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AGRICULTURE HELPS TO RESTORE A BALANCE

According to the Statistical Reporting Service, American agriculture has been helping to right the balance of payments. In 1967, at a time when the value of commercial exports of nonagricultural commodities lagged behind the value of imports, agricultural trade brought nearly $1 billion into the United States.

The balance of payments is an accounting of all money entering or leaving the country for any reason. For example, money leaving the country includes money paid for imports, foreign spending by U.S. firms, money spent abroad by American tourists, and U.S. Government spending abroad. Money entering the country includes payments received for U.S. exports, foreign loan repayments, expenditures of tourists visiting America, and foreign investment in the United States. A favorable balance of payments occurs when dollar income exceeds dollar outflow. When the reverse is true, as in recent years, the balance is in favor of foreign holders who can demand gold or build up future claims on U.S. goods.

The balance-of-payments deficit, which had been diminishing gradually for several years, jumped again last year to the highest level since 1960. The SRS noted that this turnaround caused widespread concern because it came at a time when some foreign currencies were being devalued.

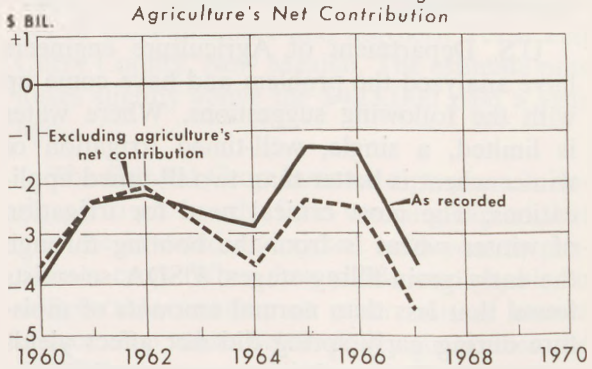
The overall payments deficit in 1967 more than doubled from the 1966 level and amounted to $3.6 billion (liquidity basis); however, the deficit would have mounted to $4.6 billion without the net contribution of agricultural trade. The $1 billion contributed by the agricultural sector was the difference between the $5.5 billion earned by commercial farm exports plus returns on Government export programs (noncommercial) and the $4.5 billion spent abroad to pay for imported farm products.

U.S. net commercial trade added $19 million to the plus side of the payments account in 1967. The value of all exports sold commercially was $26,999 million, as compared with $26,980 million paid for imported goods. All of the net dollar income from U.S. trade came from agriculture, since exports of commodities other than farm goods were less than the amount paid for similar types of imports.

The commercial agricultural trade balance was a deficit in 1960, being $435 million on the minus side. Exports and imports were

BALANCE OF PAYMENTS (DEFICIT−)

As Recorded and Excluding Agriculture's Net Contribution



SOURCE: U.S. Department of Agriculture.

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

about equal by 1963. The balance became favorable and peaked at $984 million in 1966. The commercial agricultural balance of trade was favorable by a total of $660 million in 1967.

Imported nonagricultural goods have become increasingly attractive to Americans. The United States paid nearly $11 billion for nonagricultural imports in 1960, but the Nation's import bill increased to $22.5 billion by 1967. The balance of nonagricultural trade was favorable between 1960 and 1964, earning $2 billion or more each year; however, the margin fell to $1 billion in 1965. The balance between exports and imports of nonagricultural goods has been negative for the past 2 years, reaching a deficit of $641 million in 1967.

The $660 million favorable balance of commercial agricultural trade in 1967 was large enough to offset losses from other trade and leave a surplus of $19 million in the commercial balance of trade. Noncommercial exports of agricultural commodities amounted to $328 million in 1967. Added to the $660 million favorable commercial agricultural trade balance, the net contribution of U.S. farming to the plus side of the payments balance totaled $988 million in 1967.

Irrigation in Texas High Plains

Land under irrigation is increasing in the Texas High Plains, and the ground-water supply is decreasing. The water table has receded almost 3 feet per year since 1962, and wheat farmers who depend on irrigation are becoming concerned.

U.S. Department of Agriculture engineers have analyzed the problem and have come up with the following suggestions. Where water is limited, a single, well-timed irrigation of winter wheat is better than two ill-timed applications. The most critical need for irrigation of winter wheat is from the booting through the early grain-filling stages. USDA scientists found that less than normal amounts of moisture during early spring did not affect yields appreciably if enough water were applied during the critical stage. Findings also showed that during any crop season with normal or above-normal rainfall, two or three well-timed spring irrigations should produce high yields of winter wheat.

A Look at the Grocery Shelves

The average American food store does a big business in nonfoods by stocking a little bit of practically everything on its shelves — toys for the tots, records for the teens, and magazines for the man and woman of the house. The best selling items, however, are still food products, which generally account for about three-fourths of total store sales, according to the Economic Research Service.

The following table shows the relative importance of various food and nonfood items in 1966, when total food store sales amounted to $64.7 billion.

Commodity group	Share of total store sales in 1966 (Percent)
Food items	
Meat, poultry, and fish	26.5
Eggs	1.0
Dairy products	6.9
Fruits and vegetables	17.9
Cereal and bakery products	9.1
Nonalcoholic beverages	5.1
Other foods[1]	8.1
Total food	74.6
Nonfood items	
Alcoholic beverages	4.9
Pet food	.9
Tobacco	3.8
Health and beauty aids	3.1
Soaps and laundry supplies	2.5
Paper products and foil	1.6
Housewares and household supplies[2]	2.1
Magazines, books, and records	.3
Other nonfoods	6.2
Total nonfood	25.4

[1] Includes frozen prepared foods; baking needs; candy and chewing gum; desserts; food fats and dressings; jams, jellies, and preserves; sugars and sweeteners; and other foods.

[2] Includes cooking and serving utensils, kitchen aids, and such items as pesticides, waxes, mops, brooms, light bulbs, and deodorizers.

1969 Wheat Program and Acreage Allotment

Secretary of Agriculture Orville L. Freeman recently announced the 1969 wheat program. The national wheat allotment was set at 51.6 million acres, down 13 percent from the 59.3 million acres in effect for the 1968 crop year. Secretary Freeman said that with normal yields, production from the 1969 allotment should total about 1.30 billion bushels, compared with 1.55 billion bushels anticipated from the 1968 wheat crop.

Also included in the 1969 wheat program are the following features.

Price-support loans on 1969 wheat will continue to be available at a national average of $1.25 per bushel. Total price support equal to 100 percent of parity (as of July 1, 1969) will be available on 43 percent of the cooperating farm's projected production on its allotted acreage. Domestic marketing certificates will make up the difference between parity and the loan rate.

A farmer may divert up to one-half his acreage allotment and receive 50 percent of the county loan rate times the allotment acreage diverted times the projected yield. Farms with 1969 allotments of 21.7 acres or less will be able to divert the entire allotment for payment. As usual, payment will be contingent upon a conserving use of diverted acreage.

Farmers signing up in the voluntary program can also qualify for alternative cropping options. If a farmer signs up in both the wheat and feed grain programs, one option can be substitution between wheat and feed grain acreage. Another option is the overplanting of allotment acreages by one-half, with wheat from excess acreage to be stored under bond. A farmer will again be able to substitute wheat for barley, oats, and rye if he so requests and he has a history of production of these crops in 1959-60. Barley will again be excluded from the regular feed grain program.

The 1969 wheat allotments for the five states in the Eleventh Federal Reserve District are given below, along with comparisons with the 1968 and 1967 allotments.

State	Wheat Allotment Acres		
	1969	1968	1967
Arizona	39,207	45,068	51,821
Louisiana	38,153	43,851	50,376
New Mexico	427,349	488,865	560,302
Oklahoma	4,454,409	5,117,838	5,881,345
Texas	3,704,021	4,258,167	4,896,216
Total	8,663,139	9,953,789	11,440,060

Notes on Agriculture in the U.S.S.R.

The Soviet Union has 39.8 million farm workers — 7½ times the U.S. total — and 511 million acres of sown cropland — nearly 1½ times the U.S. total. In other inputs, the U.S.S.R. uses only one-third of the fertilizer, tractors, and trucks used by U.S. farmers.

In output comparisons, the Soviet Union produces 2½ times as much mutton, lamb, and goat meat as the United States; 25 percent more milk; and much more sunflower seed. On the other hand, in comparison with the U.S.S.R., the United States produces 28 percent more food and feed grains; 2½ times as much beef and veal; 4½ times as much poultry meat; 42 times as many soybeans; twice as many eggs; and 1½ times as much pork.

FCIC Aids Southwestern Farmers

The Federal Crop Insurance Corporation has said it will pay an estimated $457,000 in damages to insured wheat farmers in 24 counties of the Panhandle and northern Texas and Curry County, New Mexico. The estimate puts losses slightly above the $423,000 paid a year ago.

The Federal Crop Insurance program is designed to protect the farm working capital that must be invested and risked each year to produce a crop. When low yields attributable to unfavorable weather or other natural causes reduce crop values below policy guarantees, the FCIC makes up the difference in cash. Crop insurance is now available to farmers in 70 Texas counties.

First Successful Hybrid Barley

The U.S. Department of Agriculture and The University of Arizona recently announced the development of the first successful hybrid barley, which was produced by a completely new scientific method. The development of hybrid barley is in itself a research breakthrough, promising greatly increased yields per acre. Of even greater significance, however, is the new breeding technique employed, because it makes possible the hybridization and increased production of two of the world's important food crops, rice and beans. USDA scientists estimate that the application of this new technique to such crops could boost the world food supply as much as 10 percent.

Field tests at nine locations in Arizona showed that Hembar, the first hybrid barley, yields from 15 to 35 percent more grain than does Arivat, the most widely grown variety in the State. Although additional research is needed in order to develop hybrid barley for other regions of the United States, as well as other parts of the world, the way is now open to reach this goal. Hybrids must be tailored to specific areas because climatic and farm management practices vary widely.

Seed of the female parent of the hybrid Hembar is available in limited quantity upon written request to the Arizona Crop Improvement Association, Department of Agronomy, The University of Arizona, Tucson, Arizona 85621. The male parent of the hybrid is the commercial variety Arivat. The USDA has *no* hybrid barley seed for distribution.

Grasses Hold Sand Dunes

Making sand dunes "stay put" is now economically feasible in the Texas and Oklahoma Panhandles and in southwestern Kansas. A study by the Agricultural Research Service shows that sand dunes in these areas can be maintained at a justifiable cost if the following cultural requirements are met.

1. Keep livestock off the sand dunes until a grass cover is established.

2. In the spring of the first year, broadcast a complete fertilizer at the rate of 300 pounds per acre on the windward side of the area to be revegetated. This practice will give the grass a foothold from which it can spread across the dune. Each spring, apply nitrogen fertilizer to the advancing edge of the grass and fertilize the area covered by the previous year's advance.

3. If it is considered desirable to seed bare areas rather than wait for existing vegetation to spread, plant grass seed and cover with mulch. Spread 2½ tons of hay per acre for mulch and anchor it with a tillage implement such as a disc packer.

4. After the grass is established, manage grazing carefully; do not overgraze.

Through observance of these four steps, the ARS researchers obtained satisfactory stands of sand-binding grasses. Grasses that are native to the Texas and Oklahoma Panhandles and southwestern Kansas performed much better than those that were introduced. The principal native grasses in these areas are giant sandreed, sand bluestem, blowout grass, and giant dropseed. The site of the 5-year study conducted by the ARS was a dune area in the Oklahoma Panhandle located 30 miles south of Liberal, Kansas, and 20 miles north of Perryton, Texas.

Realized Net Income Per Farm

State	1965	1966	1967
Arizona	$21,457	$22,826	$23,650
Louisiana	3,328	4,643	5,452
New Mexico	6,004	8,689	8,143
Oklahoma	3,387	4,001	3,486
Texas	4,463	6,070	5,010

NOTE. — Realized net income is farm income which is not adjusted for changes in inventories.
SOURCE: U.S. Department of Agriculture.

Farm Real Estate Values

(1957-59 = 100)

State	Mar. 1, 1968	Mar 1, 1967	Percent increase
Arizona	141	138	2.2
Louisiana	208	195	6.7
New Mexico	169	166	1.8
Oklahoma	199	181	9.9
Texas	184	172	7.0

SOURCE: U.S. Department of Agriculture.