

1974 Census of Agriculture

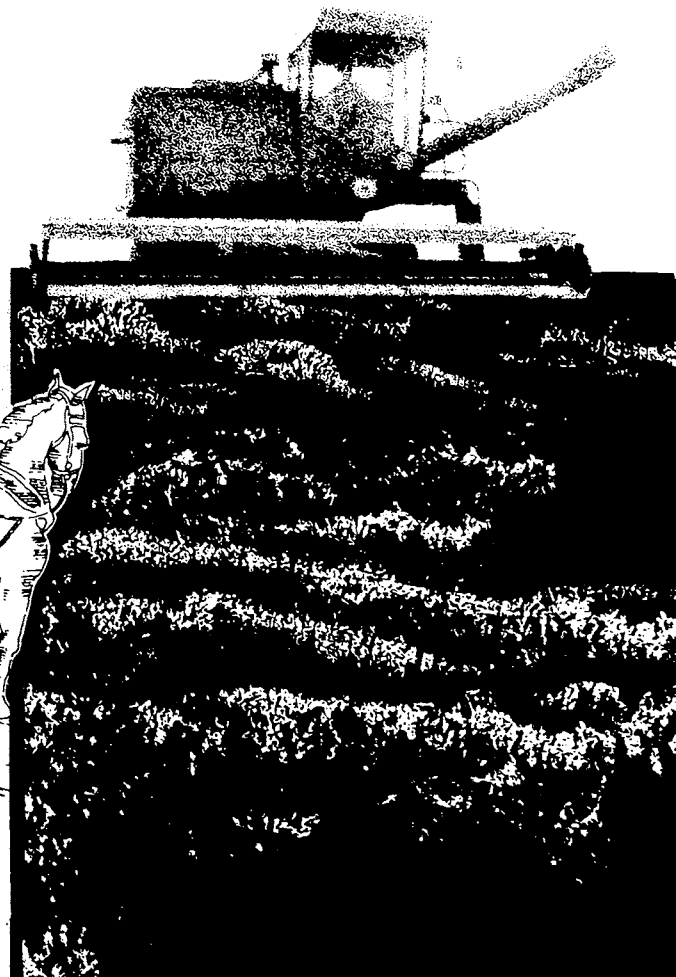
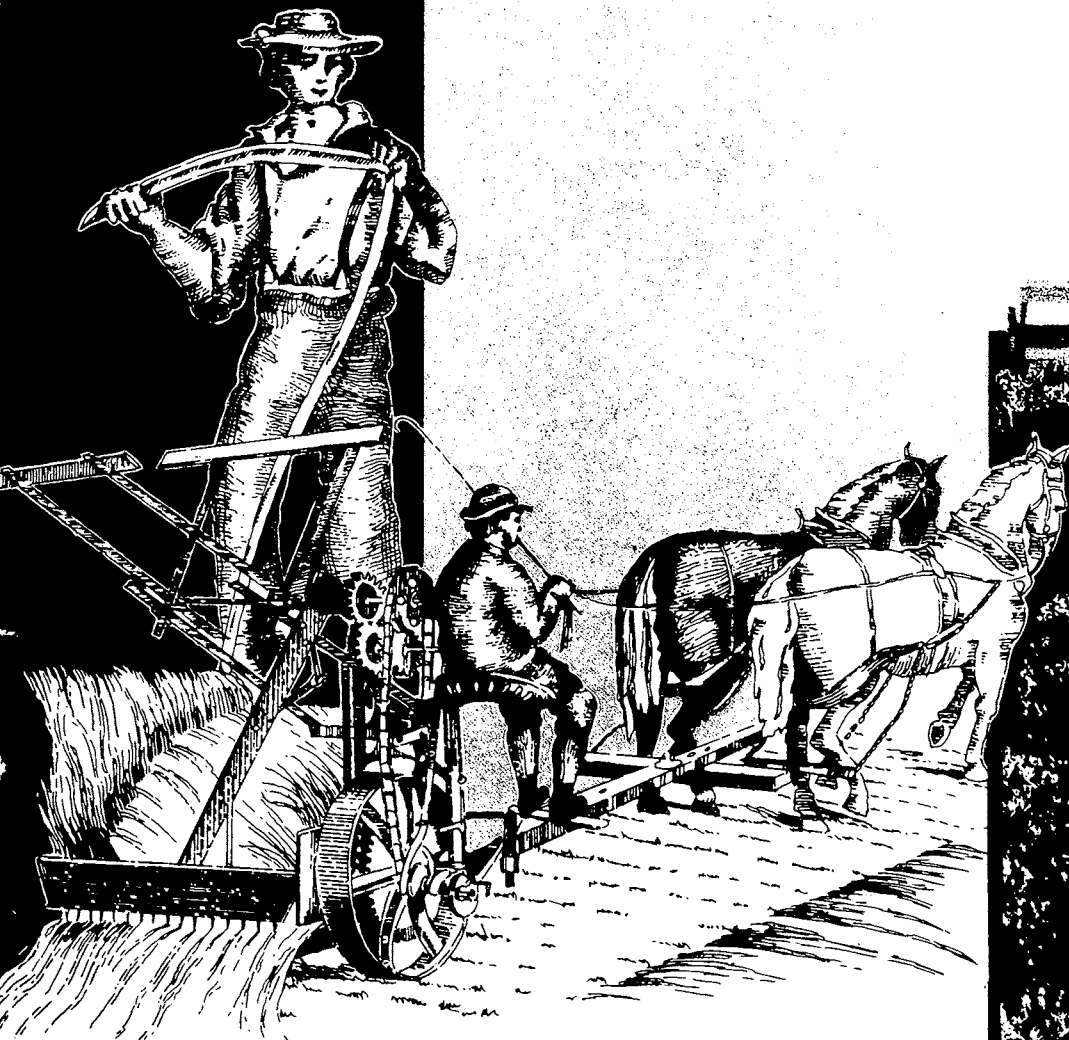
U.S. Department of Commerce
BUREAU OF THE CENSUS

U.S. Department of Agriculture
ECONOMICS, STATISTICS, AND
COOPERATIVES SERVICE

Volume IV
Special Reports

Part 7

Agricultural Production and Marketing Contracts



1974 Census of Agriculture

**CROPS
AGRICULTURE DIVISION**
DONALD R. JAHNKE

Volume IV

Special Reports

Part 7

Agricultural Production and Marketing Contracts

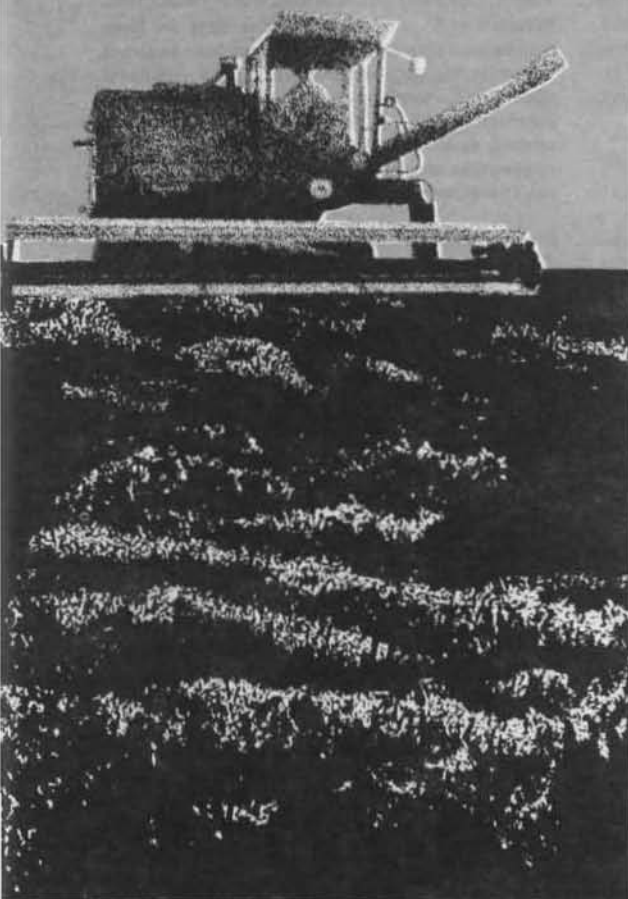
Issued February 1979

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ACKNOWLEDGEMENTS—Many persons participated in the various activities of the 1974 Census of Agriculture. Primary direction was by Shirley Kallek, Associate Director for Economic Fields. Her predecessor, James W. Turbitt, now Associate Director for Adminis-

tration and Field Operations, directed the early stages of planning for the census.

This report was prepared in the Agriculture Division under the general supervision of Orvin L. Wilhite, Chief, and Arnold L. Bollenbacher, Assistant Division Chief. Thomas D. Monroe, Chief of the Livestock Statistics Branch, assisted by James T. Cowan and James C. Vogelsang was responsible for the overall planning including the specifications for editing and tabulations. Linda J. Hutton prepared the computer programming for the tabulations. The statistical tables were reviewed and the text was prepared by James C. Vogelsang. Regina E. Lindsey provided editorial services and liaison in the publications area. Charles E. Rogers and David D. Chapman provided the sample selection specifications.

Allen J. Blackburn, under the direction of Stephen W. Schobel, prepared the computer specifications for editing and, with the assistance of James D. Pizzola, performed the computer edit programming.

The Data Preparation Division in Jeffersonville, Ind. under the direction of Don L. Adams, Chief, assisted by Rebecca Nesbit, performed the data keying and a large portion of the clerical operations for this report. William A. Harlan and Arlon M. Scott were responsible for the technical direction. The computer processing facilities used were under the general supervision of Thomas C. Dinenna, Chief of the Computer Services Division.

Within the Publication Services Division, many individuals made significant contributions in the areas of publication planning and design, editorial review, composition, and printing procurement.

This survey was sponsored by the National Economic Analysis Division, Economic, Statistics, and Cooperatives Service of the U.S. Department of Agriculture. Bruce H. Wright, Donn A. Reimund, and J. Rod Martin gave generously of their time in establishing data requirements and priorities for this survey.

Special tribute is paid to the farm and ranch operators and other people associated with the contracting of agricultural commodities who furnished the information requested in the survey. Only through their cooperation was it possible to collect and publish the data in this report.

Library of Congress Cataloging in Publication Data

United States. Bureau of the Census.
1974 census of agriculture.

CONTENTS: v. 1. State reports. v.—v.2.
Statistics by subject. v.—v. 3. Agricultural
services. v.—v. 4. Special reports. v.

1. Agriculture—Economic aspects—United
States—Statistics—Collected works. I. Title.
II. Title: Census of agriculture.

HD1753 1974.887 1977 338.1'0973

76-608387

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REPORTS OF 1974 CENSUS OF AGRICULTURE

Preliminary Reports. Four pages of data published separately for each county having 10 farms or more, and for each State, the four geographic regions, and the United States. *The statistics printed in these reports are superseded by those in the final reports, Volumes I through IV.*

Volume I. State and County Data. One for each State, the United States, Puerto Rico, Guam, and the Virgin Islands, covering the area and its subdivisions. The reports for the States contain data for all farms and farms with sales of \$2,500 and over. *Chapter I* contains detailed data at the State level classified by size of farm, tenure and age of farm operator, type of organization, value of products sold, and major type of farm; *Chapter II*, county data summarized by subject; *Chapter III*, county data by subject for miscellaneous crop and livestock items found in relatively few counties; *Chapter IV*, county data by county.

Volume II. Statistics by Subject. Nine parts containing data for the United States, geographic regions and divisions, and States, for all farms and farms with sales of \$2,500 and over.

Volume III. Agricultural Services. Data by county for each State covering establishments whose primary activities are providing agricultural services. Data at the U.S., State, and county levels for all establishments are presented for selected four-digit standard industrial classification codes by size and type of organi-

zation. Data shown include dollar volume of business, gross receipts from products provided, gross receipts, labor and payroll by type of service performed, capital expenditures, and expenditures for electricity, gasoline, petroleum, and other fuels.

Volume IV. Special Reports.

Part 1. Graphic Summary. Profiles the Nation's agricultural system in a series of U.S. maps, a number of which are printed in color. The characteristics of America's farms in 1974 are illustrated for crops, livestock, and many other characteristics.

Part 2. Ranking Counties and States. Reports on the top ranking 100 counties and 10 States in descending order of importance for 88 selected items for 1974 with comparative data for 1969.

Part 3. Coverage Evaluation. Shows the completeness of the agriculture census for States, geographic divisions, and the United States. Data also show the characteristics of farms missed by value of sales and by selected standard industrial (type-of-farm) classifications. Sampling reliability of the estimate of coverage is shown by value of sales classifications.

Part 4. Procedural History. A comprehensive summary of the procedures used in conducting the 1974 Census of Agriculture. in the 50 States, Puerto Rico, Guam, and the Virgin Islands. The history explains the procedures used from early planning and testing through tabulation and publication of the final reports.

Part 5. Corporations in Agricultural Production. Presents U.S. and selected State data on farm production characteristics and nonfarm business activities for corporations reporting agricultural operations, including the proportions of business receipts from farm, farm-related, and nonfarm-related business activities. Where appropriate, production characteristics are related to corporate characteristics.

Part 6. Partnerships in Agricultural Production. Reports in depth on characteristics of farm partnerships for 1976 for the United States, with selected data for States. The survey data are based on a sample of partnerships selected from the 1974 Census of Agriculture. Where appropriate, related characteristics reported in the 1974 census are shown. The report has been prepared in cooperation with Economic Statistics and Cooperative Service, U.S. Department of Agriculture.

Part 7. Agricultural Production and Marketing Contracts. Presents detailed information on eight commodities produced and/or marketed under production and marketing contracts in 1977: Feeder and stocker cattle, fattened cattle, feeder pigs, slaughter hogs, broilers, layers, tomatoes, and potatoes. Data are presented for groups of States comprising areas of concentration, based on samples of farms reporting contracts in the 1974 Census of Agriculture. The report has been prepared in cooperation with the Economic Statistics and Cooperative Service, U.S. Department of Agriculture.

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INTRODUCTION

Authority, Area Covered, and History

The 1974 Census of Agriculture was taken in accordance with the provisions of title 13, United States Code, reaffirmed by section 818 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86). Sections 142(a) and 191 of title 13 provide for a census of agriculture every 5 years in each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The 1974 census is the 20th nationwide census of agriculture and the second conducted primarily by mail.

Source of Data

All data presented are from the 1977 Contract Survey which was conducted in late 1977. This survey was conducted by the Bureau of the Census in cooperation with the Economics, Statistics, and Cooperatives Service (ESCS) of the U.S. Department of Agriculture (USDA).

The principal items included in the report forms were determined in meetings with the ESCS and from written suggestions received from USDA staff members located in areas where contracting of the commodities is a common occurrence.

In August 1977, draft versions of the report forms were field tested in a limited number of interviews conducted by professional staff members of the Agriculture Division and several staff members of ESCS, who also obtained the respondents' reactions to the purpose and content of the survey. Based on results of the field test and comments received from the professional staff, the finalized version of the eight report forms (A70 to A77) were mailed to the selected sample of respondents in early October with two

subsequent followup mailings. The original mailout was comprised of 5,475 report forms.

Unpublished Data

Essentially all data collected in this survey has been presented in the accompanying tables. Exception to this occurs with regard to the data collected for fattened cattle contracts. The problems encountered in this phase of the survey will be discussed in Limitations of the Survey Data.

Historical Data

Since 1960, the census of agriculture has attempted to gather data on the use and characteristics of contracts in a number of surveys or censuses. The majority of these efforts, however, concentrated on tabulating the incidence of various commodities being produced or marketed under contract arrangements rather than the collection of data regarding contract characteristics. In the 1960 Sample Survey of Agriculture, approximately 147,000 (4.5 percent) of all farm operators reported that they had contracts relating to the production or marketing of 1 or more of 14 selected farm products.

Contracts or agreements were reported by an estimated 141,000 farms (6.5 percent) of farms with sales of \$2,500 or more in the 1965 Sample Survey of Agriculture. A majority of these contracts involved the production of poultry or fruits and tree nuts.

The 1969 Census of Agriculture tabulated 156,000 contracts on farms with sales of \$2,500 and over. Information was obtained for production and marketing types of contracts.

Volume 1, Part 51, **United States Summary and State Data**, presents data regarding contract usage as collected in the 1974 Census of Agriculture. The data reported involved type of contract, type of contractor, items furnished by contractor, amount received, and whether the amount received was specified in the contract.

No directly comparable historical data, however, exist for the 1977 Contract Survey.

Office Processing

The report forms for all respondents were reviewed prior to keying the data to magnetic tape. This involved a clerical screening of the forms for completeness as well as a review by professional staff members of any unusual data problems. Telephone calls were made to those respondents whose reports were significantly incomplete or whose contract status was uncertain. Upon completion of this review, the data were keyed to magnetic tape and subjected to the computer edit program for consistency checks. Any inconsistencies were identified by the computer and edit listings were produced to be clerically reviewed. Corrections made at this stage of processing were then carried to the computer record. Following the edit review, the data were tabulated. The table review stage consisted of verifying the data and making adjustments to correct minor discrepancies.

Abbreviations and Symbols

The following symbols are used throughout the tables:

Represents zero.

NA Not available.

GENERAL EXPLANATION

Background

Perhaps the most obvious trend in the development of the agricultural industry in America has been the movement from complete subsistence farming of the colonial era to the highly specialized farming of today. Until the late 1800's most products grown on the American farm were consumed there. In contrast, today's farmers actually consume very little of the commodities they produce and rely on the market to assimilate all or nearly all of their production.

Advancements in technology in the last 30 years have enabled farmers to increase the productivity of their operations through increased acreage and specialization. In adopting this technology, the farmer has had to make a significantly larger financial investment of both production and capital costs. During the same period, techniques of food processing, distribution, and marketing have also become more specialized. Markets increasingly are requiring a more uniform supply and standardization in quality of product.

To meet these marketing needs, large processors have arranged various kinds of contracts with producers to ensure the quantities and qualities of products required. On the other hand, producers faced with a lack of financial resources or with increasing financial risks at the market place often view contracts as a means of stabilizing their incomes. Thus, the use of production and marketing contracts have increased significantly in recent years.

Simply stated, a contract is a written or oral agreement between the farmer and another party that specifies one or more

conditions of the production and/or marketing of an agricultural commodity. Certain agricultural products tend to be contracted more than others depending on the nature of the production and marketing practices for the commodity in question.

Tabulations of the 1974 Census of Agriculture indicated the extent of use of production and marketing contracts by farmers as a means of channeling commodities to market. Approximately 156,000 farm operators reported the use of production or marketing contracts. This represents 9.2 percent of farms with sales of \$2,500 and over in the United States. However, specifics regarding the nature and characteristics of contractual arrangements were lacking. The purpose of the 1977 Contract Survey was to provide this specialized information on contracts for a select group of commodities by collecting data on the methods used to initiate a contract, the terms of individual contracts, and the provisions for variation in quantity and quality produced. Additionally, data were obtained on the type of organization of farm business and the farm income of those surveyed having legitimate contracts. The grounds for terminating the contracting arrangements were requested for those reporting no contract in 1977.

Due to the range, variability, and the complexity of contractual arrangements and to facilitate the collection of meaningful data, the survey was limited to eight commodities commonly produced under contract as reported in the 1974 Census of Agriculture. The commodities selected were feeder or stocker cattle, fattened cattle, feeder pigs, slaughter hogs, broilers, chicken eggs, tomatoes for

processing, and potatoes. Eight separate report forms were used with questions tailored to each commodity.

This approach was employed for making the questions more direct and easing the job in completing the report form. The similarities among the general content of the report forms, however, still enable the comparison of contractual arrangements used for the different commodities. Copies of the report form used in each survey follow the tables for each commodity.

The collection of data for the 1977 Contract Survey was limited to selected regional areas. Those respondents reporting a contract for one of the eight commodities on the 1974 Census of Agriculture were subjected to the sampling procedure based upon their regional location. Descriptions of these regions are graphically presented in the U.S. maps that preface the tables for each commodity. Note should be taken that the regions surveyed vary by commodity. The use of regional definitions permitted the concentration of data collection efforts in those areas of the United States where the use of contracts for the specific commodity is prevalent, and minimized the size of the sample required.

Sample Selection

The sampling procedure used for the contract survey provided a total mailout of 5,475. All cases were selected from farms with more than \$2,500 in sales and with a contract reported on their 1974 Census of Agriculture report forms for the commodity being surveyed.

Regions were selected where contract usage for the commodity was more highly concentrated. Samples were drawn for

GENERAL EXPLANATION Continued

each commodity in the predefined regions. Once an individual farm was selected to receive a particular report form, the farm record was no longer eligible to be sampled for a second commodity grown under contract. This action had a negligible effect on the sample selection, however, as few respondents reported 1974 contracts for more than one of the eight commodities.

The number of States to be sampled, the priority employed in selecting an individual reporting more than one of the eight commodities under contract, and the sample size of each commodity surveyed were:

States sam- pled	Commodity and priority	Sam- ple size
21 ...	Tomatoes for processing (1) .	532
27 ...	Potatoes (2)	805
28 ...	Feeder pigs (3)	283
28 ...	Slaughter hogs (4)	344
25 ...	Fattened cattle (5)	144
27 ...	Feeder cattle (6)	433
37 ...	Chicken eggs (7)	1,173
24 ...	Broilers (8)	1,761

Collection Procedures

The contract report forms were mailed to the respondents on October 14, 1977. Following the original mailout, there were two mail followups which took place at approximately 2-week intervals. The data collection activities conducted by mail resulted in total receipts for all form types of 3,788. Following the mail collection activities, telephone interviews were conducted to attain a minimum response rate of 80 percent in each of the selected regions for each commodity. There was no reason to believe that the nature and characteristics of the response for the remaining 20 percent of these individuals mailed survey forms would differ from the 80 percent responding. Hence, for reasons of economic feasibility and expediting data processing, this acceptable response rate of 80 percent was utilized. The telephone followup interviews were conducted by staff members of the Jeffersonville and Washington offices of the Bureau of the

Census and resulted in 647 additional receipts for a total response of 4,435 (81 percent).

Limitations of the Survey Data

This survey was designed to collect specialized information on contract characteristics and usage. The choices of commodities surveyed and the design of the report forms facilitated the accomplishment of this objective, but at the same time precluded the meaningfulness of expanding the data to reflect contract characteristics of all farmers in the United States who utilize contracts. Hence, the data as presented represent only totals for each of the eight commodities surveyed and in no way have been expanded to represent all individuals utilizing contracts for the commodities in question.

All farm operators chosen for this survey reported the use of a contract in 1974 for the production or marketing of one of the eight commodities being enumerated. A brief review of early survey receipts, however, indicated that a sizable number of respondents had either misunderstood and misreported contract usage on their 1974 census reports or did in fact utilize contracts in 1974, but were no longer producing or marketing the commodity under contract in 1977. Final tabulations of all respondents indicate the latter case to be true in approximately one-third of the cases. Table 1 presents data regarding the number of contracts reported active in 1977, the number of contracts reported terminated prior to 1977, and the grounds for their termination.

Entry into and exit from contract usage was more pronounced with certain commodities than it was with others. In the case of fattened cattle, the survey size

of 144 cases produced only 9 active contracts for calendar year 1977 and 55 respondents reporting the termination of their fattened cattle contracts prior to 1977. As a result, the presentation of fattened cattle data in the same table format as employed for the remaining seven commodities would not be meaningful.

The data as published represent the reported data with only inconsistencies reviewed and corrected. Minimal imputation of data was performed during processing.

Definitions and Explanations

For exact wording of the questions and instructions in the survey forms, see the reproductions at the end of the tables for each commodity surveyed.

Farm—The 1974 Census of Agriculture farm definition was employed for this survey and was stated as "all land on which agricultural operations were conducted under the day-to-day control of an individual management, and from which \$1,000 or more of agricultural products were sold or would normally have been sold during a year."

Farm operator—Again the 1974 Census of Agriculture definition was used which was "a person who operates a farm, either doing the work himself or directly supervising the work."

Contract—In this survey a contract was defined to be a binding agreement, which may be either written or oral, between the farm operator and another party that specifies one or more conditions of the production and/or marketing of one of the eight commodities surveyed.

Table 1. **Contracts Active in 1977 and Contracts Terminated Prior to 1977**

	Contracts terminated prior to 1977			Grounds for termination			
	Total	1977 contracts		Individual decision	Group decision	Joint decision	Decision by contractor
Feeder cattle.....	339	89	103	81	5	10	7
Fattened cattle.....	116	9	55	45	5	3	2
Feeder pigs.....	234	132	70	55	4	7	4
Slaughter hogs.....	281	56	154	133	4	6	11
Broilers.....	1,408	1,056	337	272	5	15	45
Chicken eggs.....	930	557	320	269	7	21	23
Tomatoes for processing...	425	280	134	109	3	5	17
Potatoes.....	640	359	218	190	5	5	18

GENERAL EXPLANATION Continued

Contractee/producer—These terms are used interchangeably throughout this survey in referring to the farm operator that is the party of the contract responsible for producing or raising on his place one of the eight commodities surveyed.

Contractor—The contractor is the party offering the agreement to the producer and who will, at a point in time, gain ownership of the commodity in question.

Additional definitions used in the 1974 Census of Agriculture are published in Volume II, Part 1, **General Information: Procedures for Collection, Processing and Classification**.

Summary of Findings

Production Versus Marketing Contracts

A frequently employed categorization of contract arrangements is that of production versus marketing contracts. In general, production contracts are agreements whereby the contractor supplies some or most of the inputs for production and generally the terms of this contract are very specific in nature. Conversely, the contractee is limited in the degree of control over the amount produced and the production practices of the commodity under contract and generally provides such production inputs as labor, utilities, housing, machinery and/or equipment. A major advantage of production contracts is that the contractee bears a minimum of risk in undertaking the contract with the price to be received generally agreed upon prior to or during the production period. The price received by the contractee generally does not reflect the full market value of the commodity (see table 7). Additionally, the individual utilizing a production

contract, in many cases, would not grow or produce the commodity unless the contractual arrangement existed.

The terms of marketing contracts, however, are generally dominated by the contractee with the primary responsibility of the contractor being to provide the market for the commodity. The contractee or producer is free to employ a high degree of entrepreneurship in the production of the commodity and is thereby compensated by a payment more reflective of the market value of the product.

Although classification of contracts into production or marketing is not exact, based on data for seven commodities shown in this report, it is possible to classify the contracts of certain of the commodities as being production or marketing oriented. In the case of broilers, for example, the key terms of the contract appear to be determined by the contractors, a major share of the production items are furnished by the contractors, and the determination of the payment to be made is dominated by them. The contractee exercises a minimum degree of control over broiler production with the major inputs supplied by the farm operator being labor and housing. The average unit price the producer receives is also low compared to a broiler's market value. Hence, broiler contracts tend to be production contracts rather than marketing contracts.

In contrast, the terms and production inputs furnished as tabulated for feeder and/or stocker cattle contracts are dominated by producer decisions. Also, the price received by the producer closely approximates the market price of the cattle. These contracts tend to be classified as marketing contracts.

Tabulations of the slaughter hog contracts give no clear indication of

production or marketing contracts being dominant. As true with many commodities, both types of arrangements are possible and actually occur in slaughter hog contracting. Identifying slaughter hog production contracts as those in which the contractor furnishes both the feeder pigs and feed, and defining marketing contracts as those in which the producer furnishes both the feeder pigs and feed resulted in the tabulation of 32 production contracts and 18 marketing contracts. The remaining slaughter hog contracts reported the contractor supplying either the feeder pigs or the feed, but not both, while the producer furnished the other input. Hence, these contracts are not easily classified as being one or the other. A comparison of the contract characteristics of timing, terms, and production items furnished for production and marketing contracts can be seen in tables 2, 3, and 4.

A comparison of the timing characteristics of the two types of contracts indicate that agreement is reached prior to production on contract specifics, price determination, and contractor ownership of the product for the production contracts while marketing contracts indicate that agreement on these issues generally occurs sometime after production begins. The terms of production and marketing contracts emphasize the respective domination by contractor and producer of each type of contract. The producer, however, is more dominant in dictating the terms of marketing contracts than the contractor is in dominating the terms of production contracts.

Excepting slaughter hogs, the timing, terms, and production items furnished for the remaining commodities surveyed are predominantly marketing or production oriented, but not split between the two types of arrangements.

Table 2. **Timing of Marketing and Production Contracts for Slaughter Hogs**

	Farms with marketing contracts						Farms with production contracts					
	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
Contract agreed upon.....	16	6	9	1	(NA)	(NA)	31	30	1	-	(NA)	(NA)
Price or payment agreed upon...	18	3	6	7	2	(NA)	32	20	1	4	7	(NA)
Part cash payment received....	17	2	1	8	4	2	32	-	1	3	21	7
Final cash payment received....	18	-	-	8	10	(NA)	30	-	-	2	28	(NA)
Contractor assumed ownership...	17	1	-	11	5	(NA)	29	23	1	4	1	(NA)

GENERAL EXPLANATION Continued

Table 3. Terms of Marketing and Production Contracts for Slaughter Hogs

	Farms with marketing contracts					Farms with production contracts						
	Total	Terms made by--			Items were specified in contract	Total	Terms made by--			Items were specified in contract		
		Contractor	Producer	Producer and contractor			Contractor	Producer	Producer and contractor			
Number produced.....	16	1	11	2	2	7	28	8	3	17	-	16
Date placed on feed.....	16	-	16	-	-	-	27	10	5	12	-	15
Breeds or types of hogs.....	16	-	16	-	-	-	28	16	1	11	-	7
Amount of feed.....	16	-	16	-	-	-	28	18	2	7	1	7
Analysis of feed.....	16	-	16	-	-	-	28	24	-	3	1	11
Special type of equipment.....	17	1	16	-	-	1	28	1	13	13	1	6
Frequency/extent of disease control.....	17	1	16	-	-	1	28	7	3	18	-	13
Type of disease control.....	16	-	16	-	-	-	28	13	1	14	-	12
Ending of feeding.....	16	-	13	3	-	1	29	12	3	14	-	13
Production practices other than disease control.....	17	1	16	-	-	1	26	9	3	14	-	12
Rate of delivery of hogs.....	16	1	9	5	1	7	26	11	6	9	-	7
Price terms.....	17	2	2	8	5	13	26	13	1	12	-	22
Other.....	-	-	-	-	-	-	1	-	-	1	-	1

Table 4. Production Items Furnished for Marketing and Production Contracts for Slaughter Hogs

	Farms with marketing contracts								Farms with production contracts							
	Contract Item was applied to contract	Contract specified who furnished item	Item furnished by--			Method of payment for items furnished by contractor			Contract Item was applied to contract	Contract specified who furnished item	Item furnished by--			Method of payment for items furnished by contractor		
			Pro- ducer	Producer and con- tractor	Con- tractor	No charge	Open account	Cash on delivery			Pro- ducer	Producer and con- tractor	Con- tractor	No charge	Open account	Cash on delivery
Feeder pigs.....	18	3	18	-	-	-	-	-	32	29	-	-	32	25	7	-
Feed.....	18	3	18	-	-	-	-	-	32	31	-	-	32	25	7	-
Chemicals for disease and pest control.....	18	3	17	-	-	-	-	-	31	27	-	3	28	22	9	-
Labor.....	18	4	18	-	-	-	-	-	32	27	31	-	-	-	-	-
Transportation to market.....	18	7	15	1	2	1	1	1	29	23	8	1	20	17	4	-
Processing and/or packing.....	4	1	1	-	3	3	-	-	3	1	-	-	3	3	-	-
Technical assistance.....	11	4	10	1	-	1	-	-	25	21	2	2	21	22	1	-
Machinery and/or equipment.....	18	3	17	-	-	-	-	-	30	24	27	-	-	-	-	-
Other.....	7	2	7	-	-	-	-	-	20	19	16	1	3	2	2	-

Longevity of Contract Utilization

The act of producers terminating their usage of contracts was discussed earlier, see Limitations of the Survey Data. The length of time of contract usage for those who terminated their contracts prior to 1977 was not determined in the survey. Table 5, however, indicates the length of time individuals reporting contracts for 1977 have utilized such arrangements.

Forty-four percent of the respondents have grown their commodity under contract for more than 10 years. Individual commodity responses for this inquiry ranged from 11 percent of the slaughter hog producers to 70 percent of the tomatoes for processing.

Consideration must be given to the length of time that it has been common

practice to utilize a contract to produce and/or market each commodity prior to drawing any conclusions from the data in table 5. The extent of contract usage table in the individual commodity chapters attempts to measure this factor.

Closely related to the concept of contract longevity is the general satisfaction expressed by the producer regarding the terms of the contract. Table 6 presents data on those respondents that expressed general satisfaction over the production and marketing terms of the contract and those that plan to continue to use contracts.

The majority of respondents to all commodities expressed general satisfaction with their contract terms and this fact was reinforced by the majority of them reporting plans to continue contract usage.

Table 5. Contract Longevity

	Total farms	Farms by years produced under contract		
		1 to 5 years	6 to 10 years	10 years and over
Feeder cattle.....	83	16	26	41
Feeder pigs.....	129	47	49	33
Slaughter hogs.....	55	38	11	6
Broilers.....	1,011	184	286	541
Chicken eggs.....	526	133	241	152
Tomatoes for processing.....	278	48	34	196
Potatoes.....	345	79	111	155

Table 6. Farms Generally Satisfied With Contract Terms

	Satisfied with marketing terms	Satisfied with production terms	Will continue contract usage
Feeder cattle.....	78	78	67
Feeder pigs.....	123	127	94
Slaughter hogs.....	46	48	44
Broilers.....	647	759	719
Chicken eggs.....	369	442	366
Tomatoes for processing.....	172	192	206
Potatoes.....	213	266	280

GENERAL EXPLANATION Continued

Contract Characteristics by Size of Operation

The payment determination, other contract characteristics, and operator characteristics tables for each commodity present contract characteristics by size class of contract operations.

The average size of the contract operation, is helpful in qualifying the size classes used. More specifically, the average size data measures the effect of using an open ended classifier for the largest operations. Broilers and slaughter hogs are the only commodities whose average size of operation are located in the largest size class.

Table 7 also provides the average unit price received for the commodity under contract. Previous reference to this data was made in the discussion regarding the price received for production versus marketing contracts.

Note should be made regarding tables 43, 45, and 47 for chicken eggs contracted. Since size data were requested in dozens of eggs, a conversion was necessary to obtain number of hens, a more commonly employed unit of measuring when referring to the size of laying operations. An approximation of the size classes measured in hens was obtained by dividing the dozens of eggs by 20.

Although there is an obvious correlation between certain contract operator

characteristics, such as value of products sold in 1977 and the size of the contract operation, there are no apparent differences in the contract characteristics such as payment determination, availability of other contractors, involvement of bargaining associations, satisfaction with contract terms, etc., due to the size of the operation. Hence, there is no readily apparent contract advantage realized by large scale contract operations.

Table 7. Average Size of Contract Operation and Average Unit Price Received

	Average size of operation			Average unit price received		
	Farms	Unit of size measure	Size	Farms	Unit of value measure	Value (dollars)
Feeder cattle.....	86	Head	423	85	Head	255.43
Feeder pigs.....	129	Head	913	129	Head	30.22
Slaughter hogs.....	56	Head	1,321	56	Head	63.41
Broilers.....	1,039	Number	149,292	1,034	Number	.10
Chicken eggs.....	551	Dozen	467,193	551	Dozen	.10
Tomatoes for processing....	275	Acre	186	275	Ton	54.34
Potatoes.....	356	Acre	180	353	Hundredweight	2.92

GENERAL EXPLANATION Continued

Fattened Cattle

The 1974 Census of Agriculture tabulations reported 447 farmers and ranchers utilized contracts in the production and/or marketing of fattened cattle in 1974. A sample of 144 of these individuals were selected to comprise the 1977 Contract Survey for fattened cattle. Two geographical areas, as defined by the accompanying map, were utilized in the sample selection with 106 cases selected in Region I and 38 in Region II. An attempt was made to exclude commercial feedlots from this survey. This was accomplished by eliminating from the sample selection process 1974 census reports showing 5,000 head or more of fattened cattle sold.

A tabulation of the responses to the fattened cattle survey showed nine contracts being active in 1977. Six of the contracts were from Region I and three were from Region II. This limited enumeration of active fattened cattle contracts precluded the usefulness of tabulating and publishing characteristics in the same format utilized for the remaining seven commodities. A brief summarization of contract data reported, however, may provide some insight into fattened cattle contract characteristics.

Four of the nine contracts reported involved fewer than 50 cattle being fattened. Various arrangements exist for

furnishing the primary production items of the contract, feeder cattle and feed. Four contracts indicated the producer provided both of these inputs, a characteristic of marketing contracts. Conversely, three report forms show the contractor furnished the feeder cattle and the producer the feed, while two reports provide incomplete information in this section. Six individuals reported fattening cattle under contract for fewer than 6 years, two had contracted for 6 to 10 years, and one for more than 10 years. Finally, in the opinion of these producers reporting contracts, less than 25 percent of the cattle fattened in their areas are fattened under contract.

The remainder of those responding to the survey reported to have either terminated their previously existing contract agreement, or indicated they had never raised fattened cattle under contract. Fifty-five one-time producers reported they had discontinued their contract arrangement with forty-five of these individuals doing so based solely on their own decision. The high percentage of contract termination is indicative of the dynamic aspect of fattened cattle contracts with constant entry into and exit from their usage.

A relatively sizable number of individuals indicated they had never grown fattened cattle under a contract agreement. The validity of these responses

were questionable since the basis for sample selection was reported contract usage for fattened cattle in 1974. A sample of 28 cases from this group was recontacted via telephone to verify their status with regard to contract usage. As a result:

1. 21 of the sample confirmed that they never fattened cattle under contract.
2. 7 of the sample confirmed having had active contracts in 1974, but for various reasons having discontinued them.

The 21 respondents that maintain they never contracted to produce fattened cattle indicate the possibility of vague understandings or agreements being misreported as contracts on their 1974 Census of Agriculture report form. A review of these report forms indicates the size of these operations to be evenly distributed between \$2,500 to \$250,000 in sales during 1974. Hence, there appears to be no correlation between the size of the operation and the respondent's comprehension of the contract questions. A facsimile of the contract questions as they appeared in the 1974 census is shown on page 7. The apparent contradiction of reported data between the 1974 census and 1977 Contract Survey points to the respondent's problem of identifying exactly what is a fattener cattle contract.

GENERAL EXPLANATION Continued

Section 29 Did you have any CONTRACT or BINDING AGREEMENT to produce or market any farm products on this place in 1974? (Include oral and written agreements made more than 30 days prior to delivery.)

- ☐ YES — Complete this section
☐ NO — Go to Section 30

1. Mark (X) as many products as you produced and/or marketed under contract.

No.	Product name	No.	Product name	No.	Product name	No.	Product name
1 <input type="checkbox"/>	Broilers	7 <input type="checkbox"/>	Feeder cattle and/or stocker cattle	13 <input type="checkbox"/>	Field and seed corn	19 <input type="checkbox"/>	Fruit, citrus, nuts for fresh market
2 <input type="checkbox"/>	Started pullets	8 <input type="checkbox"/>	Breeding cattle	14 <input type="checkbox"/>	Soybeans	20 <input type="checkbox"/>	Fruit, including citrus, for processing
3 <input type="checkbox"/>	Chicken eggs	9 <input type="checkbox"/>	Slaughter hogs	15 <input type="checkbox"/>	Wheat	21 <input type="checkbox"/>	Sugar beets
4 <input type="checkbox"/>	Turkeys	10 <input type="checkbox"/>	Feeder pigs	16 <input type="checkbox"/>	Cotton	22 <input type="checkbox"/>	Other crops, such as hops, popcorn, potatoes, safflower, sugarcane, etc. (Write product name on line A1 below.)
5 <input type="checkbox"/>	Milk and other dairy products	11 <input type="checkbox"/>	Breeding hogs	17 <input type="checkbox"/>	Vegetables for fresh market		
6 <input type="checkbox"/>	Fattened cattle	12 <input type="checkbox"/>	Other livestock and/or poultry (Write product name on line A1 below.)	18 <input type="checkbox"/>	Vegetables for processing		

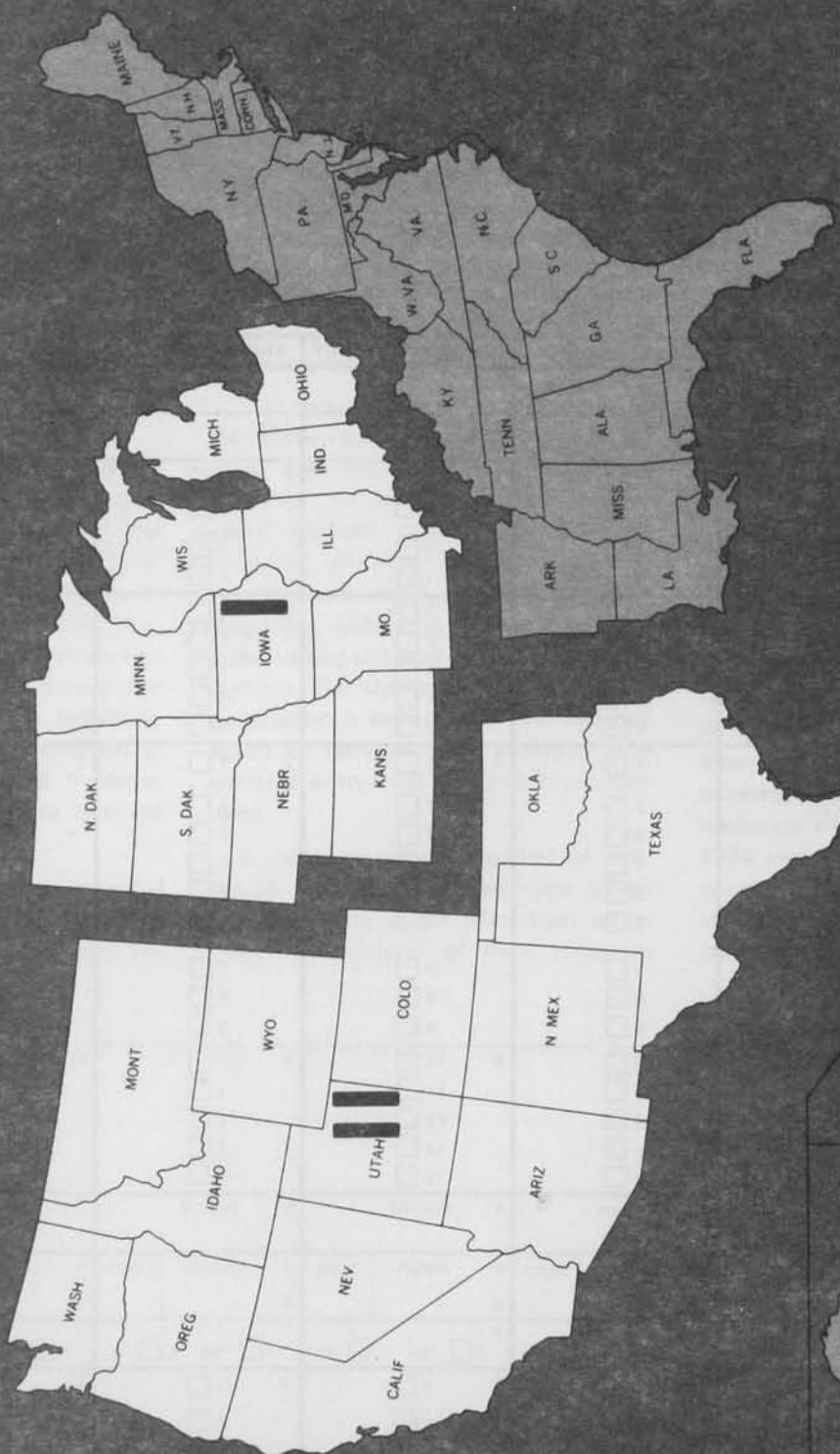
2. For each product marked above, enter the Name and No. in the column heading where indicated and complete the remaining entries in the column (items B through G) for that product.

		FIRST CONTRACT	SECOND CONTRACT	THIRD CONTRACT	FOURTH CONTRACT
A. Product(s) under contract Enter name and No. from item 1 above	1. Product name				
	2. No.	731	732	733	734
B. Type of contract Mark (X) one of these items for each product under contract	1. Production (12)	1 <input type="checkbox"/>	1 <input type="checkbox"/>	1 <input type="checkbox"/>	1 <input type="checkbox"/>
	2. Marketing (13)	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>
	3. Production, including feeding, and marketing	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>
	4. Other	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>
C. Type of contractor Mark (X) one of these items for each product under contract	1. Co-op	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>
	2. Feed company	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>
	3. Packer	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>
	4. Processor	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>
	5. Other	5 <input type="checkbox"/>	5 <input type="checkbox"/>	5 <input type="checkbox"/>	5 <input type="checkbox"/>
D. Items furnished by contractor under terms of contract Mark (X) for as many items as apply for each product under contract	1. Feed	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>
	2. Chicks, pullets, cattle, feeder pigs, etc.	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>
	3. Seed	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>
	4. Fertilizer	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>
	5. Chemicals	5 <input type="checkbox"/>	5 <input type="checkbox"/>	5 <input type="checkbox"/>	5 <input type="checkbox"/>
	6. Labor	6 <input type="checkbox"/>	6 <input type="checkbox"/>	6 <input type="checkbox"/>	6 <input type="checkbox"/>
	7. Machinery, equipment, or buildings	7 <input type="checkbox"/>	7 <input type="checkbox"/>	7 <input type="checkbox"/>	7 <input type="checkbox"/>
	8. Harvesting	8 <input type="checkbox"/>	8 <input type="checkbox"/>	8 <input type="checkbox"/>	8 <input type="checkbox"/>
	9. Transportation	9 <input type="checkbox"/>	9 <input type="checkbox"/>	9 <input type="checkbox"/>	9 <input type="checkbox"/>
	10. Processing/packing	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>	4 <input type="checkbox"/>
	11. Credit	11 <input type="checkbox"/>	11 <input type="checkbox"/>	11 <input type="checkbox"/>	11 <input type="checkbox"/>
	12. Technical assistance	12 <input type="checkbox"/>	12 <input type="checkbox"/>	12 <input type="checkbox"/>	12 <input type="checkbox"/>
	13. Other	13 <input type="checkbox"/>	13 <input type="checkbox"/>	13 <input type="checkbox"/>	13 <input type="checkbox"/>
	14. None	14 <input type="checkbox"/>	14 <input type="checkbox"/>	14 <input type="checkbox"/>	14 <input type="checkbox"/>
E. What percent of the total production of this product was sold under contract?	5 Percent	5 Percent	5 Percent	5 Percent	
F.	1. Amount received from contractor for product covered by contract?	6 Dollars Cents \$	6 Dollars Cents \$	6 Dollars Cents \$	6 Dollars Cents \$
	2. Did this payment represent the total market value of the product?	7 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	7 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	7 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	7 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
G. Did the contract specify — Mark (X) one	1. Exact price?	8 1 <input type="checkbox"/>	8 1 <input type="checkbox"/>	8 1 <input type="checkbox"/>	8 1 <input type="checkbox"/>
	2. Method of determining price?	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>	2 <input type="checkbox"/>
	3. Neither price nor method?	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>	3 <input type="checkbox"/>

(12) Production contracts, including custom feeding, usually specify kind and/or amount of farm product to be produced and may specify variety or breed, operations to be performed during production, or inputs and technical assistance to be supplied by contractor.

(13) Marketing contracts usually specify kind and/or amount of farm product to be delivered but usually do not specify that contractor provides services or supplies or that particular operations or methods be used in production.

Regions Surveyed for Fattened Cattle



U.S. DEPARTMENT OF COMMERCE
Bureau of the Census

FORM 74-A71 <small>(9-20-77)</small> PRODUCER QUESTIONNAIRE ON CONTRACTS OR BINDING AGREEMENTS FOR FATTENED CATTLE	U.S. DEPARTMENT OF COMMERCE BUREAU OF THE CENSUS	NOTICE - Response to this inquiry is required by law (title 13, U.S. Code). By the same law YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.								
71	<div style="text-align: center;"> <p>Complete this report and RETURN TO</p> <p>▼</p> <p>BUREAU OF THE CENSUS 1201 East Tenth Street Jeffersonville, Indiana 47132</p> </div> <table border="1" style="width: 100%;"> <tr> <th colspan="4">CENSUS USE ONLY</th></tr> <tr> <td style="width: 25%;">011</td><td style="width: 25%;">012</td><td style="width: 25%;">013</td><td style="width: 25%;">014</td></tr> </table>		CENSUS USE ONLY				011	012	013	014
CENSUS USE ONLY										
011	012	013	014							

(Please correct any error in name and address including ZIP code)

**FROM THE DIRECTOR
BUREAU OF THE CENSUS**

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,


MANUEL D. PLOTKIN

Enclosure

Section I 1. In 1977 did you have any CONTRACT or BINDING AGREEMENT to produce or market any FATTENED CATTLE on this farm or ranch? Include only oral or written agreements made more than 30 days prior to delivery. Do not include Futures contracts traded through organized commodity exchanges.		015 1 <input type="checkbox"/> Yes - Answer item 2 2 <input type="checkbox"/> No - Please complete sections X and XI and return this form to the Bureau of the Census								
2. Mark (X) the box that most closely describes your fattened cattle operation.		016 1 <input type="checkbox"/> Commercial feedlot - Please complete section XI only 2 <input type="checkbox"/> Farmer/rancher 3 <input type="checkbox"/> Other - Specify <u>X</u>								
NOTE: If you had fattened cattle contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.										
Section II - TIMING OF CONTRACT AGREEMENT Mark (X) the box which best applies for questions 1 through 5 below.		Mark (X) only ONE box for each question								
		Before production started	During the production period	At delivery or within one week	After the product was marketed	Not applicable				
Code		1	2	3	4	5				
	1. When was contract agreed upon or validated? 020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	(NA)				
	2. When was price of product or payment agreed upon? . . . 021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
	3. When was part cash payment received? 022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
	4. When is final cash payment received? 023	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
	5. When did contractor assume ownership of product? . . . 024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
Section III - TERMS OF CONTRACT Listed below (items 1-12) are various items which are involved in production and marketing of fattened cattle. Mark (X) the appropriate columns for questions A and B		A. Determined by? Mark (X) only ONE box for each item.				B. Were items 1-12 specified in contract?				
		Contractor only	You, the producer	You and contractor jointly	A producer organization	Yes No				
Code		1	2	3	4	5 6				
	1. Number produced 031	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	2. Date placed on feed 032	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	3. Breed or type to be fed 033	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	4. Amount of feed to be used 034	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	5. Analysis of feed to be used 035	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	6. Special type of equipment to be used 036	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	7. Frequency and/or extent of disease, pest, and/or parasite control 037	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	8. Type of disease, pest, and/or parasite control to use . . 038	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	9. Ending of feeding 039	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	10. Production practices other than disease, pest, and/or parasite control 040	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	11. Price terms 042	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
	12. Other - Specify <u>X</u> 043	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
Section IV - Who FURNISHES the PRODUCTION ITEMS listed below? Mark (X) the appropriate columns for questions A-D for each item		A. Does item apply?		B. Does contract specify who furnishes item?		C. What percent of item is furnished by -		D. How did you pay for items furnished by the contractor?		
		Yes	No	Yes	No	You	Contractor	No charge	Open account	Cash on delivery
Code		1	2	3	4	5	6	7	8	9
	1. Feeder cattle 051	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Feed 052	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Chemicals for disease and pest control . . . 053	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Labor 054	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Transportation to market 056	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Processing and/or packing 057	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Technical assistance 058	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	8. Machinery and/or equipment 059	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Other - Specify <u>X</u> 061	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Did the contractor provide any additional financial assistance (including cash advances) that was not related to the specific inputs listed above?		062 1 <input type="checkbox"/> Yes - Specify kind _____ 2 <input type="checkbox"/> No								

Section V – PAYMENT DETERMINATION	
1. How was the payment you received from the contractor determined? Mark (X) one box	071 <input type="checkbox"/> 1 Open market price at time of delivery <input type="checkbox"/> 2 From open market price at time contract was entered into <input type="checkbox"/> 3 From Futures market price <input type="checkbox"/> 4 From price negotiated by the contractor when he sells the products <input type="checkbox"/> 5 By negotiation with contractor – not based on any quoted or market price <input type="checkbox"/> 6 Value of production items and services furnished by you <input type="checkbox"/> 7 Set by contractor without negotiation <input type="checkbox"/> 8 Other – Specify _____
2. What was the price you received based upon?	072 <input type="checkbox"/> 1 Live weight basis <input type="checkbox"/> 2 Carcass weight basis
Section VI – ORIGIN OF CONTRACT	
1. How long have you grown fattened cattle under contract?	081 <input type="checkbox"/> 1 1–5 years <input type="checkbox"/> 2 6–10 years <input type="checkbox"/> 3 More than 10 years
2. How long have you grown fattened cattle for your present contractor?	082 <input type="checkbox"/> 1 1–5 years <input type="checkbox"/> 2 6–10 years <input type="checkbox"/> 3 More than 10 years
3. Were there any other cattle contractors available with whom you might have negotiated?	083 <input type="checkbox"/> 1 Yes – Complete 3a and 3b <input type="checkbox"/> 2 No – Skip to question 4 <input type="checkbox"/> 3 Don't know – Skip to question 4
a. Do you know the key provisions of the contracts they offered?	084 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
b. Did you negotiate or bargain with more than one contractor?	085 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
4. Would you have grown fattened cattle without a contract?	086 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
Section VII – CONTRACT PROVISIONS FOR VARIATION IN NUMBER OR QUALITY OF FATTENED CATTLE PRODUCED	
Listed below are consequences that may have been faced when the NUMBER and/or QUALITY of fattened cattle produced was different from that specified in the contract.	
Mark (X) those that apply	
A. If NUMBER of cattle produced had been LESS than called for by the contract –	
091	1 <input type="checkbox"/> 1 The contractor would have accepted the cattle delivered as fulfillment of the contract
	2 <input type="checkbox"/> 2 I would have purchased the deficit amount to fulfill the agreement
	3 <input type="checkbox"/> 3 I would have made a cash payment to fulfill the contract
	4 <input type="checkbox"/> 4 The contract would have been invalidated
	5 <input type="checkbox"/> 5 The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce cattle because of factors beyond my control
	6 <input type="checkbox"/> 6 There was no provision to cover this situation
	7 <input type="checkbox"/> 7 Other – Specify _____
B. If NUMBER of cattle produced had been MORE than called for by the contract –	
092	1 <input type="checkbox"/> 1 No payment would have been received for the excess produced
	2 <input type="checkbox"/> 2 The excess would have been sold on the open market
	3 <input type="checkbox"/> 3 I would have received a reduced price or payment from the contractor for the excess produced
	4 <input type="checkbox"/> 4 The excess would have been offered to the contractor first; then sold on open market
	5 <input type="checkbox"/> 5 I would have received an incentive or premium payment from the contractor
	6 <input type="checkbox"/> 6 There was no provision to cover this situation
	7 <input type="checkbox"/> 7 Other – Specify _____
C. If the QUALITY of cattle produced had been LOWER than called for by the contract –	
094	1 <input type="checkbox"/> 1 No additional payment would have been received other than specified in the contract
	2 <input type="checkbox"/> 2 I would have made a cash payment to fulfill the contract
	3 <input type="checkbox"/> 3 No payment would have been received for inferior cattle
	4 <input type="checkbox"/> 4 The contract would have been invalidated
	5 <input type="checkbox"/> 5 The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce cattle because of factors beyond my control
	6 <input type="checkbox"/> 6 I would have received a price or payment from the contractor based on the quality actually delivered
	7 <input type="checkbox"/> 7 The cattle would have been sold on the open market
	8 <input type="checkbox"/> 8 The cattle would have been offered to the contractor first; then sold on the open market
095	9 <input type="checkbox"/> 9 There was no provision to cover this situation
	10 <input type="checkbox"/> 10 Other – Specify _____
D. If the QUALITY of cattle produced had been HIGHER than called for by the contract –	
096	1 <input type="checkbox"/> 1 No additional payment would have been received other than specified in the contract
	2 <input type="checkbox"/> 2 I would have received an incentive or premium payment from the contractor
	3 <input type="checkbox"/> 3 The cattle would have been sold on the open market
	4 <input type="checkbox"/> 4 The cattle would have been offered to the contractor first; then sold on the open market
	5 <input type="checkbox"/> 5 There was no provision to cover this situation
	6 <input type="checkbox"/> 6 Other – Specify _____

Section VIII - OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Mark (X) Yes, No, or Don't know for each item 1-12		1	2	3
1. Was the contract or agreement in writing?	Code 101	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
2a. Did the contract or agreement cover more than one season or production period?	102	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 2a, how many seasons or periods were covered?	103			
3. Did the contract or agreement specify a specific number of fattened cattle?	104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Was your product pooled with that of other producers before a final price or payment was determined? ..	105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Was the product under a State or Federal market order?	106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6a. Was the contractor a cooperative?	107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in item 6a, were you a member of the cooperative?	108	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 7a, was your operation a part of this joint venture?	110	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
8a. Was a bargaining association involved in negotiating or implementing the contract?	111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 8a, were you a member of this bargaining association?	112	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
9a. Did the contractor assist you with supply, demand, and/or price outlook information?	113	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 9a, was this your main source of market information?	114	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
10. Were you generally satisfied with the production terms of your contract or agreement?	115	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	116	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Do you plan to continue and/or expand the use of contracts or agreements in the production or marketing of your farm products?	117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IX - TYPE OR ORGANIZATION OF FARM BUSINESS AND FARM INCOME		121																						
1. What type of organization best describes your farm business? Mark (X) one		<input type="checkbox"/> Individual or family operation (sole proprietorship) <input type="checkbox"/> Partnership operation including family partnerships <input type="checkbox"/> Corporation, including family corporations <input type="checkbox"/> Other, such as cooperative, estate, or trust, etc.																						
2. What was the primary business of the contractor? Mark (X) one		122 <input type="checkbox"/> Packer or packer buyer <input type="checkbox"/> Livestock dealer <input type="checkbox"/> Other - Specify _____																						
3. What is the expected number you will produce and value of your sales of fattened cattle in 1977?		<table border="1"> <thead> <tr> <th>Number produced</th> <th>TOTAL VALUE received for 1977 production of cattle</th> </tr> </thead> <tbody> <tr> <td>124</td> <td>125</td> </tr> <tr> <td>a. Total number and value of fattened cattle produced under contracts</td> <td>\$.00</td> </tr> <tr> <td>b. Total number and value of fattened cattle produced without a contract</td> <td>126</td> </tr> <tr> <td>None <input type="checkbox"/></td> <td>\$.00</td> </tr> </tbody> </table>		Number produced	TOTAL VALUE received for 1977 production of cattle	124	125	a. Total number and value of fattened cattle produced under contracts	\$.00	b. Total number and value of fattened cattle produced without a contract	126	None <input type="checkbox"/>	\$.00											
Number produced	TOTAL VALUE received for 1977 production of cattle																							
124	125																							
a. Total number and value of fattened cattle produced under contracts	\$.00																							
b. Total number and value of fattened cattle produced without a contract	126																							
None <input type="checkbox"/>	\$.00																							
4. What do you estimate the total gross value to be of all agricultural products sold from your farm or ranch in 1977? Mark (X) one		129 <input type="checkbox"/> \$500,000 or more <input type="checkbox"/> \$100,000 to \$499,999 <input type="checkbox"/> \$40,000 to \$99,999 <input type="checkbox"/> \$10,000 to \$39,999 <input type="checkbox"/> Less than \$10,000																						
5. In your opinion what percentage of the fattened cattle ¹ grown in your area was sold or moved under contract during the years 1977, 1972, and 1967?		<table border="1"> <thead> <tr> <th>1977</th> <th>1972</th> <th>1967</th> </tr> </thead> <tbody> <tr> <td>131 <input type="checkbox"/> None</td> <td>132 <input type="checkbox"/> None</td> <td>133 <input type="checkbox"/> None</td> </tr> <tr> <td><input type="checkbox"/> Less than 25%</td> <td><input type="checkbox"/> Less than 25%</td> <td><input type="checkbox"/> Less than 25%</td> </tr> <tr> <td><input type="checkbox"/> 25%-49%</td> <td><input type="checkbox"/> 25%-49%</td> <td><input type="checkbox"/> 25%-49%</td> </tr> <tr> <td><input type="checkbox"/> 50%-74%</td> <td><input type="checkbox"/> 50%-74%</td> <td><input type="checkbox"/> 50%-74%</td> </tr> <tr> <td><input type="checkbox"/> 75% or more</td> <td><input type="checkbox"/> 75% or more</td> <td><input type="checkbox"/> 75% or more</td> </tr> <tr> <td><input type="checkbox"/> Don't know</td> <td><input type="checkbox"/> Don't know</td> <td><input type="checkbox"/> Don't know</td> </tr> </tbody> </table>		1977	1972	1967	131 <input type="checkbox"/> None	132 <input type="checkbox"/> None	133 <input type="checkbox"/> None	<input type="checkbox"/> Less than 25%	<input type="checkbox"/> Less than 25%	<input type="checkbox"/> Less than 25%	<input type="checkbox"/> 25%-49%	<input type="checkbox"/> 25%-49%	<input type="checkbox"/> 25%-49%	<input type="checkbox"/> 50%-74%	<input type="checkbox"/> 50%-74%	<input type="checkbox"/> 50%-74%	<input type="checkbox"/> 75% or more	<input type="checkbox"/> 75% or more	<input type="checkbox"/> 75% or more	<input type="checkbox"/> Don't know	<input type="checkbox"/> Don't know	<input type="checkbox"/> Don't know
1977	1972	1967																						
131 <input type="checkbox"/> None	132 <input type="checkbox"/> None	133 <input type="checkbox"/> None																						
<input type="checkbox"/> Less than 25%	<input type="checkbox"/> Less than 25%	<input type="checkbox"/> Less than 25%																						
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<input type="checkbox"/> 50%-74%	<input type="checkbox"/> 50%-74%	<input type="checkbox"/> 50%-74%																						
<input type="checkbox"/> 75% or more	<input type="checkbox"/> 75% or more	<input type="checkbox"/> 75% or more																						
<input type="checkbox"/> Don't know	<input type="checkbox"/> Don't know	<input type="checkbox"/> Don't know																						

SKIP TO SECTION XI

Section X - TERMINATION OF CONTRACT OR AGREEMENT		141
What situation best describes how you terminated your contract or agreement? Mark (X) one		<input type="checkbox"/> Individual decision by me <input type="checkbox"/> Group decision involving other producers or an organization <input type="checkbox"/> Joint decision between the contractor and me <input type="checkbox"/> Decision by the contractor
Remarks - If necessary use a separate sheet of paper		

Section XI - PERSON COMPLETING THIS REPORT	
Name - Please print	Date - Mo./Day/1977
	151
152 Telephone	
Area code	Number

GENERAL EXPLANATION Continued

Feeder Cattle

To ensure a stable supply of quality cattle to be fattened for slaughter, cattle feeders are increasingly turning to the usage of contracts for the purchase of feeder cattle. These contracts can be implemented by the feedlot owners, but are more commonly offered through cattle dealers such as order buyers, other farmers or ranchers, or perhaps packers or packer buyers. In return for entering into a contract, the producer generally receives a guaranteed price determined prior to the cattle being marketed, thereby minimizing his risk involved in producing the cattle. The use of feeder cattle contracts appears to be related to the cyclical nature of cattle production which in turn is a direct result of market fluctuations. Apparently the anticipation of the price the producer would receive at market time impacts on his willingness to raise cattle let alone contract for them. As evidence, 103 respondents to this survey reported terminating their contract prior to 1977.

The 433 individuals selected for this survey reported 89 contracts as still being active in 1977. Data were collected for three regions as defined by the accompanying map and produced 15 active contracts in Region I, 35 in Region II, and 39 in Region III.

The use of contracts for the production of feeder cattle appears to be most prevalent in Region III, the area commonly known as "the Western States". More than one-half of the Region III

respondents estimated that at least 75 percent of the feeder cattle raised in the area in 1977 were produced under contract. Additionally, contract usage has been on the increase over the last 10 years in all regions surveyed. There appears to be no marked difference in contract characteristics between the three regions.

Of the individuals reporting discontinued contract usage, 78 percent indicated their reason for contract termination was based solely on an individual decision by themselves while 17 percent indicated the contractor influenced their decision to terminate the contract. The latter category was generally the result of the contractor discontinuing operations in the producer's area. Information regarding contract characteristics, size of operation, and whether cattle are being produced without a contract was not requested for any individuals discontinuing contract usage.

An examination of contract characteristics relating to the payment or price received for the feeder cattle identifies one of the major advantages of contract usage realized by the producer. Approximately one-half of the respondents reported taking an active role in negotiating with the contractor for the price to be received. Perhaps more importantly, however, 75 percent of the contracts reported the price to be received for the cattle was fixed during or prior to the production period instead of when the product was marketed; thereby eliminating market uncertainty and its accom-

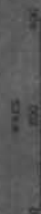
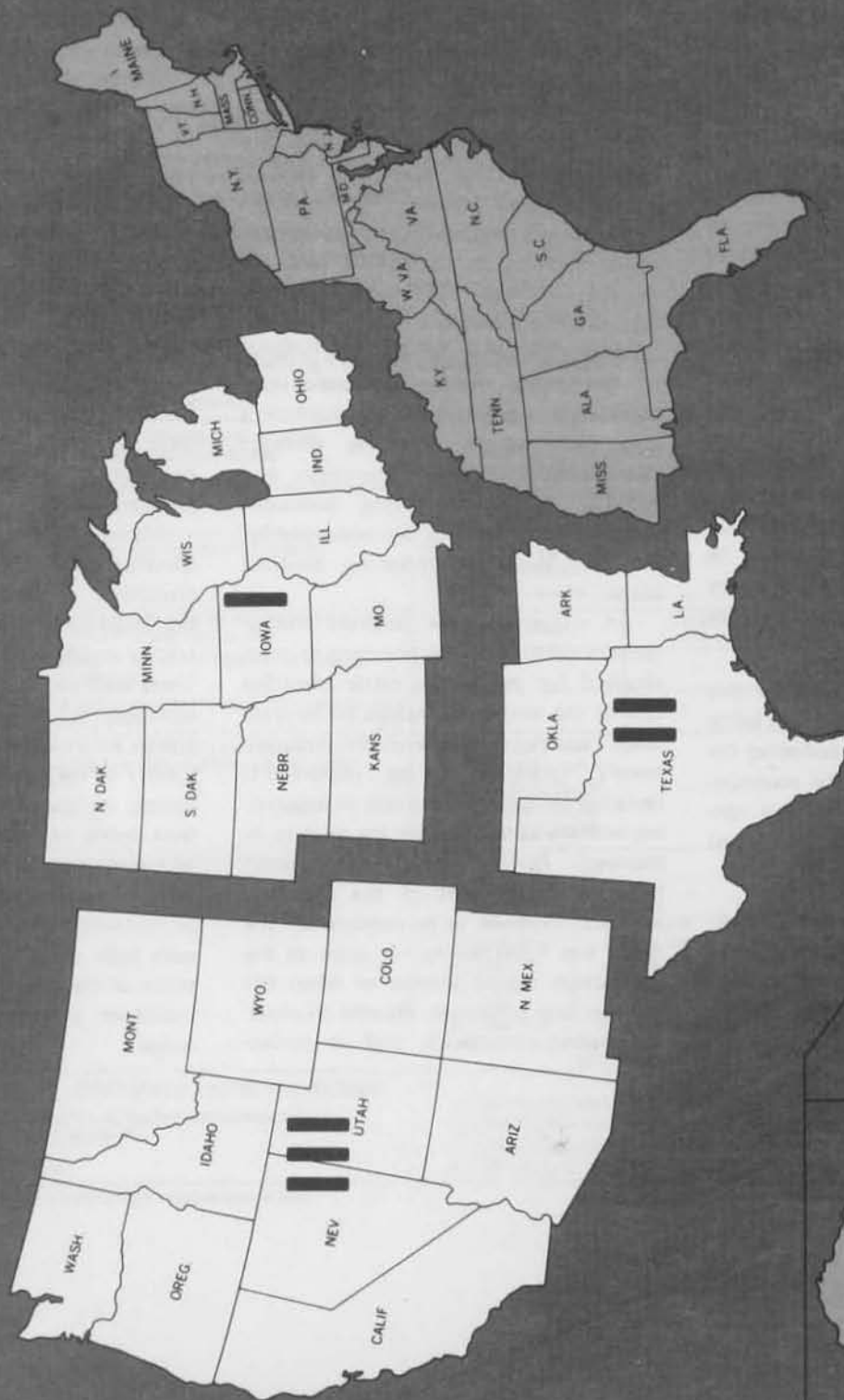
panying risk involved in producing feeder cattle. A characteristic closely related to the timing of price determination is when the cash payment is actually received. Two-thirds of the 89 contracts indicated at least partial payment was received during or prior to the production period. This type of financial assistance in some instances, may be the determinant factor in the farmer's or rancher's decision to produce or not produce feeder cattle.

As tabulated in this survey, feeder cattle contracts tend to be market oriented rather than production oriented. The producer determines and provides practically all production inputs. The only production item furnished, to any extent, by the contractor is the transportation of the cattle when leaving the farm or ranch. Twenty percent of the contracts indicated the contractor provided transportation.

Although 56 percent of the contracts specified the number of cattle to be produced, approximately two-thirds of the producers indicated that the contractor would have accepted the cattle if fewer were produced than specified in the contract. In general, all contract provisions for variation in the quantity or the quality of the feeder cattle contracted are loosely defined with the contractor at least being offered the cattle and often accepting them as delivered.

More than 80 percent of the farmers or ranchers expressed general satisfaction with both the production and marketing terms of their contracts while 73 percent indicated plans to continue contract usage.

Regions Surveyed for Feeder and/or Stocker Cattle



U.S. DEPARTMENT OF COMMERCE
Bureau of the Census

Table 8. Timing of Contracts for Feeder Cattle

(Based on 89 contracts reported)

	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
Contract agreed upon.....	89	17	64	8	(NA)	(NA)
Price or payment agreed upon.....	86	12	55	17	2	(NA)
Part cash payment received.....	86	5	55	11	6	9
Final cash payment received.....	88	-	-	76	12	(NA)
Contractor assumed ownership.....	84	5	1	68	10	(NA)

Table 9. Terms of Contracts for Feeder Cattle

(Based on 89 contracts reported)

	Terms made by--					Items were specified in contract
	Total	Contractor	Producer	Producer and contractor	A producer organization	
Number produced.....	84	2	58	23	1	50
Breeding program.....	66	1	59	6	-	7
Breed or type of calf.....	78	5	61	12	-	27
Amount of feed.....	77	2	67	7	1	9
Analysis of feed.....	75	1	67	6	1	6
Special type of equipment.....	73	-	69	4	-	3
Frequency/extent of disease control.....	75	2	69	4	-	3
Type of disease control.....	74	2	67	5	-	1
Ending weight.....	75	4	50	20	1	23
Production practices other than disease control.....	73	-	68	5	-	2
Price terms.....	84	-	7	71	6	65
Other.....	4	-	1	3	-	4

Table 10. Production Items Furnished for Contracts for Feeder Cattle

(Based on 89 contracts reported)

	Item was applicable to contract	Contract specified who fur- nished item	Item furnished by--			Method of payment for items furnished by contractor		
			Producer	Producer and contractor	Contractor	No charge	Open account	Cash on delivery
Breeding stock.....	55	11	50	-	5	-	2	3
Feed.....	81	20	75	3	2	2	2	1
Chemicals for disease and pest control.....	78	14	75	2	1	1	1	1
Labor.....	82	15	79	1	-	1	-	-
Transportation.....	80	32	55	6	19	19	1	5
Technical assistance.....	47	7	43	3	1	3	1	-
Machinery and/or equipment.....	67	10	64	1	1	2	-	-
Other.....	3	-	2	-	-	-	-	-
Other financial assistance provided by contractor.....	(X)	(X)	(X)	(X)	12	(X)	(X)	(X)

Table 11. Payment Determination by Size of Operation for Feeder Cattle

(Based on 89 contracts reported)

	Total	Feeder cattle produced under contract in 1977					
		1 to 49 cattle	50 to 99 cattle	100 to 199 cattle	200 to 499 cattle	500 to 999 cattle	1,000-cattle and over
Open market price at time of delivery.....	6	2	-	2	1	-	1
Open market price at time contract was entered into	23	2	2	6	6	7	-
From futures market price.....	3	-	1	1	-	1	-
From price negotiated by contractor when he sells..	5	2	-	2	1	-	-
By negotiation with contractor.....	42	-	5	4	16	10	7
Value of production items furnished by producer....	3	1	-	-	2	-	-
Set by contractor without negotiation.....	1	-	-	-	1	-	-
Other.....	1	1	-	-	-	-	-
Total reporting size of operation.....	86	8	8	17	27	18	8

Table 12. Contract Provisions for Variation in Quantity and Quality for Feeder Cattle

(Based on 89 contracts reported)

	Farms		Farms
Lesser quantity:		Lower quality:	
Contractor would have accepted cattle delivered.....	58	Contractor would have accepted cattle delivered.....	27
Producer would have purchased the deficit amount to fulfill contract.....	8	Producer would have made cash payment to fulfill contract.....	-
Producer would have made a cash payment to fulfill contract.....	1	No payment would have been received for inferior cattle.....	12
Contract would have been invalidated.....	1	Contract would have been invalidated.....	5
Contract included a natural disaster clause.....	13	Contract included a natural disaster clause.....	2
No provision to cover lesser quantity.....	12	Producer would have received payment based on quality actually delivered.....	13
Other.....	5	Cattle would have been sold on open market.....	2
Greater quantity:		Cattle would have been offered to contractor; then sold on open market.....	14
No payment would have been received for excess produced.....	7	No provision to cover lower quality.....	15
Excess would have been sold on open market.....	24	Other.....	7
Producer would have received a reduced payment for excess.....	-	Higher quality:	
Excess would have been offered to contractor; then sold on open market.....	36	No additional payment would have been received.....	51
Producer would have received an incentive or premium payment.....	2	Producer would have received an incentive or premium payment....	6
No provision to cover greater quantity.....	16	Cattle would have been sold on open market.....	1
Other.....	-	Cattle would have been offered to contractor; then sold on open market.....	4
		No provision to cover higher quality.....	17
		Other.....	9

Table 13. Other Contract Characteristics for Feeder Cattle

(Based on 89 contracts reported)

	Total	Feeder cattle produced under contract in 1977					
		1 to 49 cattle	50 to 99 cattle	100 to 199 cattle	200 to 499 cattle	500 to 999 cattle	1,000 cattle and over
Other contractors were available for negotiation.....	65	2	6	12	22	15	8
Producer had knowledge of key provisions of other contracts....	51	1	4	10	16	12	8
Negotiations were undertaken with more than one contractor.....	44	2	2	10	13	10	7
Contract was specified in writing.....	72	4	7	15	23	15	8
Contract covered more than one production period.....	6	4	-	1	1	-	-
Contract specified a specific number of cattle.....	67	4	6	14	21	15	7
Product was pooled with others prior to final payment determination.....	9	3	1	3	1	-	1
Product was under a State or Federal market order.....	3	1	1	-	1	-	-
Contractor was a cooperative.....	7	2	1	2	-	1	1
Producer was a member of this cooperative.....	6	2	1	2	-	-	1
Contract was associated with a joint venture between two or more cooperatives or a cooperative and another firm.....	3	-	-	-	1	-	2
Producer's operation was a part of this joint venture.....	1	-	-	-	-	-	1
A bargaining association was involved in negotiating the contract.....	9	2	1	2	1	2	1
Producer was a member of this bargaining association.....	9	2	1	2	1	2	1
Contractor provided supply, demand and/or price outlook information.....	21	3	3	5	4	5	1
Producer considered this as main source of market information.....	5	2	1	-	1	-	1
Producer was generally satisfied with production terms of contract.....	76	7	6	14	26	15	8
Producer was generally satisfied with marketing terms of contract.....	75	7	5	12	27	16	8
Producer plans to continue utilization of contracts.....	65	6	6	13	19	13	8
Cattle would have been produced without a contract.....	69	4	7	15	21	16	6
Total reporting size of operation.....	86	8	8	17	27	18	8

Table 14. Extent of Contract Usage for Feeder Cattle

(Based on 89 contracts reported. Producer's opinion of cattle produced under contract)

	1977				1972				1967			
	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III
Total reporting.....	70	12	29	29	61	11	25	25	58	9	24	25
Percent of cattle in area contracted:												
None.....	-	-	-	-	3	1	2	-	5	2	2	1
Under 25 percent.....	25	9	12	4	21	7	12	2	21	6	14	1
25 to 49 percent.....	6	2	3	1	10	2	4	4	6	1	1	4
50 to 74 percent.....	13	1	8	4	8	1	4	3	10	-	5	5
75 percent and over..	26	-	6	20	19	-	3	16	16	-	2	14

Table 15. Operator Characteristics by Size of Operation for Feeder Cattle

(Based on 89 contracts reported)

	Total	Feeder cattle produced under contract in 1977					
		1 to 49 cattle	50 to 99 cattle	100 to 199 cattle	200 to 499 cattle	500 to 999 cattle	1,000 cattle and over
Years grown under contract:							
1 to 5 years.....	16	2	2	5	3	4	-
6 to 10 years.....	24	5	2	3	8	2	4
10 years and over.....	40	1	3	8	14	10	4
Type of organization:							
Individual.....	57	7	7	10	17	11	5
Partnership.....	18	1	-	5	6	5	1
Corporation.....	10	-	1	2	4	2	1
Other.....	1	-	-	-	-	-	1
Value of products sold in 1977:							
Under \$10,000.....	4	4	-	-	-	-	-
\$10,000 to \$39,999.....	22	4	7	8	3	-	-
\$40,000 to \$99,999.....	22	-	1	8	12	1	-
\$100,000 to \$499,999.....	33	-	-	1	12	17	3
\$500,000 and over.....	5	-	-	-	-	-	5
Primary business of contractor:							
Farmer or rancher.....	23	5	3	6	8	-	1
Packer or packer buyer.....	5	-	1	1	1	1	1
Cattle dealer.....	40	-	2	7	12	14	5
Other.....	18	3	2	3	6	3	1
Total reporting size of operation.....	86	8	8	17	27	18	8

FORM **74-A70**
(9-20-77)U.S. DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS**PRODUCER QUESTIONNAIRE ON CONTRACTS OR BINDING
AGREEMENTS FOR FEEDER AND/OR STOCKER CATTLE**

70

NOTICE — Response to this inquiry is required by law (title 13, U.S. Code). By the same law YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.

Complete this report
and RETURN TO

BUREAU OF THE CENSUS
1201 East Tenth Street
Jeffersonville, Indiana 47132

CENSUS USE ONLY

011

012

013

014

(Please correct any error in name and address including ZIP code)

FROM THE DIRECTOR
BUREAU OF THE CENSUS

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,



MANUEL D. PLOTKIN

Enclosure

Section I 1. In 1977 did you have any CONTRACT or BINDING AGREEMENT to produce or market any FEEDER and/or STOCKER CATTLE on this farm or ranch? Include only oral or written agreements made more than 30 days prior to delivery. Do not include FUTURES contracts traded through organized commodity exchanges.		015 1 <input type="checkbox"/> Yes - Please complete this report form 2 <input type="checkbox"/> No - Please complete sections X and XI and return this form to the Bureau of the Census				
2. Explain the operation for producing the cattle sold under contract from your farm or ranch. Mark (X) all that apply.		016 1 <input type="checkbox"/> Produced as a part of the cow-calf operation on your farm 2 <input type="checkbox"/> Produced as a part of the cow-calf operation on your farm and pastured as stockers on your farm 3 <input type="checkbox"/> Purchased and pastured as stockers on your farm or ranch				
NOTE: If you had feeder and/or stocker cattle contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.						
Section II - TIMING OF CONTRACT AGREEMENT Mark (X) the box which best applies for questions 1 through 5 below.		Mark (X) only ONE box for each question				
		Before production started	During production period	At delivery or within one week	After the product was marketed	Not applicable
1. When was contract agreed upon or validated? 020 2. When was price of product or payment agreed upon? ... 021 3. When was part cash payment received? 022 4. When is final cash payment received? 023 5. When did contractor assume ownership of product? .. 024	Code 1 2 3 4 5	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 (NA) <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
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		1 <input type="checkbox"/>				

Section V – PAYMENT DETERMINATION

071

1. How was the payment you received from the contractor determined?

Mark (X) one box

- 1 ☐ Open market price at time of delivery
 2 ☐ From open market price at time contract was entered into
 3 ☐ From Futures market price
 4 ☐ From price negotiated by the contractor when he sells the product
 5 ☐ By negotiation with contractor – not based on any quoted or market price
 6 ☐ Value of production items and services furnished by you
 7 ☐ Set by contractor without negotiation
 8 ☐ Other – *Specify* _____

Section VI – ORIGIN OF CONTRACT

081

1. How long have you produced cattle under contract?

- 1 ☐ 1–5 years
 2 ☐ 6–10 years
 3 ☐ More than 10 years

2. How long have you produced cattle for your present contractor?

082

- 1 ☐ 1–5 years
 2 ☐ 6–10 years
 3 ☐ More than 10 years

3. Were there any other cattle contractors available with whom you might have negotiated?

083

- 1 ☐ Yes – *Complete 3a and 3b*
 2 ☐ No – *Skip to question 4*
 3 ☐ Don't know – *Skip to question 4*

- a. Do you know the key provisions of the contracts they offered?

084

- 1 ☐ Yes
 2 ☐ No

- b. Did you negotiate or bargain with more than one contractor?

085

- 1 ☐ Yes
 2 ☐ No

4. Would you have produced cattle without a contract?

086

- 1 ☐ Yes
 2 ☐ No

Section VII – CONTRACT PROVISIONS FOR VARIATION IN NUMBER OR QUALITY OF FEEDER AND/OR STOCKER CATTLE PRODUCED

Listed below are consequences that may have been faced when the NUMBER and/or QUALITY of stocker and/or feeder cattle produced was different from that specified in the contract.

Mark (X) those that apply

A. If NUMBER of cattle produced had been LESS than called for by the contract –

091

1. The contractor would have accepted the cattle delivered as fulfillment of the contract. 1 ☐
 2. I would have purchased the deficit amount to fulfill the agreement 2 ☐
 3. I would have made a cash payment to fulfill the contract 3 ☐
 4. The contract would have been invalidated 4 ☐
 5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce cattle because of factors beyond my control 5 ☐
 6. There was no provision to cover this situation 6 ☐
 7. Other – *Specify* _____ 7 ☐

B. If NUMBER of cattle produced had been MORE than called for by the contract –

092

1. No payment would have been received for the excess produced 1 ☐
 2. The excess would have been sold on the open market 2 ☐
 3. I would have received a reduced price or payment from the contractor for the excess produced 3 ☐
 4. The excess would have been offered to the contractor first; then sold on open market 4 ☐
 5. I would have received an incentive or premium payment from the contractor 5 ☐
 6. There was no provision to cover this situation 6 ☐
 7. Other – *Specify* _____ 7 ☐

C. If the QUALITY of cattle produced had been LOWER than called for by the contract –

094

1. The contractor would have accepted the cattle delivered as fulfillment of the contract 1 ☐
 2. I would have made a cash payment to fulfill the contract. 2 ☐
 3. No payment would have been received for inferior cattle 3 ☐
 4. The contract would have been invalidated 4 ☐
 5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce cattle because of factors beyond my control 5 ☐
 6. I would have received a price or payment from the contractor based on the quality actually delivered 6 ☐
 7. The cattle would have been sold on the open market 7 ☐
 8. The cattle would have been offered to the contractor first; then sold on the open market 8 ☐
 9. There was no provision to cover this situation 9 ☐

10. Other – *Specify* _____

095

10 ☐11 ☐**D. If the QUALITY of cattle produced had been HIGHER than called for by the contract –**

096

1. No additional payment would have been received other than specified in the contract 1 ☐
 2. I would have received an incentive or premium payment from the contractor 2 ☐
 3. The cattle would have been sold on the open market 3 ☐
 4. The cattle would have been offered to the contractor first; then sold on the open market 4 ☐
 5. There was no provision to cover this situation 5 ☐
 6. Other – *Specify* _____ 6 ☐

Section VIII - OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Mark (X) Yes, No, or Don't know for each item 1-12		1	2	3
1. Was the contract or agreement in writing?	101	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
2a. Did the contract or agreement cover more than one season or production period?	102	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
103				
b. If Yes in 2a, how many seasons or periods were covered?				
3. Did the contract or agreement specify a specific number of cattle?	104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Was your product pooled with that of other producers before a final price or payment was determined?	105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Was the product under a State or Federal market order?	106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6a. Was the contractor a cooperative?	107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in item 6a, were you a member of the cooperative?	108	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 7a, was your operation a part of this joint venture?	110	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
8a. Was a bargaining association involved in negotiating or implementing the contract?	111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 8a, were you a member of this bargaining association?	112	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
9a. Did the contractor assist you with supply, demand, and/or price outlook information?	113	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 9a, was this your main source of market information?	114	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
10. Were you generally satisfied with the production terms of your contract or agreement?	115	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	116	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Do you plan to continue and/or expand the use of contracts or agreements in the production or marketing of your farm products?	117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section IX - TYPE OR ORGANIZATION OF FARM BUSINESS AND FARM INCOME				
1. What type of organization best describes your farm business? Mark (X) one	121 <input type="checkbox"/> Individual or family operation (sole proprietorship) <input type="checkbox"/> Partnership operation including family partnerships <input type="checkbox"/> Corporation, including family corporations <input type="checkbox"/> Other, such as cooperative, estate, or trust, etc.			
2. What was the primary business of the contractor? Mark (X) one	122 <input type="checkbox"/> Farmer or rancher <input type="checkbox"/> Packer or packer buyer <input type="checkbox"/> Cattle dealer <input type="checkbox"/> Other - Specify _____			
3. What is the expected number you will produce and value of your sales of feeder and/or stocker cattle for 1977? a. Total number and value of cattle produced under contracts b. Total number and value of cattle produced without a contract <input type="checkbox"/> None	Number produced		TOTAL VALUE received for 1977 production of cattle	
	124	125	\$.00
	127	128	\$.00
4. What do you estimate the total gross value to be of all agricultural products sold from your farm or ranch in 1977? Mark (X) one	129 <input type="checkbox"/> \$500,000 or more <input type="checkbox"/> \$100,000 to \$499,999 <input type="checkbox"/> \$40,000 to \$99,999 <input type="checkbox"/> \$10,000 to \$39,999 <input type="checkbox"/> Less than \$10,000			
5. In your opinion what percentage of the feeder and/or stocker cattle produced in your area or neighborhood was sold or moved under contract during the years 1977, 1972, and 1967?	131 1977 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	132 1972 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	133 1967 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	
PLEASE SKIP TO SECTION XI				
Section X - TERMINATION OF CONTRACT OR AGREEMENT		141		
What situation best describes how you terminated your contract or agreement? Mark (X) one		<input type="checkbox"/> Individual decision by me <input type="checkbox"/> Group decision involving other producers or an organization <input type="checkbox"/> Joint decision between the contractor and me <input type="checkbox"/> Decision by the contractor		
Remarks - If necessary use a separate sheet of paper				
Section XI - PERSON COMPLETING THIS REPORT				
Name - Please print	Date - Mo./Day/1977	152 Telephone		
	151	Area code	Number	

GENERAL EXPLANATION Continued

Feeder Pigs

The trend in 20th Century American agriculture toward specialization of operations has not occurred without affecting the hog industry. Although farrowing to fattening operations are still the most common occurrence in hog production, an increasing number of operators are preferring for various reasons, to raise only feeder pigs or to fatten hogs for market. As one means of tying together these specialized operations, the industry has begun to turn to the implementation of contract arrangements. Contract usage in feeder pig production results in the producers being assured of a market for their pigs and at a fair price while at the same time providing hog finishers with a healthy, steady supply of feeder pigs.

The 1974 Census of Agriculture reported 12.6 million feeder pigs being sold from 93,234 farms with sales of \$2,500 and over. Feeder pig contracts were reported to be used in 1974 by 687 of these operators. Of the 283 operators selected for this survey the characteristics of 132 feeder pig contracts utilized in 1977 were tabulated. The allocation of these 132 contracts by geographical areas

was: Region I, 74; Region II, 44; and Region III, 14.

Though contract usage in raising feeder pigs has increased in the past 10 years in all regions surveyed, their implementation does not appear to be as widespread as some of the other commodities surveyed. Regional comparisons of contract characteristics produce no marked differences.

Twenty-two percent of the operators surveyed indicated they had discontinued contract usage prior to 1977. As true with the other seven commodities, the reason generally given for discontinuing contract operations was an individual decision by the producer.

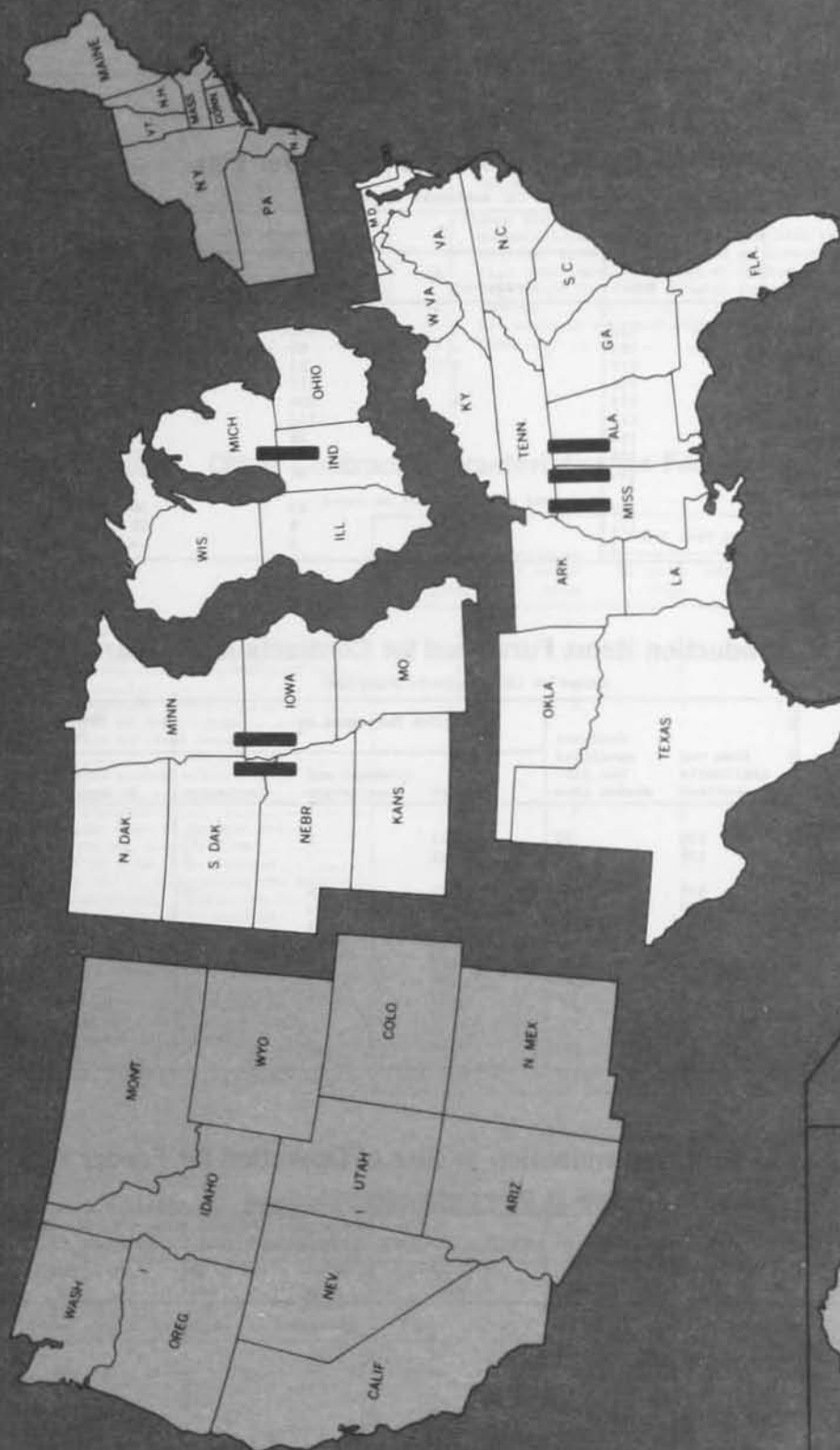
The primary determinants of the contract price for the feeder pigs are either based on the open market price at the time of delivery, reported in 41 percent of the contracts, or arrived at through negotiations by the contractor when he sells the product, reported in 33 percent of the contracts. The contractor does not totally dictate the monetary terms of the contract, however, the producer individually appears to have minimal input into its determination. The producer's greatest involvement with

respect to the price he will receive occurs with the 41 contracts (31 percent) reporting a producer organization being responsible for price determination. Additionally, 45 percent of the reported contracts contain clauses tying feeder pig quality to the price received.

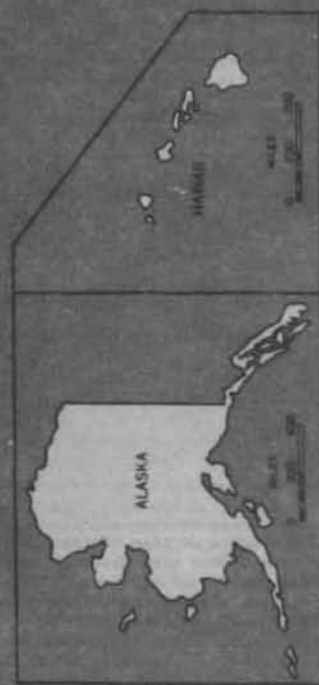
Marketing contracts are the predominant type of contracting arrangement reported in this survey. Primary responsibility for determining production practices and furnishing inputs belongs to the producer. It should be noted that production contracts for feeder pigs do exist and are reported in this survey as approximately 6 percent of the contracts.

Cooperatives are involved to a large extent in feeder pig contract operations. Seventy-six percent of the contractors involved were cooperatives while 68 percent of the producers were members of these cooperatives. The producer expressed general satisfaction with both the production and marketing terms of the contract and 70 percent of the respondents plan to continue contract usage. However, as is true with most marketing contracts, 67 percent of the farmers reported that feeder pigs would have been produced without a contract.

Regions Surveyed for Feeder Pige



Scale
0 100 200 Miles



U.S. DEPARTMENT OF COMMERCE
Bureau of the Census

Table 16. Timing of Contracts for Feeder Pigs

(Based on 132 contracts reported)

	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
Contract agreed upon.....	131	76	48	7	(NA)	(NA)
Price or payment agreed upon.....	129	16	10	65	38	(NA)
Part cash payment received.....	129	1	2	55	30	41
Final cash payment received.....	130	-	-	79	51	(NA)
Contractor assumed ownership.....	128	4	5	91	28	(NA)

Table 17. Terms of Contracts for Feeder Pigs

(Based on 132 contracts reported)

	Total	Terms made by--				Items were specified in contract
		Contractor	Producer	Producer and contractor	A producer organization	
Number produced.....	122	1	105	8	8	37
Breeding program.....	115	-	80	25	10	27
Breeds or types of pig.....	119	5	83	25	6	25
Amount of feed.....	118	2	113	3	-	4
Analysis of feeds.....	118	4	108	6	-	5
Special type of equipment.....	117	-	112	5	-	6
Frequency/extent of disease control.....	114	3	78	31	2	23
Type of disease control.....	118	4	89	21	4	16
Ending weights.....	115	33	28	36	18	69
Production practices other than disease control.....	115	5	83	20	7	19
Price terms.....	111	41	8	21	41	34
Other.....	3	-	2	-	1	1

Table 18. Production Items Furnished for Contracts for Feeder Pigs

(Based on 132 contracts reported)

	Item was applicable to contract	Contract specified who fur- nished item	Item furnished by--			Method of payment for items furnished by contractor		
			Producer	Producer and contractor	Contractor	No charge	Open account	Cash on delivery
Breeding stock.....	128	50	111	3	15	10	6	2
Feed.....	129	39	121	-	8	5	3	-
Chemicals for disease and parasite control.....	128	33	115	4	10	6	6	2
Labor.....	128	38	127	1	-	-	-	1
Transportation.....	128	61	81	11	36	32	8	4
Technical assistance.....	91	37	35	34	21	41	6	2
Machinery and/or equipment.....	121	32	117	1	1	1	-	1
Housing.....	126	36	125	1	-	-	-	-
Other.....	55	19	52	1	3	1	-	3
Other financial assistance provided by contractor.....	(X)	(X)	(X)	(X)	5	(X)	(X)	(X)

Table 19. Payment Determination by Size of Operation for Feeder Pigs

(Based on 132 contracts reported)

	Total	Feeder pigs produced under contract in 1977					
		1 to 49 pigs	50 to 99 pigs	100 to 199 pigs	200 to 499 pigs	500 to 999 pigs	1,000 pigs and over
Open market price at time of delivery.....	54	1	3	5	22	10	13
Open market price at time contract was entered into from futures market price.....	1	-	-	-	-	-	1
From price negotiated by contractor when he sells..	44	2	1	6	20	12	3
By negotiation with contractor.....	3	-	-	-	-	-	3
Value of production items furnished by producer....	1	-	-	-	-	-	1
Set by contractor without negotiation.....	12	2	-	-	3	-	7
Other.....	12	-	-	1	4	2	5
Total reporting size of operation.....	129	5	4	12	50	26	32

Table 20. Contract Provisions for Variation in Quantity and Quality for Feeder Pigs

(Based on 132 contracts reported)

	Farms		Farms
Lesser quantity:		Lower quality:	
Contractor would have accepted pigs delivered.....	56	Contractor would have accepted pigs delivered.....	9
Producer would have purchased the deficit amount to fulfill contract.....	2	Producer would have made cash payment to fulfill contract.....	-
Producer would have made a cash payment to fulfill contract.....	2	No payment would have been received for inferior pigs.....	14
Contract would have been invalidated.....	2	Contract would have been invalidated.....	-
Contract included a natural disaster clause.....	3	Contract included a natural disaster clause.....	-
No provision to cover lesser quantity.....	58	Producer would have received payment based on quality actually delivered.....	60
Other.....	16	Pigs would have been sold on open market.....	15
		Pigs would have been destroyed.....	-
		Pigs would have been offered to contractor; then sold on open market.....	26
Greater quantity:		No provision to cover lower quality.....	11
No payment would have been received for excess produced.....	2	Other.....	4
Excess would have been sold on open market.....	15		
Producer would have received a reduced payment for excess.....	1	Higher quality:	
Excess would have been offered to contractor; then sold on open market.....	20	No additional payment would have been received.....	43
Producer would have received an incentive or premium payment.....	23	Producer would have received an incentive or premium payment.....	31
No provision to cover greater quantity.....	63	Pigs would have been sold on open market.....	5
Other.....	16	Pigs would have been offered to contractor; then sold on open market.....	3
		No provision to cover higher quality.....	31
		Other.....	6

Table 21. Other Contract Characteristics for Feeder Pigs

(Based on 132 contracts reported)

	Total	Feeder pigs produced under contract in 1977					
		1 to 49 pigs	50 to 99 pigs	100 to 199 pigs	200 to 499 pigs	500 to 999 pigs	1,000 pigs and over
Other contractors were available for negotiation.....	53	-	2	3	22	8	18
Producer had knowledge of key provisions of other contracts.....	39	-	2	3	15	8	11
Negotiations were undertaken with more than one contractor.....	18	-	1	-	7	2	8
Contract was specified in writing.....	117	5	3	12	49	25	23
Contract covered more than one production period.....	111	5	2	10	45	20	29
Contract specified a specific number of feeder pigs.....	20	-	-	2	10	5	3
Product was pooled with others prior to final payment determination.....	81	3	1	8	40	20	9
Product was under a State or Federal market order.....	10	1	-	-	5	3	1
Contractor was a cooperative.....	100	5	3	12	42	24	14
Producer was a member of this cooperative.....	90	3	2	11	39	23	12
Contract was associated with a joint venture between two or more cooperatives or a cooperative and another firm.....	6	1	-	2	-	1	2
Producer's operation was a part of this joint venture.....	4	-	-	2	-	1	1
A bargaining association was involved in negotiating the contract	10	-	-	-	4	5	1
Producer was a member of this bargaining association.....	9	-	-	-	3	5	1
Contractor provided supply, demand and/or price outlook information.....	67	2	1	7	25	17	15
Producer considered this as main source of market information..	31	-	-	3	12	10	6
Producer was generally satisfied with production terms of contract.....	124	5	4	12	7	25	31
Producer was generally satisfied with marketing terms of contract	120	4	4	11	46	25	30
Producer plans to continue utilization of contracts.....	92	3	4	7	32	21	25
Pigs would have been produced without a contract.....	87	4	4	6	36	15	22
Total reporting size of operation.....	129	5	4	12	50	26	32

Table 22. Extent of Contract Usage for Feeder Pigs

(Based on 132 contracts reported. Producer's opinion of pigs produced under contract)

	1977				1972				1967			
	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III
Total reporting.....	102	59	31	12	87	51	28	8	76	46	23	7
Percent of pigs in area contracted:												
None.....	-	-	-	-	3	-	1	2	9	4	2	3
Under 25 percent.....	22	11	5	6	24	13	8	3	35	17	14	4
25 to 49 percent.....	16	7	6	3	26	11	12	3	21	15	6	-
50 to 74 percent.....	31	18	12	1	29	22	7	-	11	10	1	-
75 percent and over..	33	23	8	2	5	5	-	-	-	-	-	-

Table 23. Operator Characteristics by Size of Operation for Feeder Pigs

(Based on 132 contracts reported)

	Total	Feeder pigs produced under contract in 1977					
		1 to 49 pigs	50 to 99 pigs	100 to 199 pigs	200 to 499 pigs	500 to 999 pigs	1,000 pigs and over
Years grown under contract:							
1 to 5 years.....	44	1	4	2	17	6	14
6 to 10 years.....	49	-	-	3	21	11	14
10 years and over.....	33	4	-	6	11	8	4
Type of Organization:							
Individual.....	113	5	3	12	46	23	24
Partnership.....	12	-	1	-	3	2	6
Corporation.....	2	-	-	-	-	1	1
Other.....	2	-	-	-	1	-	1
Value of products sold in 1977:							
Under \$10,000.....	19	3	4	5	7	-	-
\$10,000 to \$39,999.....	56	2	-	4	33	14	3
\$40,000 to \$99,999.....	37	-	-	3	10	9	15
\$100,000 to \$499,999.....	15	-	-	-	-	2	13
\$500,000 and over.....	1	-	-	-	-	-	1
Primary business of contractor:							
Feed company.....	7	-	-	-	4	-	3
Packer buyer.....	-	-	-	-	-	-	-
Livestock dealer.....	42	3	2	4	16	6	11
Farmer.....	16	1	1	-	2	1	11
Other.....	61	1	1	8	27	18	6
Total reporting size of operation.....	129	5	4	12	50	26	32

FORM 74-A72 (9-20-77)	U.S. DEPARTMENT OF COMMERCE BUREAU OF THE CENSUS	NOTICE - Response to this inquiry is required by law (title 13, U.S. Code). By the same law YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.				
PRODUCER QUESTIONNAIRE ON CONTRACTS OR BINDING AGREEMENTS FOR FEEDER PIGS		Complete this report and RETURN TO BUREAU OF THE CENSUS 1201 East Tenth Street Jeffersonville, Indiana 47132				
72						
(Please correct any error in name and address including ZIP code)		CENSUS USE ONLY <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">011</td> <td style="width: 25%;">012</td> <td style="width: 25%;">013</td> <td style="width: 25%;">014</td> </tr> </table>	011	012	013	014
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**FROM THE DIRECTOR
BUREAU OF THE CENSUS**

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,

MANUEL D. PLOTKIN

Enclosure

Section I – In 1977, did you have any CONTRACT or BINDING AGREEMENT to produce or market any FEEDER PIGS on this farm or ranch? Include only oral or written agreements made more than 30 days prior to delivery. Do not include Futures contracts traded through organized commodity exchanges.		015 1 <input type="checkbox"/> Yes – Please complete this report form. See NOTE above section II before beginning. 2 <input type="checkbox"/> No – Please complete sections X and XI and return form to Bureau of the Census				
NOTE: If you had feeder pig contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.						
Section II – TIMING OF CONTRACT AGREEMENT Mark (X) the box which best applies for questions 1 through 5 below.		Mark (X) only ONE box for each question				
		Before production started	During production period	At delivery or within one week	After the product was marketed	Not applicable
1. When was contract agreed upon or validated? Code 020 2. When was price of product or payment agreed upon? 021 3. When was part cash payment received? 022 4. When is final cash payment received? 023 5. When did contractor assume ownership of product? 024		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 (NA) <input type="checkbox"/>	5 (NA) <input type="checkbox"/>
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		1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 (NA)

Section VIII - OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Code		1	2	3
101	1. Was the contract or agreement in writing?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
102	2a. Did the contract or agreement cover more than one season or production period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
103	b. If Yes in 2a, how many seasons or periods were covered?			
104	3. Did the contract or agreement specify a specific number of feeder pigs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
105	4. Was your product pooled with that of other producers before a final price or payment was determined?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
106	5. Was the product under a State or Federal market order?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
107	6a. Was the contractor a cooperative?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
108	b. If Yes in item 6a, were you a member of the cooperative?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
109	7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
110	b. If Yes in 7a, was your operation a part of this joint venture?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
111	8a. Was a bargaining association involved in negotiating or implementing the contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
112	b. If Yes in 8a, were you a member of this bargaining association?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
113	9a. Did the contractor assist you with supply, demand, and/or price outlook information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
114	b. If Yes in 9a, was this your main source of market information?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
115	10. Were you generally satisfied with the production terms of your contract or agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
116	11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
117	12. Do you plan to continue and/or expand the use of contracts or agreements in the production of your farm products?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IX - TYPE OR ORGANIZATION OF FARM BUSINESS AND FARM INCOME		121																								
1. What type of organization best describes your farm business? Mark (X) one	<input type="checkbox"/> Individual or family operation (sole proprietorship) <input type="checkbox"/> Partnership operation including family partnerships <input type="checkbox"/> Corporation, including family corporations <input type="checkbox"/> Other, such as cooperative, estate, or trust, etc.																									
2. What was the primary business of the contractor? Mark (X) one	<input type="checkbox"/> Feed company <input type="checkbox"/> Packer buyer <input type="checkbox"/> Livestock dealer <input type="checkbox"/> Farmer <input type="checkbox"/> Other - Specify _____	122																								
3. What is the expected number produced and value of your sales of feeder pigs for 1977?	<table border="1"> <thead> <tr> <th>Number produced</th> <th colspan="2">TOTAL value received of 1977 production of feeder pigs</th> </tr> </thead> <tbody> <tr> <td>124</td> <td>125</td> <td></td> </tr> <tr> <td>a. Total number and value of feeder pigs grown under contract</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>b. Total number and value of feeder pigs grown without a contract <input type="checkbox"/> None</td> <td>128</td> <td></td> </tr> <tr> <td></td> <td>\$</td> <td>.00</td> </tr> </tbody> </table>	Number produced	TOTAL value received of 1977 production of feeder pigs		124	125		a. Total number and value of feeder pigs grown under contract	\$.00	b. Total number and value of feeder pigs grown without a contract <input type="checkbox"/> None	128			\$.00										
Number produced	TOTAL value received of 1977 production of feeder pigs																									
124	125																									
a. Total number and value of feeder pigs grown under contract	\$.00																								
b. Total number and value of feeder pigs grown without a contract <input type="checkbox"/> None	128																									
	\$.00																								
4. What is the expected total gross value of all agricultural products sold from your farm during 1977? Mark (X) one	<input type="checkbox"/> \$500,000 or more <input type="checkbox"/> \$100,000 to \$499,999 <input type="checkbox"/> \$40,000 to \$99,999 <input type="checkbox"/> \$10,000 to \$39,999 <input type="checkbox"/> Less than \$10,000	129																								
5. In your opinion what percentage of the feeder pigs produced in your area or neighborhood was sold or moved under contract during the years 1977, 1972, and 1967?	<table border="1"> <thead> <tr> <th>1977</th> <th>1972</th> <th>1967</th> </tr> </thead> <tbody> <tr> <td>131</td> <td>132</td> <td>133</td> </tr> <tr> <td>1 <input type="checkbox"/> None</td> <td>1 <input type="checkbox"/> None</td> <td>1 <input type="checkbox"/> None</td> </tr> <tr> <td>2 <input type="checkbox"/> Less than 25%</td> <td>2 <input type="checkbox"/> Less than 25%</td> <td>2 <input type="checkbox"/> Less than 25%</td> </tr> <tr> <td>3 <input type="checkbox"/> 25%-49%</td> <td>3 <input type="checkbox"/> 25%-49%</td> <td>3 <input type="checkbox"/> 25%-49%</td> </tr> <tr> <td>4 <input type="checkbox"/> 50%-74%</td> <td>4 <input type="checkbox"/> 50%-74%</td> <td>4 <input type="checkbox"/> 50%-74%</td> </tr> <tr> <td>5 <input type="checkbox"/> 75% or more</td> <td>5 <input type="checkbox"/> 75% or more</td> <td>5 <input type="checkbox"/> 75% or more</td> </tr> <tr> <td>6 <input type="checkbox"/> Don't know</td> <td>6 <input type="checkbox"/> Don't know</td> <td>6 <input type="checkbox"/> Don't know</td> </tr> </tbody> </table>	1977	1972	1967	131	132	133	1 <input type="checkbox"/> None	1 <input type="checkbox"/> None	1 <input type="checkbox"/> None	2 <input type="checkbox"/> Less than 25%	2 <input type="checkbox"/> Less than 25%	2 <input type="checkbox"/> Less than 25%	3 <input type="checkbox"/> 25%-49%	3 <input type="checkbox"/> 25%-49%	3 <input type="checkbox"/> 25%-49%	4 <input type="checkbox"/> 50%-74%	4 <input type="checkbox"/> 50%-74%	4 <input type="checkbox"/> 50%-74%	5 <input type="checkbox"/> 75% or more	5 <input type="checkbox"/> 75% or more	5 <input type="checkbox"/> 75% or more	6 <input type="checkbox"/> Don't know	6 <input type="checkbox"/> Don't know	6 <input type="checkbox"/> Don't know	
1977	1972	1967																								
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4 <input type="checkbox"/> 50%-74%	4 <input type="checkbox"/> 50%-74%	4 <input type="checkbox"/> 50%-74%																								
5 <input type="checkbox"/> 75% or more	5 <input type="checkbox"/> 75% or more	5 <input type="checkbox"/> 75% or more																								
6 <input type="checkbox"/> Don't know	6 <input type="checkbox"/> Don't know	6 <input type="checkbox"/> Don't know																								

Section X - TERMINATION OF CONTRACT OR AGREEMENT		141
What situation best describes how you terminated your contract or agreement? Mark (X) one	<input type="checkbox"/> Individual decision by me <input type="checkbox"/> Group decision involving other producers or an organization <input type="checkbox"/> Joint decision between the contractor and me <input type="checkbox"/> Decision by the contractor	

Remarks - If necessary use a separate sheet of paper

Section XI - PERSON COMPLETING THIS REPORT	
Name - Please print	Date - Mo./Day/1977
151	152
Area code	Telephone Number

GENERAL EXPLANATION Continued

Slaughter Hogs

Contract usage in the production and marketing of slaughter hogs has evolved, as in the case of feeder pigs, from the need for coordination between the various aspects of the hog industry. A wide range of contract possibilities exists for producing and marketing slaughter hogs with each offering various combinations of advantages to the farmer and contractor. Farmers, in general, want to reduce market risks and financial requirements, while contractors want to have a stable supply of quality hogs for processing and marketing.

According to the 1974 Census of Agriculture, approximately 1,000 farm operators reported that contracts were employed in the production and marketing of slaughter hogs in the United States. The accompanying map outlines the three regions utilized in sampling hog contracts. The 344 contractees sampled resulted in the following geographic distribution of active 1977 contracts: Region I, 32; Region II, 14; and Region III, 10.

The use of contracts appears to be a relatively recent development in produc-

ing and marketing slaughter hogs; 68 percent of the farmers reported having utilized contracts for 5 years or less. In contrast to the 56 respondents reporting 1977 contracts, 154 one-time hog producers indicated that they had terminated their contract arrangements prior to 1977. An individual decision was the reason 86 percent of the growers terminated their contracts. Historically, producers have entered into market hog production when the prevailing market conditions are advantageous and an adequate supply of feeder pigs is available. Conversely, hog growers have discontinued their operations when they are no longer profitable. This so-called hog cycle no doubt influenced the large percentage of growers surveyed who reported discontinuing their contracts.

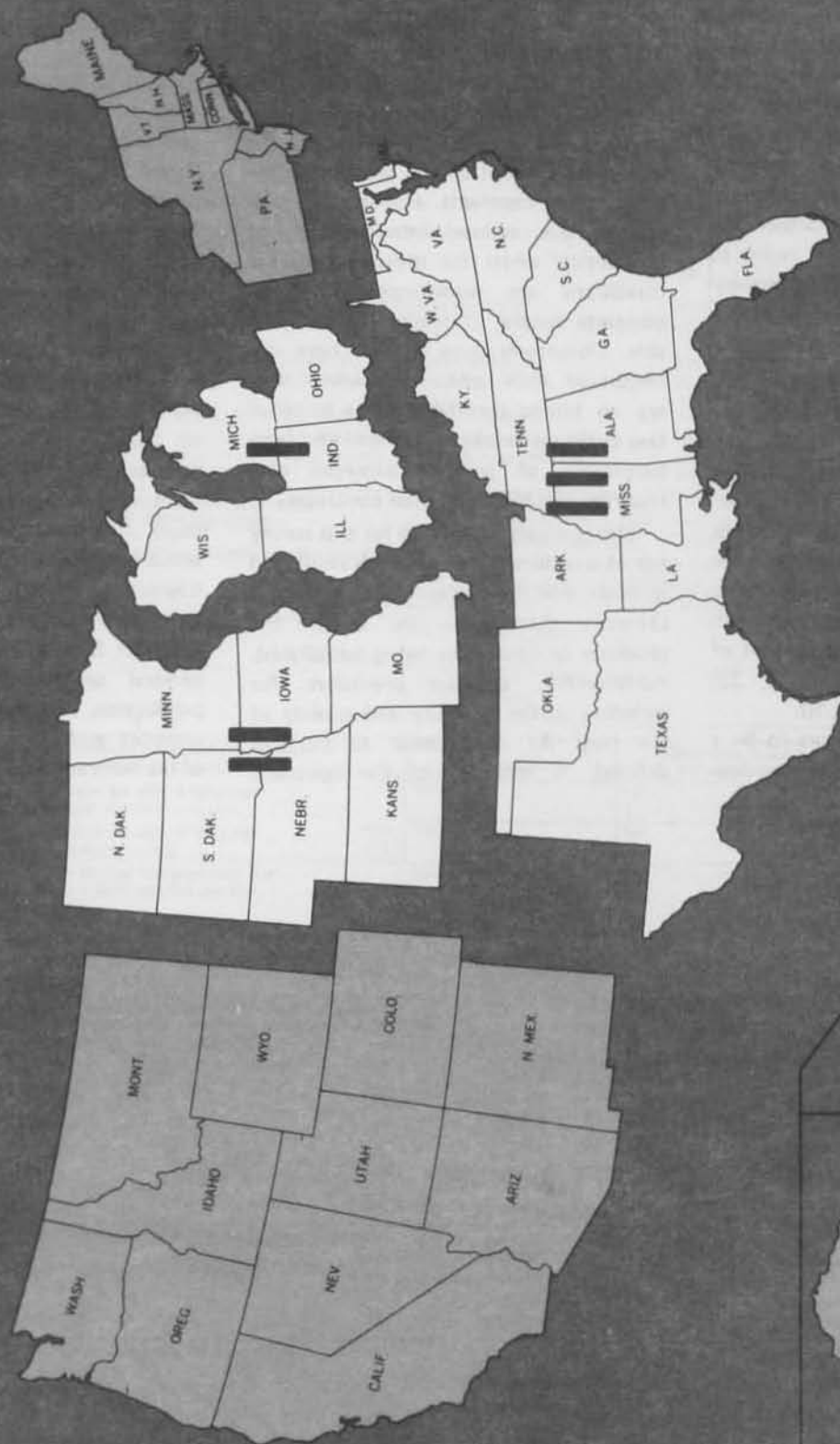
The contracts tabulated for this survey report a wide range of methods employed to determine the contract price without a clearcut domination by either the producer or contractor being established. Additionally, contract provisions for variation in the quantity and quality of the hogs do not appear to be well defined. A majority of the contracts

indicated either the contractor would have accepted the hogs as delivered if the quantity or quality varied, or there was no provision to cover such a situation.

Data collected on contracts indicate that both production and marketing contracts are used for slaughter hogs. Based on previous text discussions of production versus marketing contracts, 18 marketing and 32 production contracts can be identified. Six contracts were not readily classified.

Cooperatives are extensively involved in slaughter hog contracts. Forty-five percent of the contractors were reported as being cooperatives. Though other contractors were available for negotiations in approximately 60 percent of the cases, only 1 out of 4 of these producers actually negotiated with another contractor. As is true with the majority of the contracts reported in the 1977 Contract Survey, the producer expressed general satisfaction with both the production and marketing terms of the contract and plans continued utilization of his contract arrangement.

Regions Surveyed for Slaughter Hogs



U. S. DEPARTMENT OF COMMERCE
BUREAU OF CENSUS

Table 24. Timing of Contracts for Slaughter Hogs

(Based on 56 contracts reported)

	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
Contract agreed upon.....	53	41	11	1	(NA)	(NA)
Price or payment agreed upon.....	55	26	7	12	10	(NA)
Part cash payment received.....	54	2	2	13	27	10
Final cash payment received.....	53	-	-	11	42	(NA)
Contractor assumed ownership.....	52	26	1	17	8	(NA)

Table 25. Terms of Contracts for Slaughter Hogs

(Based on 56 contracts reported)

	Total	Terms made by--				Items were specified in contract
		Contractor	Producer	Producer and contractor	A producer organization	
Number produced.....	49	9	16	21	3	25
Date placed on feed.....	48	11	22	14	1	16
Breeds or types of hogs.....	49	17	17	13	2	9
Amount of feed.....	49	19	18	10	2	8
Analysis of feed.....	49	27	16	3	3	13
Special type of equipment.....	49	2	29	16	2	8
Frequency/extent of disease control.....	50	9	19	22	-	16
Type of disease control.....	49	15	17	17	-	13
Ending of feeding.....	50	13	17	20	-	15
Production practices other than disease control.....	48	11	20	16	1	15
Rate of delivery of hogs.....	46	13	15	16	2	16
Price terms.....	47	16	3	22	6	38
Other.....	1	-	-	1	-	1

Table 26. Production Items Furnished for Contracts for Slaughter Hogs

(Based on 56 contracts reported)

	Item was applicable to contract	Contract specified who fur- nished item	Item furnished by--			Method of payment for items furnished by contractor		
			Producer	Producer and contractor	Contractor	No charge	Open account	Cash on delivery
Feeder pigs.....	54	35	21	-	32	25	7	-
Feed.....	56	39	18	-	37	27	10	-
Chemicals for disease and pest control.....	55	35	19	3	32	24	11	-
Labor.....	56	36	54	-	1	-	-	1
Transportation to market.....	52	34	26	2	24	20	5	1
Processing and/or packing.....	7	2	1	-	6	6	-	-
Technical assistance.....	41	30	13	5	23	26	1	1
Machinery and/or equipment.....	54	32	49	1	-	-	-	1
Other.....	30	24	26	1	3	2	2	-
Other financial assistance provided by contractor.....	(X)	(X)	(X)	(X)	3	(X)	(X)	(X)

Table 27. Payment Determination by Size of Operation for Slaughter Hogs

(Based on 56 contracts reported)

	Total	Slaughter hogs produced under contract in 1977					
		1 to 49 hogs	50 to 99 hogs	100 to 199 hogs	200 to 499 hogs	500 to 999 hogs	1,000 hogs and over
Open market price at time of delivery.....	18	-	1	1	6	5	5
Open market price at time contract was entered into From futures market price.....	-	-	-	-	-	-	-
From price negotiated by contractor when he sells..	5	-	-	2	1	-	2
By negotiation with contractor.....	4	-	-	-	1	2	1
Value of production items furnished by producer....	11	-	-	1	3	2	5
Set by contractor without negotiation.....	3	-	-	1	-	-	2
Other.....	8	-	-	-	-	1	7
	4	-	-	-	1	2	1
Total reporting size of operation.....	56	-	1	5	13	14	23

Table 28. Contract Provisions for Variation in Quantity and Quality for Slaughter Hogs

(Based on 56 contracts reported)

	Farms		Farms
Lesser quantity:		Lower quality:	
Contractor would have accepted hogs delivered.....	21	Contractor would have accepted hogs delivered.....	12
Producer would have purchased the deficit amount to fulfill contract.....	5	Producer would have made cash payment to fulfill contract.....	-
Producer would have made a cash payment to fulfill contract.....	3	No payment would have been received for inferior hogs.....	2
Contract would have been invalidated.....	-	Contract would have been invalidated.....	2
Contract included a natural disaster clause.....	14	Contract included a natural disaster clause.....	4
No provision to cover lesser quantity.....	10	Producer would have received payment based on quality actually delivered.....	8
Other.....	3	Hogs would have been sold on open market.....	4
		Hogs would have been offered to contractor; then sold on open market.....	2
Greater quantity:		No provision to cover lower quality.....	16
No payment would have been received for excess produced.....	5	Other.....	3
Excess would have been sold on open market.....	11		
Producer would have received a reduced payment for excess.....	-	Higher quality:	
Excess would have been offered to contractor; then sold on open market.....	7	No additional payment would have been received.....	12
Producer would have received an incentive or premium payment.....	8	Producer would have received an incentive or premium payment.....	12
No provision to cover greater quantity.....	16	Hogs would have been sold on open market.....	1
Other.....	-	Hogs would have been offered to contractor; then sold on open market.....	2
		No provision to cover higher quality.....	18
		Other.....	2

Table 29. Other Contract Characteristics for Slaughter Hogs

(Based on 56 contracts reported)

	Total	Slaughter hogs produced under contract in 1977					
		1 to 49 hogs	50 to 99 hogs	100 to 199 hogs	200 to 499 hogs	500 to 999 hogs	1,000 hogs and over
Other contractors were available for negotiation.....	33	-	-	2	5	12	14
Producer had knowledge of key provisions of other contracts.....	25	-	-	2	3	8	12
Negotiations were undertaken with more than one contractor.....	8	-	-	-	3	1	4
Contractor was specified in writing.....	43	-	1	4	12	9	17
Contract covered more than one production period.....	32	-	-	2	9	6	15
Contract specified a specific number of hogs.....	31	-	-	3	10	8	10
Product was pooled with others prior to final payment determination.....	5	-	-	-	1	3	1
Product was under a State or Federal market order.....	1	-	-	-	-	-	1
Contractor was a cooperative.....	25	-	-	1	8	7	9
Producer was a member of this cooperative.....	20	-	-	1	5	6	8
Contract was associated with a joint venture between two or more cooperatives or a cooperative and another firm.....	5	-	-	-	3	1	1
Producer's operation was a part of this joint venture.....	3	-	-	-	2	1	-
A bargaining association was involved in negotiating the contract.....	9	-	-	1	2	4	2
Producer was a member of this bargaining association.....	9	-	-	1	2	4	2
Contractor provided supply, demand and/or price outlook information.....	24	-	1	1	7	7	8
Producer considered this as main source of market information..	12	-	-	1	3	5	3
Producer was generally satisfied with production terms of contract.....	48	-	1	5	13	10	19
Producer was generally satisfied with marketing terms of contract.....	46	-	1	4	12	11	18
Producer plans to continue utilization of contracts.....	44	-	-	3	11	12	18
Hogs would have been produced without a contract.....	31	-	-	3	8	9	11
Total reporting size of operation.....	56	-	1	5	13	14	23

Table 30. Extent of Contract Usage for Slaughter Hogs

(Based on 56 contracts reported. Producer's opinion of hogs produced under contract)

	1977				1972				1967			
	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III
Total reporting.....	42	23	12	7	39	20	12	7	37	20	11	6
Percent of hogs in area contracted:												
None.....	-	-	-	-	5	3	1	1	13	5	5	3
Under 25 percent.....	24	14	9	1	26	13	10	3	19	13	5	1
25 to 49 percent.....	9	5	3	1	3	1	1	1	3	1	1	1
50 to 74 percent.....	2	1	-	1	3	2	-	1	2	1	-	1
75 percent and over..	7	3	-	4	2	1	-	1	-	-	-	-

Table 31. Operator Characteristics by Size of Operation for Slaughter Hogs

(Based on 56 contracts reported)

	Total	Slaughter hogs produced under contract in 1977					
		1 to 49 hogs	50 to 99 hogs	100 to 199 hogs	200 to 499 hogs	500 to 999 hogs	1,000 hogs and over
Years grown under contract:							
1 to 5 years.....	38	-	1	5	10	8	14
6 to 10 years.....	11	-	-	-	2	3	6
10 years and over.....	6	-	-	-	1	3	2
Type of organization:							
Individual.....	44	-	1	5	11	13	14
Partnership.....	7	-	-	-	1	1	5
Corporation.....	4	-	-	-	-	-	4
Other.....	1	-	-	-	1	-	-
Value of products sold in 1977:							
Under \$10,000.....	2	-	1	1	-	-	-
\$10,000 to \$39,999.....	5	-	-	2	1	1	1
\$40,000 to \$99,999.....	24	-	-	-	8	11	5
\$100,000 to \$499,999.....	18	-	-	1	3	2	12
\$500,000 and over.....	5	-	-	-	-	-	5
Primary business of contractor:							
Feed company.....	26	-	1	2	7	5	11
Packer or packer buyer.....	10	-	-	1	2	2	5
Livestock dealer.....	1	-	-	1	-	-	-
Other.....	19	-	-	1	4	7	7
Total reporting size of operation.....	56	-	1	5	13	14	23

FORM 74-A73
(9-20-77)U.S. DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS**PRODUCER QUESTIONNAIRE ON CONTRACTS OR BINDING
AGREEMENTS FOR SLAUGHTER HOGS**

73

NOTICE - Response to this inquiry is required by law (title 13, U.S. Code). By the same law YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.

Complete this report
and RETURN TO

BUREAU OF THE CENSUS
1201 East Tenth Street
Jeffersonville, Indiana 47132

CENSUS USE ONLY

011	012	013	014
-----	-----	-----	-----

(Please correct any error in name and address including ZIP code)

**FROM THE DIRECTOR
BUREAU OF THE CENSUS**

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,



MANUEL D. PLOTKIN

Enclosure

Section I – In 1977, did you have any CONTRACT or BINDING AGREEMENT to produce or market any SLAUGHTER HOGS on this farm or ranch? Include only oral or written agreements made more than 30 days prior to delivery. Do not include Futures contracts traded through organized commodity exchanges.		015 1 <input type="checkbox"/> Yes – Please complete this report form. See NOTE above section II before beginning. 2 <input type="checkbox"/> No – Please complete sections X and XI and return form to Bureau of the Census								
NOTE: If you had slaughter hog contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.										
Section II – TIMING OF CONTRACT AGREEMENT Mark (X) the box which best applies for questions 1 through 5 below.		Mark (X) only ONE box for each question								
		Before production started	During production period	At delivery or within one week	After the product was marketed	Not applicable				
	Code	1	2	3	4	5				
1. When was contract agreed upon or validated?	020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	(NA)				
2. When was price of product or payment agreed upon?	021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
3. When was part cash payment received?	022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4. When is final cash payment received?	023	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
5. When did contractor assume ownership of product?	024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
Section III – TERMS OF CONTRACT Listed below (items 1–13) are various items which are involved in production and marketing of hogs. Mark (X) the appropriate columns for questions A and B.		A. Determined by? Mark (X) only ONE box for each item.				B. Were items 1–13 specified in contract?				
		Contractor only	You, the producer	You and contractor jointly	A producer organization	Yes	No			
	Code	1	2	3	4	5	6			
1. Number produced	031	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
2. Date placed on feed	032	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
3. Breeds or types of hog	033	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
4. Amount of feed to be used	034	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
5. Analysis of feeds to be used	035	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
6. Special type of equipment to be used	036	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
7. Frequency and/or extent of disease, pest, and/or parasite controls	037	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
8. Type of disease, pest, and/or parasite controls to use	038	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
9. Ending of feeding	039	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
10. Production practices other than disease, pest and/or parasite controls	040	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
11. Rate of delivery of hogs to contractor	041	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
12. Price or payment terms	042	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
13. Other – Specify _____	043	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Section IV – Who FURNISHES the PRODUCTION ITEMS listed below? Mark (X) the appropriate columns for questions A–D for each item.		A. Does item apply?		B. Does contract specify who furnishes item?		C. What percent of item is furnished by –		D. How did you pay for items furnished by the contractor?		
		Yes	No	Yes	No	You	Contractor	No charge	Open account	Cash on delivery
	Code	1	2	3	4	5	6	7	8	9
1. Feeder pigs	051	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Feed	052	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Chemicals for disease and parasite control	053	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Labor	054	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Transportation to market	056	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Processing and/or packing	057	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Technical assistance	058	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Machinery and/or equipment	059	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Other, such as utilities, insurance, etc. Specify _____	061	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Did the contractor provide any additional financial assistance (including cash advances) that was not related to the specific inputs listed above?		062 1 <input type="checkbox"/> Yes – Specify kind _____ 2 <input type="checkbox"/> No								

Section V – PAYMENT DETERMINATION	
1. How was the payment you received from the contractor determined? Mark (X) one box	071 <input type="checkbox"/> 1 Open market price at time of delivery <input type="checkbox"/> 2 From open market price at time contract was entered into <input type="checkbox"/> 3 From Futures market price <input type="checkbox"/> 4 From price negotiated by the contractor when he sells the product <input type="checkbox"/> 5 By negotiation with contractor – not based on any quoted or market price <input type="checkbox"/> 6 Value of production items and services furnished by you <input type="checkbox"/> 7 Set by contractor without negotiation <input type="checkbox"/> 8 Other – Specify _____
2. How was the price you received determined?	072 <input type="checkbox"/> 1 By live weight basis <input type="checkbox"/> 2 By carcass weight basis
Section VI – ORIGIN OF CONTRACT	
1. How long have you grown hogs under contract?	081 <input type="checkbox"/> 1 1–5 years <input type="checkbox"/> 2 6–10 years <input type="checkbox"/> 3 More than 10 years
2. How long have you grown hogs for your present contractor?	082 <input type="checkbox"/> 1 1–5 years <input type="checkbox"/> 2 6–10 years <input type="checkbox"/> 3 More than 10 years
3. Were there any other hog contractors available with whom you might have negotiated?	083 <input type="checkbox"/> 1 Yes – Complete 3a and 3b <input type="checkbox"/> 2 No – Skip to question 4 <input type="checkbox"/> 3 Don't know – Skip to question 4
a. Do you know the key provisions of the contracts they offered?	084 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
b. Did you negotiate or bargain with more than one contractor?	085 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
4. Would you have grown hogs without a contract?	086 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
Section VII – CONTRACT PROVISIONS FOR VARIATION IN NUMBER OR QUALITY OF HOGS PRODUCED	
Listed below are consequences that may have been faced when the NUMBER and/or QUALITY of hogs produced was different from that specified in the contract.	
Mark (X) those that apply	
A. If NUMBER of hogs produced had been LESS than called for by the contract –	
091 1. The contractor would have accepted the hogs delivered as fulfillment of the contract 2. I would have purchased the deficit amount to fulfill the agreement 3. I would have made a cash payment to fulfill the contract 4. The contract would have been invalidated 5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce hogs because of factors beyond my control 6. There was no provision to cover this situation 9. Other – Specify _____	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/>
B. If NUMBER of hogs produced had been MORE than called for by the contract –	
092 1. No payment would have been received for the excess produced 2. The excess would have been sold on the open market 3. I would have received a reduced price or payment from the contractor for the excess produced 4. The excess would have been offered to the contractor first; then sold on open market 5. I would have received an incentive or premium payment from the contractor 6. There was no provision to cover this situation 7. Other – Specify _____	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/>
C. If the QUALITY of hogs produced had been LOWER than called for by the contract –	
094 1. The contractor would have accepted the hogs delivered as fulfillment of the contract 2. I would have made a cash payment to fulfill the contract 3. No payment would have been received for inferior hogs 4. The contract would have been invalidated 5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce hogs because of factors beyond my control 6. I would have received a price or payment from the contractor based on the quality actually delivered 7. The hogs would have been sold on the open market 8. The hogs would have been offered to the contractor first; then sold on the open market 9. There was no provision to cover this situation 10. Other – Specify _____	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 <input type="checkbox"/> 11 <input type="checkbox"/>
D. If the QUALITY of hogs produced had been HIGHER than called for by the contract –	
096 1. No additional payment would have been received other than specified in the contract 2. I would have received an incentive or premium payment from the contractor 3. The hogs would have been sold on the open market 4. The hogs would have been offered to the contractor first; then sold on the open market 5. There was no provision to cover this situation 6. Other – Specify _____	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/>

Section VIII - OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Mark (X) Yes, No, or Don't know for each item 1-12				
1. Was the contract or agreement in writing?	101	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
2a. Did the contract or agreement cover more than one season or production period?	102	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 2a, how many seasons or periods were covered?	103			
3. Did the contract or agreement specify a specific number of hogs?	104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Was your product pooled with that of other producers before a final price or payment was determined?	105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Was the product under a State or Federal market order?	106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6a. Was the contractor a cooperative?	107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in item 6a, were you a member of the cooperative?	108	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 7a, was your operation a part of this joint venture?	110	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
8a. Was a bargaining association involved in negotiating or implementing the contract?	111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 8a, were you a member of this bargaining association?	112	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
9a. Did the contractor assist you with supply, demand, and/or price outlook information?	113	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 9a, was this your main source of market information?	114	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
10. Were you generally satisfied with the production terms of your contract or agreement?	115	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	116	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Do you plan to continue and/or expand the use of contracts or agreements in the production or marketing of your farm products?	117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IX - TYPE OR ORGANIZATION OF FARM BUSINESS AND FARM INCOME																				
1. What type of organization best describes your farm business? Mark (X) one	121 <input type="checkbox"/> Individual or family operation (sole proprietorship) <input type="checkbox"/> Partnership operation including family partnerships <input type="checkbox"/> Corporation, including family corporations <input type="checkbox"/> Other such as cooperative, estate, or trust, etc.																			
2. What was the primary business of the contractor? Mark (X) one	122 <input type="checkbox"/> Feed company <input type="checkbox"/> Packer or packer buyer <input type="checkbox"/> Livestock dealer <input type="checkbox"/> Other - Specify _____																			
3. What is the expected number sold and value of your sales of hogs for 1977?	<table border="1"> <thead> <tr> <th>Number produced</th> <th colspan="2">TOTAL value received of 1977 production of hogs</th> </tr> </thead> <tbody> <tr> <td>a. Total number and value of hogs grown under contract.</td> <td>124</td> <td>125</td> <td></td> </tr> <tr> <td></td> <td></td> <td>\$</td> <td>.00</td> </tr> <tr> <td>b. Total number and value of hogs grown without a contract.</td> <td>127</td> <td>128</td> <td></td> </tr> <tr> <td></td> <td></td> <td>\$</td> <td>.00</td> </tr> </tbody> </table>	Number produced	TOTAL value received of 1977 production of hogs		a. Total number and value of hogs grown under contract.	124	125				\$.00	b. Total number and value of hogs grown without a contract.	127	128				\$.00
Number produced	TOTAL value received of 1977 production of hogs																			
a. Total number and value of hogs grown under contract.	124	125																		
		\$.00																	
b. Total number and value of hogs grown without a contract.	127	128																		
		\$.00																	
4. What is the expected total gross value of all agricultural products sold from your farm during 1977? Mark (X) one	129 <input type="checkbox"/> \$500,000 or more <input type="checkbox"/> \$100,000 to \$499,999 <input type="checkbox"/> \$40,000 to \$99,999 <input type="checkbox"/> \$10,000 to \$39,999 <input type="checkbox"/> Less than \$10,000																			
5. In your opinion, what percentage of the slaughter hogs produced in your area or neighborhood was sold or moved under contract during the years 1977, 1972, and 1967?	<table border="1"> <thead> <tr> <th>1977</th> <th>1972</th> <th>1967</th> </tr> </thead> <tbody> <tr> <td>131 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know </td> <td>132 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know </td> <td>133 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know </td> </tr> </tbody> </table>	1977	1972	1967	131 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	132 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	133 <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know													
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PLEASE SKIP TO SECTION XI

Section X - TERMINATION OF CONTRACT OR AGREEMENT
What situation best described how you terminated your contract or agreement? Mark (X) one
141 <input type="checkbox"/> Individual decision by me <input type="checkbox"/> Group decision involving other producers or an organization <input type="checkbox"/> Joint decision between the contractor and me <input type="checkbox"/> Decision by the contractor

Remarks - If necessary use a separate sheet of paper

Section XI - PERSON COMPLETING THIS REPORT	
Name - Please print	Date - Mo./Day/1977
151	152
Area code	Telephone Number

GENERAL EXPLANATION Continued

Broilers

Broiler production has become increasingly concentrated in recent years both in terms of regional areas and fewer but larger scale operations. During the period of 1954 to 1974, production more than tripled from 800 million to over 2.5 billion birds while the number of producers dropped from 50,000 to less than 35,000. Production, processing, and marketing efficiency provided through vertical integration was a major factor in these changes.

Studies of contracts used in broiler production indicate there is no standard contract widely used. The detailed terms or provisions apparently vary somewhat by areas, the financial and management capabilities of the grower, and the degree of competition among contractors. Although there are variations in the detail of individual contracts, this survey points out the strong similarities in the basic provisions among contracts regardless of geographic area.

The production of broilers under contract was reported on 18,697 farms in the 1974 Census of Agriculture. From this total, a sample of 1,761 farms was selected from four regional areas. This sample resulted in the collection of data on 1,056 contracts active in 1977. Geographically, the active contracts were: Region I, 122; Region II, 284; Region III, 280; and Region IV, 370.

Broiler contracts, more so than any of the other contracts surveyed, can be clas-

sified as production contracts. A high degree of uniformity exists in all aspects of their implementation and execution throughout the four regions in the survey. The contractor maintains full control in determining the timing, terms, and production inputs furnished for the contract. The key production items, chicks and feed, are furnished by the contractor in 98 percent of the contracts for which there was a response to this inquiry. Production inputs furnished by the grower were generally limited to production labor, machinery and/or equipment, housing, and a share of the utilities. The degree of involvement by the grower in the decision process and financial arrangements is significantly less than would be true if the producer was an independent broiler raiser. This concept is further reflected in the value he receives for producing the product.

The income received by the grower can be based on the number of birds raised or pounds produced, and is often supplemented by incentives for feed efficiency. In general, the income received represents less than 20 percent of the market value as the cost of chicks and feed are borne by the contractor and thus are excluded from the price calculations. Although the true market prices for broilers are often difficult to determine, the costs of chicks and feed generally represent two-thirds to three-quarters of the market value.

The survey indicates the price terms are determined by the contractor in 92

percent of the cases reported. Producer organizations were infrequently involved in negotiations. It should be noted that more than one-half of the contracts involved incentive payments to the producers based on efficiency of production.

Broiler contracts, as for the other commodities enumerated, tend to be written. Fifty-eight percent of the contractees reported operations in excess of 100,000 birds per year, evidence of the trend in the broiler industry toward larger scale operations. This increase in size of operations is a result of much improved technology and efficiency at both the production and processing levels.

The reported dropout rate of 19 percent for contract broiler growers is the lowest for any of the commodities surveyed, an indication of the relative stability of the broiler industry. Additionally, 541 contractees (51 percent) reported they have grown broilers under contract for more than 10 years.

Although 708 growers (67 percent) reported that other contractors were available for negotiations, only 26 percent actually undertook negotiations with more than one contractor; 153 growers would have raised broilers without a contract. However, the relative efficiency of small-scale independent broiler operations and the uncertain availability of a processor and a market for the birds casts doubt on the feasibility of such an operation.

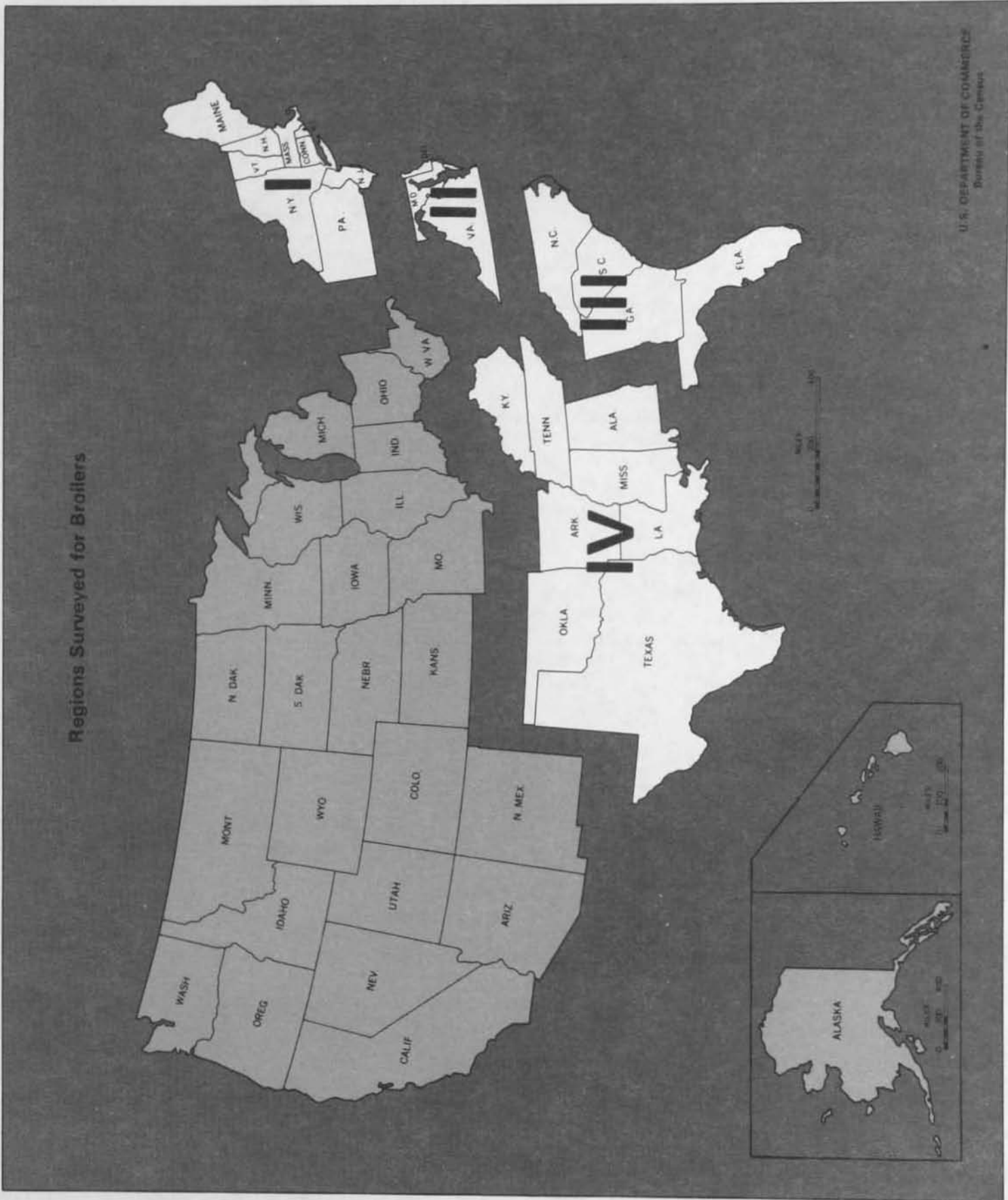


Table 32. Timing of Contracts for Broilers

	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
TOTAL						
(Based on 1,056 contracts reported)						
Contract agreed upon.....	971	841	43	87	(NA)	(NA)
Price or payment agreed upon.....	919	604	33	84	198	(NA)
Part cash payment received.....	858	1	72	81	416	288
Final cash payment received.....	951	2	-	124	825	(NA)
Contractor assumed ownership.....	878	572	44	171	91	(NA)
REGION I						
(Based on 122 contracts reported)						
Contract agreed upon.....	118	106	12	-	(NA)	(NA)
Price or payment agreed upon.....	113	85	10	3	15	(NA)
Part cash payment received.....	108	1	54	9	21	23
Final cash payment received.....	113	-	-	22	91	(NA)
Contractor assumed ownership.....	109	83	2	15	9	(NA)
REGION II						
(Based on 284 contracts reported)						
Contract agreed upon.....	253	241	10	2	(NA)	(NA)
Price or payment agreed upon.....	245	144	9	17	75	(NA)
Part cash payment received.....	228	-	8	22	125	73
Final cash payment received.....	260	2	-	27	231	(NA)
Contractor assumed ownership.....	234	154	19	40	21	(NA)
REGION III						
(Based on 280 contracts reported)						
Contract agreed upon.....	252	224	7	21	(NA)	(NA)
Price or payment agreed upon.....	235	175	3	24	33	(NA)
Part cash payment received.....	220	-	1	22	96	101
Final cash payment received.....	247	-	-	40	207	(NA)
Contractor assumed ownership.....	229	147	10	43	29	(NA)
REGION IV						
(Based on 370 contracts reported)						
Contract agreed upon.....	348	270	14	64	(NA)	(NA)
Price or payment agreed upon.....	326	200	11	40	75	(NA)
Part cash payment received.....	302	-	9	28	174	91
Final cash payment received.....	331	-	-	35	296	(NA)
Contractor assumed ownership.....	306	188	13	73	32	(NA)

Table 33. Terms of Contracts for Broilers

	Total	Terms made by--				Items were specified in contract
		Contractor	Producer	Producer and contractor	A producer organization	
TOTAL (Based on 1,056 contracts reported)						
Number produced.....	902	659	34	185	24	488
Placement dates.....	899	687	13	183	16	280
Breed of broilers.....	892	843	6	24	19	211
Amount of feed.....	864	599	106	144	15	172
Analysis of feed.....	888	856	5	10	17	172
Special type of equipment.....	867	389	164	305	9	286
Frequency/extent of disease control.....	875	578	54	232	11	258
Type of disease control.....	865	688	29	133	15	222
Ending of feeding.....	878	735	51	75	17	234
Production practices other than disease control.....	857	475	99	273	10	315
Price terms.....	867	795	-	51	21	484
Other.....	25	24	1	-	-	20
REGION I (Based on 122 contracts reported)						
Number produced.....	111	82	3	24	2	64
Placement dates.....	111	82	1	27	1	40
Breed of broilers.....	112	106	-	3	3	25
Amount of feed.....	107	61	26	19	1	17
Analysis of feed.....	109	103	1	3	2	14
Special type of equipment.....	106	27	31	47	1	38
Frequency/extent of disease control.....	109	55	14	39	1	30
Type of disease control.....	105	68	12	24	1	25
Ending of feeding.....	110	83	12	14	1	26
Production practices other than disease control.....	108	46	18	43	1	42
Price terms.....	108	98	-	9	1	69
Other.....	3	3	-	-	-	2
REGION II (Based on 284 contracts reported)						
Number produced.....	235	154	10	66	5	152
Placement dates.....	233	151	6	73	3	56
Breed of broilers.....	228	211	2	14	1	55
Amount of feed.....	223	168	17	36	2	46
Analysis of feed.....	231	223	1	5	2	43
Special type of equipment.....	227	102	34	89	2	78
Frequency/extent of disease control.....	225	157	6	60	2	59
Type of disease control.....	224	180	2	40	2	45
Ending of feeding.....	229	193	12	22	2	58
Production practices other than disease control.....	223	123	26	73	1	75
Price terms.....	225	212	-	10	3	127
Other.....	3	3	-	-	-	2
REGION III (Based on 280 contracts reported)						
Number produced.....	244	192	4	40	8	106
Placement dates.....	243	188	3	45	7	81
Breed of broilers.....	240	223	4	6	7	51
Amount of feed.....	234	173	23	31	7	42
Analysis of feed.....	238	227	2	2	7	46
Special type of equipment.....	235	113	43	75	4	67
Frequency/extent of disease control.....	239	169	16	49	5	62
Type of disease control.....	238	190	6	34	8	57
Ending of feeding.....	237	195	15	19	8	57
Production practices other than disease control.....	229	140	19	65	5	73
Price terms.....	230	201	-	21	8	119
Other.....	7	6	1	-	-	1
REGION IV (Based on 370 contracts reported)						
Number produced.....	312	231	17	55	9	166
Placement dates.....	312	266	3	38	5	103
Breed of broilers.....	312	303	-	1	8	80
Amount of feed.....	300	197	40	58	5	67
Analysis of feed.....	310	303	1	-	6	69
Special type of equipment.....	299	147	56	94	2	103
Frequency/extent of disease control.....	302	197	18	84	3	107
Type of disease control.....	298	250	9	35	4	95
Ending of feeding.....	302	264	12	20	6	93
Production practices other than disease control.....	297	166	36	92	3	125
Price terms.....	304	284	-	11	9	169
Other.....	12	12	-	-	-	12

Table 34. Production Items Furnished for Contracts for Broilers

	Item was applicable to contract	Contract specified who furnished item	Item furnished by:			Method of payment for items furnished by contractor		
			Producer	Producer and contractor	Contractor	No charge	Open account	Cash on delivery
TOTAL (Based on 1,056 contracts reported)								
Chicks.....	1,017	851	8	4	993	388	270	10
Feed.....	1,014	814	6	1	993	378	261	8
Chemicals for disease and parasite control.....	991	722	72	41	859	310	247	9
Production labor.....	979	666	915	12	42	17	8	-
Catching labor.....	1,003	707	26	7	958	403	104	8
Transportation to market.....	993	702	10	1	967	404	94	2
Processing and/or packing.....	923	600	5	1	898	372	82	4
Technical assistance.....	952	639	12	20	899	376	84	3
Machinery and/or equipment.....	977	635	855	12	95	42	13	1
Housing.....	998	673	975	1	12	3	1	1
Other.....	934	581	550	284	83	70	73	22
Other financial assistance provided by contractor.....	(X)	(X)	(X)	(X)	23	(X)	(X)	(X)
REGION I (Based on 122 contracts reported)								
Chicks.....	119	110	1	-	116	68	16	2
Feed.....	119	111	1	-	116	69	15	2
Chemicals for disease and parasite control.....	117	98	14	8	93	54	19	1
Production labor.....	115	98	105	2	8	4	2	-
Catching labor.....	118	97	1	1	114	67	5	-
Transportation to market.....	111	94	-	-	109	60	5	-
Processing and/or packing.....	91	67	-	-	88	51	4	-
Technical assistance.....	109	84	-	6	100	56	7	-
Machinery and/or equipment.....	116	92	109	-	6	2	-	-
Housing.....	117	95	112	-	4	1	-	-
Other.....	105	90	17	44	41	31	10	7
REGION II (Based on 284 contracts reported)								
Chicks.....	270	236	3	-	265	82	99	4
Feed.....	269	224	3	-	265	75	101	3
Chemicals for disease and parasite control.....	257	194	15	9	230	66	89	3
Production labor.....	260	180	243	1	16	6	2	-
Catching labor.....	263	184	10	-	250	94	43	3
Transportation to market.....	261	186	4	-	255	94	41	1
Processing and/or packing.....	248	171	3	-	240	87	40	2
Technical assistance.....	251	179	4	6	237	86	37	2
Machinery and/or equipment.....	254	175	230	4	18	9	3	-
Housing.....	263	186	260	-	4	1	1	-
Other.....	248	156	100	116	29	28	41	11
REGION III (Based on 280 contracts reported)								
Chicks.....	272	213	1	-	266	114	50	2
Feed.....	272	206	-	-	265	111	45	1
Chemicals for disease and parasite control.....	269	187	20	13	229	90	46	2
Production labor.....	262	165	253	1	4	-	1	-
Catching labor.....	269	180	5	4	260	113	20	1
Transportation to market.....	268	176	4	1	260	110	17	-
Processing and/or packing.....	248	153	1	1	244	103	16	1
Technical assistance.....	256	157	2	3	248	107	16	-
Machinery and/or equipment.....	267	156	233	1	26	8	5	1
Housing.....	270	167	262	-	3	-	-	1
Other.....	251	141	161	75	8	9	17	-
REGION IV (Based on 370 contracts reported)								
Chicks.....	356	292	3	4	346	124	105	2
Feed.....	354	273	2	1	347	123	100	2
Chemicals for disease and parasite control.....	348	243	23	11	307	100	93	3
Production labor.....	342	223	314	8	14	7	3	-
Catching labor.....	353	246	10	2	334	129	36	4
Transportation to market.....	353	246	2	-	343	140	31	1
Processing and/or packing.....	336	209	1	-	326	131	22	1
Technical assistance.....	336	219	6	5	314	127	24	1
Machinery and/or equipment.....	340	212	283	7	45	23	5	-
Housing.....	348	225	341	1	1	1	-	-
Other.....	330	194	272	49	5	2	5	4

Table 35. Payment Determination by Size of Operation for Broilers

(Based on 1,056 contracts reported)

	Total	Broilers produced under contract in 1977					
		Under 8,000 broilers	8,000 to 15,999 broilers	16,000 to 29,999 broilers	30,000 to 59,999 broilers	60,000 to 99,999 broilers	100,000 broilers and over
Open-market price at time of delivery.....	134	1	2	2	13	41	75
Open-market price at time contract was entered into	22	1	-	1	3	6	11
From futures market price.....	6	-	-	-	-	-	3
From price negotiated by contractor when he sells..	112	-	3	5	23	31	50
By negotiation with contractor.....	115	3	2	5	13	19	73
Value of production items furnished by producer....	38	-	1	3	4	10	20
Set by contractor without negotiation.....	480	3	4	11	45	103	314
Other.....	65	-	-	1	7	11	46
Total reporting size of operation.....	1,038	8	13	31	123	243	620

Table 36. Contract Provisions for Variation in Number of Broilers Produced and Performance Standards

	Farms		Farms
TOTAL (Based on 1,056 contracts reported)		REGION II--Con. (Based on 284 contracts reported)	
Higher death rate:		Lower efficiency--Con.	
Contractor would have accepted broilers delivered.....	596	Producer would have received payment based on quality actually delivered.....	145
Contract would have been invalidated.....	22	No provision to cover lower efficiency.....	11
Contract included a natural disaster clause.....	264	Other.....	12
No provision to cover higher death rate.....	189		
Other.....	53		
Lower efficiency:		Higher efficiency:	
Contractor would have accepted broilers delivered.....	425	No additional payment would have been received other than specified.....	74
No payment would have been received for inferior broilers.....	69	Producer would have received an incentive or premium payment....	166
Contract would have been invalidated.....	18	No provision to cover higher efficiency.....	9
Contract included a natural disaster clause.....	100	Other.....	8
Producer would have received payment based on quality actually delivered.....	520		
No provision to cover lower efficiency.....	75	REGION III (Based on 280 contracts reported)	
Other.....	42	Higher death rate:	
Higher efficiency:		Contractor would have accepted broilers delivered.....	164
No additional payment would have been received other than specified.....	350	Contract would have been invalidated.....	3
Producer would have received an incentive or premium payment....	531	Contract included a natural disaster clause.....	49
No provision to cover higher efficiency.....	70	No provision to cover higher death rate.....	60
Other.....	36	Other.....	19
REGION I (Based on 122 contracts reported)		Lower efficiency:	
Higher death rate:		Contractor would have accepted broilers delivered.....	110
Contractor would have accepted broilers delivered.....	64	No payment would have been received for inferior broilers.....	29
Contract would have been invalidated.....	7	Contract would have been invalidated.....	7
Contract included a natural disaster clause.....	36	Contract included a natural disaster clause.....	18
No provision to cover higher death rate.....	25	Producer would have received payment based on quality actually delivered.....	135
Other.....	12	No provision to cover lower efficiency.....	24
Lower efficiency:		Other.....	16
Contractor would have accepted broilers delivered.....	50	Higher efficiency:	
No payment would have been received for inferior broilers.....	7	No additional payment would have been received other than specified.....	107
Contract would have been invalidated.....	2	Producer would have received an incentive or premium payment....	113
Contract included a natural disaster clause.....	15	No provision to cover higher efficiency.....	29
Producer would have received payment based on quality actually delivered.....	63	Other.....	12
No provision to cover lower efficiency.....	10	REGION IV (Based on 370 contracts reported)	
Other.....	7	Higher death rate:	
Higher efficiency:		Contractor would have accepted broilers delivered.....	220
No additional payment would have been received other than specified.....	28	Contract would have been invalidated.....	9
Producer would have received an incentive or premium payment....	78	Contract included a natural disaster clause.....	51
No provision to cover higher efficiency.....	9	No provision to cover higher death rate.....	81
Other.....	7	Other.....	10
REGION II (Based on 284 contracts reported)		Lower efficiency:	
Higher death rate:		Contractor would have accepted broilers delivered.....	151
Contractor would have accepted broilers delivered.....	148	No payment would have been received for inferior broilers.....	26
Contract would have been invalidated.....	3	Contract would have been invalidated.....	7
Contract included a natural disaster clause.....	128	Contract included a natural disaster clause.....	16
No provision to cover higher death rate.....	23	Producer would have received payment based on quality actually delivered.....	177
Other.....	12	No provision to cover lower efficiency.....	30
Lower efficiency:		Other.....	7
Contractor would have accepted broilers delivered.....	114	Higher efficiency:	
No payment would have been received for inferior broilers.....	7	No additional payment would have been received other than specified.....	141
Contract would have been invalidated.....	2	Producer would have received an incentive or premium payment....	174
Contract included a natural disaster clause.....	51	No provision to cover higher efficiency.....	23
		Other.....	9

Table 37. Other Contract Characteristics for Broilers

(Based on 1,056 contracts reported)

	Total	Broilers produced under contract in 1977					
		Under 8,000 broilers	8,000 to 15,999 broilers	16,000 to 29,999 broilers	30,000 to 59,999 broilers	60,000 to 99,999 broilers	100,000 broilers and over
Other contractors were available for negotiation.....	708	3	9	13	80	156	447
Producer had knowledge of key provisions of other contracts.....	470	2	7	8	55	89	309
Negotiations were undertaken with more than one contractor.....	182	1	6	1	22	38	114
Contract was specified in writing.....	947	6	10	23	101	221	586
Contract covered more than one production period.....	511	5	3	14	54	112	323
Contract specified a specific number of broilers.....	529	3	6	19	61	112	328
Product was pooled with others prior to final payment determination.....	578	2	3	12	52	131	378
Product was under a State or Federal market order.....	156	-	3	3	21	31	98
Contractor was a cooperative.....	173	2	3	5	23	38	102
Producer was a member of this cooperative.....	72	1	-	1	7	11	52
Contract was associated with a joint venture between two or more cooperatives or a cooperative and another firm.....	38	-	-	-	3	10	25
Producer's operation was a part of this joint venture.....	16	-	-	-	-	4	12
A bargaining association was involved in negotiating the contract	31	-	-	1	1	6	23
Producer was a member of this bargaining association.....	11	-	-	1	-	2	8
Contractor provided supply, demand and/or price outlook information.....	183	1	6	-	29	41	106
Producer considered this as main source of market information..	109	1	4	-	19	28	57
Producer was generally satisfied with production terms of contract.....	759	6	10	21	87	178	457
Producer was generally satisfied with marketing terms of contract	647	5	9	20	82	149	382
Producer plans to continue utilization of contracts.....	719	3	7	15	77	158	459
Broilers would have been produced without a contract.....	153	2	3	1	15	31	101
Total reporting size of operation.....	1,038	8	13	31	123	243	620

Table 38. Extent of Contract Usage for Broilers

(Based on 1,056 contracts reported. Producer's opinion of broilers produced under contract)

	1977					1972					1967				
	Farms	Region I	Region II	Region III	Region IV	Farms	Region I	Region II	Region III	Region IV	Farms	Region I	Region II	Region III	Region IV
Total reporting.....	814	102	230	207	275	760	90	217	191	262	673	75	194	174	230
Percent of broilers in area contracted:															
None.....	-	-	-	-	-	8	1	1	4	2	13	1	2	6	4
Under 25 percent.....	14	1	2	3	8	8	1	1	2	4	17	3	2	5	7
25 to 49 percent.....	7	2	-	5	-	7	3	1	2	1	17	7	4	4	2
50 to 74 percent.....	7	-	2	1	4	25	7	3	8	7	40	8	16	5	11
75 percent and over.....	786	99	226	198	263	712	78	211	175	248	586	56	170	154	206

Table 39. Operator Characteristics by Size of Operation for Broilers

(Based on 1,056 contracts reported)

	Total	Broilers produced under contract in 1977					
		Under 8,000 broilers	8,000 to 15,999 broilers	16,000 to 29,999 broilers	30,000 to 59,999 broilers	60,000 to 99,999 broilers	100,000 broilers and over
Years grown under contract:							
1 to 5 years.....	180	1	2	2	16	47	112
6 to 10 years.....	282	3	2	9	28	64	176
10 years and over.....	533	3	9	17	72	119	313
Type of organization:							
Individual.....	901	7	12	25	102	210	545
Partnership.....	65	-	1	2	10	17	35
Corporation.....	20	-	-	-	1	1	18
Other.....	7	-	-	-	1	3	3
Value of products sold in 1977:							
Under \$10,000.....	5	4	1	-	-	-	-
\$10,000 to \$39,999.....	86	1	10	30	41	4	-
\$40,000 to \$99,999.....	363	4	-	-	76	230	53
\$100,000 to \$499,999.....	544	-	2	1	2	5	534
\$500,000 and over.....	39	-	-	-	3	4	32
Primary business of contractor:							
Feed company.....	263	6	9	15	43	57	133
Processor.....	319	-	2	3	28	80	206
Other.....	396	1	1	10	39	93	252
Total reporting size of operation.....	1,038	8	13	31	123	243	620

FORM 74-A74 <small>(9-20-77)</small>	U.S. DEPARTMENT OF COMMERCE BUREAU OF THE CENSUS	NOTICE — Response to this inquiry is required by law (title 13, U.S. Code). By the same law YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.				
PRODUCER QUESTIONNAIRE ON CONTRACTS OR BINDING AGREEMENTS FOR BROILER GROWERS		Complete this report and RETURN TO BUREAU OF THE CENSUS 1201 East Tenth Street Jeffersonville, Indiana 47132				
74						
<small>(Please correct any error in name and address including ZIP code)</small>		CENSUS USE ONLY				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">011</td> <td style="width: 25%; text-align: center;">012</td> <td style="width: 25%; text-align: center;">013</td> <td style="width: 25%; text-align: center;">014</td> </tr> </table>	011	012	013	014
011	012	013	014			

FROM THE DIRECTOR
BUREAU OF THE CENSUS

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,

MANUEL D. PLOTKIN

Enclosure

Section I - In 1977, did you have any CONTRACT or BINDING AGREEMENT to produce or market any BROILERS on this farm or ranch? Include only oral or written agreements made more than 30 days prior to delivery. Do not include Futures contracts traded through organized commodity exchanges.		015 1 <input type="checkbox"/> Yes - Please complete this report form. See NOTE above section II before beginning. 2 <input type="checkbox"/> No - Please complete sections X and XI and return form to Bureau of the Census								
NOTE: If you had broiler contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.										
Section II - TIMING OF CONTRACT AGREEMENT Mark (X) the box which best applies for questions 1 through 5 below.		Mark (X) only ONE box for each question								
	Code	Before production started	During production period	At delivery or within one week	After the product was marketed	Not applicable				
1. When was contract agreed upon or validated?	020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	(NA)				
2. When was price of product or payment agreed upon? . . .	021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
3. When was part cash payment received?	022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4. When is final cash payment received?	023	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
5. When did contractor assume ownership of product? . . .	024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
Section III - TERMS OF CONTRACT Listed below (items 1-12) are various items which are involved in production and marketing of broilers. Mark (X) the appropriate columns for questions A and B.		A. Determined by? Mark (X) only ONE box for each item				B. Were items 1-12 specified in contract?				
	Code	Contractor only	You, the producer	You and contractor jointly	A producer organization	Yes	No			
1. Number produced	031	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
2. Placement dates	032	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
3. Breed of broilers to be produced	033	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
4. Amount of feed to be used	034	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
5. Analysis of feeds to be used	035	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
6. Special type of equipment to be used	036	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
7. Frequency and/or extent of disease, pest, and/or parasite controls	037	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
8. Type of disease, pest, and/or parasite controls to use . . .	038	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
9. Ending of feeding	039	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
10. Production practices other than disease, pest, and/or parasite controls	040	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
11. Price terms	042	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
12. Other - Specify	043	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Section IV - Who FURNISHES the PRODUCTION ITEMS listed below? Mark (X) the appropriate columns for questions A-D for each item.		A. Does item apply?		B. Does contract specify who furnishes item?		C. What percent of item is furnished by -		D. How did you pay for items furnished by the contractor?		
	Code	Yes	No	Yes	No	You	Contractor	No charge	Open account	Cash on delivery
1. Chicks	051	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Feed	052	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Chemicals for disease and parasite control	053	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Production labor	054	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Catching labor	055	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Transportation to market	056	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Processing and/or packing	057	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Technical assistance	058	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Machinery and/or equipment	059	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Housing	060	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Other, such as fuel, electricity, etc. Specify	061	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Did the contractor provide any additional financial assistance (including cash advances) that was not related to the specific inputs listed above?		062 1 <input type="checkbox"/> Yes - Specify kind _____ 2 <input type="checkbox"/> No								

Section V – PAYMENT DETERMINATION How was the payment you received from the contractor determined? Mark (X) one box		071 1 <input type="checkbox"/> Open market price at time of delivery 2 <input type="checkbox"/> From open market price at time contract was entered into 3 <input type="checkbox"/> From Futures market price 4 <input type="checkbox"/> From price negotiated by the contractor when he sells the product 5 <input type="checkbox"/> By negotiation with contractor – not based on any quoted or market price 6 <input type="checkbox"/> Value of production items and services furnished by you 7 <input type="checkbox"/> Set by contractor without negotiation a <input type="checkbox"/> Other – Specify _____
Section VI – ORIGIN OF CONTRACT 1. How long have you grown broilers under contract?		081 1 <input type="checkbox"/> 1–5 years 2 <input type="checkbox"/> 6–10 years 3 <input type="checkbox"/> More than 10 years
2. How long have you grown broilers for your present contractor?		082 1 <input type="checkbox"/> 1–5 years 2 <input type="checkbox"/> 6–10 years 3 <input type="checkbox"/> More than 10 years
3. Were there any other broiler contractors available with whom you might have negotiated?		083 1 <input type="checkbox"/> Yes – Complete 3a and 3b 2 <input type="checkbox"/> No – Skip to question 4 3 <input type="checkbox"/> Don't know – Skip to question 4
a. Do you know the key provisions of the contracts they offered?		084 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
b. Did you negotiate or bargain with more than one contractor?		085 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
4. Would you have grown broilers without a contract?		086 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
Section VII – CONTRACT PROVISIONS FOR VARIATION IN NUMBER OF BROILERS PRODUCED AND PERFORMANCE STANDARDS Listed below are consequences that may have been faced when the NUMBER and/or PERFORMANCE STANDARDS of broilers produced was different from that specified in the contract.		
A. If the death rate, number condemned, or other death losses had been in excess of standard or more than called for in the contract –		
		091
1. The contractor would have accepted the broilers delivered as fulfillment of the contract		1 <input type="checkbox"/>
2. The contract would have been invalidated.		2 <input type="checkbox"/>
3. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce broilers because of factors beyond my control		3 <input type="checkbox"/>
4. There was no provision to cover this situation.		4 <input type="checkbox"/>
5. Other – Specify _____		5 <input type="checkbox"/>
B. If the efficiency, performance, and/or feed conversion had been LOWER than standard or lower than called for in the contract –		
		094
1. The contractor would have accepted the broilers delivered as fulfillment of the contract		1 <input type="checkbox"/>
2. No payment would have been received for inferior broilers		2 <input type="checkbox"/>
3. The contract would have been invalidated.		3 <input type="checkbox"/>
4. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce broilers because of factors beyond my control		4 <input type="checkbox"/>
5. I would have received a price or payment from the contractor based on the quality actually delivered		5 <input type="checkbox"/>
6. There was no provision to cover this situation		6 <input type="checkbox"/>
7. Other – Specify _____		7 <input type="checkbox"/>
C. If the efficiency, performance, and/or feed conversion had been HIGHER than standard or higher than called for in the contract –		
		096
1. No additional payment would have been received other than specified in the contract		1 <input type="checkbox"/>
2. I would have received an incentive or premium payment from the contractor		2 <input type="checkbox"/>
3. There was no provision to cover this situation.		3 <input type="checkbox"/>
4. Other – Specify _____		4 <input type="checkbox"/>

Section VIII - OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Code		1	2	3
	Mark (X) Yes, No, or Don't know for each item 1-12			
101	1. Was the contract or agreement in writing?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
102	2a. Did the contract or agreement cover more than one season or production period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
103	b. If Yes in 2a, how many seasons or periods were covered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
104	3. Did the contract or agreement specify a specific number of broilers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
105	4. Was your product pooled with that of other producers before a final price or payment was determined?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
106	5. Was the product under a State or Federal market order?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
107	6a. Was the contractor a cooperative?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
108	b. If Yes in item 6a, were you a member of the cooperative?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
109	7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
110	b. If Yes in 7a, was your operation a part of this joint venture?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
111	8a. Was a bargaining association involved in negotiating or implementing the contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
112	b. If Yes in 8a, were you a member of this bargaining association?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
113	9a. Did the contractor assist you with supply, demand, and/or price outlook information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
114	b. If Yes in 9a, was this your main source of market information?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
115	10. Were you generally satisfied with the production terms of your contract or agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
116	11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
117	12. Do you plan to continue and/or expand the use of contracts or agreements in the production or marketing of your farm products?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IX - TYPE OR ORGANIZATION OF FARM BUSINESS AND FARM INCOME		121	
1. What type of organization best describes your farm business?	Mark (X) one	<input type="checkbox"/> Individual or family operation (sole proprietorship) <input type="checkbox"/> Partnership operation including family partnerships <input type="checkbox"/> Corporation, including family corporations <input type="checkbox"/> Other such as cooperative, estate, or trust, etc.	
2. What was the primary business of the contractor?	Mark (X) one	122 <input type="checkbox"/> Feed company <input type="checkbox"/> Processor <input type="checkbox"/> Other - Specify _____	
3. What is the expected number sold and value of your sales of broilers for 1977?		Number produced	TOTAL value received for 1977 production of broilers
a. Total number and value of broilers grown under contract	124	125	
b. Total number and value of broilers grown without a contract	127	128	
4. What is the expected total gross value of all agricultural products sold from your farm during 1977?	Mark (X) one	129 <input type="checkbox"/> \$500,000 or more <input type="checkbox"/> \$100,000 to \$499,999 <input type="checkbox"/> \$40,000 to \$99,999 <input type="checkbox"/> \$10,000 to \$39,999 <input type="checkbox"/> Less than \$10,000	
5. In your opinion what percentage of the broilers grown in your area or neighborhood was sold or produced under contract during the years 1977, 1972, and 1967?	131	132	133
1977	1972	1967	
<input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	<input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	<input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	

PLEASE SKIP TO SECTION XI

Section X - TERMINATION OF CONTRACT OR AGREEMENT		141
What situation best describes how you terminated your contract or agreement?	Mark (X) one	<input type="checkbox"/> Individual decision by me <input type="checkbox"/> Group decision involving other producers or an organization <input type="checkbox"/> Joint decision between the contractor and me <input type="checkbox"/> Decision by the contractor
Remarks - If necessary use a separate sheet of paper		

Section XI - PERSON COMPLETING THIS REPORT		152	
Name - Please print	Date - Mo./Day/1977	Telephone	
	151	Area code	Number

Chicken Eggs

In recent years the egg industry has also experienced a rapid increase in the number of integrated operations. Though not as extensively as the broiler industry, egg producers have become concentrated on fewer, but larger farms. Contributing to the rise in vertically integrated egg operations has been the lack of coordination between independent producers and marketing firms in maintaining a uniform supply of quality eggs and the desire of certain firms to develop a larger volume, thereby gaining a degree of control over egg supply. Likewise, hatcheries have found the use of production type contracts useful to ensure the supply of the type, quantity, and quality of eggs required. The resulting use of contracts offered by firms for the production and marketing of both table and hatching eggs totaled 5,761 according to the 1974 Census of Agriculture.

The sample of 1,173 producers selected for the 1977 Contract Survey yielded 557 reports of active contracts. The four regions that were employed reported were: Region I, 64; Region II, 167; Region III, 163; and Region IV, 163.

The 557 contracts reported for this survey indicate production contracts to

be the dominant arrangement practiced. The primary production inputs, feed and pullets, are reported to be supplied by the contractor in more than 90 percent of the contracts. Likewise, the price to be received is determined, to a large extent by the contractor either through negotiations with the grower or strictly by his own decision. Egg handlers, feed companies, hatcheries, and processors all appear to be actively involved in offering contracts to growers. The 130 contracts with the primary business of the contractor indicated as "other" are generally fully integrated operations. The majority of the contracts either had no provision for variations in the quantity or quality of the eggs produced or the contractor would have accepted the eggs as delivered.

It should be mentioned that production contracts are not the only possibility in contracting chicken eggs. Region II tabulations indicate six contracts where both the feed and the pullets were furnished by the grower, an indication of marketing contracts. Additionally, 1974 census data indicated the egg contracts reported in the Western States were frequently marketing contracts. This area, however, was omitted from the

survey because of its relative lack of concentration of contract operations.

Though the percentage of eggs contracted has increased in the last 10 years in all geographic regions surveyed, the problem of contract dropout is still apparent. The 320 contracts reported terminated comprise 27 percent of the total growers surveyed. Again, the primary grounds for termination of the contract arrangement was an individual decision on the part of the producer.

Approximately 70 percent of the growers reporting 1977 contracts have utilized contracts for more than 5 years. The availability of other contractors was reported by 65 percent of the growers, but of this total only 36 percent reported actually undertaking negotiations with more than one contractor. General satisfaction with both the production and marketing terms of the contract was expressed by more than two-thirds of the contractees.

It should be noted that only 20 percent of the growers would continue egg production without a contract. This may indicate that many growers lack necessary financing or that access to the market by independent producers is limited.

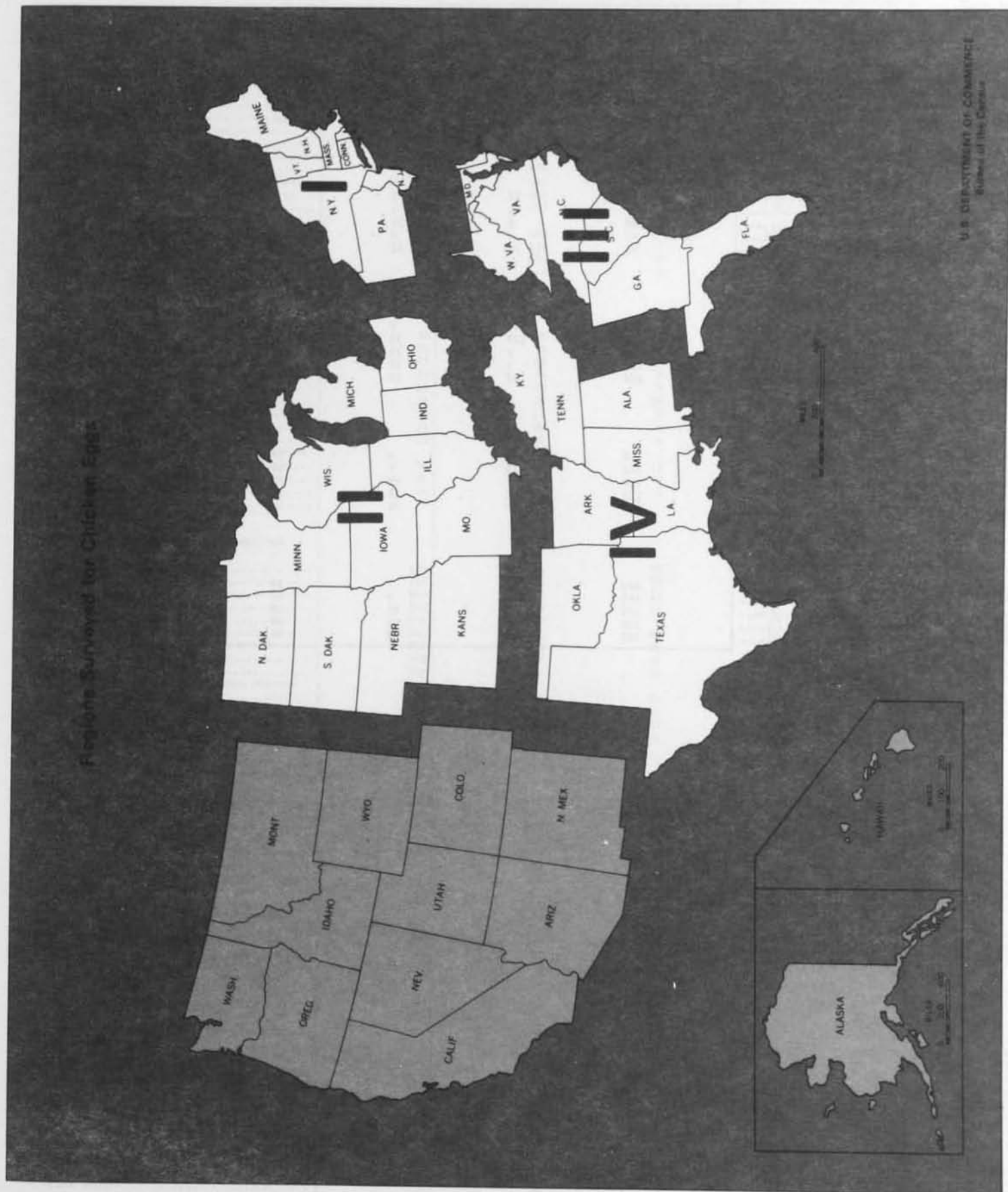


Table 40. Timing of Contracts for Chicken Eggs

	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
TOTAL						
(Based on 557 contracts reported)						
Contract agreed upon.....	521	460	20	41	(NA)	(NA)
Price or payment agreed upon.....	509	433	27	34	15	(NA)
Part cash payment received.....	486	19	247	63	101	56
Final cash payment received.....	447	2	63	83	299	(NA)
Contractor assumed ownership.....	426	231	75	92	28	(NA)
REGION I						
(Based on 64 contracts reported)						
Contract agreed upon.....	58	53	2	3	(NA)	(NA)
Price or payment agreed upon.....	57	52	1	3	1	(NA)
Part cash payment received.....	58	6	32	8	6	6
Final cash payment received.....	47	-	8	4	35	(NA)
Contractor assumed ownership.....	45	27	11	6	1	(NA)
REGION II						
(Based on 167 contracts reported)						
Contract agreed upon.....	161	151	5	5	(NA)	(NA)
Price or payment agreed upon.....	158	127	12	7	12	(NA)
Part cash payment received.....	151	1	71	13	51	15
Final cash payment received.....	139	1	10	11	117	(NA)
Contractor assumed ownership.....	126	67	17	29	13	(NA)
REGION III						
(Based on 163 contracts reported)						
Contract agreed upon.....	153	132	6	15	(NA)	(NA)
Price or payment agreed upon.....	148	128	6	12	2	(NA)
Part cash payment received.....	138	7	69	23	22	17
Final cash payment received.....	132	1	19	33	79	(NA)
Contractor assumed ownership.....	128	70	24	27	7	(NA)
REGION IV						
(Based on 163 contracts reported)						
Contract agreed upon.....	149	124	7	18	(NA)	(NA)
Price or payment agreed upon.....	146	126	8	12	-	(NA)
Part cash payment received.....	139	5	75	19	22	18
Final cash payment received.....	129	-	26	35	68	(NA)
Contractor assumed ownership.....	127	67	23	30	7	(NA)

Table 41. Terms of Contracts for Chicken Eggs

	Total	Terms made by--				Items were specified in contract
		Contractor	Producer	Producer and contractor	A producer organization	
TOTAL (Based on 557 contracts reported)						
Number produced.....	420	164	82	163	11	169
Placement of pullets.....	459	316	24	110	9	221
Breed of layer.....	449	367	21	55	6	162
Amount of feed.....	444	309	45	81	9	120
Analysis of feed.....	449	384	15	40	10	119
Special type of equipment.....	435	108	190	130	7	111
Frequency/extent of disease control.....	452	196	80	169	7	164
Type of disease control.....	444	248	47	142	7	130
Flock rotation.....	446	317	31	91	7	185
Production practices, other than disease control.....	437	185	87	159	6	166
Rate of delivery of eggs.....	446	338	26	71	11	170
Price terms.....	440	293	10	129	8	259
Other.....	10	8	1	1	-	14
REGION I (Based on 64 contracts reported)						
Number produced.....	52	18	8	25	1	18
Placement of pullets.....	54	31	4	18	1	20
Breed of layer.....	53	32	3	17	1	17
Amount of feed.....	53	29	4	19	1	15
Analysis of feed.....	54	40	3	9	2	14
Special type of equipment.....	51	10	30	10	1	14
Frequency/extent of disease control.....	53	21	9	22	1	20
Type of disease control.....	51	26	6	17	2	18
Flock rotation.....	51	30	4	16	1	20
Production practices, other than disease control.....	54	18	11	24	1	19
Rate of delivery of eggs.....	50	37	2	9	2	17
Price terms.....	52	32	1	17	2	31
Other.....	1	1	-	-	-	1
REGION II (Based on 167 contracts reported)						
Number produced.....	135	31	39	63	2	51
Placement of pullets.....	147	76	13	57	1	78
Breed of layer.....	144	103	11	29	1	68
Amount of feed.....	141	78	24	35	4	39
Analysis of feed.....	144	106	6	29	3	47
Special type of equipment.....	133	22	67	42	2	32
Frequency/extent of disease control.....	144	41	39	64	-	54
Type of disease control.....	142	57	24	61	-	40
Flock rotation.....	141	75	14	51	1	69
Production practices, other than disease control.....	139	43	32	63	1	66
Rate of delivery of eggs.....	141	81	16	39	5	53
Price terms.....	137	75	3	57	2	82
Other.....	4	2	1	1	-	3
REGION III (Based on 163 contracts reported)						
Number produced.....	115	56	17	38	4	53
Placement of pullets.....	128	100	5	19	4	57
Breed of layer.....	124	110	5	7	2	39
Amount of feed.....	125	103	10	10	2	35
Analysis of feed.....	124	115	5	2	2	31
Special type of equipment.....	124	36	52	35	1	31
Frequency/extent of disease control.....	125	57	18	47	3	42
Type of disease control.....	122	68	13	39	2	37
Flock rotation.....	127	105	6	13	3	47
Production practices, other than disease control.....	121	59	23	36	3	41
Rate of delivery of eggs.....	126	103	5	15	3	51
Price terms.....	125	90	1	32	2	70
Other.....	2	2	-	-	-	2
REGION IV (Based on 163 contracts reported)						
Number produced.....	118	59	18	37	4	47
Placement of pullets.....	130	109	2	16	3	66
Breed of layer.....	128	122	2	2	2	38
Amount of feed.....	125	99	7	17	2	31
Analysis of feed.....	127	123	1	-	3	27
Special type of equipment.....	127	40	41	43	3	34
Frequency/extent of disease control.....	130	77	14	36	3	48
Type of disease control.....	129	97	4	25	3	35
Flock rotation.....	127	107	7	11	2	49
Production practices, other than disease control.....	123	65	21	36	1	40
Rate of delivery of eggs.....	129	117	3	8	1	49
Price terms.....	126	96	5	23	2	76
Other.....	3	3	-	-	-	43

Table 42. Production Items Furnished for Contracts for Chicken Eggs

	Item was applicable to contract	Contract specified who furnished item	Item furnished by --			Method of payment for items furnished by contractor		
			Producer	Producer or contractor	Contractor	No charge	Open account	Cash on delivery
TOTAL (Based on 557 contracts reported)								
Feed.....	529	425	10	7	508	298	32	2
Pullets.....	530	411	15	7	504	282	27	8
Chemicals for disease and parasite control.....	519	368	52	62	400	226	47	5
Labor.....	524	358	508	7	5	4	-	1
Transportation to market.....	498	336	59	7	426	216	20	2
Grading and/or packing.....	453	288	110	19	322	164	13	5
Technical assistance.....	444	286	23	28	386	223	14	1
Machinery and/or equipment.....	507	317	486	5	13	6	1	-
Storage of eggs.....	484	316	362	37	78	41	1	-
Other.....	366	201	306	35	21	8	6	1
Other financial assistance provided by contractor.....	(X)	(X)	(X)	(X)	4	(X)	(X)	(X)
REGION I (Based on 64 contracts reported)								
Feed.....	62	49	2	1	59	30	9	-
Pullets.....	62	50	2	1	59	29	6	-
Chemicals for disease and parasite control.....	60	44	3	9	48	28	6	-
Labor.....	61	43	60	1	-	1	-	-
Transportation to market.....	56	40	3	2	51	27	5	1
Grading and/or packing.....	54	38	17	4	33	19	2	2
Technical assistance.....	52	37	3	5	45	27	3	-
Machinery and/or equipment.....	59	35	59	2	-	-	1	-
Storage of eggs.....	53	34	44	3	6	3	-	-
Other.....	47	28	30	8	9	6	1	-
REGION II (Based on 167 contracts reported)								
Feed.....	159	133	6	2	150	83	16	1
Pullets.....	160	132	10	4	145	74	16	7
Chemicals for disease and parasite control.....	155	108	34	20	100	46	22	3
Labor.....	157	111	151	2	3	2	-	-
Transportation to market.....	140	87	19	4	115	451	10	1
Grading and/or packing.....	119	66	32	3	85	39	6	1
Technical assistance.....	127	73	10	10	106	67	6	1
Machinery and/or equipment.....	148	95	144	1	1	1	-	-
Storage of eggs.....	146	96	114	7	21	9	-	-
Other.....	109	58	83	16	7	-	4	-
REGION III (Based on 163 contracts reported)								
Feed.....	152	115	-	2	150	93	6	1
Pullets.....	153	112	1	1	150	89	5	1
Chemicals for disease and parasite control.....	150	105	9	15	124	76	11	1
Labor.....	152	100	147	3	1	1	-	-
Transportation to market.....	148	105	14	-	132	71	3	-
Grading and/or packing.....	141	91	34	3	103	51	4	-
Technical assistance.....	131	87	4	8	117	65	4	-
Machinery and/or equipment.....	148	89	138	2	7	4	-	-
Storage of eggs.....	144	95	107	12	23	15	1	-
Other.....	99	47	91	5	3	2	1	-
REGION IV (Based on 163 contracts reported)								
Feed.....	156	128	2	2	149	92	1	-
Pullets.....	155	117	2	1	150	90	-	-
Chemicals for disease and parasite control.....	154	111	6	18	128	76	8	1
Labor.....	154	104	150	1	1	-	-	1
Transportation to market.....	154	104	23	1	128	67	2	-
Grading and/or packing.....	139	93	27	9	101	55	1	2
Technical assistance.....	134	89	6	5	118	64	1	-
Machinery and/or equipment.....	152	98	145	-	5	1	-	-
Storage of eggs.....	141	91	97	15	28	14	-	-
Other.....	111	68	102	6	2	-	-	1

Table 43. Payment Determination by Size of Operation for Chicken Eggs

(Based on 557 contracts reported)

	Total	Size of contract laying operation in 1977 ¹					
		Under 8,000 hens	8,000 to 15,999 hens	16,000 to 29,999 hens	30,000 to 59,999 hens	60,000 to 99,999 hens	100,000 hens and over
Open market price at time of delivery.....	78	2	54	13	6	2	1
Open market price at time contract was entered into.....	15	1	6	4	3	1	-
From futures market price.....	3	-	1	2	-	-	-
From price negotiated by contractor when he sells..	25	-	18	4	2	-	1
By negotiation with contractor.....	141	-	73	34	20	7	7
Value of production item furnished by producer.....	9	-	5	1	3	-	-
Set by contractor without negotiation.....	240	2	123	73	29	5	8
Other.....	6	-	4	-	2	-	-
Total reporting size of operation.....	551	6	302	138	70	18	17

¹Size of laying flock was obtained by dividing 20 into dozens of eggs reported.

Table 44. Contract Provisions for Variation in Quantity and Quality for Chicken Eggs

(Based on 557 contracts reported)

	Farms		Farms
Lesser quantity:		Lower quality:	
Contractor would have accepted eggs delivered.....	194	Contractor would have accepted eggs.....	145
Producer would have purchased deficit amount to fulfill contract.....	3	Producer would have made cash payment to fulfill contract.....	3
Producer would have made a cash payment to fulfill contract.....	2	No payment would have been received for inferior eggs.....	12
Contract would have been invalidated.....	3	Contract would have been invalidated.....	4
Contracts included a natural disaster clause.....	36	Contract included a natural disaster clause.....	15
No provision to cover lesser quantity.....	245	Producer would have received payment based on quality actually delivered.....	78
Other.....	18	Eggs would have been sold on open market.....	4
		Eggs would have been destroyed.....	-
Greater quantity:		Eggs would have been offered to contractor; then sold on open market.....	3
No payment would have been received for excess produced.....	3	No provision to cover lower quality.....	205
Excess would have been sold on open market.....	14	Other.....	12
Producer would have received a reduced payment for excess.....	2		
Excess would have been offered to contractor; then sold on open market.....	5	Higher quality:	
Eggs would have been destroyed.....	-	No additional payment would have been received.....	125
Producer would have received on incentive or premium payment.....	89	Producer would have received an incentive or premium payment....	72
No provision to cover greater quantity.....	269	Eggs would have been sold on open market.....	6
Other.....	-	Eggs would have been offered to contractor; then sold on open market.....	-
		No provision to cover higher quality.....	217
		Other.....	20

Table 45. Other Contract Characteristics for Chicken Eggs

(Based on 557 contracts reported)

	Total	Size of contract laying operation in 1977 ¹					
		Under 8,000 hens	8,000 to 15,999 hens	16,000 to 29,999 hens	30,000 to 59,999 hens	60,000 to 99,999 hens	100,000 hens and over
Other contractors were available for negotiation.....	364	1	182	102	52	11	16
Producer had knowledge of key provisions of other contracts.....	280	1	136	77	43	9	14
Negotiations were undertaken with more than one contractor.....	133	-	67	32	19	5	10
Contract was specified in writing.....	402	3	226	96	48	12	17
Contract covered more than one production period.....	108	2	53	20	13	6	9
Contract specified a specific number of eggs.....	17	-	5	5	5	2	-
Product was pooled with others prior to final payment determination.....	41	1	25	11	2	1	1
Product was under a State or Federal market order.....	40	1	20	10	7	-	2
Contractor was a cooperative.....	98	-	52	23	15	4	4
Producer was a member of this cooperative.....	39	-	18	13	6	1	1
Contract was associated with a joint venture between two or more cooperatives or a cooperative and another firm.....	23	-	11	6	2	2	2
Producer's operation was a part of this joint venture.....	12	-	6	3	2	-	1
A bargaining association was involved in negotiating the contract.....	13	-	10	3	-	-	-
Producer was a member of this bargaining association.....	8	-	6	2	-	-	3
Contractor provided supply, demand and/or price outlook information.....	99	1	52	28	10	5	3
Producer considered this as main source of market information.....	43	1	27	10	4	1	-
Producer was generally satisfied with production terms of contract.....	438	4	249	101	57	10	17
Producer was generally satisfied with marketing terms of contract.....	366	4	208	82	48	7	17
Producer plans to continue utilization of contracts.....	366	3	188	99	48	12	16
Eggs would have been produced without a contract.....	117	-	61	29	17	4	6
Total reporting size of operation.....	551	6	302	138	70	18	17

¹Size of laying flock was obtained by dividing 20 into dozens of eggs reported.

Table 46. Extent of Contract Usage for Chicken Eggs

(Based on 557 contracts reported. Producer's opinion of chicken eggs produced under contract)

	1977					1972					1967				
	Farms	Region I	Region II	Region III	Region IV	Farms	Region I	Region II	Region III	Region IV	Farms	Region I	Region II	Region III	Region IV
Total reporting.....	324	41	96	98	89	282	37	85	79	81	232	30	69	68	65
Percent of chicken eggs in area contracted:															
None.....	-	-	-	-	-	3	1	1	1	-	13	1	7	4	1
Under 25 percent.....	35	9	14	7	5	25	5	11	5	4	32	5	16	7	4
25 to 49 percent.....	12	1	6	2	3	16	2	9	3	2	31	8	10	4	9
50 to 74 percent.....	33	7	15	5	6	52	10	20	10	12	43	6	15	13	9
75 percent and over.....	244	24	61	84	75	186	19	44	60	63	113	10	21	40	42

Table 47. Operator Characteristics by Size of Operation for Chicken Eggs

(Based on 557 contracts reported)

	Total	Size of contract laying operation in 1977 ¹					
		Under 8,000 hens	8,000 to 15,999 hens	16,000 to 29,999 hens	30,000 to 59,999 hens	60,000 to 99,999 hens	100,000 hens and over
Years grown under contract:							
1 to 5 years.....	131	2	71	32	17	5	4
6 to 10 years.....	238	3	118	68	37	6	6
10 years and over.....	151	-	94	32	13	5	7
Type of Organization:							
Individual.....	446	6	254	116	53	9	8
Partnership.....	54	-	26	12	9	4	3
Corporation.....	25	-	9	3	5	3	5
Other.....	1	-	-	-	1	-	-
Value of products sold in 1977:							
Less than \$10,000.....	2	2	-	-	-	-	-
\$10,000 to \$39,999.....	2	2	-	-	-	-	-
\$40,000 to \$99,999.....	178	1	177	-	-	-	-
\$100,000 to \$499,999.....	312	1	118	136	56	1	-
\$500,000 or more.....	56	-	7	1	14	17	17
Primary business of contractor:							
Hatchery.....	83	-	61	13	5	1	3
Egg handler.....	165	3	80	49	26	4	3
Processor.....	45	-	24	7	8	1	5
Feed company.....	93	1	53	24	10	4	1
Other.....	130	2	66	34	17	6	5
Total reporting size of operation.....	551	6	302	138	70	18	17

¹Size of laying flock was obtained by dividing 20 into dozens of eggs reported.

FORM 74-A75
(9-20-77)U.S. DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUSPRODUCER QUESTIONNAIRE ON CONTRACTS OR BINDING
AGREEMENTS FOR CHICKEN EGGS

75

NOTICE — Response to this inquiry is required by law (title 13, U.S. Code). By the same law YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.

Complete this report
and RETURN TO

BUREAU OF THE CENSUS
1201 East Tenth Street
Jeffersonville, Indiana 47132

CENSUS USE ONLY

011	012	013	014
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(Please correct any error in name and address including ZIP code)

FROM THE DIRECTOR
BUREAU OF THE CENSUS

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,


MANUEL D. PLOTKIN

Enclosure

Section I - In 1977, did you have any CONTRACT or BINDING AGREEMENT to produce or market any chicken eggs on this farm or ranch? Include only oral or written agreements made more than 30 days prior to delivery. Do not include Futures contracts traded through organized commodity exchanges.		015		1 <input type="checkbox"/> Yes - Please complete this report form. See NOTE above section II before beginning. 2 <input type="checkbox"/> No - Please complete sections X and XI and return form to Bureau of the Census								
NOTE: If you had egg contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.												
Section II - TIMING OF CONTRACT AGREEMENT Mark (X) the box which best applies for questions 1 through 5 below.				Mark (X) only ONE box for each question								
				Before production started	During production period	At delivery or within one week	After the product was marketed	Not applicable				
				1	2	3	4	5				
Code												
1. When was contract agreed upon or validated? 020				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	(NA)				
2. When was price of product or payment agreed upon? . . . 021				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
3. When was part cash payment received? 022				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4. When is final cash payment received? 023				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
5. When did contractor assume ownership of product? . . . 024				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)				
Section III - TERMS OF CONTRACT Listed below (items 1-13) are various items which are involved in production and marketing of eggs. Mark (X) the appropriate columns for questions A and B				A. Determine by? Mark (X) only ONE box for each item.				B. Were items 1-13 specified in contract?				
				Contractor only	You, the producer	You and contractor jointly	A producer organization	Yes No				
				1	2	3	4	5 6				
Code												
1. Quantity produced 031				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
2. Placement of pullets 032				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
3. Breed of layer 033				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
4. Amount of feed to be used 034				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
5. Analysis of feed to be used 035				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
6. Special type of equipment to be used 036				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
7. Frequency and/or extent of disease, pest, and/or parasite controls 037				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
8. Type of disease, pest, and/or parasite controls to use 038				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
9. Flock rotation 039				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
10. Production practices other than disease, pest, and/or parasite controls 040				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
11. Rate of delivery of eggs to contractor 041				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
12. Price terms 042				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
13. Other - Specify 043				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>				
Section IV - Who FURNISHES the PRODUCTION ITEMS listed below? Mark (X) the appropriate columns for questions A-D for each item				A. Does item apply?		B. Does contract specify who furnishes item?		C. What percent of item is furnished by -		D. How did you pay for items furnished by the contractor?		
				Yes	No	Yes	No	You	Contractor	No charge	Open account	Cash on delivery
				1	2	3	4	5	6	7	8	9
Code												
1. Feed 051				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Pullets 052				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Chemicals for disease and parasite control . 053				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Labor 054				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Transportation to market 056				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Grading and/or packing 057				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Technical assistance 058				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Machinery and/or equipment 059				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Storage of eggs 060				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Other, such as utilities, insurance, etc. Specify 061				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____ %	_____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Did the contractor provide any additional financial assistance (including cash advances) that was not related to the specific inputs listed above?				062 1 <input type="checkbox"/> Yes - Specify kind _____ 2 <input type="checkbox"/> No								

Section V – PAYMENT DETERMINATION How was the payment you received from the contractor determined? Mark (X) one box		071 1 <input type="checkbox"/> Open market price at time of delivery 2 <input type="checkbox"/> From open market price at time contract was entered into 3 <input type="checkbox"/> From Futures market price 4 <input type="checkbox"/> From price negotiated by the contractor when he sells the product 5 <input type="checkbox"/> By negotiation with contractor – not based on any quoted or market price 6 <input type="checkbox"/> Value of production items and services furnished by you 7 <input type="checkbox"/> Set by contractor without negotiation 8 <input type="checkbox"/> Other – Specify _____
Section VI – ORIGIN OF CONTRACT 1. How long have you produced eggs under contract? 2. How long have you produced eggs for your present contractor? 3. Were there any other egg contractors available with whom you might have negotiated? a. Do you know the key provisions of the contracts they offered? b. Did you negotiate or bargain with more than one contractor? 4. Would you have produced eggs without a contract?		081 1 <input type="checkbox"/> 1–5 years 2 <input type="checkbox"/> 6–10 years 3 <input type="checkbox"/> More than 10 years 082 1 <input type="checkbox"/> 1–5 years 2 <input type="checkbox"/> 6–10 years 3 <input type="checkbox"/> More than 10 years 083 1 <input type="checkbox"/> Yes – Complete 3a and 3b 2 <input type="checkbox"/> No – Skip to question 4 3 <input type="checkbox"/> Don't know – Skip to question 4 084 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No 085 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No 086 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
Section VII – CONTRACT PROVISIONS FOR VARIATION IN NUMBER OR QUALITY OF EGGS PRODUCED Listed below are consequences that may have been faced when the NUMBER and/or QUALITY of eggs produced was different from that specified in the contract.		
A. If NUMBER of eggs produced had been LESS than called for by the contract – 1. The contractor would have accepted the eggs delivered as fulfillment of the contract 2. I would have purchased the deficit amount to fulfill the agreement 3. I would have made a cash payment to fulfill the contract 4. The contract would have been invalidated 5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce eggs because of factors beyond my control 6. There was no provision to cover this situation 7. Other – Specify _____		091 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/>
B. If NUMBER of eggs produced had been MORE than called for by the contract – 1. No payment would have been received for the excess produced 2. The excess would have been sold on the open market 3. I would have received a reduced price or payment from the contractor for the excess produced 4. The excess would have been offered to the contractor first; then sold on open market 5. The excess eggs would have been destroyed 6. I would have received an incentive or premium payment from the contractor 7. There was no provision to cover this situation 8. Other – Specify _____		092 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/>
C. If the QUALITY of eggs produced had been LOWER than called for by the contract – 1. The contractor would have accepted the eggs delivered as fulfillment of the contract 2. I would have made a cash payment to fulfill the contract 3. No payment would have been received for inferior eggs 4. The contract would have been invalidated 5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce eggs because of factors beyond my control 6. I would have received a price or payment from the contractor based on the quality actually delivered 7. The eggs would have been sold on the open market 8. The eggs would have been destroyed 9. The eggs would have been offered to the contractor first; then sold on the open market 10. There was no provision to cover this situation 11. Other – Specify _____		094 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 <input type="checkbox"/> 11 <input type="checkbox"/>
D. If the QUALITY of eggs produced had been HIGHER than called for by the contract – 1. No additional payment would have been received other than specified in the contract 2. I would have received an incentive or premium payment from the contractor 3. The eggs would have been sold on the open market 4. The eggs would have been offered to the contractor first; then sold on the open market 5. There was no provision to cover this situation 6. Other – Specify _____		096 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/>

Section VIII – OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Mark (X) Yes, No, or Don't know for each item 1–12				
1. Was the contract or agreement in writing?	Code 101	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 (NA)
2a. Did the contract or agreement cover more than one season or production period?	102	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 2a, how many seasons or periods were covered?	103 _____			
3. Did the contract or agreement specify a specific number of eggs?	104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Was your product pooled with that of other producers before a final price or payment was determined?	105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Was the product under a State or Federal market order?	106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6a. Was the contractor a cooperative?	107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in item 6a, were you a member of the cooperative?	108	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 7a, was your operation a part of this joint venture?	110	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
8a. Was a bargaining association involved in negotiating or implementing the contract?	111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 8a, were you a member of this bargaining association?	112	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
9a. Did the contractor assist you with supply, demand, and/or price outlook information?	113	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 9a, was this your main source of market information?	114	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
10. Were you generally satisfied with the production terms of your contract or agreement?	115	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	116	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Do you plan to continue and/or expand the use of contracts or agreements in the production or marketing of your farm products?	117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IX – TYPE OR ORGANIZATION OF FARM BUSINESS AND FARM INCOME							
1. What type of organization best describes your farm business? Mark (X) one	121 <input type="checkbox"/> 1 Individual or family operation (sole proprietorship) <input type="checkbox"/> 2 Partnership operation including family partnerships <input type="checkbox"/> 3 Corporation, including family corporations <input type="checkbox"/> 4 Other such as cooperative, estate, or trust, etc.						
2. What was the primary business of the contractor? Mark (X) one	122 <input type="checkbox"/> 1 Hatchery <input type="checkbox"/> 2 Egg handler or wholesaler <input type="checkbox"/> 3 Processor <input type="checkbox"/> 4 Feed company <input type="checkbox"/> 5 Other – Specify _____						
3. What is the expected number sold and value of your sales of chicken eggs for 1977? a. Total number and value of eggs produced under contract b. Total number and value of eggs produced without a contract None <input type="checkbox"/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Number produced</th> <th style="width: 60%; text-align: center;">TOTAL value received for 1977 production of eggs</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">124 _____ Doz.</td> <td style="padding: 5px;">125 \$ _____</td> </tr> <tr> <td style="padding: 5px;">127 _____ Doz.</td> <td style="padding: 5px;">128 \$ _____</td> </tr> </tbody> </table>	Number produced	TOTAL value received for 1977 production of eggs	124 _____ Doz.	125 \$ _____	127 _____ Doz.	128 \$ _____
Number produced	TOTAL value received for 1977 production of eggs						
124 _____ Doz.	125 \$ _____						
127 _____ Doz.	128 \$ _____						
4. What is the expected total gross value of all agricultural products sold from your farm in 1977? Mark (X) one	129 <input type="checkbox"/> 1 \$500,000 or more <input type="checkbox"/> 2 \$100,000 to \$499,999 <input type="checkbox"/> 3 \$40,000 to \$99,999 <input type="checkbox"/> 4 \$10,000 to \$39,999 <input type="checkbox"/> 5 Less than \$10,000						
5. In your opinion what percentage of the chicken eggs produced in your area or neighborhood was sold or moved under contract during the years 1977, 1972, and 1967?	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%; text-align: center;">1977</th> <th style="width: 33%; text-align: center;">1972</th> <th style="width: 33%; text-align: center;">1967</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">131 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know</td> <td style="padding: 5px;">132 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know</td> <td style="padding: 5px;">133 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know</td> </tr> </tbody> </table>	1977	1972	1967	131 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know	132 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know	133 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know
1977	1972	1967					
131 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know	132 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know	133 <input type="checkbox"/> 1 None <input type="checkbox"/> 2 Less than 25% <input type="checkbox"/> 3 25%–49% <input type="checkbox"/> 4 50%–74% <input type="checkbox"/> 5 75% or more <input type="checkbox"/> 6 Don't know					

PLEASE SKIP TO SECTION XI

Section X – TERMINATION OF CONTRACT OR AGREEMENT	
What situation best describes how you terminated your contract or agreement? Mark (X) one	141 <input type="checkbox"/> 1 Individual decision by me <input type="checkbox"/> 2 Group decision involving other producers or an organization <input type="checkbox"/> 3 Joint decision between the contractor and me <input type="checkbox"/> 4 Decision by the contractor
Remarks – If necessary use a separate sheet of paper	

Section XI – PERSON COMPLETING THIS REPORT	
Name – Please print	Date – Mo./Day/1977
	151
	152 Telephone
	Area code Number

GENERAL EXPLANATION Continued

Tomatoes for Processing

Because of their perishable nature, the production and marketing of tomatoes for processing requires close coordination between the producer and processor. The use of contracts provides this much needed coordination while at the same time offering certain advantages to both the grower and the processor. The grower benefits from contracting tomatoes by being assured of a market for the crop at a predetermined price, thereby reducing the risks involved in growing a non-storable crop. Conversely, barring crop failure, the processor can be assured of a supply of tomatoes entering the plant for processing, an important factor when considering the large amount of capital and resources involved in operating a processing plant.

It should be reemphasized that the 1977 Contract Survey for tomatoes involved only growers reporting processing contracts for tomatoes in the 1974 Census of Agriculture. No attempt was made at tabulating the nature and characteristics of contracts for fresh tomatoes. The survey involved 532 producers and resulted in the reporting of 280 active contracts in 1977. Geographically, these contracts were distributed as: Region I, 70; Region II, 95; and Region III, 115.

A categorization into market or production contracts of the agreements reported in this survey is a difficult task. Both the contractor and the producer appear to be actively involved in the

implementation and execution of the contract. For example, in 56 percent of the contracts the producer supplied the tomato seeds or plants, while in 38 percent of the contracts the contractor provided this input. The determination of contract terms is primarily the responsibility of the producer or the producer and the contractor jointly, a characteristic of marketing contracts. In contrast, 42 percent of the respondents reported that the payment they received was set by the contractor without negotiation, a characteristic of production contracts.

About 84 percent of the growers reported that they were aware of the price they were to receive for their tomatoes before production began. Although this minimizes the grower's risk, it is also a disadvantage if the open market price for tomatoes rises during production. However, open market activities are limited in most areas. In general, the contract provisions favor the contractor. For example, 72 percent of the tomato growers indicated that their contracts provided for either no payment or a payment based on the quality actually delivered for tomatoes of lower quality than specified in the contract, while no extra additional payment would be received for tomatoes with above average quality.

One means available to the grower to deal with the contractor in negotiating a more favorable contract is the use of a bargaining association. The bargaining association represents all of its members

in its negotiations instead of the growers individually representing themselves in dealing with the processor. It is possible, also, for the members of a particular bargaining association to control a majority of the supply for an individual processor to the extent of influencing the price to be negotiated. One hundred and thirteen growers (40 percent) indicated that a bargaining association was involved in negotiating their contracts.

As true for most commodities surveyed, contracting of tomatoes for processing is increasing in all geographic areas. Although 19 growers indicated they would have grown tomatoes without a contract, conversations with growers while field testing the questionnaire indicated that production of tomatoes without a contract is becoming increasingly difficult. The reduced number of processing plants in certain areas has resulted in most processors refusing delivered tomatoes unless they were grown under contract. This survey reported 96 percent of the contractors as being processors.

Most producers in the survey have been involved in contract production for a relatively long period. Over 70 percent indicated that tomatoes have been produced under contract for more than 10 years.

Contract operations were discontinued by 134 growers between 1974 and 1977. Of these individuals 17 (13 percent) specifically indicated the contractor executed the contract termination.

Table 48. Timing of Contracts for Tomatoes for Processing

(Based on 280 contracts reported)

	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
Contract agreed upon.....	275	264	10	1	(NA)	(NA)
Price or payment agreed upon.....	272	237	22	6	7	(NA)
Part cash payment received.....	267	-	59	146	48	14
Final cash payment received.....	256	-	2	116	138	(NA)
Contractor assumed ownership.....	259	27	35	185	12	(NA)

Table 49. Terms of Contracts for Tomatoes for Processing

(Based on 280 contracts reported)

	Total	Terms made by--				Items were specified in contract
		Contractor	Producer	Producer and contractor	A producer organization	
Quantity of production.....	261	78	47	127	9	195
Planting periods.....	256	47	95	111	3	82
Types or varieties of tomatoes.....	261	70	57	131	3	138
Amounts of fertilizer.....	255	6	234	15	-	7
Analysis or types of fertilizer.....	252	8	220	23	1	8
Special types of equipment.....	248	5	227	15	1	10
Frequency/extent of disease control.....	252	17	157	77	1	49
Type of disease control.....	253	25	134	91	3	56
When to harvest.....	260	55	81	119	5	88
Irrigation schedules and/or other cultivation practices.....	240	5	227	8	-	7
Rate of delivery.....	256	146	26	77	7	141
Price terms.....	251	151	8	51	41	176
Other.....	4	3	1	-	-	2

Table 50. Production Items Furnished for Contracts for Tomatoes for Processing

(Based on 280 contracts reported)

	Item was applicable to contract	Contract specified who fur- nished item	Item furnished by--			Method of payment for items furnished by contractor		
			Producer	Producer and contractor	Contractor	No charge	Open account	Cash on delivery
Seeds or plants.....	276	131	159	7	104	3	87	6
Fertilizer.....	271	24	256	1	5	1	3	-
Chemicals (pesticides, etc.).....	272	48	236	5	22	3	21	-
Labor.....	270	38	258	3	1	-	1	2
Harvesting.....	269	45	258	1	3	1	-	-
Transportation to processing plant...	269	103	162	12	89	39	12	4
Processing and/or packing.....	235	109	7	1	222	75	12	3
Technical assistance.....	185	56	48	53	82	44	7	1
Machinery and/or equipment.....	256	28	243	5	6	1	2	-
Other.....	139	14	131	1	2	-	-	-
Other financial assistance provided by contractor.....	(X)	(X)	(X)	(X)	13	(X)	(X)	(X)

Table 51. Payment Determination by Size of Operation for Tomatoes for Processing

(Based on 280 contracts reported)

	Total	Acres of tomatoes produced under contract in 1977					
		1 to 49 acres	50 to 99 acres	100 to 249 acres	250 to 499 acres	500 to 749 acres	750 acres and over
Open market price at time of delivery	5	3	-	1	-	1	-
Open market price at time contract was entered into.	39	9	4	11	8	4	3
From price negotiated by contractor when he sells...	12	4	2	-	4	2	-
By negotiation with contractor.....	77	21	17	19	9	5	6
Value of production items furnished by producer.....	5	2	-	1	1	-	1
Set by contractor without negotiation.....	119	66	27	16	4	3	3
Other.....	11	4	-	3	4	-	-
Total reporting size of operation.....	275	113	51	53	30	15	13

Table 52. **Contract Provisions for Variation in Quantity and Quality for Tomatoes for Processing**

(Based on 280 contracts reported)

	Farms		Farms
Lesser quantity:		Lower quality:	
Contractor would have accepted tomatoes delivered.....	189	Contractor would have accepted tomatoes delivered.....	43
Producer would have purchased deficit amount to fulfill contract.....	1	Producer would have made cash payment to fulfill contract.....	-
Producer would have made cash payment to fulfill contract.....	2	No payment would have been received for inferior tomatoes.....	99
Contract would have been invalidated.....	2	Contract would have been invalidated.....	2
Contract included a natural disaster clause.....	86	Contract included a natural disaster clause.....	35
No provision to cover lesser quantity.....	49	Producer would have received payment based on quality actually delivered.....	102
Other.....	7	Tomatoes would have been sold on open market.....	8
Greater quantity:		Tomatoes would have been destroyed.....	33
No payment would have been received for excess produced.....	1	Tomatoes would have been offered to contractor; then sold on open market.....	16
Excess would have been sold on open market.....	28	No provision to cover lower quality.....	26
Producer would have received a reduced payment for excess.....	3	Other.....	9
Excess would have been offered to contractor; then sold on open market.....	87	Higher quality:	
Excess tomatoes would have been destroyed.....	36	No additional payment would have been received.....	208
Producer would have received an incentive or premium payment.....	3	Producer would have received an incentive or premium payment.....	7
No provision to cover greater quantity.....	78	Tomatoes would have been sold on open market.....	3
Other.....	-	Tomatoes would have been offered to the contractor; then sold on open market.....	8
		No provision to cover higher quality.....	48
		Other.....	11

Table 53. **Other Contract Characteristics for Tomatoes for Processing**

(Based on 280 contracts reported)

	Total	Acres of tomatoes produced under contract in 1977					
		1 to 49 acres	50 to 99 acres	100 to 249 acres	250 to 499 acres	500 to 749 acres	750 acres and over
Other contractors were available for negotiation.....	157	67	28	33	14	8	7
Producer had knowledge of key provisions of other contracts.....	115	37	24	29	12	8	5
Negotiations were undertaken with more than one contractor.....	49	7	6	16	7	7	6
Contract was specified in writing.....	260	107	46	52	29	14	12
Contract covered more than one production period.....	5	4	-	-	-	-	1
Contract specified a specific amount of tomatoes.....	165	54	29	35	25	11	11
Product was pooled with others prior to final payment determination.....	42	18	7	7	5	2	3
Product was under a State or Federal market order.....	54	12	9	16	10	4	3
Contractor was a cooperative.....	55	21	5	13	8	6	2
Producer was a member of this cooperative.....	42	12	5	9	8	6	2
Contract was associated with a joint venture between two or more cooperatives or a cooperative and another firm.....	11	6	-	4	-	1	-
Producer's operation was a part of this joint venture.....	6	3	-	2	-	1	-
A bargaining association was involved in negotiating the contract.....	113	20	15	33	23	13	9
Producer was a member of this bargaining association.....	77	14	10	24	17	8	4
Contractor provided supply, demand and/or price outlook information.....	55	27	7	10	5	6	-
Producer considered this as main source of market information..	32	15	4	6	2	5	-
Producer was generally satisfied with production terms of contract.....	188	79	33	38	20	10	8
Producer was generally satisfied with marketing terms of contract.....	169	56	30	37	24	11	11
Producer plans to continue utilization of contracts.....	205	71	38	44	30	12	10
Tomatoes would have been produced without a contract.....	19	12	1	3	3	-	-
Total reporting size of operation.....	275	113	51	53	30	15	13

Table 54. **Extent of Contract Usage for Tomatoes for Processing**

(Based on 280 contracts reported. Producer's opinion of tomatoes for processing produced under contract)

	1977				1972				1967			
	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III	Farms	Region I	Region II	Region III
Total reporting.....	241	62	86	93	219	58	80	81	195	54	77	64
Percent of tomatoes in area contracted:												
None.....	-	-	-	-	1	-	-	1	2	-	1	1
Under 25 percent.....	5	1	2	2	4	-	3	1	4	-	2	2
25 to 49 percent.....	5	1	4	-	3	-	2	1	3	-	3	-
50 to 74 percent.....	12	7	4	1	18	8	6	4	20	11	6	3
75 percent and over..	219	53	76	90	193	50	69	74	166	43	65	58

Table 55. Operator Characteristics by Size of Operation for Tomatoes for Processing

(Based on 280 contracts reported)

	Total	Acres of tomatoes produced under contract in 1977					
		1 to 49 acres	50 to 99 acres	100 to 249 acres	250 to 499 acres	500 to 749 acres	750 acres and over
Years grown under contract:							
1 to 5 years.....	46	22	7	11	4	-	2
6 to 10 years.....	34	17	4	6	6	-	1
10 years and over.....	194	73	40	36	20	15	10
Type of organization:							
Individual.....	155	90	29	21	11	2	2
Partnership.....	73	19	17	18	11	3	5
Corporation.....	45	3	5	13	8	10	6
Other.....	2	1	-	1	-	-	-
Value of products sold in 1977:							
Under \$10,000.....	6	6	-	-	-	-	-
\$10,000 to \$39,999.....	43	40	2	1	-	-	-
\$40,000 to \$99,999.....	56	43	9	4	-	-	-
\$100,000 to \$499,999.....	101	21	37	33	9	-	1
\$500,000 and over.....	68	2	3	15	21	15	12
Primary business of contractor:							
Processor.....	268	108	51	52	30	14	13
Other.....	6	4	-	1	-	1	-
Total reporting size of operation.....	275	113	51	53	30	15	13

FORM 74-A76
(9-20-77)U.S. DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS**PRODUCER QUESTIONNAIRE ON CONTRACTS OR BINDING
AGREEMENTS FOR TOMATOES**

76

NOTICE - Response to this inquiry is required by law (title 13, U.S. Code). By the same law YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report CANNOT be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.

Complete this report
and RETURN TO

▼
BUREAU OF THE CENSUS
1201 East Tenth Street
Jeffersonville, Indiana 47132

CENSUS USE ONLY

011	012	013	014
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(Please correct any error in name and address including ZIP code)

FROM THE DIRECTOR
BUREAU OF THE CENSUS

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,



MANUEL D. PLOTKIN

Enclosure

Section I – In 1977, did you have any CONTRACT or BINDING AGREEMENT to produce or market any TOMATOES on this farm or ranch? Include only oral or written agreements made more than 30 days prior to delivery.		015 1 <input type="checkbox"/> Yes – Please complete this report form. See NOTE above section II before beginning. 2 <input type="checkbox"/> No – Please complete sections X and XI and return form to Bureau of the Census.					
NOTE: If you had tomato contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.							
Section II – TIMING OF CONTRACT AGREEMENT Mark (X) the box which best applies for questions 1 through 5 below.		Mark (X) only ONE box for each question					
		Before production started	During production period	At delivery or within one week	After the product was marketed	Not applicable	
Code 1. When was contract agreed upon or validated? 020 2. When was price of product or payment agreed upon? 021 3. When was part cash payment received? 022 4. When is final cash payment received? 023 5. When did contractor assume ownership of product? 024		1	2	3	4	5	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	(NA)	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	
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		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	
Section III – TERMS OF CONTRACT Listed below (items 1–13) are various items which are involved in production and marketing of tomatoes. Mark (X) the appropriate columns for questions A and B		A. Determined by? Mark (X) only ONE box for each item.				B. Were items 1–13 specified in contract?	
		Contractor only	You, the producer	You and contractor jointly	A producer organization	Yes	No
Code 1. Quantity of production and/or acreage planted 031 2. Planting periods 032 3. Types or varieties of tomatoes to be planted 033 4. Amounts of fertilizer to be used 034 5. Analysis or types of fertilizer to be used 035 6. Special types of equipment to be used 036 7. Frequency and/or extent of disease, pest, and/or parasite controls 037 8. Type of disease, pest, and/or parasite controls to use 038 9. When to harvest 039 10. Irrigation schedules and/or other cultivation practices 040 11. Rate of delivery 041 12. Price terms 042 13. Other – Specify 043		1	2	3	4	5	6
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Section V – PAYMENT DETERMINATION How was the payment you received from the contractor determined? Mark (X) one box		071 1 <input type="checkbox"/> Open market price at time of delivery 2 <input type="checkbox"/> From open market price at time contract was entered into 3 <input type="checkbox"/> From price negotiated by the contractor when he sells the product 4 <input type="checkbox"/> By negotiation with contractor – not based on any quoted or market price 5 <input type="checkbox"/> Value of production items and services furnished by you 6 <input type="checkbox"/> Set by contractor without negotiation 7 <input type="checkbox"/> Other – <i>Specify</i> _____
Section VI – ORIGIN OF CONTRACT 1. How long have you grown tomatoes under contract?		081 1 <input type="checkbox"/> 1–5 years 2 <input type="checkbox"/> 6–10 years 3 <input type="checkbox"/> More than 10 years
2. How long have you grown tomatoes for your present contractor?		082 1 <input type="checkbox"/> 1–5 years 2 <input type="checkbox"/> 6–10 years 3 <input type="checkbox"/> More than 10 years
3. Were there any other tomato contractors available with whom you might have negotiated?		083 1 <input type="checkbox"/> Yes – <i>Complete 3a and 3b</i> 2 <input type="checkbox"/> No – <i>Skip to question 4</i> 3 <input type="checkbox"/> Don't know – <i>Skip to question 4</i>
a. Do you know the key provisions of the contracts they offered?		084 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
b. Did you negotiate or bargain with more than one contractor?		085 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
4. Would you have grown tomatoes without a contract?		086 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No
Section VII – CONTRACT PROVISIONS FOR VARIATION IN AMOUNT OR QUALITY OF TOMATOES PRODUCED Listed below are consequences that may have been faced when the AMOUNT and/or QUALITY of tomatoes produced was different from that specified in the contract.		
		Mark (X) those that apply
A. If AMOUNT of tomatoes produced had been LESS than called for by the contract –		091
1. The contractor would have accepted the tomatoes delivered as fulfillment of the contract		1 <input type="checkbox"/>
2. I would have purchased the deficit amount to fulfill the agreement		2 <input type="checkbox"/>
3. I would have made a cash payment to fulfill the contract		3 <input type="checkbox"/>
4. The contract would have been invalidated		4 <input type="checkbox"/>
5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce tomatoes because of weather or other factors beyond my control		5 <input type="checkbox"/>
6. There was no provision to cover this situation		6 <input type="checkbox"/>
7. Other – <i>Specify</i> _____		7 <input type="checkbox"/>
B. If AMOUNT of tomatoes produced had been MORE than called for by the contract –		092
1. No payment would have been received for the excess produced		1 <input type="checkbox"/>
2. The excess would have been sold on the open market		2 <input type="checkbox"/>
3. I would have received a reduced price or payment from the contractor for the excess produced		3 <input type="checkbox"/>
4. The excess would have been offered to the contractor first, then sold on open market		4 <input type="checkbox"/>
5. The excess tomatoes would have been destroyed		5 <input type="checkbox"/>
6. I would have received an incentive or premium payment from the contractor		6 <input type="checkbox"/>
7. There was no provision to cover this situation		7 <input type="checkbox"/>
8. Other – <i>Specify</i> _____		8 <input type="checkbox"/>
C. If the QUALITY of tomatoes produced had been LOWER than called for by the contract –		094
1. The contractor would have accepted the tomatoes delivered as fulfillment of the contract		1 <input type="checkbox"/>
2. I would have made a cash payment to fulfill the contract		2 <input type="checkbox"/>
3. No payment would have been received for inferior tomatoes		3 <input type="checkbox"/>
4. The contract would have been invalidated		4 <input type="checkbox"/>
5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce tomatoes because of weather or other factors beyond my control		5 <input type="checkbox"/>
6. I would have received a price or payment from the contractor based on the quality actually delivered		6 <input type="checkbox"/>
7. The tomatoes would have been sold on the open market		7 <input type="checkbox"/>
8. The tomatoes would have been destroyed		8 <input type="checkbox"/>
9. The tomatoes would have been offered to the contractor first, then sold on the open market		9 <input type="checkbox"/>
10. There was no provision to cover this situation		10 <input type="checkbox"/>
11. Other – <i>Specify</i> _____		11 <input type="checkbox"/>
D. If the QUALITY of tomatoes produced had been HIGHER than called for by the contract –		096
1. No additional payment would have been received other than specified in the contract		1 <input type="checkbox"/>
2. I would have received an incentive or premium payment from the contractor		2 <input type="checkbox"/>
3. The tomatoes would have been sold on the open market		3 <input type="checkbox"/>
4. The tomatoes would have been offered to the contractor first, then sold on the open market		4 <input type="checkbox"/>
5. There was no provision to cover this situation		5 <input type="checkbox"/>
6. Other – <i>Specify</i> _____		6 <input type="checkbox"/>

Section VIII – OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Mark (X) Yes, No, or Don't know for each item 1–12				
1. Was the contract or agreement in writing?	Code 101	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 (NA) <input type="checkbox"/>
2a. Did the contract or agreement cover more than one season or production period?	102	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 2a, how many seasons or periods were covered?	103			
3. Did the contract or agreement specify a specific amount of tomatoes?	104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Was your product pooled with that of other producers before a final price or payment was determined?	105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Was the product under a State or Federal market order?	106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6a. Was the contractor a cooperative?	107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in item 6a, were you a member of the cooperative?	108	<input type="checkbox"/>	<input type="checkbox"/>	(NA) <input type="checkbox"/>
7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 7a, was your operation a part of this joint venture?	110	<input type="checkbox"/>	<input type="checkbox"/>	(NA) <input type="checkbox"/>
8a. Was a bargaining association involved in negotiating or implementing the contract?	111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 8a, were you a member of this bargaining association?	112	<input type="checkbox"/>	<input type="checkbox"/>	(NA) <input type="checkbox"/>
9a. Did the contractor assist you with supply, demand, and/or price outlook information?	113	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If Yes in 9a, was this your main source of market information?	114	<input type="checkbox"/>	<input type="checkbox"/>	(NA) <input type="checkbox"/>
10. Were you generally satisfied with the production terms of your contract or agreement?	115	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	116	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Do you plan to continue and/or expand the use of contracts or agreements in the production or marketing of your farm products?	117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IX – TYPE OR ORGANIZATION OF FARM BUSINESS AND FARM INCOME		121																							
1. What type of organization best describes your farm business? Mark (X) one		1 <input type="checkbox"/> Individual or family operation (sole proprietorship) 2 <input type="checkbox"/> Partnership operation including family partnerships 3 <input type="checkbox"/> Corporation, including family corporations 4 <input type="checkbox"/> Other, such as cooperative, estate, or trust, etc.																							
2. What was the primary business of the contractor? Mark (X) one		1 <input type="checkbox"/> Processor 2 <input type="checkbox"/> Other – Specify _____																							
3. What was the acreage, production, and value of your sales of tomatoes for 1977?		<table border="1"> <thead> <tr> <th>Acreage planted</th> <th>Tons harvested</th> <th colspan="2">TOTAL MARKET VALUE of 1977 production of tomatoes</th> </tr> </thead> <tbody> <tr> <td>123</td> <td>124</td> <td>125</td> <td></td> </tr> <tr> <td></td> <td></td> <td>\$</td> <td>.00</td> </tr> <tr> <td>126</td> <td>127</td> <td>128</td> <td></td> </tr> <tr> <td></td> <td></td> <td>\$</td> <td>.00</td> </tr> </tbody> </table>				Acreage planted	Tons harvested	TOTAL MARKET VALUE of 1977 production of tomatoes		123	124	125				\$.00	126	127	128				\$.00
Acreage planted	Tons harvested	TOTAL MARKET VALUE of 1977 production of tomatoes																							
123	124	125																							
		\$.00																						
126	127	128																							
		\$.00																						
a. Total amount of tomatoes grown under contracts																									
b. Total amount of tomatoes grown without contracts	None <input type="checkbox"/>																								
4. What is the expected total gross value of all agricultural products sold from your farm in 1977? Mark (X) only one		129 1 <input type="checkbox"/> \$500,000 or more 2 <input type="checkbox"/> \$100,000 to \$499,999 3 <input type="checkbox"/> \$40,000 to \$99,999 4 <input type="checkbox"/> \$10,000 to \$39,999 5 <input type="checkbox"/> Less than \$10,000																							
5. In your opinion, what percentage of the tomatoes grown in your area or neighborhood was sold or produced under contract during the years 1977, 1972, and 1967?		131 1977 1 <input type="checkbox"/> None 2 <input type="checkbox"/> Less than 25% 3 <input type="checkbox"/> 25%–49% 4 <input type="checkbox"/> 50%–74% 5 <input type="checkbox"/> 75% or more 6 <input type="checkbox"/> Don't know	132 1972 1 <input type="checkbox"/> None 2 <input type="checkbox"/> Less than 25% 3 <input type="checkbox"/> 25%–49% 4 <input type="checkbox"/> 50%–74% 5 <input type="checkbox"/> 75% or more 6 <input type="checkbox"/> Don't know	133 1967 1 <input type="checkbox"/> None 2 <input type="checkbox"/> Less than 25% 3 <input type="checkbox"/> 25%–49% 4 <input type="checkbox"/> 50%–74% 5 <input type="checkbox"/> 75% or more 6 <input type="checkbox"/> Don't know																					

(PLEASE SKIP TO SECTION XI)

Section X – TERMINATION OF CONTRACT OR AGREEMENT		141
What situation best describes how you terminated your contract or agreement? Mark (X) one		1 <input type="checkbox"/> Individual decision by me 2 <input type="checkbox"/> Group decision involving other producers or an organization 3 <input type="checkbox"/> Joint decision between the contractor and me 4 <input type="checkbox"/> Decision by the contractor
Remarks – If necessary use a separate sheet of paper		

Section XI – PERSON COMPLETING THIS REPORT	
Name – Please print	Date – Mo./Day/1977
	151
152	Telephone
Area code	Number

GENERAL EXPLANATION Continued

Potatoes

As in the tomato industry, potato processors are also offering contracts to growers as a means of reducing risks by assuring an adequate flow of quality potatoes to the processing plant. In return, the contract growers are assured of a market for their product, generally at a predetermined price. However, potato contracting differs from tomato contracting in that it is common for a grower to plant both contracted and noncontracted potatoes in the same year. Since the price to be received for the contracted potatoes is generally determined prior to their planting, the contract acts as a hedge against the uncertainty of the market. Forty-four percent of the growers reported planting both contracted and noncontracted potatoes.

A sample of 805 cases were mailed the potato questionnaire. These individuals were located in 27 States which were divided into the four regions as defined on the accompanying U.S. map. Contracts reported to be active in 1977

totaled 359 with the following breakdown: Region I, 76; Region II, 74; Region III, 142; and Region IV, 67.

In most cases, the contracts reported can be classified as marketing contracts. The producer supplies the majority of the production inputs, is actively engaged in determining the terms of the contract, and in more than half the cases negotiates with the contractor the payment to be received. The contractor, a processor in 76 percent of the cases, generally supplies the processing and/or packing and on occasion the storage and transportation to market. No apparent differences exist in contract characteristics between the four regions surveyed or between the various sizes of contract operations. Remarks entered on report forms indicated a number of the contracts involved seed potatoes.

Similar to tomato contracts, the contract provisions regarding variation in the quantity and quality of the potatoes generally focus on the quality clause. Approximately one-half of the contracts stated that the payment from the con-

tractor was based on the quality of the product actually delivered.

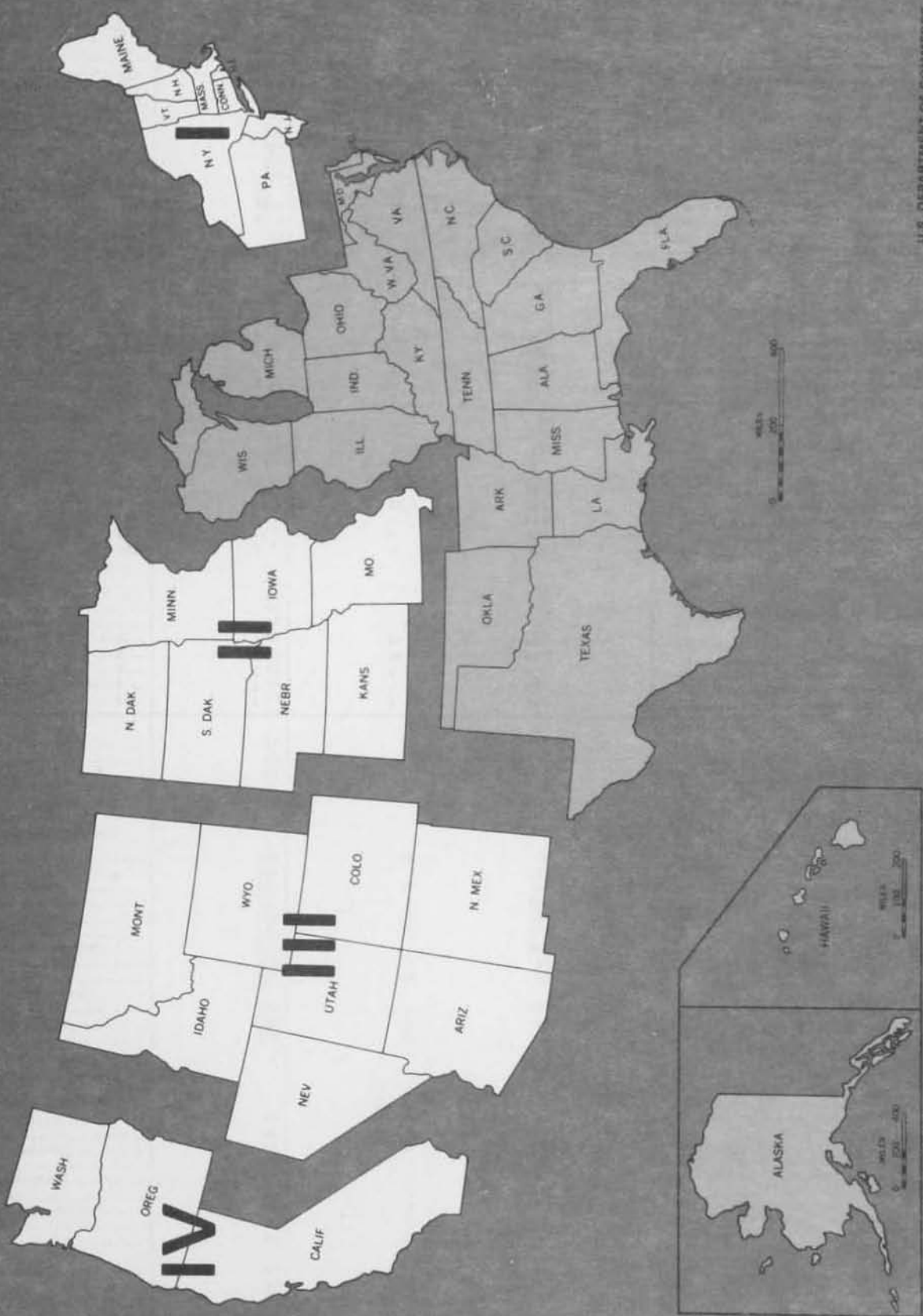
In each of the four regions, respondents indicated that the use of contracts has increased significantly since 1967 and has reached an estimated level of more than 50 percent in three of the four regions.

The fact that 189 growers (53 percent) reported potatoes would have been grown without a contract seems more feasible than in the case of tomato production. This response is further reinforced by the fact that 156 contractors also reported growing noncontracted potatoes.

Bargaining associations are involved to a larger scale with potato marketing than with tomatoes. Approximately 60 percent of the growers reported bargaining associations assisted in contract negotiations. Two-thirds of these growers were members of these bargaining associations.

Contract dropout for this survey totaled 34 percent. Again, the dominant factor for contract termination was the grower's decision.

Regions Surveyed for Potatoes



U.S. DEPARTMENT OF COMMERCE
Bureau of the Census

Table 56. Timing of Contracts for Potatoes

	Total	Before production period	During production period	At delivery or within one week	After product was marketed	Not applicable
TOTAL						
(Based on 359 contracts reported)						
Contract agreed upon.....	346	281	56	9	(NA)	(NA)
Price or payment agreed upon.....	335	261	44	18	12	(NA)
Part cash payment received.....	319	2	11	87	161	58
Final cash payment received.....	305	-	2	56	247	(NA)
Contractor assumed ownership.....	329	16	15	265	33	(NA)
REGION I						
(Based on 76 contracts reported)						
Contract agreed upon.....	73	61	12	-	(NA)	(NA)
Price or payment agreed upon.....	71	57	11	1	2	(NA)
Part cash payment received.....	69	-	6	20	30	13
Final cash payment received.....	69	-	-	23	46	(NA)
Contractor assumed ownership.....	70	3	4	59	4	(NA)
REGION II						
(Based on 74 contracts reported)						
Contract agreed upon.....	73	66	5	2	(NA)	(NA)
Price or payment agreed upon.....	70	59	5	5	1	(NA)
Part cash payment received.....	69	1	-	15	39	14
Final cash payment received.....	63	-	1	12	50	(NA)
Contractor assumed ownership.....	71	2	2	61	6	(NA)
REGION III						
(Based on 142 contracts reported)						
Contract agreed upon.....	136	98	32	6	(NA)	(NA)
Price or payment agreed upon.....	130	91	23	9	7	(NA)
Part cash payment received.....	123	-	4	43	53	23
Final cash payment received.....	115	-	-	16	99	(NA)
Contractor assumed ownership.....	127	9	7	102	9	(NA)
REGION IV						
(Based on 67 contracts reported)						
Contract agreed upon.....	64	56	7	1	(NA)	(NA)
Price or payment agreed upon.....	64	54	5	3	2	(NA)
Part cash payment received.....	58	1	1	9	39	8
Final cash payment received.....	58	-	1	5	52	(NA)
Contractor assumed ownership.....	61	2	2	43	14	(NA)

Table 57. Terms of Contracts for Potatoes

	Total	Terms made by--				Items were specified in contract
		Contractor	Producer	Producer and contractor	A producer organization	
TOTAL (Based on 359 contracts reported)						
Quantity of production.....	332	69	130	128	5	191
Planting dates.....	319	5	293	21	-	22
Types or varieties of potatoes.....	325	108	91	124	2	195
Amounts of fertilizer.....	321	1	312	7	1	13
Analysis or types of fertilizer.....	320	2	314	2	2	11
Special types of equipment.....	315	2	300	13	-	14
Frequency/extent of disease control.....	319	3	270	45	1	42
Type of disease control.....	316	8	262	43	3	37
When to harvest.....	320	39	188	93	-	75
Irrigation schedules and/or other cultivation practices.....	300	-	294	6	-	10
Rate of delivery.....	316	91	83	134	8	100
Price terms.....	313	127	13	119	54	209
Other.....	9	3	-	3	3	11
REGION I (Based on 76 contracts reported)						
Quantity of production.....	72	4	40	27	1	34
Planting dates.....	66	-	63	3	-	2
Types or varieties of potatoes.....	72	10	20	42	-	42
Amounts of fertilizer.....	69	-	68	1	-	2
Analysis or types of fertilizer.....	69	-	68	1	-	1
Special types of equipment.....	66	-	64	2	-	2
Frequency/extent of disease control.....	69	-	59	10	-	8
Type of disease control.....	68	-	56	12	-	8
When to harvest.....	69	2	51	16	-	13
Irrigation schedules and/or other cultivation practices.....	61	-	60	1	-	1
Rate of delivery.....	71	20	6	44	1	37
Price terms.....	70	27	3	28	12	48
Other.....	4	3	-	1	-	4
REGION II (Based on 74 contracts reported)						
Quantity of production.....	66	13	19	33	1	36
Planting dates.....	64	1	63	-	-	2
Types or varieties of potatoes.....	66	22	11	33	-	39
Amounts of fertilizer.....	64	-	64	-	-	3
Analysis or types of fertilizer.....	63	-	63	-	-	2
Special types of equipment.....	63	-	58	5	-	3
Frequency/extent of disease control.....	65	1	58	6	-	7
Type of disease control.....	63	1	60	2	-	6
When to harvest.....	63	1	45	17	-	9
Irrigation schedules and/or other cultivation practices.....	52	-	51	1	-	3
Rate of delivery.....	60	21	15	24	-	18
Price terms.....	61	22	2	32	5	40
Other.....	1	-	-	1	-	-
REGION III (Based on 142 contracts reported)						
Quantity of production.....	128	28	55	43	2	79
Planting dates.....	124	3	115	6	-	12
Types or varieties of potatoes.....	123	39	49	34	1	74
Amounts of fertilizer.....	123	1	120	2	-	6
Analysis or types of fertilizer.....	123	2	120	-	1	6
Special types of equipment.....	121	1	117	3	-	6
Frequency/extent of disease control.....	121	-	101	19	1	21
Type of disease control.....	121	3	99	16	3	17
When to harvest.....	122	13	75	34	-	32
Irrigation schedules and/or other cultivation practices.....	122	-	119	3	-	5
Rate of delivery.....	120	20	47	48	5	31
Price terms.....	117	52	6	36	23	82
Other.....	2	-	-	1	1	2
REGION IV (Based on 67 contracts reported)						
Quantity of production.....	66	24	16	25	1	42
Planting dates.....	65	1	52	12	-	6
Types or varieties of potatoes.....	64	37	11	15	1	40
Amounts of fertilizer.....	65	-	60	4	1	2
Analysis or types of fertilizer.....	65	-	63	1	1	2
Special types of equipment.....	65	1	61	3	-	3
Frequency/extent of disease control.....	64	2	52	10	-	6
Type of disease control.....	64	4	47	13	-	6
When to harvest.....	66	23	17	26	-	21
Irrigation schedules and/or other cultivation practices.....	65	-	64	1	-	1
Rate of delivery.....	65	30	15	18	2	14
Price terms.....	65	26	2	23	14	39
Other.....	2	-	-	-	2	3

Table 58. Production Items Furnished for Contracts for Potatoes

	Item was applicable to contract	Contract specified who furnished item	Item furnished by--			Method of payment for items furnished by contractor		
			Producer	Producer and contractor	Contractor	No charge	Open account	Cash on delivery
TOTAL (Based on 359 contracts reported)								
Seeds.....	316	116	266	6	33	3	24	7
Fertilizer.....	306	78	291	1	5	-	3	2
Chemicals (pesticides, etc.).....	308	78	289	4	4	-	4	2
Labor.....	303	78	288	2	3	-	1	2
Harvesting.....	305	86	289	1	6	1	2	1
Transportation to market.....	310	158	164	48	84	50	18	7
Processing and/or packing.....	267	117	55	-	201	64	10	4
Technical assistance.....	227	62	91	50	63	42	3	1
Machinery and/or equipment.....	284	70	257	5	10	5	1	-
Storage of potatoes.....	282	160	136	15	119	47	6	3
Other.....	3	1	-	1	1	2	-	-
Other financial assistance provided by contractor.....	(X)	(X)	(X)	(X)	13	(X)	(X)	(X)
REGION I (Based on 76 contracts reported)								
Seeds.....	65	25	58	3	2	1	4	-
Fertilizer.....	65	18	62	-	-	-	-	-
Chemicals (pesticides, etc.).....	66	19	62	1	-	-	1	-
Labor.....	65	20	61	-	-	-	-	-
Harvesting.....	65	20	62	-	-	-	-	-
Transportation to market.....	65	33	41	3	18	11	2	-
Processing and/or packing.....	50	25	20	-	29	9	1	-
Technical assistance.....	39	10	20	7	7	6	-	-
Machinery and/or equipment.....	58	16	55	-	-	-	-	-
Storage of potatoes.....	63	32	51	2	8	7	-	-
Other.....	-	-	-	-	-	-	-	-
REGION II (Based on 74 contracts reported)								
Seeds.....	64	21	58	-	5	1	1	2
Fertilizer.....	62	14	59	-	1	-	-	-
Chemicals (pesticides, etc.).....	63	15	59	1	1	-	-	1
Labor.....	62	10	58	-	2	-	-	-
Harvesting.....	62	12	58	-	2	-	-	-
Transportation to market.....	64	26	33	5	23	10	2	3
Processing and/or packing.....	57	7	14	-	39	14	-	1
Technical assistance.....	48	8	20	8	13	7	-	-
Machinery and/or equipment.....	58	7	50	-	4	-	-	-
Storage of potatoes.....	62	33	30	5	25	9	1	-
Other.....	-	-	-	-	-	-	-	-
REGION III (Based on 142 contracts reported)								
Seeds.....	125	52	102	2	15	-	11	3
Fertilizer.....	118	35	113	1	2	-	1	2
Chemicals (pesticides, etc.).....	119	34	112	1	2	-	1	1
Labor.....	117	36	113	1	1	-	1	1
Harvesting.....	117	40	113	1	1	1	-	1
Transportation to market.....	119	65	63	23	27	17	8	2
Processing and/or packing.....	105	54	14	-	87	26	5	1
Technical assistance.....	91	30	37	17	30	18	2	-
Machinery and/or equipment.....	112	31	103	3	4	3	1	-
Storage of potatoes.....	103	62	37	6	57	18	2	2
Other.....	2	-	-	-	1	1	-	-
REGION IV (Based on 67 contracts reported)								
Seeds.....	62	18	48	1	11	1	8	2
Fertilizer.....	61	11	57	-	2	-	2	-
Chemicals (pesticides, etc.).....	60	10	56	1	1	-	2	-
Labor.....	59	12	56	1	-	-	-	1
Harvesting.....	61	14	56	-	3	-	2	-
Transportation to market.....	62	34	27	17	16	12	6	2
Processing and/or packing.....	55	31	7	-	46	15	4	2
Technical assistance.....	49	14	14	18	13	11	1	1
Machinery and/or equipment.....	56	16	49	2	2	2	-	-
Storage of potatoes.....	54	33	18	2	29	13	3	1
Other.....	1	1	-	1	-	1	-	-

Table 59. Payment Determination by Size of Operation for Potatoes

(Based on 359 contracts reported)

	Total	Acres of potatoes produced under contract in 1977					
		1 to 49 acres	50 to 99 acres	100 to 249 acres	250 to 499 acres	500 to 749 acres	750 acres and over
Open market price at time of delivery.....	11	2	5	2	2	-	-
Open market price at time contract was entered into.....	16	4	3	4	3	1	1
From Futures market price.....	2	1	1	-	-	-	-
From price negotiated by contractor when he sells..	12	1	4	5	1	1	-
By negotiation with contractor.....	204	43	55	52	32	13	9
Value of production items furnished by producer....	9	2	2	3	2	-	-
Set by contractor without negotiation.....	60	14	21	18	5	-	2
Other.....	32	16	5	8	3	-	-
Total reporting size of operation.....	356	86	99	94	50	15	12

Table 60. Contract Provisions for Variation in Quantity and Quality for Potatoes

(Based on 359 contracts reported)

	Farms		Farms
Lesser quantity:		Lower quality:	
Contractor would have accepted potatoes delivered.....	184	Contractor would have accepted potatoes.....	49
Producer would have purchased deficit amount to fulfill contract.....	21	Producer would have made cash payment to fulfill contract.....	4
Producer would have made a cash payment to fulfill contract.....	5	No payment would have been received for inferior potatoes.....	62
Contract would have been invalidated.....	4	Contract would have been invalidated.....	37
Contract included a natural disaster clause.....	145	Contract included a natural disaster clause.....	52
No provision to cover lesser quantity.....	44	Producer would have received payment based on the quality actually delivered.....	165
Other.....	20	Potatoes would have been sold on open market.....	20
Greater quantity:		Potatoes would have been destroyed.....	4
No payment would have been received for excess produced.....	21	Potatoes would have been offered to contractor, then sold on open market.....	35
Excess would have been sold on open market.....	96	No provision to cover lower quality.....	17
Producer would have received a reduced payment for excess.....	41	Other.....	18
Excess would have been offered to contractor, then sold on open market.....	86	Higher quality:	
Potatoes would have been destroyed.....	1	No additional payment would have been received.....	134
Producer would have received an incentive or premium payment.....	12	Producer would have received an incentive or premium payment.....	156
No provision to cover greater quantity.....	82	Potatoes would have been sold on open market.....	4
Other.....	-	Potatoes would have been offered to contractor, then sold on open market.....	12
		No provision to cover higher quality.....	29
		Other.....	8

Table 61. Other Contract Characteristics for Potatoes

(Based on 359 contracts reported)

	Total	Acres of potatoes under contract in 1977					
		1 to 49 acres	50 to 99 acres	100 to 249 acres	250 to 499 acres	500 to 749 acres	750 acres and over
Other contractors were available for negotiation.....	247	51	69	64	38	14	11
Producer had knowledge of key provisions of other contracts.....	203	45	56	52	31	11	8
Negotiations were undertaken with more than one contractor.....	111	16	30	25	23	8	9
Contractor was specified in writing.....	340	84	90	91	48	15	12
Contract covered more than one production period.....	49	11	17	12	8	-	1
Contract specified a specific amount of potatoes.....	223	50	60	65	27	14	7
Product was pooled with others prior to final payment determination.....	56	11	20	16	8	-	1
Product was under a State or Federal market order.....	80	17	22	26	13	2	-
Contractor was a cooperative.....	52	9	18	13	8	2	2
Producer was a member of this cooperative.....	41	8	13	12	5	1	2
Contract was associated with a joint venture between two or more cooperatives or a cooperative and another firm.....	22	2	12	4	2	2	-
Producer's operation was a part of this joint venture.....	12	2	6	1	1	2	-
A bargaining association was involved in negotiating the contract.....	212	57	62	50	28	10	5
Producer was a member of this bargaining association.....	142	34	41	34	20	8	5
Contractor provided supply, demand and/or price outlook information.....	73	16	24	14	11	4	4
Producer considered this as main source of market information..	33	12	9	7	2	2	1
Producer was generally satisfied with production terms of contract.....	265	66	71	70	39	10	9
Producer was generally satisfied with marketing terms of contract.....	212	47	57	61	31	10	6
Producer plans to continue utilization of contracts.....	279	65	71	75	45	13	10
Potatoes would have been produced without a contract.....	187	32	56	50	34	8	7
Total reporting size of operation.....	356	86	99	94	50	15	12

Table 62. Extent of Contract Usage for Potatoes

(Based on 359 contracts reported. Producer's opinion of potatoes produced under contract)

	1977					1972					1967				
	Farms	Region I	Region II	Region III	Region IV	Farms	Region I	Region II	Region III	Region IV	Farms	Region I	Region II	Region III	Region IV
Total reporting.....	287	62	59	109	57	257	55	58	92	52	228	53	51	82	42
Percent of potatoes in area contracted:															
None.....	-	-	-	-	-	2	-	1	1	-	7	-	4	3	-
Under 25 percent.....	33	10	5	15	3	43	15	10	13	5	86	25	26	25	10
25 to 49 percent.....	69	25	15	24	5	89	29	22	31	7	68	20	10	26	12
50 to 74 percent.....	86	19	21	35	11	68	10	14	25	19	33	6	5	13	9
75 percent and over.....	99	8	18	35	38	55	1	11	22	21	34	2	6	15	11

Table 63. Operator Characteristics by Size of Operation for Potatoes

(Based on 359 contracts reported)

	Total	Acres of potatoes produced under contract in 1977					
		1 to 49 acres	50 to 99 acres	100 to 249 acres	250 to 499 acres	500 to 749 acres	750 acres and over
Years grown under contract:							
1 to 5 years.....	79	24	21	22	8	2	2
6 to 10 years.....	111	32	30	28	15	4	2
10 years and over.....	153	27	43	42	24	9	8
Type of organization:							
Individual.....	218	72	63	50	23	6	4
Partnership.....	77	10	21	26	17	2	1
Corporation.....	53	3	12	17	8	7	6
Other.....	1	-	-	-	-	-	1
Value of products sold in 1977:							
Under \$10,000.....	3	3	-	-	-	-	-
\$10,000 to \$39,999.....	25	18	7	-	-	-	-
\$40,000 to \$99,999.....	95	41	39	14	1	-	-
\$100,000 to \$499,999.....	180	22	46	72	34	4	2
\$500,000 and over.....	44	-	4	5	14	11	10
Primary business of contractor:							
Seed company.....	16	2	7	3	4	-	-
Packer for fresh market.....	28	7	8	7	4	1	1
Processor.....	274	70	71	72	39	11	11
Other.....	31	5	10	11	2	3	-
Total reporting size of operation.....	356	86	99	94	50	15	12

FORM 74-A77
(9-20-77)U.S. DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS**PRODUCER QUESTIONNAIRE ON CONTRACTS OR
BINDING AGREEMENTS FOR POTATOES**

77

NOTICE — Response to this inquiry is required by law (title 13, U.S. Code). By the same law **YOUR REPORT TO THE CENSUS BUREAU IS CONFIDENTIAL**. It may be seen only by sworn Census employees and may be used only for statistical purposes. Your report **CANNOT** be used for purposes of taxation, investigation, or regulation. The law also provides that copies retained in your files are immune from legal process.

Complete this report
and **RETURN TO**

BUREAU OF THE CENSUS
1201 East Tenth Street
Jeffersonville, Indiana 47132

CENSUS USE ONLY

011	012	013	014
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(Please correct any error in name and address including ZIP code)

**FROM THE DIRECTOR
BUREAU OF THE CENSUS**

We need your help in completing this report on contracts and agreements which are used for the production and marketing of selected agricultural products. In order to minimize the reporting burden on the Nation's farmers, this request is being mailed to only a sample of the farming operations which were included in the 1974 Census of Agriculture. Since your operation is among the sample selected to represent all contractual arrangements, your response is very important to the successful completion of the survey.

Specialized information is needed about the extent and use of production and marketing contracts in our Nation's agriculture. At present, little is known about the characteristics and types of arrangements and the effect they have on individual farming activities and marketing.

Please complete this report form for any contract or agreement you had in 1977. Most questions on the report can be answered readily by marking a "Yes" or "No," making an "X" in an appropriate box, or reporting estimates and percentages where actual figures are not readily available. We ask that you reply within 7 days; a preaddressed envelope is provided for your convenience.

The Contract Survey is part of the 1974 Census of Agriculture program which is required by title 13, United States Code, and is being taken in cooperation with the Economic Research Service of the U.S. Department of Agriculture which will use statistical totals in its work. Accordingly, under provisions of this title, your individual response is required by law and must be kept confidential, and will be seen only by sworn Census employees.

Your cooperation in helping us to complete the survey economically and quickly is most appreciated.

Sincerely,



MANUEL D. PLOTKIN

Enclosure

Section I – In 1977, did you have any CONTRACT or BINDING AGREEMENT to produce or market any POTATOES on this farm or ranch?

Include only oral or written agreements made more than 30 days prior to delivery. Do not include Futures contracts traded through organized commodity exchanges.

015

1 ☐ Yes – Please complete this report form. See NOTE above section II before beginning.

2 ☐ No – Please complete sections X and XI and return form to Bureau of the Census

NOTE: If you had potato contracts with more than one contractor in 1977, direct your responses to the contract that represents the LARGEST QUANTITY of your production.

Section II – TIMING OF CONTRACT AGREEMENT

Mark (X) the box which best applies for questions 1 through 5 below.

Mark (X) only ONE box for each question

		Before production started	During production period	At delivery or within one week	After product was marketed	Not applicable
	Code	1	2	3	4	5
1. When was contract agreed upon or validated?	020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)	(NA)
2. When was price of product or payment agreed upon?	021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
3. When was part cash payment received?	022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. When is final cash payment received?	023	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
5. When did contractor assume ownership of product?	024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(NA)

Section III – TERMS OF CONTRACT

Listed below (items 1–13) are various items which are involved in production and marketing of potatoes.

Mark (X) the appropriate columns for questions A and B.

A. Determined by?

Mark (X) only ONE box for each item.

B. Were items 1–13 specified in contract?

		Contractor only	You, the producer	You and contractor jointly	A producer organization	Yes	No
	Code	1	2	3	4	5	6
1. Quantity of production and/or acreage planted	031	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Planting dates	032	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Types or varieties of potatoes to be planted	033	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Amounts of fertilizer to be used	034	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Analysis or types of fertilizer to be used	035	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Special types of equipment to be used	036	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Frequency and/or extent of disease, pest, and/or parasite controls	037	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Type of disease, pest, and/or parasite controls to use	038	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. When to harvest	039	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Irrigation schedules and or other cultivation practices	040	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Rate of delivery	041	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Price terms	042	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Other – Specify <i>✓</i>	043	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IV – Who furnishes the production items listed below?

Mark (X) the appropriate columns for questions A–D for each item.

		A. Does item apply?		B. Does contract specify who furnishes item?		C. What percent of item is furnished by –		D. How did you pay for items furnished by the contractor?		
		Yes	No	Yes	No	You	Contractor	No charge	Open account	Cash on delivery
	Code	1	2	3	4	5	6	7	8	9
1. Seeds	051	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Fertilizer	052	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Chemicals (pesticides, etc.)	053	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Labor	054	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Harvesting	055	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Transportation to market	056	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Processing and/or packing	057	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Technical assistance	058	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Machinery and/or equipment	059	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Storage of potatoes	060	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Other – Specify <i>✓</i>	061	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	____%	____%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

E. Did the contractor provide any additional financial assistance (including cash advances) that was not related to the specific inputs listed above?

062

1 ☐ Yes → Specify kind _____

2 ☐ No

Section V – PAYMENT DETERMINATION How was the payment you received for the contractor determined? Mark (X) one box		071 <input type="checkbox"/> 1 Open market price at time of delivery <input type="checkbox"/> 2 From open market price at time contract was entered into <input type="checkbox"/> 3 From Futures market price <input type="checkbox"/> 4 From price negotiated by the contractor when he sells the product <input type="checkbox"/> 5 By negotiation with contractor – not based on any quoted or market price <input type="checkbox"/> 6 Value of production items and services furnished by you <input type="checkbox"/> 7 Set by contractor without negotiation <input type="checkbox"/> 8 Other – Specify _____
Section VI – ORIGIN OF CONTRACT 1. How long have you grown potatoes under contract?		081 <input type="checkbox"/> 1 1–5 years <input type="checkbox"/> 2 6–10 years <input type="checkbox"/> 3 More than 10 years
2. How long have you grown potatoes for your present contractor?		082 <input type="checkbox"/> 1 1–5 years <input type="checkbox"/> 2 6–10 years <input type="checkbox"/> 3 More than 10 years
3. Were there any other potato contractors available with whom you might have negotiated?		083 <input type="checkbox"/> 1 Yes – Complete 3a and 3b <input type="checkbox"/> 2 No – Skip to question 4 <input type="checkbox"/> 3 Don't know – Skip to question 4
a. Do you know the key provisions of the contracts they offered?		084 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
b. Did you negotiate or bargain with more than one contractor?		085 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
4. Would you have grown potatoes without a contract?		086 <input type="checkbox"/> 1 Yes <input type="checkbox"/> 2 No
Section VII – CONTRACT PROVISIONS FOR VARIATION IN AMOUNT OR QUALITY OF POTATOES PRODUCED Listed below are consequences that may have been faced when the AMOUNT and/or QUALITY of potatoes produced was different from that specified in the contract.		
A. If AMOUNT of potatoes produced had been LESS than called for by the contract –		091
1. The contractor would have accepted the potatoes delivered as fulfillment of the contract		<input type="checkbox"/> 1
2. I would have purchased the deficit amount to fulfill the agreement		<input type="checkbox"/> 2
3. I would have made a cash payment to fulfill the contract		<input type="checkbox"/> 3
4. The contract would have been invalidated		<input type="checkbox"/> 4
5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce potatoes because of weather or other factors beyond my control		<input type="checkbox"/> 5
6. There was no provision to cover this situation		<input type="checkbox"/> 6
7. Other – Specify _____		<input type="checkbox"/> 7
B. If AMOUNT of potatoes produced had been MORE than called for by the contract –		092
1. No payment would have been received for the excess produced		<input type="checkbox"/> 1
2. The excess would have been sold on the open market		<input type="checkbox"/> 2
3. I would have received a reduced price or payment from the contractor for the excess produced		<input type="checkbox"/> 3
4. The excess would have been offered to the contractor first, then sold on open market		<input type="checkbox"/> 4
5. The excess potatoes would have been destroyed		<input type="checkbox"/> 5
6. I would have received an incentive or premium payment		<input type="checkbox"/> 6
7. There was no provision to cover this situation		<input type="checkbox"/> 7
8. Other – Specify _____		<input type="checkbox"/> 8
C. If the QUALITY of potatoes produced had been LOWER than called for by the contract –		094
1. The contractor would have accepted the potatoes delivered as fulfillment of the contract		<input type="checkbox"/> 1
2. I would have made a cash payment to fulfill the contract		<input type="checkbox"/> 2
3. No payment would have been received for inferior potatoes		<input type="checkbox"/> 3
4. The contract would have been invalidated		<input type="checkbox"/> 4
5. The contract included a "Natural disaster" or "Act of God" clause which would have eliminated or reduced the obligation to deliver or produce potatoes because of weather or other factors beyond my control		<input type="checkbox"/> 5
6. I would have received a price or payment from the contractor based on the quality actually delivered		<input type="checkbox"/> 6
7. The potatoes would have been sold on the open market		<input type="checkbox"/> 7
8. The potatoes would have been destroyed		<input type="checkbox"/> 8
9. The potatoes would have been offered to the contractor first, then sold on the open market		<input type="checkbox"/> 9
10. There was no provision to cover this situation		<input type="checkbox"/> 10
11. Other – Specify _____		<input type="checkbox"/> 11
D. If the QUALITY of potatoes produced had been HIGHER than called for by the contract –		096
1. No additional payment would have been received other than specified in the contract		<input type="checkbox"/> 1
2. I would have received an incentive or premium payment from the contractor		<input type="checkbox"/> 2
3. The potatoes would have been sold on the open market		<input type="checkbox"/> 3
4. The potatoes would have been offered to the contractor first, then sold on the open market		<input type="checkbox"/> 4
5. There was no provision to cover this situation		<input type="checkbox"/> 5
6. Other – Specify _____		<input type="checkbox"/> 6

Section VIII - OTHER CONTRACT CHARACTERISTICS		Yes	No	Don't know
Code		1	2	3
	Mark (X) Yes, No, or Don't know for each item 1-12			
101	1. Was the contract or agreement in writing?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
102	2a. Did the contract or agreement cover more than one season or production period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
103	b. If Yes in 2a, how many seasons or periods were covered?			
104	3. Did the contract or agreement specify a specific amount of potatoes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
105	4. Was your product pooled with that of other producers before a final price or payment was determined?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
106	5. Was the product under a State or Federal market order?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
107	6a. Was the contractor a cooperative?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
108	b. If Yes in item 6a, were you a member of the cooperative?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
109	7a. Was the contract or agreement associated with a joint venture between two or more cooperatives or a cooperative and another firm?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
110	b. If Yes in 7a, was your operation a part of this joint venture?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
111	8a. Was a bargaining association involved in negotiating or implementing the contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
112	b. If Yes in 8a, were you a member of this bargaining association?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
113	9a. Did the contractor assist you with supply, demand, and/or price outlook information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
114	b. If Yes in 9a, was this your main source of market information?	<input type="checkbox"/>	<input type="checkbox"/>	(NA)
115	10. Were you generally satisfied with the production terms of your contract or agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
116	11. Were you generally satisfied with the marketing or price terms of your contract or agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
117	12. Do you plan to continue and/or expand the use of contracts or agreements in the production or marketing of your farm products?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section IX - TYPE OF ORGANIZATION OF FARM BUSINESS AND FARM INCOME		121															
1. What type of organization best describes your farm business? Mark (X) one	<input type="checkbox"/> Individual or family operation (sole proprietorship) <input type="checkbox"/> Partnership operation including family partnerships <input type="checkbox"/> Corporation, including family corporations <input type="checkbox"/> Other - such as cooperative, estate, or trust, etc.																
2. What was the primary business of the contractor? Mark (X) one	<input type="checkbox"/> Seed company <input type="checkbox"/> Packer for fresh market <input type="checkbox"/> Processor <input type="checkbox"/> Other - Specify _____	122															
3. What was the acreage, production, and value of your sales of potatoes for 1977?	<table border="1"> <thead> <tr> <th>Acreage planted</th> <th>Hundredweight harvested</th> <th>TOTAL MARKET VALUE of 1977 production of potatoes</th> </tr> </thead> <tbody> <tr> <td>123</td> <td>124</td> <td>125</td> </tr> <tr> <td></td> <td></td> <td>\$.00</td> </tr> <tr> <td>126</td> <td>127</td> <td>128</td> </tr> <tr> <td></td> <td></td> <td>\$.00</td> </tr> </tbody> </table>	Acreage planted	Hundredweight harvested	TOTAL MARKET VALUE of 1977 production of potatoes	123	124	125			\$.00	126	127	128			\$.00	
Acreage planted	Hundredweight harvested	TOTAL MARKET VALUE of 1977 production of potatoes															
123	124	125															
		\$.00															
126	127	128															
		\$.00															
a. Total amount of potatoes grown under contracts ... None																	
b. Total amount of potatoes grown without contracts ... <input type="checkbox"/>																	
4. What is the expected total gross value of all agricultural products sold from your farm in 1977? Mark (X) only one	<input type="checkbox"/> \$500,000 or more <input type="checkbox"/> \$100,000 to \$499,999 <input type="checkbox"/> \$40,000 to \$99,999 <input type="checkbox"/> \$10,000 to \$39,999 <input type="checkbox"/> Less than \$10,000	129															
5. In your opinion, what percentage of the potatoes grown in your area or neighborhood was sold or moved under contract during the years 1977, 1972, and 1967?	<table border="1"> <thead> <tr> <th>1977</th> <th>1972</th> <th>1967</th> </tr> </thead> <tbody> <tr> <td>131</td> <td>132</td> <td>133</td> </tr> <tr> <td> <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know </td> <td> <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know </td> <td> <input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know </td> </tr> </tbody> </table>	1977	1972	1967	131	132	133	<input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	<input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know	<input type="checkbox"/> None <input type="checkbox"/> Less than 25% <input type="checkbox"/> 25%-49% <input type="checkbox"/> 50%-74% <input type="checkbox"/> 75% or more <input type="checkbox"/> Don't know							
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PLEASE SKIP TO SECTION XI

Section X - TERMINATION OF CONTRACT OR AGREEMENT		141
What situation best describes how you terminated your contract or agreement? Mark (X) one	<input type="checkbox"/> Individual decision by me <input type="checkbox"/> Group decision involving other producers or an organization <input type="checkbox"/> Joint decision between the contractor and me <input type="checkbox"/> Decision by the contractor	
Remarks - If necessary use a separate sheet of paper		

Section XI - PERSON COMPLETING THIS REPORT	
Name - Please print	Date - Mo./Day/1977
	151
Telephone	152
Area code	Number

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1974 Census of Agriculture

Volume IV Special Reports

Part 7
Agricultural Production
and Marketing Contracts

