

# CHAPTER II. Type of Organization

## Historical Background

The continuing trends toward increased specialization and larger-scale operations together with increased capital requirements has brought the need for many management adjustments in American agriculture. One of these adjustments for many farmers includes operating within an organizational structure best suited to meet tax, credit, and other management needs.

Since 1950 the average farm size has more than doubled, accompanied by a tenfold increase in the average investment in land and buildings. During the same period, the value of products sold per farm increased more than 3½ times.

Questions have been raised about the types of organizational structure which are being used to provide necessary planning and operational flexibility in this period of changing agriculture. Concern has also been expressed about the preservation of the "family farm" and the

impact that entry into agriculture by large conglomerate corporations may have upon other farm operators. This chapter deals with the types of farm organization as they relate to acres operated, value of agricultural products sold, and other measures of farm size.

Both the 1969 and 1974 censuses have obtained type of organization data for farms with sales of \$2,500 and over. This basic data provides information about the current structural organization of agricultural operations, but a longer period of time must elapse before meaningful trends can be clearly discerned.

## Source of Data

All data presented in this chapter are for farms with sales of \$2,500 and over. In general, the tables provide a summation of data previously published in Volume I, **State and County Data**, for the individual States; but for the most part, are presented in different formats and combinations.

## Presentation of Data

Type of organization data are presented in this chapter for four categories individual or family, partnership, corporation, and other. Summary statistics are presented as totals for the United States, 4 regions, 9 divisions, and 50 States. A small number of selected items are presented by State. Detailed data, such as farm characteristics, are presented only at the U.S. level. The text includes tables with average and percentage distributions for the United States.

## Other Published Data

Detailed farm characteristics for the various types of organization are available for each State. In addition, the number of farms and land in farms by type of organization are presented for each county in volume I. Table 1 provides the location and a brief description of the type of organization data available.

Table 1. **Other Published Data for Type of Organization: 1974**

	Geographic area	Time period	Farm classification	Subjects covered
<b>VOLUME I</b>				
<b>State Tables</b>				
14.....	State.....	1974 and 1969	Type of organization.....	Farms and land in farms
28.....	State.....	1974	Summary by type of organization.....	Farms and farm characteristics (land in farms, land use, value of land and buildings, tenures, specified operator characteristics, specified equipment, hired labor, farm expenditures, principal livestock and specified crops).
29.....	State.....	1974	Age of operator by type of organization.....	Farms and land in farms
30.....	State.....	1974	Size of farm by type of organization.....	Farms and land in farms
31.....	State.....	1974	Value of sales by type or organization.....	Farms and land in farms
32.....	State.....	1974	Standard industrial classification by type of organization.....	Farms and land in farms
33.....	State.....	1974	Standard industrial classification by value of sales by type of organization.....	Farms and land in farms
<b>County Table</b>				
2.....	County and State.....	1974 and 1969	Type of organization.....	Farms and land in farms
<b>VOLUME II</b>				
Part 2.....	United States.....	1974	Size of farm by type of organization.....	Farms and land in farms
Part 7.....	United States.....	1974	Value of sales by type of organization.....	Farms and land in farms
Part 8.....	United States.....	1974	Standard industrial classification by type of organization.....	Farms and land in farms

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Special follow-on surveys for corporations and partnerships were conducted in conjunction with the 1974 Census of Agriculture. The Corporation Survey

covered all corporations reporting agricultural operations. It obtained data for both farm and nonfarm corporate business activities for family, independent,

and parent corporations. For privately held corporations, data were collected on year of incorporation, type of taxation elected, number of shareholders, share-

**Section 37** TYPE OF ORGANIZATION, OPERATOR CHARACTERISTICS, and related information

**COMPLETE THIS PAGE**

**Part A— Type of Organization**

1. Mark (X) the one box which best describes the way this place was operated in 1974.

- 901 1  INDIVIDUAL or FAMILY operation (sole proprietorship), excluding partnership and corporation
- 2  PARTNERSHIP operation, including family partnerships (See separate Instructions.) — Enter number of partners . . . 902
- 3  CORPORATION, including family corporations — Skip to Section 38
- 4  OTHER, such as cooperative, estate or trust, prison farm, grazing association, Indian reservation, etc. — Specify type then skip to Section 38 . . . . .

Complete Parts B and C below

**Part B— Farm Operator Characteristics and Related Information for Individual, Family, or Partnership Operations**

1. **Residence** — Where does the operator, person in charge, or senior partner of this farm or ranch operation live? . . . . . 903
- 1  On this place
  - 2  On another farm
  - 3  In a rural area, not on a farm
  - 4  In a city, town, or urban area

2. What was the earliest year the operator (or senior partner, if partnership) began to operate any part of this place? . . . . . 904 \_\_\_\_\_ Year

3. How old is the operator (or senior partner, if partnership)? . . . . . 905 \_\_\_\_\_ Years old

4. Operator's race — Mark (X) appropriate box 906
- 1  White
  - 2  Negro or Black
  - 3  American Indian
  - 4  Mexican American Chicano Mexican (Mexicano) Puerto Rican Cuban Central or South American Other Spanish
  - 5  Japanese Chinese Filipino
  - 11  Other — Specify what race **Z**

5. **Principal Occupation** — At what occupation did the operator spend the majority (50 percent or more) of his work time in 1974? (For partnerships, consider all members of the partnership together.) . . . . . 907

- 1  Farming
- 2  Other

6. **Off-Farm Work** — How many days did each member of the family work OFF the place in 1974? (Include work at a nonfarm job, business, profession, or on someone else's farm. Do not include exchange farm work.) [Mark (X) one for each applicable line]

	None	1-49 days	50-99 days	100-149 days	150-199 days	200 days or more
a. Operator or senior partner. 911	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
b. Spouse. . . . . 912	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
c. Other. . . . . 913	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
d. Other. . . . . 914	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

**Part C— Family Income from Off-Farm Sources in 1974**  
(Report amount you and members of your family received in 1974 from the following sources. For partnership operations, the report should be for the senior partner and his family.)

	None	Income from off-farm sources	
		Dollars	Cents
1. Operation of a non-farm-related business (not reported in Section 36) or professional practice (Report NET after expenses.) . . . . .	<input type="checkbox"/>	921 \$	
2. Cash wages, salaries, commissions, and tips from all jobs (Report amount before deducting taxes.) . . . . .	<input type="checkbox"/>	922 \$	
3. Interest, dividends, or royalties . . . . .	<input type="checkbox"/>	923 \$	
4. Federal Social Security, pensions, retirement pay, veterans payments, annuities, unemployment insurance, workmen's compensation, and old age and other public assistance. . . . .	<input type="checkbox"/>	924 \$	
5. Rental income of nonfarm property (Report NET after deduction of expenses.) . . . . .	<input type="checkbox"/>	925 \$	

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holders related by blood or marriage, and shareholder control and participation in management. The year in which corporate agricultural production was begun and the level of total corporate business receipts as well as the percentage received from each type of business activity were requested of all corporations. Results of the survey will be published in Volume IV, **Special Reports, Part 5, Corporations in Agricultural Production.**

The 1977 Partnership Survey is a sample survey of 12,000 partnerships selected from all the partnerships identified in the 1974 Census of Agriculture. In the survey, data were obtained on partnership arrangements; characteristics of the partners; the amount of management, labor, assets, and operating expenses contributed by each partner; expected changes in the make up of the partnership; and expected changes in type of organization. The survey also differentiated between general and limited partnership arrangements and examined the scale and extent of the operations in terms of occupational and other related characteristics of the partners. This survey will be published in Volume IV, **Special Reports, Part 6, Partnerships in Agricultural Production.**

### Processing the Data

The type of organization data were generally accepted as reported, except for a review of reports for large-scale farms and reports with remarks which may have had an effect on the data. For farms not reporting type of organization, the individual or family type of organization was imputed in the computer processing unless coding in the address label indicated that the respondent had filed an 1120S corporation tax return, in which case the corporation type of organization was imputed.

Mailout of the Corporation Survey report forms to operators who reported their type of organization as "corporation" was conducted concurrently with 1974 Census of Agriculture. This resulted in a limited amount of adjustment to the census type of organization data. Some respondents who had reported "corpora-

tion" indicated in the survey that they were not incorporated, and the census report was adjusted accordingly.

### Definitions and Explanations

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

Type of organization data were collected only from farms with sales of \$2,500 and over, since the overwhelming proportion of farms with sales of under \$2,500 are individual or family farms.

Special instructions for answering the type of organization item were included in the instruction sheet of the report form. Detailed definitions of individual or family operations, partnerships, corporations including family corporations, and other operations were given. A facsimile of the type of organization section is shown on page II-2.

**Individual or family**—Sole proprietorship farm operations conducted by one person are included in this classification as are husband-wife operated farms including those where other family members provide part of the labor. The operator of an individual or family farm is solely responsible for management decisions such as deciding which farming activities to begin, to continue, or to terminate. The operator provides the capital for the farming operation and is personally liable for the farm's debts.

In the remainder of this text, this type of organization will be referred to as "individual" or "individually operated farm" in order to eliminate confusion with a widely used term, "family farm." The 1974 census did not attempt to define or obtain data for "family farms" due to the variation of concepts commonly associated with this term over the years. Under some of the more common usages a "family farm" might be included in any one of the four types of organization defined. Most, however, would be included in the individual (sole proprietorship) category.

**Partnerships**—A partnership type of organization is defined as two or more persons who have agreed on their contributions of capital and other inputs to the farm operation as well as participation in the management, labor, financial responsibilities, and profits and losses. Whether or not each partner shares equally depends upon the agreement entered into by the partners. Each partner is individually liable for all the financial obligations of the partnership.

There is no requirement of a formal legal document in the formation of a partnership although many partnerships have written agreements and conduct all financial and legal transactions under a partnership name. In general, partnerships may be organized or dissolved at any time by the agreement of the partners and without any filing of legal contracts or other papers with any public agency. For income tax purposes, a partnership reports the income, but the taxes are paid by the partners on their individual tax returns based on each one's share of the partnership profits.

Apparently, many of the partnership arrangements reported in the 1969 census were husband-wife operations. The number of partnerships decreased from 222,000 in 1969 to 145,000 in 1974. The 1974 instructions requested the exclusion of partnerships based only on co-ownership of land and/or joint filing of income tax returns by husband and wife unless there was an agreement about sharing input contributions, decisionmaking, profits, and liabilities. These instructions together with a request that the respondent report the number of partners in 1974, resulted in a decrease of partnerships and an increase of individual or family operations.

Based upon an Internal Revenue Service estimate of 110,000 farm partnership tax returns in 1974 it is probable that some husband-wife or tenant-landlord operations have still been included in this classification. It is also possible that a significant number of partnerships based upon informal arrangements chose not to file partnership tax returns.

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

In many instances, the corporate organizational structure provides advantages over other types of business organization. Among these advantages are:

1. Easier transfer of the operating unit from one generation to the next.
2. Limited legal liability for each individual shareholder to the extent of his investment.
3. Possible reduction of income, estate, or other inheritance tax.
4. Easier access to larger amounts of credit.

On the 1969 report form, corporations were divided into those with 10 or fewer shareholders and those with more than 10 shareholders. This was a simplistic attempt to separate the closely held or family type corporation from those with more diversified ownership, i.e., publicly held corporations.

This division was not made for the 1974 census because the more comprehensive Corporation Survey included data about type of corporation and number of shareholders together with other detailed corporation data.

There has been considerable interest in the role of "nonfamily" corporations in American agriculture. Because the census of agriculture is committed to publishing data at the county level, it collects data under the operating unit concept. Data for corporations is, therefore, limited to those actually operating farms or ranches. Farmland owned by corporations but rented to someone else will be reported under the type of organization for the

actual day-to-day operator rather than that of the landowning corporation.

It should also be noted that a number of operations have more than one separately reportable farm. In order to avoid serious distortion of the data at the county level, especially where holdings were both large and widespread, an attempt was made to obtain separate reports for each county in which operations were significant. Corporations accounted for a major portion of such operations. This procedure, utilized extensively in the 1969 and 1974 censuses, resulted in the replication of the type of organization for each farm in the multiunit operation. Consequently there is an overstatement of the number of corporations as farm operators and an understatement of the size or degree of control of the larger corporations engaged in agricultural production. The 1974 Corporation Survey presents corporation data at both the farm and the firm (company) level. Data for the firm are available only for the United States.

**Other organizations**—This catch-all category is used to include institutional farms such as Indian reservations, university farms, or prison farms, as well as farms operated by estates, trusts, cooperatives, etc. Data for abnormal farms have been excluded from the data for farms with sales of \$2,500 and over. Therefore, no institutional or other abnormal farm data are presented under this classification. The "other" farms for which data are presented include estates, trusts, cooperatives, and colonies, as well as some farms which may have been misreported in this group. Since less than 4,000 farms are included in this category, any misreporting of type of organization has very little

effect on the data for farms with sales of \$2,500 and over.

### Economic Characteristics

**Number of farms**—In 1974, individually operated farms accounted for almost 90 percent of all farms with sales of \$2,500 and over. Partnerships operated approximately 145,000 farms or slightly more than 8 percent and corporations operated 28,656 farms or less than 2 percent.

The percentage distribution by type of organization is not greatly different among the four regions, although both partnerships and corporations constitute a slightly larger proportion of the farms in the West. Table 2 presents the percent distribution for the number of farms by type of organization for the four regions.

**Land in farms**—Of the 906 million acres of land in farms with sales of \$2,500 and over, individual and families operated 678 million, partnerships operated 125 million, corporations operated 97 million, and other organizations operated 6 million. Although corporations make up only 1.7 percent of these farms, they accounted for 10.7 percent of the land in farms. Corporations operated 23 percent of the land in farms in the West, 56 percent in Hawaii, 42 percent in Nevada, and about one-third in Arizona, Florida, and Wyoming. The percent distribution of land in farms by type of organization for the four regions is shown in table 3.

**Size of farm**—The average size of farm operated by individuals was 447 acres compared with 859 acres for partnerships, 3,377 acres for corporations, and 1,636 acres for other organizations in 1974. There was a decrease of 380 acres

Table 2. Percent of Farms by Type of Organization: 1974 and 1969

	United States		Northeast		North Central		South		West	
	1974	1969	1974	1969	1974	1969	1974	1969	1974	1969
All farms.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Individual.....	89.5	85.4	89.3	87.3	90.0	85.7	90.3	85.4	84.7	83.2
Partnership.....	8.6	12.8	7.6	10.4	8.8	13.2	7.9	12.6	9.9	12.8
Corporation.....	1.7	1.2	2.9	1.8	1.0	.6	1.5	1.4	5.0	3.3
Other.....	.2	.6	.2	.5	.2	.5	.3	.7	.4	.7

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in the average size of farm operated by corporations between 1969 and 1974, indicating that much of the increase in the number of corporations between these censuses may be due to the incorporation of family farms of somewhat smaller size than those previously incorporated. The average size of farm operated by individuals was almost unchanged from 1969. This may have been affected by the large number of farms reported as partnerships in 1969 but reported as individual farms in 1974. The average size of partnership farms increased by 120 acres and "other" farms by 802 acres. Table 4 shows the average size of farms for the four regions.

Of the individually operated farms, more than one-fourth were less than 100 acres in size and less than one-fifth were 500 acres and over. For partnership farms, about one-sixth were less than 100 acres and about one-third had 500 acres

or more. For corporation farms, 23 percent were under 100 acres and more than half were 500 acres or more. Table 5 shows the percent of farms by size of farm.

**Value of land and buildings**—The value of land and buildings provides one measure of the resources controlled by each type of organization. The average value of individual farms was \$159,000 per farm compared with \$285,000 for partnerships and \$857,000 for corporations.

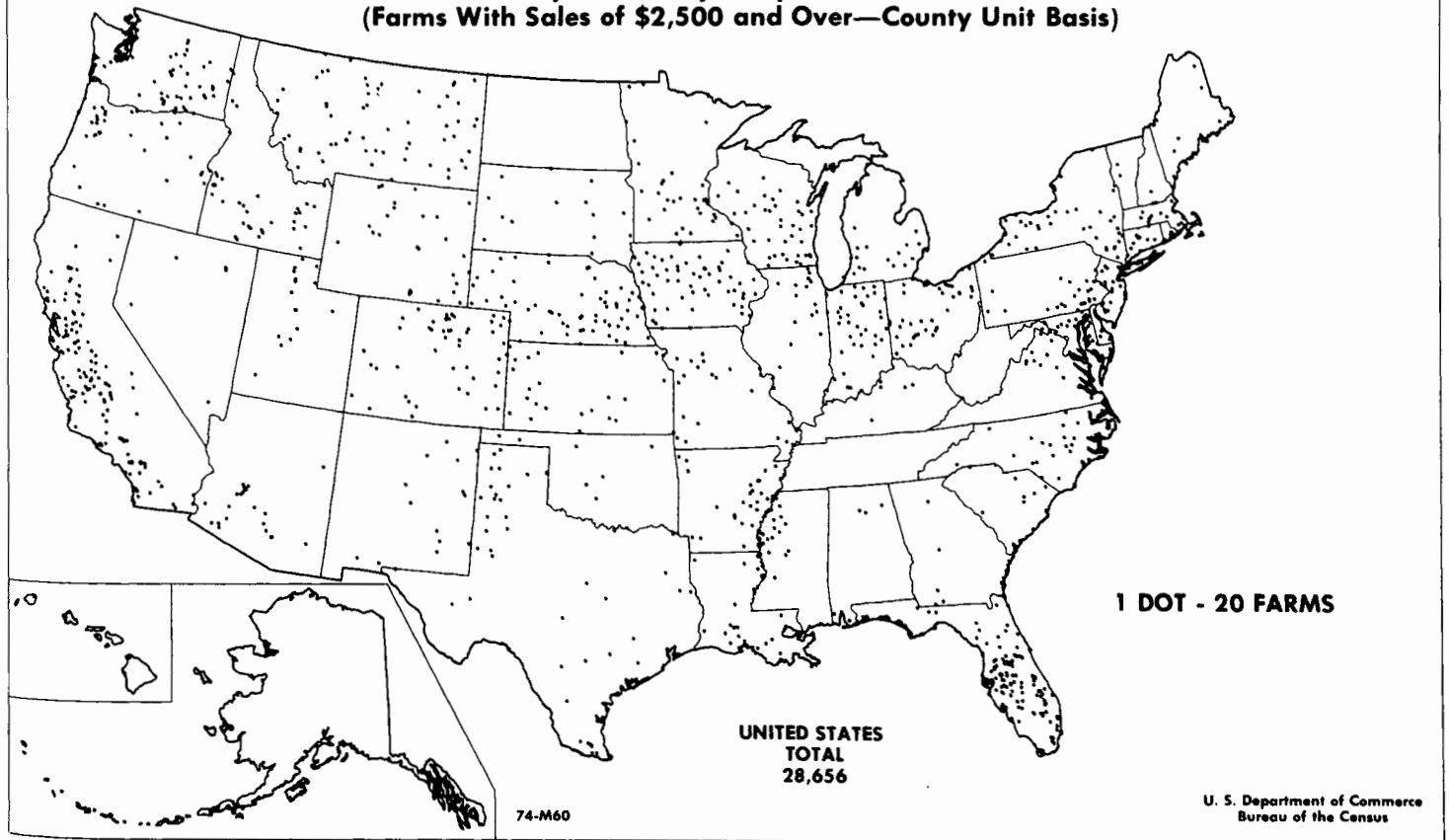
Table 4. Average Size of Farm by Type of Organization: 1974

	(Acres)				
	United States	North-east	North Central	South	West
Total..	534.3	218.0	399.2	478.8	1,507.2
Individual..	446.8	203.1	372.8	406.1	1,084.7
Partnership	856.6	325.2	545.2	888.1	2,316.7
Corporation	3,377.3	384.8	1,468.1	2,396.4	6,938.5
Other.....	1,635.3	435.2	642.7	2,100.5	3,086.0

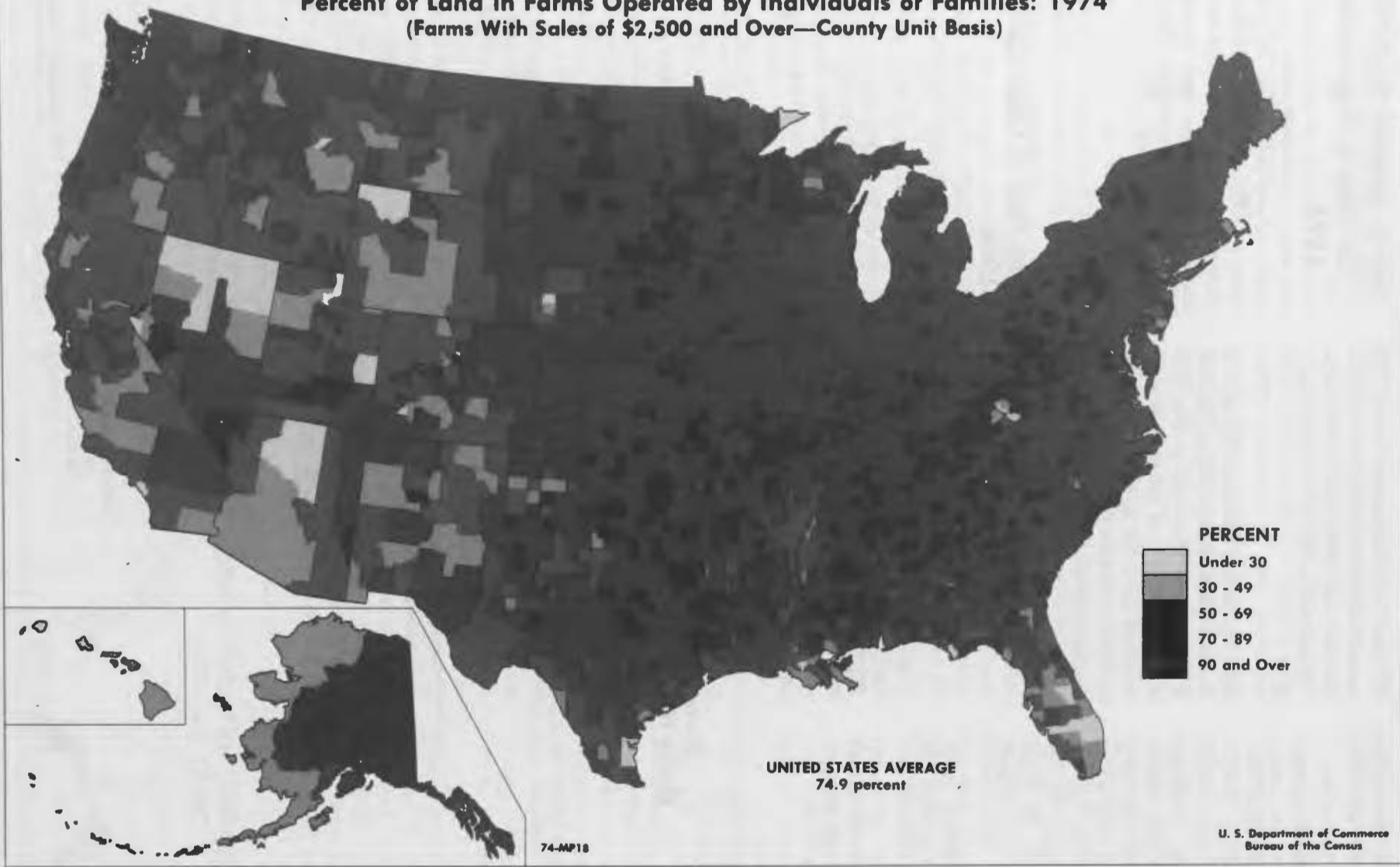
Table 3. Percent of Land in Farms by Type of Organization: 1974 and 1969

	United States		Northeast		North Central		South		West	
	1974	1969	1974	1969	1974	1969	1974	1969	1974	1969
	All farms.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Individual.....	74.9	72.5	83.2	82.4	84.1	80.7	76.6	73.5	61.0	60.7
Partnership.....	13.7	17.8	11.4	13.5	12.0	16.5	14.7	18.5	15.2	18.9
Corporation.....	10.7	8.8	5.0	3.6	3.6	2.3	7.5	6.5	23.1	19.5
Other.....	.7	.9	.4	.5	.3	.5	1.1	1.4	.8	.9

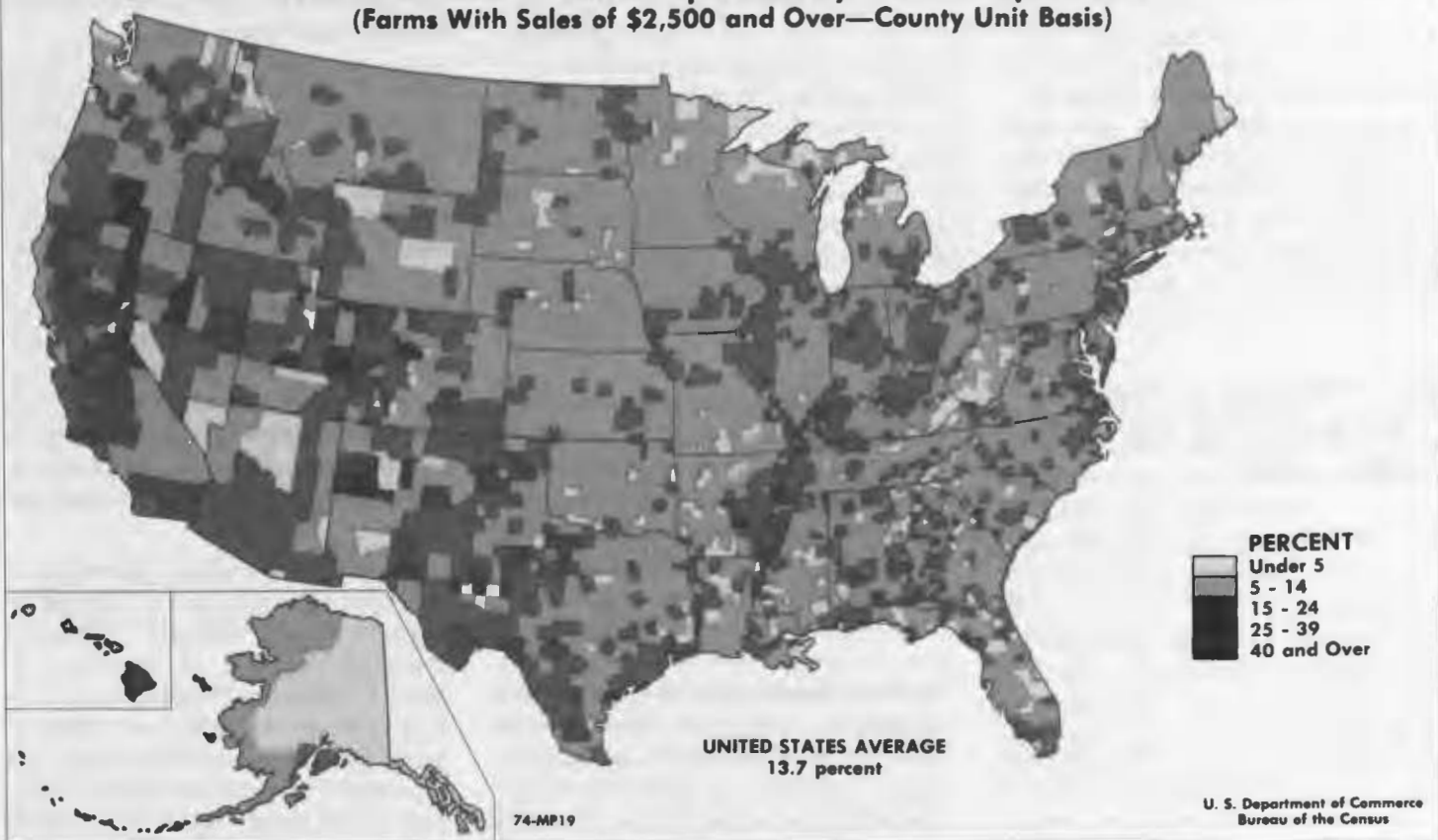
Farms Operated by Corporations: 1974  
(Farms With Sales of \$2,500 and Over—County Unit Basis)



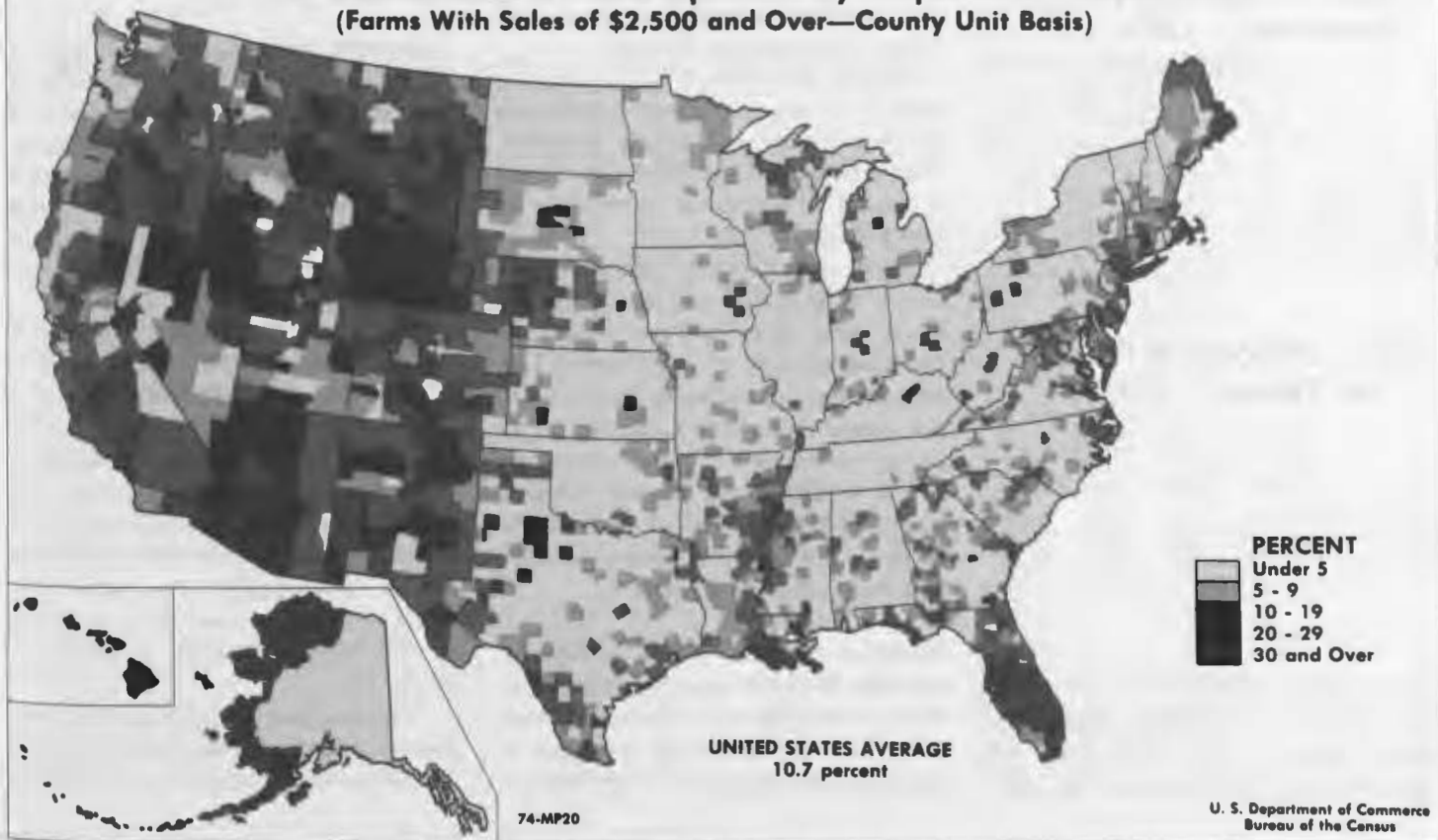
### Percent of Land in Farms Operated by Individuals or Families: 1974 (Farms With Sales of \$2,500 and Over—County Unit Basis)



**Percent of Land in Farms Operated by Partnerships: 1974**  
(Farms With Sales of \$2,500 and Over—County Unit Basis)



**Percent of Land in Farms Operated by Corporations: 1974**  
(Farms With Sales of \$2,500 and Over—County Unit Basis)



**Table 5. Percent of Farms by Size of Farm: 1974 and 1969**

	All farms		Individual		Partnership		Corporation		Other	
	1974	1969	1974	1969	1974	1969	1974	1969	1974	1969
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1 to 9 acres.....	3.7	3.1	3.6	3.1	3.6	2.4	7.7	5.0	5.0	6.2
10 to 49 acres.....	9.8	7.5	10.2	7.8	6.2	5.3	9.3	9.8	9.2	9.6
50 to 69 acres.....	4.7	3.8	4.9	3.9	3.2	2.9	2.6	2.9	3.0	3.8
70 to 99 acres.....	8.7	7.9	9.1	8.3	5.5	5.9	3.6	4.4	6.1	7.2
100 to 139 acres.....	9.5	9.8	9.8	10.2	6.9	7.9	3.9	5.2	7.2	8.9
140 to 179 acres.....	10.1	11.1	10.4	11.4	8.0	9.6	3.8	5.2	8.3	10.4
180 to 219 acres.....	6.7	7.6	6.9	7.7	6.0	7.3	3.1	3.8	5.4	6.6
220 to 259 acres.....	6.1	7.0	6.2	7.0	6.0	7.0	2.7	3.5	5.9	6.3
260 to 499 acres.....	19.9	21.9	19.8	21.7	22.7	24.4	11.9	13.9	17.1	19.3
500 to 999 acres.....	11.8	11.8	11.3	11.3	16.6	15.1	15.3	14.5	11.8	10.4
1,000 to 1,999 acres.....	5.4	5.1	4.9	4.7	8.5	6.9	13.4	11.2	9.1	5.6
2,000 acres and over.....	3.6	3.4	2.9	2.8	6.8	5.3	22.7	20.4	11.9	5.5

**Table 6. Percent of Farms by Value of Land and Buildings: 1974**

	Total	Indi-vid-ual	Part-ner-ship	Cor-pora-tion	Other
	Total.....	100.0	100.0	100.0	100.0
\$1 to \$9,999.....	2.8	2.9	2.5	1.0	2.7
\$10,000 to \$19,999..	5.6	5.8	3.7	1.8	4.3
\$20,000 to \$39,999..	13.8	14.5	8.5	4.7	10.3
\$40,000 to \$69,999..	18.3	19.1	12.8	6.6	12.2
\$70,000 to \$99,999..	12.4	12.7	10.2	5.4	10.1
\$100,000 to \$149,999	13.5	13.6	13.1	8.0	11.3
\$150,000 to \$199,999	8.7	8.7	9.8	6.8	8.5
\$200,000 to \$499,999	18.2	17.3	25.4	26.7	22.8
\$500,000 and over...	6.7	5.4	14.0	39.0	17.8

**Table 7. Percent of Farms by Value of Machinery and Equipment: 1974**

	Total	Indi-vid-ual	Part-ner-ship	Cor-pora-tion	Other
	Total.....	100.0	100.0	100.0	100.0
\$1 to \$4,999.....	13.2	13.7	9.4	5.3	13.9
\$5,000 to \$9,999....	15.5	16.0	11.5	6.8	15.7
\$10,000 to \$19,999..	22.0	22.7	17.6	12.7	20.2
\$20,000 to \$49,999..	35.3	35.4	35.4	30.6	34.6
\$50,000 to \$99,999..	10.5	9.6	17.9	21.0	10.4
\$100,000 and over...	3.5	2.6	8.2	23.6	5.2

**Table 8. Percent of Farms by Tenure: 1974**

	Total	Full owners	Part owners	Tenants
	Total.....	100.0	53.3	33.4
Individual.....	100.0	54.8	33.0	12.2
Partnership.....	100.0	38.2	37.7	24.0
Corporation.....	100.0	50.4	35.6	14.0
Other.....	100.0	55.8	20.8	23.4

The percent distribution of farms by value of land and buildings presents a similar pattern among these types of organizations. Fifty-five percent of indi-

vidual farms are valued at less than \$100,000 compared with 38 percent for partnerships and less than 20 percent for corporations. Only 5 percent of individual farms were valued at \$500,000 or more compared with 14 percent for partnerships and 39 percent for corporations (table 6).

**Estimated market value of machinery and equipment**—Of the \$44 billion reported value of machinery and equipment on farms with sales of \$2,500 and over, almost 82 percent was for farms operated by individuals and less than 6 percent for corporations. Farms operated by individuals averaged \$22,000 per farm and corporations averaged \$87,000.

Almost one-fourth of the corporations reported an estimated value of machinery and equipment of \$100,000 and over. Only 8 percent of partnership farms and 3 percent of individual farms reported such a value.

Farms with machinery and equipment valued at \$100,000 or more accounted for a large share of the total value regardless of type of organization. Less than 3 percent of individual farms were in this category, but they accounted for 14 percent of the value. Similarly, 8 percent of partnership farms in this category accounted for 38 percent of the value and 24 percent of corporations accounted for 69 percent of the value (table 7).

**Tenure of operator**—Of the individually operated farms, 55 percent owned all of the land they operated, 33 percent owned part, and only 13 percent rented all of the land. Only 38 percent of the partner-

ships and 50 percent of the corporations were full owners. Table 8 shows percent distribution by tenure.

**Value of agricultural products sold**—A significantly greater proportion of farms operated by partnerships and corporations have high values of sales than do individually operated farms. For example, only 7 percent of farms operated by individuals have sales of \$100,000 or more compared with 19 percent for partnerships and 55 percent for corporations. More than 16 percent of corporations had sales of \$500,000 or more while less than 2 percent of partnership farms and less than one-half of 1 percent of individual farms were in that sales category.

In spite of the high percentage of corporate farms with sales of \$100,000 or more, in absolute numbers, corporations accounted for only 10 percent of all farms in that value of sales group. Of the total number of farms with sales of \$100,000 or more, individual farms and partnership farms accounted for 71 percent and 18 percent respectively. Table 9 presents the percent distribution of farms by value of sales.

**Large-scale farms**—Corporations account for a larger percentage of each value of sales group as the per-farm value of sales increases. Table 10 taken from a statistical table for large-scale farms presented in part 7, shows the number of farms and land in farms for each type of organization by various value of sales groups over \$100,000.

The 153,000 large-scale farms (those with sales of \$100,000 or more in 1974) represented only 9 percent of all farms with sales of \$2,500 or more, but they accounted for 31 percent of the land in farms and 54 percent of the value of sales from these farms. Farms with sales of \$5 million or more accounted for 16 percent of the value of sales even though they made up less than one-half of 1 percent of the farms with sales of \$2,500 or more.

The total number of large-scale farms almost tripled between 1969 and 1974. Individual farms constituted 71 percent



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of all large-scale farms while partnerships and corporations accounted for 18 and 10 percent, respectively. For all sales ranges (up to \$1 million and over), there were percentage increases between 1969 and 1974 in the number of large-scale farms operated by individuals and corresponding percentage decreases in large-scale farms operated by partnerships and corporations (table 11).

Corporations operated 25 percent of the acreage in large-scale farms compared with 53 percent for individual farms and 20 percent for partnerships. About 73 percent of the individually operated large-scale farms and 61 percent of the partnerships had sales between \$100,000

and \$200,000. Only 33 percent of the large-scale corporations had sales of less than \$200,000.

At the other extreme, there were only 1 percent of individually operated large-scale farms with sales of \$1 million and over compared with 3 percent for partnerships and 15 percent for corporations. Corporations also accounted for 75 percent of the large-scale farms with sales of \$5 million and over and 89 percent with \$10 million and over.

**Source of farm sales**—Of the various kinds of farm products or commodities sold, the proportion of each produced and sold by corporations varies substantially more than do the proportions sold by other types of organization. Corporations account for a disproportionately large percentage of the sales of nursery products (60 percent); vegetables, sweet corn, and melons (37 percent); cattle and calves (32 percent); fruits, nuts, and berries (32 percent); poultry and poultry products (28 percent); and sheep, lambs, and wool (23 percent). On the other hand, corporations sold less than 5 percent of the grains,

hogs, and tobacco and less than 10 percent of dairy products, forest products, and field seeds from farms with sales of \$2,500 and over (table 12).

In contrast to individuals, partnerships, and other organizations, which tend toward more general farming with a reliance on crop production, corporations specialized to a greater extent in livestock or crops which could be readily produced on a large scale, be more highly mechanized, and require large amounts of capital and other inputs. For example, the production of fresh market vegetables, sugarcane, pineapples, citrus fruit, broilers, turkeys, eggs, and fattened cattle are more easily adaptable to large-scale production. About 52 percent of the sales by corporations came from cattle and calves and poultry products, and another 28 percent from other field crops; vegetables, sweet corn, and melons; fruit, nuts, and berries; and nursery and greenhouse products.

**Products produced**—Farms operated by corporations sold 47 percent of the cattle fattened on grain and concentrates and 33 percent of all turkeys. They harvested 29 percent of the vegetable acreage,

Table 9. Percent of Farms by Value of Sales: 1974

	All farms	Individual	Partnership	Corporation	Other
Total.....	100.0	100.0	100.0	100.0	100.0
\$500,000 and over....	.7	.3	1.7	16.4	2.9
\$200,000 to \$499,999	2.3	1.7	5.9	20.4	4.4
\$100,000 to \$199,999	6.0	5.2	11.6	18.2	6.7
\$40,000 to \$99,999..	19.1	18.5	25.5	19.7	19.5
\$20,000 to \$39,999..	19.0	19.1	19.1	9.7	19.1
\$10,000 to \$19,999..	18.3	18.7	15.7	6.9	18.2
\$5,000 to \$9,999....	17.5	18.3	11.9	4.7	15.2
\$2,500 to \$4,999....	17.1	18.2	8.6	4.0	14.0

Table 10. Large-Scale Farms, Land in Farms, and Percent, by Type of Organization: 1974

	Total		Individual		Partnership		Corporation		Other	
	Farms	Acres	Farms	Acres	Farms	Acres	Farms	Acres	Farms	Acres
FARMS BY VALUE OF SALES										
Farms with sales of--										
\$100,000 and over.....	152,599	276,817,332	108,463	147,510,799	27,811	56,458,393	15,787	69,731,882	538	3,116,258
\$100,000 to \$199,999..	101,153	131,432,379	78,827	86,256,312	16,843	24,861,422	5,226	19,712,306	257	802,339
\$200,000 to \$299,999..	25,091	50,744,496	16,867	27,978,312	5,203	11,601,511	2,926	10,632,579	95	532,094
\$300,000 to \$499,999..	14,943	40,796,181	8,580	18,428,404	3,357	9,211,616	2,931	12,558,052	75	598,109
\$500,000 to \$699,999..	4,660	15,287,724	2,217	5,729,469	1,077	4,157,660	1,334	5,117,412	32	283,183
\$700,000 to \$999,999..	2,711	12,235,823	1,030	4,662,557	623	2,507,608	1,035	4,961,354	23	104,304
\$1,000,000 to \$4,999,999	3,486	22,633,965	895	4,346,493	663	3,843,250	1,884	13,687,887	44	756,335
\$5,000,000 to \$9,999,999	315	1,634,398	36	96,441	33	245,347	238	1,254,465	8	38,145
\$10,000,000 and over.....	240	2,052,366	11	12,811	12	229,979	213	1,807,827	4	1,749
PERCENT BY VALUE OF SALES										
Farms with sales of--										
\$100,000 and over.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$100,000 to \$199,999..	66.3	47.5	72.7	58.5	60.6	43.7	33.1	28.3	47.8	25.7
\$200,000 to \$299,999..	16.4	18.3	15.6	19.0	18.7	20.6	18.5	15.2	17.7	17.1
\$300,000 to \$499,999..	9.8	14.7	7.9	12.5	12.1	16.3	18.6	18.0	13.9	19.2
\$500,000 to \$699,999..	3.0	5.5	2.0	3.9	3.9	7.4	8.4	7.4	5.9	9.1
\$700,000 to \$999,999..	1.8	4.5	.9	3.2	2.2	4.4	6.6	7.1	4.3	3.3
\$1,000,000 to \$4,999,999	2.3	8.2	.8	2.9	2.4	6.8	11.9	19.6	8.2	24.3
\$5,000,000 to \$9,999,999	.2	.6	.1	.1	.1	.4	1.5	1.8	1.5	1.2
\$10,000,000 and over.....	.2	.7	(2)	(2)	(2)	.4	1.4	2.6	.7	.1
PERCENT BY TYPE OF ORGANIZATION										
Farms with sales of--										
\$100,000 and over.....	100.0	100.0	71.1	53.3	18.2	20.4	10.3	25.2	.4	1.1
\$100,000 to \$199,999..	100.0	100.0	77.9	65.6	16.7	18.8	5.2	15.0	.2	.6
\$200,000 to \$299,999..	100.0	100.0	67.2	55.1	20.7	22.9	11.7	21.0	.4	1.0
\$300,000 to \$499,999..	100.0	100.0	57.4	45.2	22.5	22.6	19.6	30.8	.5	1.4
\$500,000 to \$699,999..	100.0	100.0	47.6	37.5	23.1	27.2	28.6	33.5	.7	1.8
\$700,000 to \$999,999..	100.0	100.0	38.0	38.1	23.0	20.5	38.2	40.5	.8	.9
\$1,000,000 to \$4,999,999	100.0	100.0	25.7	19.2	19.0	17.0	54.0	60.5	1.3	3.3
\$5,000,000 to \$9,999,999	100.0	100.0	11.4	5.9	10.5	15.0	75.6	76.8	2.5	2.3
\$10,000,000 and over.....	100.0	100.0	4.6	.6	5.0	11.2	88.8	88.1	1.6	.1

CHAPTER II Continued

operated 30 percent of the land in orchards, and had 31 percent of the chickens 3 months old or older on hand. On the other hand, they had less than 5 percent of the milk cows and hogs and pigs on hand. Corporations harvested less than 5 percent of the wheat and less than 4 percent of the corn for all purposes, sorghum for all purposes, soybeans, pea-

nuts, and tobacco. The percent distribution for selected major products is shown in table 13.

**New classification of farms**—A new classification series was used to present the data for the 1974 census. It was developed by the U.S. Department of Agriculture in cooperation with the Bureau of

the Census to better describe today's agriculture and its complex relationships with other sectors of the economy. The major classifications are:

1. Primary farm—A farm operated by an individual or family or partnership where the operator spends 50 percent or more of his worktime on the farm (considers farming to be the principal occupation) or a farm operated under a corporate structure which received 50 percent or more of its gross business income (farm and nonfarm) from the sale of agricultural products.
2. Part-time farm—A farm operated by an individual or partnership where the operator spends less than 50 percent of his worktime on the farm (does not consider farming to be the principal occupation).
3. Business-associated farm—A farm operated under a corporated structure which received less than 50 percent of its gross business income (farm and nonfarm) from the sale of agricultural products.
4. Abnormal farm—An institutional, experimental, or research farm, or an Indian reservation. An institutional farm is one operated by a hospital, penitentiary, school, grazing association, government agency, etc.

Data on the sources of corporate business receipts used in classifying corporation farms were collected in the Supplemental Survey of Corporate Operation. There are 214 fewer corporations in the survey than in the census. This difference of less than 1 percent is due to a small amount of misreporting of type of organization in the census.

Individual and partnership primary farms make up 63 percent of the farms and account for 84 percent of the land in farms and 90 percent of the value of agricultural products sold on all farms operated by individuals and partnerships (table 14).

Approximately 88 percent of the corporation farms are primary farms, and account for 85 percent of the land in

Table 11. Percent of Large-Scale Farms by Type of Organization: 1974 and 1969

	Total	\$100,000 to \$199,999	\$200,000 to \$299,999	\$300,000 to \$499,999	\$500,000 to \$699,999	\$700,000 to \$999,999	\$1,000,000 and over
Total.....1974..	100.0	100.0	100.0	100.0	100.0	100.0	100.0
.....1969..	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Individual.....1974..	71.1	77.9	67.2	57.4	47.6	38.0	23.3
.....1969..	59.0	65.4	53.4	46.2	37.6	31.9	19.3
Partnership.....1974..	18.2	16.7	20.7	22.5	23.1	23.0	17.5
.....1969..	25.1	25.2	27.0	24.8	23.8	21.9	18.1
Corporation.....1974..	10.3	5.2	11.7	19.6	28.6	38.2	57.8
.....1969..	15.5	9.1	19.0	28.4	37.9	45.2	61.2
Other.....1974..	.4	.2	.4	.5	.7	.8	1.3
.....1969..	.4	.3	.5	.6	.7	.9	1.5

Table 12. Percent of Commodity Sales Value by Type of Organization: 1974

	Percent by source of farm sales					Percent by type of product sold				
	All farms	Individual	Partnership	Corporation	Other	All farms	Individual	Partnership	Corporation	Other
Agricultural products sold...	100.0	67.6	13.9	17.9	0.5	100.0	100.0	100.0	100.0	100.0
Grains.....	100.0	81.1	13.8	4.9	.3	30.5	36.6	30.2	8.2	16.8
Tobacco.....	100.0	83.4	13.1	3.4	.2	2.1	2.6	2.0	.4	.7
Cotton and cottonseed.....	100.0	62.7	21.5	15.4	.4	2.8	2.6	4.3	2.4	1.8
Field seeds, hay, forage, and silage.....	100.0	75.6	14.1	9.9	.4	2.5	2.8	2.5	1.4	1.7
Other field crops.....	100.0	51.0	15.8	32.8	.4	4.9	3.7	5.5	8.9	3.2
Vegetables, sweet corn, and melons.....	100.0	41.4	21.7	36.7	.2	2.9	1.8	4.5	6.0	1.2
Fruits, nuts, and berries.....	100.0	49.1	16.7	31.6	2.6	3.6	2.6	4.4	6.4	17.8
Poultry and poultry products.....	100.0	64.7	6.9	27.9	.4	7.7	7.4	3.8	12.0	6.0
Dairy products.....	100.0	77.2	16.4	6.2	.2	10.2	11.6	12.0	3.5	3.7
Cattle and calves.....	100.0	54.5	12.8	31.8	.9	22.7	18.3	20.9	40.3	40.1
Hogs and pigs.....	100.0	79.6	15.2	5.0	.2	6.7	7.9	7.3	1.9	3.1
Sheep, lambs, and wool.....	100.0	62.9	14.3	22.5	.3	.5	.5	.6	.7	.3
Other livestock and livestock products.....	100.0	61.3	9.1	27.4	2.2	.5	.4	.3	.8	2.1
Nursery and greenhouse products.....	100.0	30.4	9.5	59.9	.2	2.1	.9	1.4	7.0	.9
Forest products.....	100.0	79.8	12.4	6.7	1.1	.3	.3	.3	.1	.6

Table 13. Percent of Selected Items by Type of Organization: 1974

	Total	Individual	Partnership	Corporation	Other
Cattle and calves on hand.....number..	100.0	74.4	13.8	11.2	0.6
Milk cows on hand.....number..	100.0	79.7	15.3	4.8	.2
Cattle and calves sold.....number..	100.0	62.8	12.8	23.6	.8
Cattle and calves sold fattened on grain and concentrates.....number..	100.0	39.6	12.0	47.1	1.3
Hogs and pigs on hand.....number..	100.0	80.2	14.9	4.6	.3
Hogs and pigs sold.....number..	100.0	80.4	14.5	4.8	.3
Broilers and other meat type chickens sold.....number..	100.0	87.2	5.0	7.7	-1
Turkeys sold.....number..	100.0	58.2	8.5	33.1	.2
Field corn for all purposes.....acres..	100.0	82.7	13.7	3.4	.2
Sorghums for all purposes.....acres..	100.0	84.9	11.6	3.2	.3
Wheat.....acres..	100.0	83.5	11.9	4.4	.2
Soybeans for beans.....acres..	100.0	82.3	14.4	3.0	.3
Peanuts for nuts.....acres..	100.0	82.4	14.5	2.9	.2
Cotton.....acres..	100.0	74.5	16.7	8.5	.3
Irish potatoes.....acres..	100.0	56.7	19.9	23.1	.3
Tobacco.....acres..	100.0	85.1	12.9	1.8	.2
All vegetables.....acres..	100.0	53.1	18.2	28.5	.2
Land in orchards.....acres..	100.0	50.8	16.8	29.9	2.5

**Table 14. Farm Characteristics by New Classification of Farms: 1974**

	Farms included under new classification <sup>1</sup>					Abnormal
	All farms	Individual and partnership		Corporation		
		Primary	Part-time	Primary	Business-associated	
Farms.....number..	2,314,013	1,427,368	851,902	24,982	3,460	2,238
Land in farms.....acres..	1,017,030,357	695,899,226	162,986,303	81,819,371	14,305,452	55,065,456
Average size of farm.....acres..	440	488	191	3,275	4,135	24,605
Value of land and buildings..\$1,000..	342,048,790	245,850,186	64,661,204	19,642,948	4,983,172	5,240,480
Average value per farm.....dollars..	147,838	172,240	75,902	786,284	1,440,223	2,341,590
Cropland harvested.....acres..	303,001,943	255,580,075	30,184,450	13,424,437	2,394,694	591,362
Average cropland harvested.....acres..	131	179	35	537	692	264
Value of agricultural products sold.....\$1,000..	81,531,026	59,288,647	7,156,644	11,716,389	2,932,080	235,777
Average value sold per farm.....dollars..	34,234	41,537	8,401	468,993	847,422	105,352
Farms by value of agricultural products sold:						
\$500,000 and over.....		6,160	437	3,991	781	
\$200,000 to \$499,999.....	153,520	32,091	1,916	5,421	496	
\$100,000 to \$199,999.....		90,331	5,339	4,767	464	
\$40,000 to \$99,999.....	324,310	295,953	21,978	5,030	598	
\$20,000 to \$39,999.....	322,046	277,566	40,701	2,362	403	1,695
\$10,000 to \$19,999.....	310,217	229,938	77,384	1,600	319	
\$5,000 to \$9,999.....	296,532	166,986	127,466	988	214	
\$2,500 to \$4,999.....	257,397	124,179	131,828	578	132	
Under \$2,500.....	649,991	204,164	444,853	245	53	543
Full owners.....	1,423,953	770,799	635,048	12,225	2,014	1,520
Part owners.....	628,224	474,409	142,307	9,286	911	505
Tenants.....	261,836	182,160	74,547	3,471	535	213

<sup>1</sup>Does not include 214 farms not covered in the Supplemental Survey of Corporate operations and 3,849 farms with other type of organization in the census.

farms and 80 percent of the value of agricultural products sold.

As would be expected, the average individual and partnership primary farm is larger in both acres operated and value of sales than is the average part-time farm operated by individuals and partnerships.

The average corporate primary farm, however, is somewhat smaller in size than the average business-associated corporate farm. Agricultural production on business-associated farms tends to be specialized. Sales of other field crops, vegetables, fruits, poultry and poultry products, and cattle and calves account for 82 percent of all sales by these farms.

Detailed data on corporate primary and business-associated farms are presented in table 24 of this chapter. Additional data for primary and part-time farms operated by individuals and partnerships are presented in the principal occupation tables in chapter III of this part. Detailed data on abnormal farms are available in part 7 of this volume.