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Agricultural Letter

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THE WHEAT PROGRAM for 1963 has several features that differ from the 1962 program. The most important is the change from a compulsory reduction in wheat acreage this year to a voluntary reduction next year. Other changes include introduction of payments in addition to price support loans, different rates of payment and a tightening of regulations covering participation in the program.

As in years prior to 1962, wheat producers must comply with their acreage allotments in order to qualify for price support loans and avoid penalties for overplanting. Individual farm allotments are based on a national allotment of 55 million acres. Price support loans will be available at $1.82 per bushel for all wheat produced within the allotments.

Participation in the 1963 wheat program to reduce acreage below the allotment is voluntary. To obtain payments under the program, farmers with wheat allotments of 15 acres or more must retire a minimum of 20 per cent. Additional payment will be made for retiring up to 50 per cent of the allotment. (Last year the required minimum was 10 per cent and the maximum was 40 per cent.)

Farmers with less than 15 acres of wheat allotment must idle a minimum of 20 per cent of either the allotment or the average acreage planted in 1959, 1960 and 1961, whichever is larger. The maximum is up to 10 acres but not to exceed the allotment or the three-year average plantings.

Farmers who do not wish to comply with acreage allotments can plant up to 15 acres of wheat without penalty but will not be eligible for price support loans.

Payments will be made for participation in the program in two parts. First, acreage diversion payments will be made for all idled acreage at a flat 50 per cent of the loan rate on the normal yield of these acres. (Last year the payments were at 45 per cent for the first 10 per cent of acreage and 60 per cent for the additional 30 per cent.) Second, a compensatory payment of 18 cents a bushel on the normal yield of the planted acreage has been added to the 1963 program. This will be paid by the Government directly to participating farmers. One-half the acreage diversion payment will be made in advance at the sign-up time.

Farmers who participate in the program are required to idle the agreed-upon number of acres or lose both the payments and the price support loans, as well as refund any advance payments with 6 per cent interest. Exceptions will be where substitute crops of sunflower, sesame, safflower, guar and castor beans are planted on diverted acres with Government payments made at a reduced rate. Owners of several farms may participate on only part of these farms but are required to be within acreage allotments on all farms to obtain the benefits of the program.

Farmers participating in the program must maintain as many acres in soil conserving uses as in 1959 and 1960 in addition to acreage diverted under the 1963 program. Grazing will not be permitted on diverted acres from May 1 to November 1, 1963, unless the Secretary of Agriculture declares the farm to be in a disaster area.

Expenditures of Low-income Iowa Farmers Exceed Income

Living expenditures	Net farm income: $2,999 or less	$3,000 to $4,999	$5,000 to $6,999	$7,000 to $8,999	$9,000 and over
Food purchased	$ 689	$ 860	$ 883	$ 991	$1,113
Clothing and personal	359	437	495	527	605
Household operations	349	395	405	398	472
Health, education	307	370	378	501	469
Auto expenses	212	167	214	229	229
New housing furniture, etc.	197	228	358	355	410
Other	591	716	750	913	984
Total	2,704	3,165	3,483	3,914	4,282
Farm produce used	273	328	387	328	435
Total	2,977	3,493	3,870	4,242	4,717
Net farm income	1,602	4,018	5,775	8,060	11,291
Per cent of net income spent	186%	87%	67%	53%	42%

SOURCE: Iowa State University, Farm Records, 1961.

LIVING EXPENDITURES of Iowa farm families increase as net farm incomes increase but at a slower rate, according to a summary of 1961 records. On the average, families in the lowest income group (under $3,000) had living expenditures above their net farm income and had no money available from that year's income to invest in the farm business. Those families with net incomes above $3,000 had money left over for investment or saving after paying household bills. In the highest income group (over $9,000) only 42 per cent of the net income was used for living expenditures. As income and living expenditures increased, a larger share was used to purchase clothing and personal items, charity, new housing, life insurance and autos, while a smaller share was used for food and household operations.

Research Department