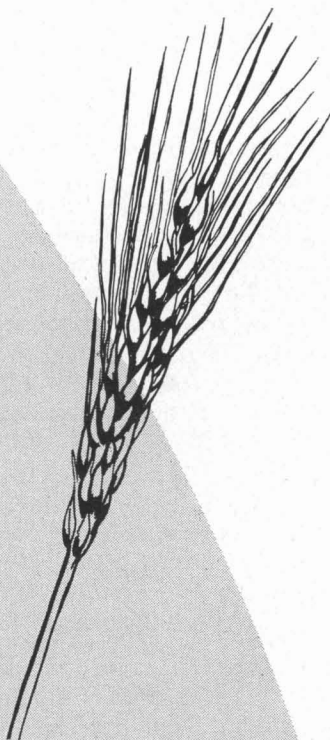


The

WHEAT

Program



for
1964



THE AGRICULTURAL AND MECHANICAL
COLLEGE OF TEXAS
TEXAS AGRICULTURAL EXTENSION SERVICE
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THE WHEAT PROGRAM FOR 1964

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Texas wheat growers along with those of other wheat-producing states will participate in a referendum in late May of 1963 to determine a program for the 1964 wheat crop.

WHO IS ELIGIBLE TO VOTE

All farmers who have a 1964 wheat allotment are eligible to vote. However, if a farmer's allotment is 15 acres or less, he must register at the county ASCS office. By doing so, he agrees that if the program should be approved by the necessary two-thirds majority, he will plant within his allotment and thus be eligible to receive price supports and diversion payments. This registration must take place not less than 7 days before the referendum date.

ALTERNATIVES

There are two immediate alternatives:

(1) If more than one-third of the votes are "no," acreage allotments will remain in effect and price supports will be available at 50 percent of parity or about \$1.20 per bushel for growers who plant within their allotments. If a grower chooses to overplant, the only penalty would be the loss of price support.

(2) If more than two-thirds of the producers who participate in the referendum vote "yes," the provisions of the Food and Agriculture Act of 1962, described following, will become effective.

PROVISIONS OF THE 1964 PROGRAM

National Marketing Quota. If more than two-thirds of the votes are "yes," the Secretary of Agriculture will be required to determine a national marketing quota based on the estimated demands for wheat for domestic needs and export. Also considered in the national marketing quota will be our small volume of imports and the desire to reduce CCC stocks. The quota cannot be less than 1 billion bushels and, according to the Secretary of Agriculture's current estimate, will be set at 1.2 billion bushels for 1964.

National Acreage Allotment. To furnish the number of bushels required for the national marketing quota, a national acreage allotment will be set by the Secretary of Agriculture. To make this calculation, he will consider expected yields, normal abandonment and expected underplantings as well as the amount of wheat to be removed from CCC stocks. The exact acreage is to be announced before the referendum date, but the Secretary's present estimate is 49.5 million acres. The 55-million-acre minimum allotment is no longer in effect.

National Marketing Allocation. The national marketing allocation will be determined by the Secretary of Agriculture in accordance with provisions of the Act and will be a percentage of the National Marketing Quota. It will include the wheat necessary for human consumption in the U. S. and "most" of the wheat moving into export. The Secretary of Agriculture estimates the national marketing allocation to be about 925 million bushels in 1964.

Farm Marketing Allocation. The marketing allocation for a farm is determined by multiplying the farm acreage allotment for 1964 x the established normal yield for the farm x the national marketing allocation percentage (expected to be about 80 percent in 1964).

Price Support Levels. The amount of wheat deemed necessary as the national marketing allocation (i.e., for human consumption and most of exports) will be supported at from 65 to 90 percent of parity. The Secretary of Agriculture has indicated that this price for the 1964 wheat crop will be set at \$2 per bushel as a national average, and will be paid on about 80 percent of the normal production of a farm's acreage allotment.

If a farmer remains within his 1964 allotment and produces some wheat in excess of his farm marketing allocation, this excess production will be supported at "such a price level as the Secretary determines appropriate." He will take into consideration, "competitive world prices of wheat, the feeding value of wheat in relation to feed grains and the level at which the price support is made available for feed grains." This price as estimated by the Secretary for 1964 is about \$1.30.

Mandatory Diversion. The proposed program provides for a mandatory diversion which is computed by subtracting the national acreage allotment

from 55 million acres and dividing this difference by the number of acres in the national acreage allotment. For 1964, based on preliminary USDA releases, the mandatory diversion will be 10 percent. This land must be diverted to soil conserving or other prescribed uses and the farmer will be eligible for diversion payments at the rate of 30 percent of the county support rate x his established yield x the acreage diverted.

Voluntary Diversion. A farmer may divert up to 20 percent of his 1964 acreage allotment (in addition to his mandatory diversion) and be eligible for diversion payments at the rate of 50 percent of the county support rate x his established yield x the acres diverted. For a farmer with an allotment of 15 acres or less, the whole allotment may be diverted at the rate of 50 percent of county support rate x established yield x acres diverted.

Overplanting. Producers who overplant will be subject to penalties in addition to losing price support and diversion benefits. These penalties can be avoided by storing the excess production or by paying a penalty of 65 percent of the wheat parity price. Overplanted wheat production will be computed at twice the established yield x the excess acreage, unless the producer can prove the actual production of the excess acreage.

Small Farm and Feed Wheat Exemptions. The provisions under which a farmer could plant up to 15 acres of wheat for sale or up to 30 acres for feed without penalty are terminated. The 1964 program provides that farms which grew wheat under the 15-acre rule in 1959, 1960 or 1961 will have an allotment (1) based on their average acreage for these 3 years less 10 percent or (2) as determined in the same way as the allotments on larger farms. ASCS will assign to the farm the larger of the two.

EXAMPLE OF OPERATION OF THE 1964 WHEAT PROGRAM

Assumptions: 1963 wheat allotment — 100 acres
Established yield — 25 bu. per acre

Sample county support rate:

Farm allocation wheat	\$2.00 per bu.
Excess wheat	\$1.30 per bu.

Based on these assumptions and information released by the Secretary of Agriculture, the 1964 wheat

allotment for this farm would be 90 acres. Thus, the farmer *must* divert 10 acres (10 percent of his 1963 allotment) to soil-conserving uses. For this diversion he would earn 30 percent x the county support price x established yield x acres diverted, or $30 \text{ percent} \times \$2 \times 25 \text{ bu.} \times 10 \text{ acres} = \150 .

This farmer could plant his 90-acre allotment of wheat and market it as explained later, or he could choose to divert an *additional* 20 percent of his 1964 allotment to soil conserving uses. If he chose to divert this additional acreage, he would earn diversion payments as follows: 90-acre allotment x 20 percent or 18 acres eligible for diversion; therefore, payment would be 50 percent x \$2 x 25 bu. x 18 a. or \$450.

The wheat marketing allocation or certificated wheat for this farm is assumed to be supported at \$2 (sample county average). The marketing allocation is determined by the Secretary of Agriculture and he has indicated that present plans are for 80 percent of normal production to be certificated. For this example farm, certificated wheat would be 80 percent x 90 acres x 25 bushels or 1,800 bushels. If we assume an average yield, this 1,800 bushels could be produced on 72 acres. Thus, the farmer could produce wheat on the remaining 18 acres of his allotment for sale at \$1.30 x 25 bushels x 18 acres, or \$585 gross from which would have to be deducted production expenses. The other alternative — that of voluntary diversion — would gross the farmer \$450 from which would be deducted the cost of soil-conserving practices applied to the land.

OTHER FACTS

1. The referendum will apply only to the 1964 wheat crop.

2. Marketing certificates are not negotiable except that they may be purchased by CCC at the face value of the difference between the price of certificated wheat and excess wheat.

3. If a feed grain program which includes diverted acreage is in effect in 1964, the feed grain and wheat acreage will be interchangeable, if the farmer is participating in both programs.

4. The Act allows the Secretary of Agriculture to expand the wheat acreage allotment for any type of wheat if he deems that allotments are insufficient to provide the amount of the type of wheat required.

THE DECISION IS UP TO YOU

You can have:

1. The program described here

or

2. Acreage allotments with support of about \$1.20 to \$1.25 per bushel, but with no penalty for overplanting except loss of price support

or

3. Some alternative plan if Congress should so act during the current or some other session.