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**DIRECT GOVERNMENT PAYMENTS** to farmers increased sharply during the 1960s. The total rose from just over \$700 million in 1960 to an estimated \$3.7 billion in 1969—more than a five-fold increase. However, this should not be interpreted solely as stepped-up government support of agriculture; rather, it reflects a change in the way government income support programs are implemented.

Prior to the 1960s, farmers' incomes were bolstered indirectly through relatively high price support loans (the price at which farmers in the program can obtain non-recourse government loans). For example, the price support loan for corn has dropped from \$1.20 per bushel to the current \$1.05 per bushel since the enactment of the Feed Grain Program in 1962. Similar declines occurred in loan rates for wheat and cotton following changes in those programs (see table). Although price supports on the major commodities were lowered, the income supplement to farmers was maintained by boosting direct payments which are based on production.

### Direct Payments Higher—Loan Rates Lower

	Feed grain		Wheat		Cotton	
	Direct pay-ments (mil.)	Loan rate (corn) (bu.)	Direct pay-ments (mil.)	Loan rate (bu.)	Direct pay-ments (mil.)	Loan rate <sup>3</sup> (lb.)
1954-1957	\$ —	\$1.62-1.40	\$ —	\$2.24-2.00	\$ —	\$.32-.29
1962 <sup>1</sup>	841	1.20	253	2.00	—	.33
1963	843	1.07	215	1.82	—	.33
1964 <sup>2</sup>	1,163	1.10	438	1.30	39	.30
1965	1,391	1.05	525	1.25	70	.29
1966	1,293	1.00	679	1.25	773	.21
1967	865	1.05	731	1.25	932	.20
1968	1,366	1.05	747	1.25	787	.20

<sup>1</sup>Feed Grain Program with direct payments enacted.

<sup>2</sup>Program for wheat similar to feed grain program initiated.

Payments also authorized for cotton.

<sup>3</sup>American upland cotton middling 1 inch; rates rounded to nearest cent.

The system of direct payments makes the government's support of agriculture more visible. Now critics can pinpoint how much each farmer receives. One result has been the recent proposal to limit the size of payments to any one individual. However, most producers receive less than \$5,000 annually in direct government payments. Payments to individuals receiving less than \$5,000 each were about three-fifths of the 1968 total. Individuals receiving large payments (\$15,000 or more) were less than one-seventh of the total.

Seventh District farmers receive about a fifth of total government payments reflecting the importance of feed grain production in the area. In 1968, Iowa ranked second only to

Texas in amount of government farm payments received. Illinois, another district state, ranked fifth behind Kansas and Nebraska.

Nevertheless, because of differences in types of farming and patterns of land ownership, individual payments in Iowa and Illinois tend to be smaller than those in the cotton and wheat producing states of the South and West. Iowa and Illinois farms average less than a third the size of farms in Texas and are fewer in number. Not surprisingly, the number of individuals receiving \$15,000 or more in government payments in 1968 was considerably greater in Texas than in either Iowa or Illinois—5,732 compared to 220 in Iowa and 238 in Illinois. Although fewer than 3 percent of Texas farmers receive such payments, they account for a much greater share of the dollar amount of payments—about 30 percent in 1968. In Iowa and Illinois the proportion of farmers receiving \$15,000 or more in government payments is less than two-tenths of 1 percent. In 1968, these individuals received just over 3 percent of the farm payments in Illinois and about 2 percent of the payments in Iowa.

In Kansas, a major wheat producing state, farms average over twice the size of Corn Belt farms and about three times as many Kansas farmers received \$15,000 or more in government payments as in Illinois or Iowa. Less than 1 percent of the Kansas farmers received over 6 percent of the payments.

In the southeastern states such as Mississippi, a major cotton producing state, the average farm is smaller than in the Corn Belt but land ownership appears more concentrated. Reflecting this, the number of Mississippi landowners receiving \$15,000 or more in government farm payments was over seven times the number in Illinois or Iowa. Last year, these individuals comprised less than 2 percent of all Mississippi farmers but received over 43 percent of the farm payments.

Thus, it would seem a payment limitation of \$15,000 to \$20,000 would affect relatively few farmers in the Midwest but would have a much greater impact in the major cotton and wheat producing states.

Dennis B. Sharpe  
Agricultural Economist