

Part 2

TYPE OF FARM ORGANIZATION

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PART 2. TYPE OF FARM ORGANIZATION

GENERAL INFORMATION

Background

The trend toward specialization and larger-scale operations, together with increased capital requirements have brought many management adjustments in American agriculture. Since 1950, the average farm operator has four-fifths more acreage and more than five times the investment in land and buildings. During the same period, the value of products sold per farm increased by almost 2½ times. The changes have been the result of technology, which has made it possible for farm operators to operate larger farms, along with the incentives to maintain or increase income.

Many questions have been raised as to what kind of management or organizational structure can best handle the increased responsibilities which are required in this period of rapidly changing agriculture. Is the individually operated farm (proprietorship), which has been the dominant type of farm organization, still the most effective type? If efficiency is the main goal of the Nation's agriculture, are there other alternatives such as partnerships or corporations?

In an effort to provide some basic data on the current status of organizational structure in agriculture, the 1969 Census of Agriculture obtained data for type of organization for farms with sales of \$2,500 and over. These basic data should provide some answers to many of the questions concerning the structural organization of agriculture.

Source of Data

All data shown in this part of chapter 3 are for class 1-5 farms. In general, the tables provide a summation of data previously

published in volume I, area reports for the individual States; however, several additional tabulations were made for this report.

Data on type of organization have not been collected in prior censuses of agriculture; hence, no historical data are shown.

Presentation of Statistics

Type of organization data are presented in this chapter for the following five categories: (1) Individual or family, (2) partnership, (3) corporation—10 shareholders, or fewer, (4) corporation—more than 10 shareholders, and (5) other. Summary statistics are presented as totals for the United States, for four major regions, for nine geographic divisions, and for each of the 50 States. A small number of selected items have been shown by State; however, most data, such as the characteristics of farms, are shown only for the United States. Included in the text are a number of tables showing averages and percentage distributions for the United States.

Other Published Data for 1969

Detailed farm characteristics for the various types of organizations are shown in this chapter for the United States. Similar data are shown for each State in volume I, area reports. In addition, the number of farms and land in farms by type of organization are shown for each county in volume I. The following table provides the location and a brief description of the type of organization data available elsewhere for the 1969 Census of Agriculture.

Table 1. Other Published Data for Type of Organization: 1969

<u>Where found</u>	<u>Geographic area for which available</u>	<u>Period</u>	<u>Classification</u>	<u>Subject covered</u>
Volume I:				
State table 12.....	State.....	1969.....	Class 1-5 farms: color and type of organization.....	Farms and land in farms.
State table 24.....	State.....	1969.....	Class 1-5 farms: by type of organization.....	Farms and farm characteristics (land in farms, land use, value of land and building, tenures, specified operator characteristics, specified equipment, hired labor, specified farm expenditures, principal livestock and specified crops).
State table 25.....	State.....	1969.....	Age of operator by type of organization.....	Farms and land in farms.
State table 26.....	State.....	1969.....	Size of farm by type of organization.....	Farms and land in farms.
State table 27.....	State.....	1969.....	Class of farm by type of organization.....	Farms and land in farms.
State table 28.....	State.....	1969.....	Type of farm by type of organization.....	Farms and land in farms.
State table 29.....	State.....	1969.....	Specified type of farm by class by type of organization.....	Farms and land in farms.
State table 30.....	State.....	1969.....	Large-scale farms by type by color-tenure.....	Farms and land in farms.
County table 12.....	County and State.....	1969.....	Class 1-5 farms, color and type of organization.....	Farms and land in farms.
Volume II:				
Chapter 2.....	United States.....	1969.....	Size of farm by type of organization.....	Farms and land in farms.
Chapter 3.....	United States.....	1969.....	Age of operator by type of organization.....	Farms and land in farms.
Chapter 3.....	United States.....	1969.....	Year began by type of organization.....	Farms, land in farms, residence and market value of products sold.
Chapter 7.....	United States.....	1969.....	Class of farm by type of organization.....	Farms and land in farms.
Chapter 8.....	United States.....	1969.....	Type of farm by type of organization.....	Farms and land in farms.

Facsimile of Section 37, Form 69-A1

Section 37 - Type of ORGANIZATION

1. Mark (X) the box which best describes this operation.

<p>690</p> <p>1 <input type="checkbox"/> Individual or family farm, excluding partnership and corporation</p> <p>2 <input type="checkbox"/> Partnership, including family</p>	<p>Corporation, including family (Do not include co-ops.)</p> <p>3 <input type="checkbox"/> 10 or fewer shareholders</p> <p>4 <input type="checkbox"/> More than 10 shareholders</p>	<p>5 <input type="checkbox"/> Other - Specify</p> <p><small>For example: Estate or trust, Indian reservation, prison farm, grazing association, co-operative, etc.</small></p>
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DEFINITIONS AND EXPLANATIONS

General

Definitions and explanations are limited to those having particular significance to the presentation of the statistics for type of organization. Definitions and explanations of general application are included in chapter 1 of this volume.

The inquiries for type of organization were asked of only class 1-5 farms. The inquiries were not asked for farms with sales of less than \$2,500 as it was assumed that the overwhelming proportion of these farms were individual or family operated.

Other than the inquiries themselves on the A1 report form, no other definitions or instructions were given to the farm operator for reporting the type of organization under which the farm was operated. Any questions regarding the reporting of type of organization were left to the interpretation of the individual filling the report form. A facsimile of the inquiries for type of organizations (section 37, A1 report form) is shown above.

Processing the Data

Except for a review of reports for large-scale farms and reports with remarks which may have affected the reporting of data for type of organization, the data were accepted as reported. Those farms for which a report for type of organization was not obtained were assumed to be operated by individuals or family and were imputed as such during the computer processing. Thus, all class 1-5 farms were tabulated in one of the five categories.

Selected Terms

Individual or family—This classification for individual or family was intended to include sole proprietorship farm operations managed by one person. Husband-and-wife-operated farms, along with those farms where children provide part of the labor, were to be included in this classification. The operator of an individual or family farm is responsible for the management decisions. He can change into new activities or terminate the operations as he wishes. He must personally furnish the capital from either his own resources or by borrowing, but he is also solely liable for all financial losses.

In the remainder of this text, this type of organization will be referred to as "individual" or "individually operated farm" to

eliminate confusion with a widely used term "family farm". The 1969 census did not attempt to define or obtain data for "family farms" due to the variation in concepts commonly used for the term over a period of years. Under some of the more general concepts used, a "family farm" could be included in any one of the five types of organizations as shown in this chapter; although, most would be included in the individual (sole proprietorship) category.

Partnerships—The partnership classification was to include all cases where the interest of two or more individuals are joined or aggregated in the operation of a farm. Each partner contributes some assets or other inputs to the farm operation and shares with each partner in the management, the financial responsibilities, and the profits and losses. Each partner is liable for all partnership obligations. Whether or not each partner shares equally depends on the type and amount of contribution made by each partner.

For the partnership type of organization, there are no legal requirements; although, many partnerships have written agreements and conduct all financial and legal transactions under a partnership name. In general, partnerships may be organized or dissolved at any time by the agreement of the partners and without any filing of legal contracts or other papers with any public agency. For income-tax purposes, a partnership reports only the income, but pays no tax. All taxes are paid by the partners on their individual tax returns based on their share of the partnership profits.

It is apparent from data published by the Internal Revenue Service that a large proportion of the partnerships counted in the census of agriculture do not file a partnership tax return (form 1065). The Internal Revenue Service estimated only 109,000 partnership returns in 1969, in comparison to the 222,000 class 1-5 partnerships reported in the census. This is an indication that there are large numbers of informal partnerships reported in the census which either did not choose to report income as a partnership or were not partnerships under a strict definition.

The bulk of the partnerships are made up of family members who are using the partnership organization to help younger members to enter farming or to aid in the transfer of the farm operations to younger members or combine resources into larger units in order to increase efficiency. Father-son or brother-brother partnerships are the most common types.

Not all partnerships are 50-50 arrangements on all farm activities. Often one partner may be responsible for the crop

operations and the other partner responsible for the livestock. In other cases, one partner may own most of the resources while the other partner furnishes most of the labor. Often one or all partners may have separate farm operations of their own. In those cases, separate census reports would have been obtained for the individually operated farms.

The partnership classification as shown in the census is strictly based on the opinion of the farm operator who completed the report and is subject to some error. It is possible that some husband-wife or tenant-landlord operations have been included in this classification.

Corporations—By definition, a corporation is an artificial entity created under laws provided for by the individual States. Each State determines the general purpose for which a corporation may be formed and the procedures that must be followed to establish a corporation. When the necessary requirements have been met, the State recognizes the existence of the corporation and permits it to engage in the activities provided in its charter or articles of incorporation. A corporation is a legal entity separate from its owners (shareholders) and has the power to make contracts, do business, and hold property in its name.

The corporation structure provides, in many situations, a number of advantages over other types of business organization. These advantages may have contributed to the entrance of a number of large publicly traded corporations into agriculture and for the increasing number of family-operated farms incorporating in recent years.

Some of the advantages of incorporating are (1) it provides for the easier transfer of the operating unit from generation to generation; (2) it limits the legal liability of each individual to the extent of his investment; (3) it may reduce income tax, estate, or other inheritance tax, and (4) it may provide better channels for obtaining larger amounts of credit.

In a simplified attempt to divide the closely held or family type of corporations from those corporations with more diversified ownership, such as publicly owned corporations, the respondents were asked to classify the corporation by the number of shareholders. The number of shareholders, 10 or fewer, was used as a basis in order to conform with rules used by the Internal Revenue Service which allows certain corporations to file taxes under the subchapter S option of the Federal income tax laws. In order to file taxes under the subchapter S provisions, a corporation must have 10 shareholders or fewer, only one class of stock, and not more than 20 percent of the corporate gross income from investments such as rents, royalties, dividends, interest, etc. By filing under the provisions of subchapter S, a corporation is able to transfer all income to the individual shareholders, thus avoiding a double tax on dividends paid. This tax treatment is similar to partnerships.

A high proportion of the corporations with 10 shareholders or fewer are probably family owned and controlled and are not significantly different from large individual or family-operated farms. For the most part, there is no separation between the stock ownership and the management of these corporations. Although most of the corporations with 10 shareholders or fewer are similar in characteristics to the larger family or

partnership type of farms, there are a number of very large farms operated by corporations in this category.

Corporations with more than 10 shareholders include a number of the large publicly traded corporations along with a number of other corporations controlled by small groups of shareholders. Many of these corporations have managements which are separated from the shareholders. Some of these corporations are involved only in agriculture while, for others, agricultural production is only a sideline to their main business.

Other organizations—This catch-all category was to include those farms operated by estates, trusts, abnormal or institutional organizations, cooperatives, etc. Data for abnormal farms has been excluded from data for class 1-5 farms; therefore, no abnormal or institutional farms are shown in this classification. The farms which are shown in this group include those operated by estates and trusts, cooperatives, and colonies, as well as some farms which were misreported in this group. Since only 10,000 farms are shown in this category, any misreporting of type of organization has very little effect on the data for all class 1-5 farms.

Possible Reporting Errors

Overcount of farms operated by corporations—A review of the volume I statistics for farms operated by corporations indicated a larger than expected number of corporate-operated farms in a number of States and particularly in the lower economic classes. Based on a review of the report forms for several counties, it was apparent that there had been reporting errors which resulted in an overstatement of the number of corporations in the census and a determination that a complete review of all report forms for corporations was necessary.

Those reports which had the designation "incorporated" or other similar indication in the address label or had supporting evidence on the report form that the farm was corporately operated were accepted as being correctly reported. Other corporate reports were reviewed and a large number of these reports have since been followed up by telephone to ascertain the correct type of organization.

The review has not been completed at this time so that the final results are not available for inclusion in this chapter; however, the preliminary indications are that the number of corporations in the census represent an overstatement of almost one-fifth. Published figures for corporations with less than 10 shareholders appear to be overstated by about the same percent and for those with more than 10 shareholders by about one-tenth. About 60 percent of the reports requiring correction occurred in the South.

There were two principal types of reporting errors contributing to the overcount of corporations. First, some individuals who rented land from corporations apparently thought that since part or all of the farmland was owned by a corporation that it should be reported under the corporate type of organization. Telephone followup determined that the land was usually rented on a cash or share basis from a corporation which had little if any participation in the farm operations.

The second most common type of error occurred mainly in the South. The format on the A1 "Section 37 - Type of ORGANIZATION" was such that the subheading "Corporation, including family" might not be considered as necessarily associated with the subclassifications "10 or fewer shareholders" and "more than 10 shareholders". Thus a number of respondents, who for the most part leased land on a crop-share basis, did not associate the heading with the subclasses and believed that they should report on the basis of the number of share tenants leasing land from one landlord or in some instances the number of persons or family members involved in the farming operations. (See facsimile on page 126.)

In general, the farms which were incorrectly reported and tabulated as corporations had sales of less than \$20,000 and were often tenant operated. The vast majority of these farms were in reality individually operated. The correction of these errors would not have any substantial effect on the count of the type of organizations other than corporations.

No attempt has been made in this current review to locate farms among the three other type-of-organization categories which should have been reported as corporate operated. The actual count of farms operated by corporations is likely to be somewhere between the published census counts and revised counts which will be released when they become available.

Multunit farms—In general, the 1969 Census of Agriculture followed the traditional procedure of classifying as one farm, all of the agricultural activities associated with the farm operator no matter where they were located. However, in order to avoid serious distortion of the data at the county level, especially where holdings were both large and widespread, an attempt was made to obtain separate reports for each county where the operations were significant. This procedure had been used in previous censuses of agriculture but not to the degree that was attempted for 1969.

This procedure resulted in the replication of some items such as operator characteristics and type of organization for those units counted as farms which are parts of a multiunit operation. This replication has little effect on the statistics for items reported frequently but may be a factor in the reported counts of corporation farms. A significant proportion of the multiunit farms were incorporated and generally larger than average in size; thus, the duplication in counts had more effect on the statistics for corporate farms than those of other types of organization.

ECONOMIC CHARACTERISTICS

Number of Farms

In 1969, individually operated farms accounted for more than 85 percent of all class 1-5 farms. About 222 thousand farms or almost 13 percent were operated by partnerships. Corporations accounted for 21,513 farms in 1969 or less than 2 percent of all class 1-5 farms.

Of the farms operated by corporations, 19,716 or more than 92 percent were corporations with 10 shareholders or fewer, and only 1,797 or 8 percent had more than 10 shareholders. Farms

classified as "other" type of organization totaled 10,070. Many of these farms were actually individually operated, but were reported in this category by the farm operator because some or all of the land operated was leased from an estate or other types of owners.

The percentage distribution of farms by type of organization is not greatly different among the four regions, although corporations were more common in the West. Over one-half of the partnerships were found in the North Central region, but even in this region they represented only 13 percent of the farms. The following table presents the percentage distribution for the number of farms by type of organization for the four regions.

	Percent distribution of farms				
	United States	North-east	North Central	South	West
All farms	100.0	100.0	100.0	100.0	100.0
Individual	85.4	87.3	85.7	85.4	83.2
Partnership	12.8	10.4	13.2	12.6	12.8
Corporation, total .	1.2	1.8	0.6	1.4	3.3
10 shareholders or fewer	1.1	1.7	0.6	1.2	3.1
More than 10 shareholders . . .	0.1	0.1	0.1	0.1	0.3
Other	0.6	0.5	0.5	0.7	0.7

Land in Farms

Of the 918 million acres of land in class 1-5 farms, individuals or families operated 666 million acres, partnerships operated 163 million acres, corporations operated 81 million acres, and other organizations operated 5 million acres. Although corporations represent only 1.2 percent of all class 1-5 farms, they accounted for 8.8 percent of the land in class 1-5 farms.

Corporations in the West operated a disproportionate share of the land in farms as they represented only 3 percent of the farms in the West, but they operated almost one-fifth of the land. For a number of States, corporations are of particular importance. Corporations operated three-fifths of the land in farms in Hawaii, two-fifths of the land in farms in Nevada, and about one-third of the land in Alaska, Arizona, Florida, and Wyoming. The distribution of land by type of organization for the four regions is shown below.

	Percent distribution of land in farms				
	United States	North-east	North Central	South	West
All farms	100.0	100.0	100.0	100.0	100.0
Individual	72.5	82.4	80.7	73.5	60.7
Partnership	17.8	13.5	16.5	18.5	18.9
Corporation, total .	8.8	3.6	2.3	6.5	19.5
10 shareholders or fewer	7.2	3.1	2.0	4.8	16.4
More than 10 shareholders . . .	1.6	0.5	0.3	1.7	3.0
Other	0.9	0.5	0.5	1.4	0.9

Over four-fifths of the land operated by corporations was operated by corporations with 10 shareholders or fewer. For land in farms, corporations with more than 10 shareholders were significant only for Hawaii where they accounted for 34 percent of the land in farms, and for Arizona and Florida where they accounted for about 12 percent of the land in farms.

Size of Farm

The average size of farms operated by individuals was 450 acres in 1969, as compared with 738 acres for partnerships, 3,757 acres for corporations, and 834 acres for other organizations. Farms operated by corporations with more than 10 shareholders averaged 7,991 acres compared with 3,371 acres for corporations with 10 shareholders or fewer. The average size of farm for all organizations and especially corporations has been affected by the inclusions of extensive acreages of leased Federal and State land in the West. The table shown below shows the average size of farm for the four regions.

	Average size of farm				
	United States	North-east	North Central	South	West
Total	529.7	211.0	392.6	479.8	1,492.2
Individual	449.6	199.2	369.6	413.3	1,088.4
Partnership	737.5	272.0	491.4	707.3	2,211.7
Corporation total ..	3,757.3	429.4	1,415.4	2,277.6	8,680.2
10 shareholder or fewer	3,371.4	391.8	1,369.8	1,827.7	7,963.2
More than 10 shareholders ...	7,991.0	1,082.6	1,881.0	6,914.5	16,902.9
Other	834.2	229.5	417.8	1,013.4	1,957.9

About one-fourth of the individually operated farms were less than 100 acres in size and less than one-fifth were 500 acres and over. For partnership farms, about one-sixth were less than 100 acres and over one-fourth were 500 acres and over. For farms operated by corporations, 22 percent were under 100 acres and

46 percent had 500 acres and over. For corporations with more than 100 shareholders, more than one-half of the farms had 500 acres and over. The table at the bottom of this page shows the size-of-farm distribution.

Value of Land and Buildings

The value of land and buildings provides one measure of the resources controlled by each type of organization. The average value of individual farms was \$91 thousand per farm compared to \$140 thousand for partnership farms, and \$550 thousand for farms operated by corporations.

The distribution of farms by the value of land and buildings presents a similar pattern among the types of organizations. Almost 74 percent of the individual farms are valued at less than \$100,000, as compared to 62 percent for partnerships and 35 percent for corporations. Only 9 percent of individual farms were valued at \$200,000 or more compared with 17 percent for partnership farms and 47 percent for corporations. The distribution of farms by value of land and buildings is shown on page 130.

Estimated Market Value of Machinery and Equipment

Of the \$22.3 billion reported for the value of machinery and equipment on class 1-5 farms in 1969, almost 79 percent was accounted for by farms operated by individuals. Only 4 percent of this amount was on farms operated by corporations. Individual farms averaged \$12 thousand per farm; whereas, corporations with more than 10 shareholders averaged \$103 thousand per farm.

Almost one-fourth of the corporations reported an estimated value of equipment and machinery of \$50,000 and over. Only 6.6 percent of the partnership farms and 2.9 percent of the individual farms had such a value. The distribution of farms by value of machinery and equipment is shown on page 130.

Percent distribution by size of farm

	All farms	Individual	Partnership	Corporation			Other
				Total	10 shareholders or fewer	More than 10 shareholders	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1 to 9 acres	3.1	3.1	2.4	5.0	5.2	2.9	6.2
10 to 49 acres	7.5	7.8	5.3	9.8	9.9	8.2	9.6
50 to 69 acres	3.8	3.9	2.9	2.9	2.9	2.6	3.8
70 to 99 acres	7.9	8.3	5.9	4.4	4.4	4.4	7.2
100 to 139 acres	9.8	10.2	7.9	5.2	5.2	5.2	8.9
140 to 179 acres	11.1	11.4	9.6	5.2	5.0	6.7	10.4
180 to 219 acres	7.6	7.7	7.3	3.8	3.8	4.2	6.6
220 to 259 acres	7.0	7.0	7.0	3.5	3.6	3.0	6.3
260 to 499 acres	21.9	21.7	24.4	13.9	14.0	12.7	19.3
500 to 999 acres	11.8	11.3	15.1	14.5	14.7	12.4	10.4
1,000 to 1,999 acres	5.1	4.7	6.9	11.2	11.2	11.3	5.6
2,000 acres and over	3.4	2.8	5.3	20.5	20.0	26.4	5.5

Percent distribution by value of land and buildings

	Total	Individual	Partnership	Corporations			Other
				Total	10 shareholders	More than 10	
					or fewer	shareholders	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1 to \$9,999	5.7	6.0	4.4	3.1	3.2	2.8	7.7
\$10,000 to \$19,999	10.1	10.5	7.5	4.7	4.6	5.4	9.6
\$20,000 to \$39,999	21.4	22.2	17.0	8.5	8.6	7.4	19.3
\$40,000 to \$69,999	21.9	22.4	20.0	11.0	11.0	10.1	19.0
\$70,000 to \$99,999	12.7	12.8	13.1	7.9	7.9	7.8	11.5
\$100,000 to \$149,999	11.4	11.2	13.4	9.9	10.1	8.0	11.9
\$150,000 to \$199,999	6.0	5.7	7.6	8.0	8.2	5.2	6.3
\$200,000 to \$499,999	8.6	7.7	12.9	23.7	24.2	17.6	10.6
\$500,000 and over	2.2	1.6	4.1	23.3	22.2	35.7	4.2

Percent distribution by value of machinery and equipment

	Total	Individual	Partnership	Corporations			Other
				Total	10 shareholders	More than 10	
					or fewer	shareholders	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1 to \$4,999	31.7	32.9	24.7	16.5	16.4	16.6	37.8
\$5,000 to \$9,999	23.7	24.2	21.4	13.7	13.9	11.4	23.5
\$10,000 to \$19,999	23.1	23.0	24.1	19.0	19.2	16.6	20.6
\$20,000 to \$29,999	10.9	10.5	13.2	13.0	13.2	10.9	9.6
\$30,000 to \$49,999	7.0	6.5	10.0	13.3	13.4	12.7	5.3
\$50,000 and over	3.6	2.9	6.6	24.5	23.9	31.7	3.2

The farms with \$50,000 or more in value of machinery and equipment, regardless of type of organization, have a large share of the total value. Less than 3 percent of the individual farms have values of \$50,000 and over, but these farms account for over 16 percent of the machinery and equipment value. For partnerships, less than 7 percent of the farms account for about 30 percent of the value. For corporations, one-fourth of the farms account for three-fourths of the value.

operated, and less than 15 percent leased all of their land. For partnerships, only 41 percent owned all the land they operated.

Over 53 percent of the corporations with more than 10 shareholders owned all of the land they operated as compared with 47 percent of those corporations with 10 shareholders or fewer. See the accompanying table for percentage distribution for tenure.

Tenure of Operator

Of the individually operated farms, 52 percent owned all the land they operated, 33 percent owned part of the land they

Ownership of Land in Farms

The proportion of land in farms owned by the operator ranged from 55 percent for partnership farms to almost 70 percent for corporations with more than 10 shareholders. For the Northeast, almost four-fifths of the land operated by class 1-5 operators was owned; whereas, in the West only 56 percent of the land was owned. Corporations with more than 10 shareholders reported a higher proportion of owned land than did corporations with 10 shareholders or fewer. The proportion of land owned and rented is shown for the various types of organizations in the table on page 131.

Percent distribution by tenure

	Total	Full	Part	Tenants
		owners	owners	
Total	100.0	50.8	33.5	15.6
Individual	100.0	52.4	33.2	14.5
Partnership	100.0	40.9	36.7	22.5
Corporation total	100.0	47.6	33.5	18.9
10 shareholders				
or fewer	100.0	47.1	33.8	19.1
More than 10				
shareholders	100.0	53.2	30.2	16.6
Other	100.0	47.5	18.6	34.0

Age of Farm Operator

Among the types of organization, the farm operators for individual farms, with an average age of 50.6 years, were the oldest. Operators of "other" types of organization farms, with an average age of 47.5 years, were the youngest. Operators of partnership farms were the next youngest, on the average.

Percent distribution of land in farms by ownership

	United States		Northeast		North Central		South		West	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Total	59.0	41.0	79.0	21.0	58.7	41.3	60.5	39.5	56.4	43.6
Individual	59.8	40.2	79.6	20.4	59.8	40.2	60.9	39.1	56.6	43.4
Partnership	54.8	45.2	76.6	23.4	52.8	47.2	55.1	44.9	55.6	44.4
Corporation	60.1	39.9	74.3	25.7	66.8	33.2	69.0	31.0	56.0	44.0
10 shareholders or fewer....	58.1	41.9	73.1	26.9	66.7	33.3	63.4	36.6	55.0	45.0
More than 10 shareholders..	69.7	30.3	82.1	17.9	67.1	32.9	84.5	15.5	61.3	38.7
Other	64.5	35.5	80.4	19.6	50.9	49.1	68.1	31.9	68.3	31.7

Percent distribution by age

	All farms	Individual	Partnership	Corporation			Other
				Total	10 shareholders or fewer	More than 10 shareholders	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 25 years	1.9	1.7	2.9	1.3	1.3	0.7	4.0
25 to 34 years	10.4	9.8	14.0	11.1	11.2	10.9	16.0
35 to 44 years	20.2	20.0	21.1	22.7	22.6	24.3	20.8
45 to 54 years	28.2	28.3	27.3	29.7	29.7	30.4	26.1
55 to 64 years	26.4	26.8	23.9	23.2	23.1	24.2	22.5
65 years and over	13.0	13.4	10.7	12.0	12.2	9.5	10.5

Over two-fifths of the individual operators were 55 years and over in age compared with 35 percent of operators for partnerships and for corporations. Operators of corporations with more than 10 shareholders tend to be younger than operators of corporations with 10 shareholders or fewer. The younger age may be an indication that a larger proportion of farm managers have been reported as the operators of those corporations having more than 10 shareholders, and that owners tend to have been reported as operators of corporations with 10 or fewer shareholders. See the table above showing age distribution for the various types of organization.

Years on Farm

The number of years the farm operator has operated the farm varies among the types of organization. For operators of individually operated farms, 70 percent have been on the farm 10 years and over. This compares with 66 percent for operators of partnerships, and 54 percent for operators of corporations. Over one-fourth of the corporate operators have been operating the farm less than 5 years and one-tenth of the operators have been on the farm less than 2 years. See the accompanying table showing the percentage distribution of farm operators by years on farm.

Class of Farm

Partnerships and corporations tend to operate significantly larger farms than individuals or "other" organizations. For example, the proportion of partnership farms with sales of \$40,000 and over is almost double the proportion for individual farms. More than 57 percent of the corporations with 10 shareholders or fewer and almost 61 percent of those with more than 10 shareholders had sales of \$40,000 or more. The proportion of corporations in the higher classes is an understatement of the actual figures due to the misreporting of a sizable number of small farms as corporations. See the table on page 132 presenting the percentage distribution by value of sales by class of farm.

Although almost three-fifths of the farms operated by corporations were in class 1 in 1969, they represented less than 6 percent of all class-1 farms. Partnership farms accounted for 21 percent and individual farms accounted for 73 percent of the

Percent distribution by years on farm

	Total	Less than 5 years			
		Total	2 years or less	5 to 9 years	10 years and over
All farms	100.0	16.2	6.2	14.7	69.1
Individual	100.0	15.6	6.0	14.4	70.0
Partnership	100.0	18.0	6.6	16.0	66.0
Corporation, total	100.0	27.2	11.1	19.4	53.5
10 shareholders or fewer	100.0	26.7	10.9	19.4	53.9
More than 10 shareholders	100.0	32.4	14.1	19.8	47.8
Other	100.0	33.0	14.8	19.1	48.0

class-1 farms. For class-2 farms, corporations accounted for less than 1 percent of the total.

percent, and corporations accounted for almost 16 percent. In terms of acreage, individual farms accounted for 40 percent, whereas corporations accounted for 33 percent.

Percent distribution by value of sales

	Total	Class 1	Class 2	Class 3	Class 4	Class 5
Total	100.0	12.8	19.1	22.8	22.5	22.8
Individual	100.0	10.9	18.7	23.0	23.2	24.1
Partnership	100.0	20.8	22.2	22.6	18.9	15.5
Corporation, total .	100.0	57.4	13.2	10.5	9.2	9.6
10 shareholders						
or fewer	100.0	57.1	13.5	10.6	9.2	9.6
More than 10						
shareholders ...	100.0	60.7	10.4	9.3	9.7	10.0
Other	100.0	10.7	16.6	21.4	24.8	26.4

Large-Scale Farms

The relative importance of corporation farms increases as the per-farm value of sales of farm products increases. Table 2 taken from a statistical table for large-scale farms shown in chapter 7, shows the number of farms and the land in farms for each type of organization by various value-of-sales groups over \$100,000.

The 52 thousand large-scale farms (those with sales of \$100,000 or more in 1969) represented only 3 percent of all class 1-5 farms, but they accounted for 19 percent of the land in farms and 34 percent of the value of sales from these farms. Farms with sales of \$1 million or more comprised less than 1 percent of the class 1-5 farms, but accounted for 2 percent of the land in farms, and 12 percent of the value of sales for all class 1-5 farms.

By type of organization, individual farms accounted for 59 percent of all large-scale farms, partnerships accounted for 25

Within the classification of large-scale farms, individually operated farms tend to be substantially smaller than those operated by partnerships or corporations. About 75 percent of the large-scale individual farms had sales between \$100,000 and \$200,000 as compared with 68 percent of partnerships, and only 40 percent of the corporations. Only one-fourth of the large-scale corporations had sales of \$100,000 to \$199,999.

On the other extreme, only 4 percent of the large-scale individual farms had sales of \$500,000 and over compared with almost 7 percent of the partnerships, and almost 25 percent of the corporations. For those corporations with more than 10 shareholders, over 44 percent had sales of \$500,000 and over, and 36 percent had sales of \$1,000,000 and over.

The importance of type of organization under which farms are operated in each value-of-sales group is also of interest. Of those farms with sales of \$100,000 to \$200,000, almost two-thirds were operated by individuals, one-fourth by partnerships, and less than one-tenth by corporations. At the other extreme, corporations operated three-fifths of the farms with sales of \$1,000,000 and over. Individually operated farms and partnerships together accounted for less than 40 percent of the farms with sales of \$1,000,000 and over.

Source of Farm Sales

Of the \$44.5 billion of farm products sold from class 1-5 farms, individually operated farms accounted for almost 68 percent and partnerships accounted for less than 18 percent. For the various kinds of farm products sold, the proportions produced and sold by farm corporations vary substantially more than the other types of organization.

Table 2. Large-Scale Farms, Acres, Percent Distribution by Type of Organization: 1969

	Total		Individual		Partnership		Corporation						Other	
	Farms	Acres	Farms	Acres	Farms	Acres	Total		10 shareholders or fewer		More than 10 shareholders		Farms	Acres
							Farms	Acres	Farms	Acres	Farms	Acres		
	Number													
Class 1a, total.....	51,995	171,832,316	30,683	69,267,687	13,049	44,041,177	8,049	55,938,646	7,191	43,326,093	858	12,612,553	214	2,584,806
\$100,000 to \$199,999.....	35,308	81,990,349	23,096	41,907,460	8,884	22,210,397	3,223	17,257,698	3,012	15,832,547	211	1,425,151	105	614,794
\$200,000 to \$299,999.....	7,926	30,266,688	4,236	12,750,997	2,143	8,191,698	1,509	8,963,159	1,377	7,833,938	132	1,129,221	38	360,834
\$300,000 to \$399,999.....	3,145	17,189,674	1,483	4,909,984	787	4,388,430	857	7,642,647	773	5,567,330	84	2,075,317	18	248,613
\$400,000 to \$499,999.....	1,537	8,598,303	679	3,160,370	373	2,091,212	475	3,243,276	423	2,266,699	52	976,577	10	103,445
\$500,000 to \$699,999.....	1,531	11,167,033	576	2,952,685	364	2,686,849	580	5,308,275	508	4,051,454	72	1,256,821	11	219,224
\$700,000 to \$999,999.....	962	6,576,080	307	1,745,342	211	1,133,624	435	3,580,572	367	2,386,295	68	1,194,277	9	116,542
\$1,000,000 and over.....	1,586	16,044,189	306	1,840,849	287	3,338,967	970	9,943,019	731	5,387,830	239	4,555,189	23	921,354
	Percent distribution by value of sales													
Class 1a, total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$100,000 to \$199,999.....	67.9	47.7	75.3	60.5	68.1	50.4	40.0	30.9	41.9	36.5	24.6	11.3	49.1	23.8
\$200,000 to \$299,999.....	15.2	17.6	13.8	18.4	16.4	18.6	18.7	16.0	19.1	18.1	15.4	9.0	17.8	14.0
\$300,000 to \$399,999.....	6.0	10.0	4.8	7.1	6.0	10.0	10.6	13.7	10.7	12.8	9.8	16.5	8.4	9.6
\$400,000 to \$499,999.....	3.0	5.0	2.2	4.6	2.9	4.7	5.9	5.8	5.9	5.2	6.1	7.7	4.7	4.0
\$500,000 to \$699,999.....	2.9	6.5	1.9	4.3	2.8	6.1	7.2	9.5	7.1	9.4	8.4	10.0	5.1	8.5
\$700,000 to \$999,999.....	1.9	3.8	1.0	2.5	1.6	2.6	5.4	6.4	5.1	5.5	7.9	9.5	4.2	4.5
\$1,000,000 and over.....	3.1	9.4	1.0	2.7	2.2	7.6	12.1	17.8	10.2	12.4	27.9	36.1	10.7	35.6
	Percent distribution by type of organization													
Class 1a, total.....	100.0	100.0	59.0	40.3	25.1	25.6	15.5	32.6	13.8	25.2	1.7	7.3	0.4	1.5
\$100,000 to \$199,999.....	100.0	100.0	65.4	51.1	25.2	27.1	9.1	21.0	8.5	19.3	0.6	1.7	0.3	0.7
\$200,000 to \$299,999.....	100.0	100.0	53.4	42.1	27.0	27.1	19.0	29.6	17.4	25.9	1.7	3.7	0.5	1.2
\$300,000 to \$399,999.....	100.0	100.0	47.2	28.6	25.0	25.5	27.2	44.5	24.6	32.4	2.7	12.1	0.6	1.4
\$400,000 to \$499,999.....	100.0	100.0	44.2	36.8	24.3	24.3	30.9	37.7	27.5	26.4	3.4	11.4	0.7	1.2
\$500,000 to \$699,999.....	100.0	100.0	37.6	26.4	23.8	24.1	37.9	47.5	33.2	36.3	4.7	11.3	0.7	2.0
\$700,000 to \$999,999.....	100.0	100.0	31.9	26.5	21.9	17.2	45.2	54.4	38.1	36.3	7.1	18.2	0.9	1.8
\$1,000,000 and over.....	100.0	100.0	19.3	11.5	18.1	20.8	61.2	62.0	46.1	33.6	15.1	28.4	1.5	5.7

Corporations were particularly important in the sales of nursery products; vegetables, sweet corn, and melons; other field crops; fruits, nuts, and berries; cattle other than dairy; and poultry. Corporations were least important in the sales of grains; hogs, sheep, and goats; dairy products; dairy cattle; tobacco; and field seeds.

In 1969, 1,685 corporations accounted for \$403 million or 32 percent of the total \$1.3 billion of vegetables sold from class 1-5 farms. For other field crops, 2,050 corporations sold \$425 million or 28 percent of the total \$1.5 billion sold from class 1-5 farms. Corporations with more than 10 shareholders were particularly important in the production of other field crops as

	All farms	Individual	Partnership	Corporation			Other
				Total	10 shareholders or fewer	More than 10 shareholders	
Percent distribution by source of farm sales							
Total	100.0	67.8	17.4	14.1	11.2	2.9	0.6
Grains	100.0	78.6	17.6	3.3	2.8	0.5	0.6
Tobacco	100.0	76.7	16.9	5.8	3.3	2.5	0.7
Cotton and cottonseed	100.0	68.3	19.5	11.7	9.6	2.1	0.5
Field seeds, hay, forage, and silage	100.0	75.3	17.4	6.8	5.9	0.8	0.6
Other field crops	100.0	54.1	17.8	27.7	15.0	12.7	0.4
Vegetables, sweet corn, and melons	100.0	44.8	23.3	31.7	25.9	5.9	0.2
Fruits, nuts, and berries	100.0	53.2	19.2	24.2	18.0	6.2	3.5
Poultry and poultry products ..	100.0	70.6	11.3	17.8	15.1	2.7	0.4
Dairy products	100.0	77.8	18.2	3.7	3.4	0.3	0.4
Dairy cattle and calves	100.0	78.7	16.8	4.1	3.8	0.3	0.4
Other cattle and calves	100.0	58.8	18.0	22.8	18.1	4.6	0.4
Hogs, sheep, and goats	100.0	77.5	18.6	3.4	2.9	0.4	0.5
Other livestock and livestock products	100.0	73.7	13.4	12.4	11.1	1.3	0.5
Nursery and greenhouse products	100.0	37.2	12.4	50.0	42.2	7.8	0.3
Forest products	100.0	76.4	16.3	6.3	4.9	1.5	1.0

Percent distribution by type of product sold

Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grains	18.2	21.1	18.4	4.3	4.6	2.9	17.6
Tobacco	2.2	2.5	2.2	0.9	0.6	1.9	2.7
Cotton and cottonseed	2.4	2.4	2.6	2.0	2.0	1.7	2.0
Field seeds, hay, forage, and silage	2.0	2.2	2.0	1.0	1.1	0.6	2.0
Other field crops	3.4	2.8	3.5	6.7	4.6	15.1	2.5
Vegetables, sweet corn, and melons	2.9	1.9	3.8	6.4	6.6	5.8	1.0
Fruits, nuts, and berries	3.9	3.0	4.3	6.6	6.2	8.2	23.5
Poultry and poultry products ..	8.8	9.1	5.7	11.0	11.8	8.1	5.6
Dairy products	12.2	13.9	12.7	3.2	3.7	1.2	7.9
Dairy cattle and calves	2.1	2.4	2.0	0.6	0.7	0.2	1.6
Other cattle and calves	29.4	25.5	30.3	47.4	47.4	47.1	22.8
Hogs, sheep, and goats	9.8	11.2	10.4	2.3	2.6	1.4	8.8
Other livestock and livestock products	0.4	0.5	0.3	0.4	0.4	0.2	0.4
Nursery and greenhouse products	2.0	1.1	1.4	7.1	7.6	5.5	1.1
Forest products	0.3	0.4	0.3	0.1	0.1	0.2	0.6

they sold almost 13 percent of the total. The sale of pineapples and sugarcane accounted for a sizable proportion of this total. For most other farm products, corporations with 10 shareholders or fewer accounted for the bulk of the farm sales from corporations.

Farms operated by individuals, partnerships, or "other" organizations tended toward more general farming rather than specialized, and relied on crop production to a greater extent than farms operated by corporations. Corporations conversely tended to be more specialized in those crops or livestock which can be readily produced on a large scale, which can be highly mechanized, and which generally require large amounts of capital and other inputs. For example, the production of fresh market vegetables, sugarcane, pineapples, certain fruit such as citrus, broilers, turkeys, eggs, and fattened cattle are most applicable for large-scale production. Over 58 percent of the farm sales from corporations came from the sale of cattle other than dairy, and poultry and poultry products. Another 27 percent came from the sale of other field crops; vegetables, sweet corn, and melons; fruit, nuts, and berries; and nursery and greenhouse products.

Although figures are not available, it appears that the characteristics of most family-owned corporations are not greatly different from those for larger individual or partnership farms, except for a relatively small number of very large corporations which tend to be highly specialized in their production activities such as large commercial feedlots.

Products Produced

Farms operated by corporations sold one-third of the cattle and calves fattened on grain and concentrates and 30 percent of the turkeys sold. They harvested 24 percent of the vegetable acreage, controlled 22 percent of the land in orchards, and had 21 percent of the chickens 3 months old and older on hand. On the other hand, corporations had less than 3 percent of the milk cows and hogs and pigs on hand, and harvested less than 3 percent of the following: Field corn for all purposes, sorghums for all purposes, wheat, soybeans, peanuts, and tobacco. A percent distribution for a number of major products is shown in the following table by type of organization.

Percent distribution of selected products

	Total	Individual	Partnership	Corporation			Other
				Total	10 or fewer shareholders	More than 10 shareholders	
Cattle and calves	100.0	72.2	17.8	9.3	7.7	1.6	0.6
Milk cows	100.0	79.1	17.6	2.8	2.6	0.2	0.4
Cattle and calves sold	100.0	65.6	17.5	16.4	13.3	3.1	0.5
Cattle and calves fattened on grain and concentrates ..	100.0	47.5	18.4	33.8	26.6	7.2	0.2
Hogs and pigs on hand	100.0	79.0	18.8	1.6	1.4	0.3	0.5
Hogs and pigs sold	100.0	79.5	18.2	1.8	1.5	0.3	0.5
Chickens 3 months old or older Broilers and other meat-type chickens less than 3 months old sold	100.0	66.5	12.3	21.0	18.2	2.8	0.3
Turkeys sold	100.0	56.4	13.2	29.9	24.2	5.7	0.5
Field corn for all purposes	100.0	79.3	18.1	2.0	1.8	0.2	0.5
Sorghums for all purposes	100.0	81.3	15.8	2.4	2.1	0.3	0.5
Wheat	100.0	81.3	15.8	2.3	2.2	0.1	0.5
Soybeans for beans	100.0	78.9	18.0	2.6	2.3	0.3	0.5
Peanuts for nuts	100.0	79.7	17.5	2.2	2.1	0.1	0.6
Cotton	100.0	76.6	17.3	5.6	4.8	0.9	0.6
Irish potatoes	100.0	61.8	22.6	15.4	14.5	0.9	0.2
Tobacco	100.0	79.7	16.8	2.8	2.1	0.7	0.8
All vegetables	100.0	54.8	20.7	24.2	16.7	7.5	0.3
Land in orchards	100.0	56.5	18.8	21.6	15.6	6.0	3.2