of income, presented in the tables of this chapter, correspond to the derived figures on sources of income shown in the tables for chapter III: (1) Average value of all farm products per farm in each major-source (or combination of major sources) class, (2) percent distribution by color-tenure groups of number of farms and value of all farm products for each major-source class, (3) within each color-tenure group the percent distribution by value groups of number of farms and value of all farm products. The value groups here referred to are the two subgroups under each color-tenure group, i.e., "Under \$10,000" and "\$10,000 and over," which are based on total value of farm products sold, traded, or used by farm households. In addition the tables show, for each color-tenure group and value subgroup, the percentage of all farms falling in a specified major-source class, such as "Vegetable farms." The corresponding percentage based on values, i.e., value of all farm products for each major-source class as a percent of the value of all farm products for all classified farms, was omitted from these tables because of space limitations.

PERCENT DISTRIBUTION OF NUMBER OF FARMS BY 10 MAJOR SOURCES OF INCOME, WHITE COMPARED WITH NONWHITE FARM OPERATORS, FOR THE SOUTH: CENSUS OF 1940



Interpretation of major-source statistics.—The definition of "major source of income," quoted in chapter I and amplified in the first section of this chapter, makes it clear that *this classification is based on value data for 1939 only*. For brevity, and for convenience in building the tables, the terms "livestock farm," "vegetable farm," "subsistence farm," etc., have been used. However, the "livestock farms" referred to in this monograph are not livestock farms in the type-of-farm sense, but are more accurately defined as farms on which the major source of income in 1939 was from the sale of livestock. The same distinction applies to each of the other nine major-source classes. Unusual conditions in 1939 caused some farms to fall in a major-source class much different from the type-of-farm category in which they apparently belonged. A few specific examples will illustrate the difference between nominal

type-of-farm classification, and classification according to major or principal source of gross income in any given year:

(1) A commercial dairy farm, on which the income from sale of livestock exceeded the income from sale of dairy products, would be classified as a "livestock farm." This situation sometimes occurs on large dairy farms holding sales of registered dairy cattle.

(2) A factory worker living on a small farm sells milk from 2 or 3 cows to his neighbors, but has very little other farming operations. Such a farm would appear in these tabulations as a "dairy farm," although locally it might be considered a part-time farm.

(3) A livestock ranch in the West might show no sales of livestock because of an increase in size of operations. As a result such a livestock ranch could be classified as a "field crop farm," or even as a "subsistence farm" in this study.

(4) A livestock feeder in the Corn Belt may have sold his stock late in 1938 or early in 1940, rather than in 1939. Such a farming operation would be classified as a "field crop farm," "subsistence farm," etc., depending upon the relative magnitude of the gross farm income from other sources.

(5) Farms or ranches, in the "Flint Hills" area and elsewhere, which derived their major income from pasturing livestock, as for example on a "per head" basis, were not necessarily classed as "livestock farms," because there was no place on the 1940 Farm and Ranch Schedule to report such income.

(6) The operations of a cotton sharecropper in the South would be classed as a "subsistence farm," rather than a "field crop farm," if the value of the cotton production was low compared with the value of farm products used by the farm household.

(7) A general or deversified farm would be classed as a "subsistence farm" if the value of farm products used by the operator's family and other households on the farm exceeded the value of any one of the other sources of income. This situation occurs most commonly when (a) there is extreme diversification, i.e., many sources of income, and/or (b) when there are several households on the farm.

Finally, a classification of farms according to major source of *net* farm income would present a much different picture from the classification by major source of *gross* farm income used in the 1940 Census of Agriculture. For example a cattle or sheep feeder may have a gross value for sales of livestock which is several times the gross value of the crops sold off his farm. However if the cost of the livestock purchased for feeding, the cost of feed purchased, and other expenses were deducted from his gross income from livestock, the resulting *net livestock income* might be much less than the corresponding *net income from cash crops*.

Difference in dates for major-source classification and color-tenure classification.—While the classification of farms by major source of income was based on value data for 1939, the classification of the farm operator by color and tenure was as of the census date, April 1, 1940. It was pointed out in chapter I that this difference in dates sometimes results in seemingly incongruous figures. This is particularly apt to be true where tabulation involves major-source data.

Geographic variation in tenure-value relationships.—For large geographic areas the relationships between tenure and value of products are the result of numerous factors, one of the most important of these, for any single major-source class, being the geographic distribution of the farms (operators) by different color-tenure groups. Similarly, for any single color-tenure group, the value figures for all classified farms are