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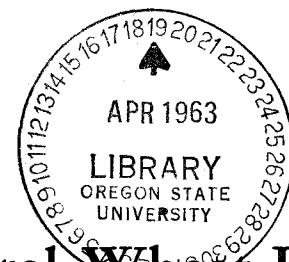
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# Twenty Points to Ponder

## ---on 1964 Federal Wheat Programs

Prepared by the Wheat Program Materials Committee  
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1. The Food and Agriculture Act of 1962 authorizes and instructs the Secretary of Agriculture to offer U. S. wheat producers an opportunity to choose between two kinds of wheat programs.

2. The Secretary has announced May 21 as the date for wheat producers to cast the ballots that will indicate their choice for the one year, 1964. County ASCS committees are conducting the referendum locally at polling places to be announced.

3. The choice for 1964 differs from choices in previous wheat marketing quota referendums. Details of program provisions and other informational materials are available from County ASCS and Extension Service offices.

4. In brief, approval of 1964 marketing quotas—a “yes” vote by two-thirds or more of the nation’s voting wheat producers—would provide:

- Tight marketing controls.  
(Marketing quota penalties if allotments are exceeded.)
- Acreage diversion payments.  
(Diversions are both mandatory and voluntary.)
- Two levels of price support.  
(U. S. averages of \$2 a bushel for “certificated” wheat for food and export and \$1.30 for “noncertificated” wheat.)

5. In contrast, disapproval of marketing quotas—a “no” vote by more than one-third of the nation’s voting wheat producers—would provide:

- No marketing controls.  
(No marketing quota penalties.)
- No diversion payments.
- One level of price support.  
(50% of parity for growers who stay within allotments; now about \$1.25 a bushel U. S. average. No supports for growers who exceed allotments.)

6. The “quota” program provides some new approaches to the wheat problem. These include for the first time such mechanisms as dual price supports, “supply-splitting” marketing allocations, and marketing certificates. These have the effect of allocating part of the wheat supply to food and export uses at the higher

support rate. The remainder would be available at lower rates for such uses as feed or supplemental exports. Among other things, these provisions tend to reduce costs of government efforts to protect farm incomes.

7. The “no quota” program is generally similar to the alternative to “quota” programs available in previous wheat referendums. In these referendums, the “no quota” approach has received less than one-third of the votes, but the proportion of “no” votes has increased. The “no quota” alternative would reduce program costs, but also would reduce incomes from wheat.

8. Wheat producers are not voting on all programs affecting wheat. The wheat producers’ vote does not in itself change present legislation authorizing assistance with exports or many other important features of present federal grain programs.

Regardless of how the vote goes, acreage allotments, the International Wheat Agreement, Public Law 480, and other legislation affecting grain growers’ income will remain for 1964, unless amended or repealed.

But, a “no” vote would reduce the effectiveness of acreage allotments as restrictions on production and marketing, and would lead to numerous changes in administrative regulations and actions used to implement present legislation.

9. Future grain programs, and the effects of the wheat vote, depend considerably upon what Congress does about a feed-grain acreage diversion program for 1964. Some groups are pressing for Congressional action on feed grains before May 21; others strongly favor postponement until the wheat vote has been cast.

10. Since 1953, U. S. wheat growers have approved quotas. This means they have chosen the alternative of price supports ranging from 75% to 90% of parity (\$1.78 to \$2.24 a bushel) for the crop produced on about two-thirds of their usual wheat acreage, plus secondary uses and usually lower income from the remainder of their wheat land. Such secondary uses have included crops like barley, milo, or grass, or other uses such as weed control or land retirement.

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11. Harvests from two-thirds of the nation's wheat land have yielded more wheat than could be marketed at satisfactory prices even with large subsidies. Stocks built up from 900 million bushels in 1954 to 1,400 million bushels in 1961, but were reduced slightly in 1962. Only about 500 million bushels are used for food each year in the U. S. Under grain-price relationships prevailing for more than a decade, very little wheat has been used for feed.

12. Based on present information, odds are that either program would bring prices of some wheat closer to recent prices of feed grains; but neither program assures wheat at prices within the economic reach of grain feeders. Success of the quota program, however, would hinge heavily on keeping "noncertificated" wheat out of government storage.

13. Prices of all U. S. wheat are supported by government action. All exports of U. S. wheat are subsidized. 1961-62 exports equaled about 60% of the nation's 1961 crop. That year the government invested close to a billion dollars in exported wheat.

14. Aside from relatively small amounts used for flour, seed, and feed, all Oregon wheat is exported. Except for war years, northwest wheat exports have been subsidized since 1933. This is longer than any other U. S. producing area. Exports of Soft White wheat have averaged more than 100 million bushels a year during the past five years.

Thus, wheat prices, wheat farm incomes, and Oregon wheat land values have been and are now heavily dependent on federal wheat programs. But economic effects of programs vary widely from farm to farm. (To help you analyze income effects of program alternatives on your own farm, you may obtain worksheets and explanations from your County ASCS or Extension offices.)

15. For many years, wheat prices in the U. S., as well as in most other nations, have been largely managed either directly or indirectly by government through a variety of mechanisms such as:

- Trade agreements, tariffs, and quotas.
- Marketing controls.
- Compensatory payments.
- Price supports.
- Special purchases.

16. No one knows what wheat market prices in 1964 will be either with or without quotas; but, reputable price analysts in a special (Ellender) report pre-

pared for Congress in 1959 projected the U. S. average price at 90 cents a bushel. These analysts assumed removal of production controls on all crops except tobacco, and retention of price supports at levels which would permit orderly reduction of excess stocks over a 7-to 10-year period.

Another group (Iowa study 1959) concluded wheat prices would be about 74 cents per bushel in 1962-63 if government price support provisions and acreage allotments were ended with the 1959 crop.

More recently, USDA economists assumed 90 cents to \$1.10 a bushel as reasonable expectations for 1964 if quotas are not approved. With approval of quotas, prices for permitted marketings would average above \$1.30, but probably below the top loan rate of \$2 a bushel. The trade will continue buying wheat on the basis of quality. This will be reflected in prices paid for individual lots.

17. The way wheat producers vote this spring has many implications, not only to wheat producers, but to feed-grain producers, grain handlers, and grain feeders, as well as to other farmers, businessmen, consumers, and taxpayers, here and abroad. Because of this, special interests will make many attempts to influence the important decision wheat producers will make. Although the decision this spring is for 1964 only, there are longer-run implications.

18. To vote in the referendum, persons with 1964 wheat allotments of less than 15 acres must sign their allotment notices (Form MQ-24) and return them to their county ASCS office not later than May 13. All wheat producers with 1964 allotments of 15 acres or more automatically qualify to vote on May 21.

19. If marketing quotas are approved in the referendum, small growers who sign and return MQ-24 by May 13 will also be eligible for price supports, marketing certificates, and diversion payments. Those who do not sign will not be eligible for these benefits, but will be subject to marketing quota penalties if their 1964 wheat acreage exceeds the small-farm base shown on MQ-24.

20. If quotas are disapproved, those who signed will be in essentially the same position as those who failed to sign. To qualify for price supporting loans, they must stay within their allotments. Otherwise, they can harvest as many acres of wheat as they like and sell the grain at whatever price it will bring on the open market. Use of budget forms mentioned in point 14 will help a small grower understand how each program affects his farm income.

Vote the alternative you believe is best for you, other farmers, and the nation.

*Study the Facts---Then Vote May 21*