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MAJOR PROVISIONS OF THE 1969 FEED GRAIN, WHEAT, COTTON, PEANUT PROGRAMS AND PROPOSALS FOR THE FUTURE

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The 1969 Feed Grain Program is a voluntary program. To participate, producers had to declare their intention to their local ACSC Office during the sign-up period of February 3 through March 21, 1969. The farm feed grain base is composed of the barley, corn and/or sorghum base which has been determined for each farm.

The permitted acreage is the largest total acreage of barley, corn and grain sorghum that may be produced on a participating farm unless feed grain is substituted for wheat on farms taking part in both programs. Producers may substitute feed grain for wheat or wheat for feed grain within the total acreage permitted under both programs providing they signed up to participate in both programs and comply with both programs' provisions. The permitted acreage can then be planted to either wheat or feed grain or split between the two crops in any percentage the producer desires.

DIVERSION REQUIREMENTS. For the farmer to be eligible for any program benefits, at least 20% of the total farm feed grain base must be diverted to an approved conservation use. A conserving base has been determined for each farm. If the farm feed grain base is 25 acres or less, the entire base may be diverted. However, if the feed grain base is 25 acres or larger, 50% of the base or 25 acres, whichever is larger, may be diverted.

Cropland acreage diverted to conservation use must be in addition to the farm's established conservation base. Grazing of diverted acres will be permitted during specified winter months.

A diversion payment will be made for farms with feed grain bases of 25 acres or less. The diversion payment will be approximately one-fifth of the total county price support rate on the first 20% of the bases diverted. For these same farms, diversion of acres in excess of the minimum 20% will be at the per acre rate of 45% of the total price support rate times the farm's established yield. For farms with a feed grain base in excess of 25 acres, there is no diversion payment on this first 20% required diversion. There is a diversion payment established for diverting up to the larger of 25 acres or one-half of the feed grain base for these same farms. The diversion payment for the extra acres diverted will be 45% of the total price support rate.

SUPPORT PRICES. The total price support for the 1969 Feed Grain Program is composed of two parts, a loan rate and a price support payment rate. The national average loan rate for grain sorghum is a $1.61/cwt., barley, 83¢/cwt., and $1.05/bu. for corn. The loan rates are calculated for each county and may vary slightly from the national average. The loan may be obtained for all feed grain produced from permitted acreage under the feed grain program.

The price support payment rate is 53¢/cwt. for grain sorghum, 20¢/bu. for barley, and 30¢/bu. for corn. These rates are the same in all counties. The price support payment will be made on acreage planted for harvest up to 50% of the base or the permitted acreage whichever is smaller.

A producer with an interest in more than one farm may participate in the feed grain program on one farm and receive the program benefit, provided the acres planted to feed grain does not exceed the farm feed grain base on any other farm of which he has an interest.

THE 1969 VOLUNTARY WHEAT PROGRAM is considered a voluntary program. The producer had to declare his intention to participate with the local ASCS Office between February 3 through March 21, 1969.

Participation under the 1969 Wheat Program may be accomplished in several ways. One way is to plant an acreage no larger than the farm allotment and divert to conversing use an acreage equal to 15% of the 1969 wheat allotment or plant no larger than the permitted acreage when the substitution for other crops or excess farm option is used.

A farmer may choose to substitute wheat for feed grain where the farm also has a feed grain base or feed grain for wheat. He may also elect to substitute wheat for oats or rye if a farm base is established for these crops. For substitution, however, the farmer must sign up to participate in both the Wheat Program and the Feed Grain Program and comply with the provisions of both programs.

A wheat producer may sign up to overproduce his farm wheat allotment and still be eligible for the price support loan and certificates provided he stores the excess. Under this option the excess wheat acreage planted cannot exceed the allotment by more than 50%.

The Program Benefits. Farmers who sign up and qualify are eligible for price support loans on the entire wheat production except any amount which may be stored under the excess wheat provision.

The national average price support loan rate for wheat produced in 1969 is $1.25/bu. This loan rate varies slightly from county to county.

Program participants will also receive domestic marketing certificates on an acreage up to 43% of the projected production on the farm allotment. For 1968 these certificates were worth $1.38/bu.

The 1969 Wheat Program provisions require that the farmer must keep within all farm allotments established for the participating farm. He must also keep within the wheat allotment or permitted acreage on any other farm in which he has an interest.

1969 UPLAND COTTON PROGRAM. Marketing quotas were approved by the nation's cotton producers for the 1969 upland cotton crop. Therefore, cotton producers must plant within their farm crop allotment or be subject to a marketing quota penalty on the excess production.

Small farm cotton producers, those with an allotment of 10 acres or less or those who expect production of 3600 pounds or less, may receive additional program benefits besides the regular price support payment.

Small farm cotton producers may plant their full allotment and be eligible for 11.26 cents a pound payment based on 35% of the allotment. Farms may receive this small farm payment without planting any cotton and still protect their cotton history. The small farm provisions do not apply to any farm from which a part of the allotment has been released.

Participants in the 1969 Upland Cotton Program who signed up with the ASCS Office between February 3 and March 21, 1969, are eligible for price support loans on all cotton produced based on the national average loan rate of 20.25¢/lb. for Middling 1-inch cotton. The participants are also eligible for price support payment of 14.73¢/lb. on the farm projected yield for acreage planted within the farm domestic allotment. The domestic allotment is calculated at 65% of the effective farm allotment.

Provisions were provided whereby a person could have applied by December 31, 1968, for permission to produce cotton for export without the benefit of any loans or payments. Also, the 1969 Upland Cotton Program permitted the sale or lease of upland cotton allotment for transfer to another farm in the same county. In some counties cotton producers have voted to permit transfers of allotments within the state but outside of the county. Applications for transfer of the 1969 allotment had to be made by December 31, 1968.

1969 PEANUT PRODUCTION. The nations peanut producers voted to impose marketing quotas on peanut production. Therefore, all peanut growers have an acreage allotment assigned to their farm. Any peanut production planted in excess of this allotment is subject to marketing quota penalties. Peanut growers planting within their allotments are entitled to a price support loan ($236/ton for the 1968 crop) plus designated premiums and/or discounts on their entire farm peanut production.

Peanut growers have the opportunity to sell or lease their peanut allotments. The alternatives open to the farmers under this provision are discussed in detail in OSU Current Report No. 106, "New Choice in Peanut Production for 1968."

After 1970--What? The 1965 Agricultural Act with prior legislation established the above programs except that for peanuts. The programs for wheat, feed grains and cotton have been extended by Congress through the crops of 1970. The feature provision of the 1965 Act is the flexibility permitted to fit changing needs such as increased allotments to meet anticipated requirements. Thus, allotments could be further contracted through diversion in 1970, left as they are for 1969, or increased as requirements indicate.

Extension of the Act, whether granted this year or next would permit operations to continue within the present framework with its flexible provisions. But what if Congress fails to extend the Act? If failure to extend the Act is not accomplished by legislation providing otherwise, the three basic commodities affected would be subject to prior legislation--namely the 1962 Agricultural Act. This would result in changes in procedures for dealing with each commodity.

Wheat would be subject to marketing quotas, and if proclaimed by the Secretary, must be approved by farmer referendum vote. If approved by producers there would be a mandatory wheat certificate program similar to that voted down in the 1963 referendum. Declaration of marketing quotas and determination of the support levels for wheat and feed grains would result from consideration of several factors.

The factors considered in determining whether a price support operation shall be undertaken and the level of such support within the prescribed range for such commodities are:

1. the supply of the commodity in relation to the demand therefore,
2. the price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn,
3. the availability of funds,
4. the perishability of the commodity,
5. the importance of the commodity to agriculture and the national economy,
6. the ability to dispose of stocks acquired through a price-support operation,
7. the need for offsetting temporary losses of export markets,
8. the ability and willingness of producers to keep supplies in line with demand, and
9. in case of upland cotton, changes in the cost of producing such cotton.

If wheat growers rejected marketing quotas, the support level would be 50% of parity for those who planted within their allotments. Of course, the size of the national allotment would have a bearing on estimated supplies of wheat, and stocks on hand would influence the size of the allotment.

Approval of quotas under the 1962 Act would provide:

1. Price support for wheat accompanied by domestic certificates would be at not less than 65% nor more than 90% of the parity price as determined by the Secretary after consideration of the factors above.
2. Price support for wheat with export certificates would not be more than 90% determined in the same manner.
3. Price support for wheat not accompanied by marketing certificates would be at not more than 90% of parity, as the Secretary determines appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains.

If marketing quotas are not proclaimed for any crop year, then the level of price support for wheat would be 75% to 90% depending on supply conditions. This support would only be available to cooperators with the program. Under present parity values this would permit a range of about $1.95 to $2.34/bu. This situation is not likely to be permitted to develop under present price relationships as it would result in considerable takeover by CCC unless a certificate plan was used.

For feed grains, there would not be any price support payments or diversion payments as now used. Price support through loans or purchases for corn at such levels not less than 50% or more than 90% of parity, as the Secretary determines will not result in increasing CCC stocks of corn, would be available. Other feed grains would be supported at a level considered fair and reasonable in relation to the level for corn.

PROGRAM FOR COTTON. Under the older unrepealed law the Secretary would be required to determine and announce whether the total supply of cotton would exceed normal, and if so to proclaim a marketing quota program in terms of agreage allotment subject to grower referendum.

If marketing quotas are approved by two-thirds or more of the voting farmers; marketing quotas would be in effect; and no diversion or price support payments. Price support to producers who comply with their allotments through loans or purchases at not less than 65% or more than 90% of parity as determined by the Secretary. No authority to make cotton available to domestic mills at the world price if such price is lower than legal minimum price for unrestricted use.

If marketing quotas are disapproved there will be no marketing quotas, no diversion or price support payments and price support through loans or purchases to producers who comply with their allotments at 50% of parity.

If the Secretary did not proclaim marketing quotas, there would be no diversion or price support payments, price support would be at 65-90% parity and compliance with allotments could be required as a condition of eligibility for price support. There would be no authority to sell, lease, or transfer cotton allotments.

A national advisory group has proposed a new cotton program similar to that presently in use for wheat.

OTHER PROPOSALS. There is still some support for legislation that would discontinue the voluntary wheat and feed grain programs. If enacted, this would stop domestic certificates for wheat and price support payments for feed grains. The CCC loan program of non-recourse loans would change substantially. H.R. 7326 (1967) proposed private lending agencies to make recourse loans. The recourse loan rate for CCC purposes would not be more than 90% of the estimated season average price and could be less. CCC would insure the recourse loans up to 75% of the lending agency's total obligation, but CCC would pay only 90% of the value of any individual losses. This measure did not get far in Congress in 1967 or 1968, but could be revived by its supporters.

The Mondale Bill, or the National Agricultural Bargaining Act of 1969 consists of three parts and each part could stand alone.

Title I authorizes farmers to initiate a referendum to select a bargaining committee to negotiate with a similar committee representing buyers and consumers. Title II contains amendments to the Agricultural Marketing Agreement Act of 1937 which broadens the marketing order program. Title III is about like the original version of S-109 introduced last year before it was watered down with crippling amendments.

Senator Mondale stated that he expects "That this proposal will become a center of controversy. This is in fact one of the main functions it is intended to serve." The February 1968 issue of "Oklahoma Outlook and Market Analysis" contained some information on bargaining, and other material is available. Bargaining cannot be regarded as a substitute for present programs but under certain conditions can supplement them.

The Peanut Program may be changed in the next year or two. Two proposals are:

1. Reducing allotments in exchange for higher support prices.
2. Allocating acreages for food uses with additional permitted plantings for oil at prices below those for food.

LAND RETIREMENT HAS SUPPORT. Considerable support is advanced for a long-term land retirement program to get enough cropland out of production to stop excess supplies of crops. Supposedly, this would reduce production enough to raise prices. Advocates of land retirement programs maintain that government costs can be reduced considerably through such a program. While recognizing the lower costs associated with land retirement of whole farms, these programs gain widespread support from many farmers because the burden of adjustment affects only those who "sell out" of farm production. Thus, the remaining farmers may utilize their land and facilities in a more efficient manner than under current programs.

Studies indicate that government expenditures could be reduced with abandonment of present voluntary programs and substituting the land retirement. Heady, Mayer, and Madsen of Iowa State University estimate costs of $857 million annually to retire 50 million acres of cropland and $1,383 million for 60 million acres. This compares to present expenditures of about $3 billion. Some authorities doubt that 60 million acres is sufficient to cut production enough to raise prices to desired levels--expressing the opinion that this would require 80 million acres. This additional acreage would cost more per acre than the 10 million increase from 50 to 60 million acres.

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