ALTERNATIVE BASES FOR ALLOCATION OF WHEAT ALLOTMENTS

by

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INTRODUCTION

Production control has been a persistent feature of farm relief measures for nearly 40 years. As related below at various places in the chronology of farm measures, the attitudes toward production control and the programs proposed to put it into effect have varied widely. Wheat has always been in or near the front among crops which appeared to be candidates for control programs. Production control suggests limitation of marketing rights. However, under historic programs as shown below, production and marketing controls have been applied to acreage, an input, rather than to output. In this study some problem aspects of a recurring wheat program proposal, Domestic Parity, are examined. The goals are (a) to discover how production in given states and areas of the country may be affected under two proposed programs, (b) to examine the basis for proposals for allocation of marketing quotas among states and regions under Domestic Parity, and (c) to suggest changes in the commonly proposed rules for allocating marketing rights, so that these rights may be more appropriately distributed among producers who intend to market wheat for domestic food consumption. Before these analyses are made a brief review of wheat legislation is given, largely for the purpose of establishing the history of production control and allocation of marketing rights.

The first government wheat program began in 1917. Its purpose was to stimulate production to meet domestic requirements and to provide food supplies desperately needed by Britain and France. Poor yields kept production below the amount desired in spite of

the large increases in acreage in 1918 and 1919. The United States government guaranteed minimum prices for the 1918 crop and later took over control of the entire wheat supply. The program was coordinated by the Federal Administration Grain Corporation with authority either to buy or sell wheat at the specified price.[1]

With the end of World War I there was a sharp decrease in the demand for export wheat. The effects of the acreage expansion induced by guaranteed prices and patriotic appeals reached a peak in 1919 with harvesting of nearly 74 million acres. However, the Federal Administration Grain Corporation no longer was in operation since its basic purpose had been fulfilled. Consequently, with a limited and declining export market and a stable domestic demand there was a need for an adjustment in production if prices were to be maintained. But production fell only slightly and by 1921, the price had dropped to less than half the 1919 price as seen in Table 1.

Cooperatives

Orderly Marketing. During the 1920's farm groups achieved more effective organization and greater political power than ever before. Their major objectives included: (1) developing a strong, semi-monopolistic cooperative marketing system; (2) raising the prices of agricultural products through direct government action; and (3) solving farm problems through changes in credit organization and

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[1]Murray R. Benedict and Oscar C. Stine, The Agricultural Commodity Programs, p. 100.

Table 1. Wheat acreage harvested, average yield, production, and season average price (1913-1922).[a]

Year	Acreage harvested (000)	Average yield (bu.)	Production in bu. (000,000)	Season average price (cent per bu.)
1913	52,012	14.4	751	79.4
1914	55,613	16.1	897	97.4
1915	60,303	16.7	1,009	96.1
1916	53,510	11.9	635	143.4
1917	46,787	13.2	620	204.7
1918	61,068	14.8	904	205.0
1919	73,700	12.9	952	216.3
1920	62,358	13.5	843	182.6
1921	64,566	12.7	819	103.0
1922	61,397	13.8	847	96.6

[a]Agricultural Statistics, 1937, United States Department of Agriculture, pp. 9-10.

policy.[1]

The movement for "orderly marketing" by cooperative selling agencies was intended to give the farmer a solution to production problems. Orderly marketing was defined as "the marketing of the commodity at the right time and place, in the right quantity and quality".[2] This was one means by which the farmers strived to correct the lower farm prices without direct government intervention.

Adoption of the monopoly principle as a model made it important that the legal standing and limitation of the cooperative associations be clearly defined. In 1922, a cooperative marketing bill known as the "Capper-Volstead Act" was passed for this purpose.

The market price of wheat depended primarily upon the amount

[1]Murray R. Benedict, Farm Policies of the United States, 1790-1950, p. 234.

[2]H. Clyde Filley, Cooperation in Agriculture, p. 411.

of wheat that had been produced and would be marketed during the year. From the standpoint of orderly marketing the logical time for the United States to sell the major part of its surplus was during the months when other export nations placed little wheat on the world market. These months were immediately following harvest. During this period farmers actually sold the most wheat and United States exports were the heaviest. Therefore, since wheat was marketed in an orderly manner, the organization seeking to improve prices faced a difficult task.[1]

During this period many marketing cooperatives were established. They were widely dispersed and had only partial coverage of agricultural areas, so they did not constitute a monopolistic marketing institution. This break-down in the first objective of the farm organizations brought on a second failure in the scheme for orderly marketing, that of raising the prices of agricultural products. Since the cooperatives were unable to control the markets, they were also unable to control production. The control of production was the principal purpose of the Sapiro Campaign for orderly marketing. As seen in Table 2, wheat production remained fairly stable during the period of 1922 to 1927, with the exception of 1925. The acreage seeded in 1925 was similar to other years, 61,738,000 acres. Due to inclement weather the yield was only 10.8 bushels per seeded acre with an output of 668,700,000 bushels. This was a reduction from the previous year of approximately 180

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[1] Ibid., p. 417.

million bushels.

Even though there was some increase in the average price per bushel from 1923 to 1925, the factors affecting the increase could not be attributed to a reduction in total wheat production. There was an upward trend in production but exports fell from 224,900,000 to 163,687,000 bushels from 1922 to 1928.

Table 2. Acreage seeded, yield per seeded acre, total production of wheat, and average price per bushel, United States, 1921-1928.[a]

Year of harvest	Average price per bushel (cents)	Acres seeded (000)	Yield per seeded acre (bu.)	Bushels produced (000)
1921	103.0	67,681	12.1	818,964
1922	96.6	67,163	12.6	846,649
1923	92.6	64,590	11.8	759,482
1924	124.7	55,706	15.1	841,617
1925	143.7	61,738	10.8	668,700
1926	121.7	60,712	13.7	832,213
1927	119.0	65,661	13.3	875,059
1928	99.8	71,152	12.9	914,373

[a]Agricultural Statistics, 1952, United States Department of Agriculture.

Many farm plans were introduced during this period for the purpose of raising the prices of farm products. Most of these were not accepted because they failed to meet the common views on the role of government or were too sectional. Farm organizations and government officials were conservative and therefore inclined to the status quo in agricultural policy.[1] Laws which were passed did not correct the problems of agriculture and it became evident

[1]Benedict, loc. cit.

in later years that more radical measures were necessary for what was hoped to be an effective agricultural policy.

The McNary-Haugen Proposals. A new farm program involving an important shift in policy was drafted by George N. Peek and Hugh S. Johnson of the Moline Plow Company. Their proposals initiated one of the most bitterly fought legislative battles of the decade and became known as the McNary-Haugen plan. The main features of their proposal were:

> The doctrine of protection must be revised to insure agriculture equality of tariff protection and a fair exchange value with other commodities, on the domestic market, or the protective principle must perish.
>
> It can be so revised only by some plan, in respect of surplus crops, to equalize supply with demand on the domestic market, at not to exceed fair exchange value with other commodities, to protect that value by a tariff, and to divert surplus to export and sell it at world price.[1]

It was proposed that a government export corporation be established to buy specified agricultural commodities on a scale sufficient to bring the domestic price up to the "ratio-price" with no restrictions on production. The ratio-price was defined as the amount which would bear the same relation to the general price level as the price of the commodity supported had borne to the general price level in the period just prior to the war, a period regarded as one of normal and equitable relationships.

The prewar price of each commodity entering into the Bureau of Labor Statistics wholesale price index would have been taken as 100 for the purpose of comparison. As price rose and fell after that

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[1] Ibid., p. 209.

period, the weighted average of their percentage change would have given the new all-commodity index for any given year.[1] This price was later to be known as "parity" price, with some modification. To maintain prices at this level, the corporation would have purchased wheat in excess of domestic needs and resold it abroad at whatever price prevailed in the world market. Tariffs were to be imposed at the difference between domestic ratio-price and world price to prevent wheat from being imported at a profit. To provide funds to offset the loss from selling wheat abroad, the first purchaser of wheat would pay the farmer partly in cash and partly in scrip. The scrip was to be redeemed through the corporation at the end of the year at a rate reflecting the losses incurred through exporting the surplus. It was assumed that lower redemption value of the scrip, as the result of a large crop, would focus attention on the export surplus and cause growers to cut back on production.[2]

Even though the McNary-Haugen proposals failed five times from 1924 to 1929 through congressional rejection or presidential veto, they were forerunners of national agricultural policies which were to become important in the next decade.

The important point for this discussion is that Peek and other agricultural leaders were very much against any restriction of any kind of agricultural production restriction. Before the House Agriculture Committee Peek stated:

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[1] Ibid., p. 212.
[2] Ibid., p. 213.

> 'I can only conclude that it (restriction) means that agriculture must stop exporting, that cotton, tobacco, wheat, corn, rice, and livestock production must be restricted to domestic requirements, while industry . . . . is permitted to continue in the world market at world prices independent of the portion used in America.' Such a policy, he argued, would not benefit the American farmers. To restrict production to American demands, he said, would starve out many producers and ultimately result in an expansion of industry and the contraction of agriculture.[1]

As with past farm programs, differences over the role of national government were another important conflict between Peek's supporters and their opponents.

The Farm Board. At the beginning of the Hoover Administration (1929) a special session of Congress was called to consider some type of agricultural relief. On June 15, 1929, the Agricultural Act of 1929 was passed. The Act declared it to be the policy of Congress:

> To promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of equality with other industries, and to that end to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products.[2]

The Farm Board appointed under the 1929 Act consisted of eight members appointed by the President and was fairly representative of the major agricultural commodities. A revolving fund of $500 million was provided for carrying out the provisions of the Act. The Board was authorized to make loans to cooperatives for:

1. Effective merchandising of agricultural commodities;

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[1]Gilbert C. Fite, George N. Peek and the Fight for Farm Parity, p. 129.

[2]Benedict, op. cit., p. 240.

2. Construction or acquisition of facilities;
3. Formation of clearing house associations;
4. Extending membership of the cooperative associations;
5. Making higher advances to growers than could be provided through other credit agencies.[1]

Cooperative marketing associations, producer owned and controlled, were designed to carry out the Act. It was their intention to prevent inefficient and wasteful methods of distribution, minimize speculation, encourage the organization of producers into effective associations or corporations, and aid in preventing and controlling surplus in any agricultural commodity through orderly production and distribution.[2]

The Farm Board had scarcely started when the financial panic of 1929 occurred. This time the problem was more serious than in the early twenties, for now urban people were out of work. The events of previous years had demonstrated that the prosperity of agriculture depends heavily upon the buying power of non-farm people. The Federal Farm Board was not designed primarily as a device for meeting emergencies. The functions assigned to it were inappropriate for accomplishing even the original objectives. As a result of the depression it was doomed to failure from the beginning. The experience of the Federal Farm Board had important implication for future policy. First, with a declining demand, the

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[1] Loc. cit.
[2] Harold G. Halcrow, Agricultural Policy of the United States, p. 259.

Board was unable to stabilize prices through storage alone. Second, during periods of storage the Board appeared to strengthen the wheat and cotton markets, but the subsequent unloading of these stocks depressed prices. Third, the Board found itself unable to control production by voluntary means.[1]

Again the attempt of cooperative marketing associations failed, as was the case in the middle twenties. The Board in its last report stated that unless there was a means of increasing the demand of the consumers the only alternative method of improving the prices of farm products would be a more definite control of production. Some effects of the attempt at acreage reduction by voluntary means can be seen in Table 5 in a subsequent section of this report. Acreage seeded during the administration of the Federal Farm Board, 1929 to 1933, rose by two million acres. In 1929 and 1930 acreage seeded remained stable at approximately 67 million acres. It dropped to 66 million acres in 1931 and remained at this level until 1933 when there was a three million acre increase.

The Roosevelt Era

Agricultural Act of 1933. The sweeping victory of the Democrats in the election of 1932 made possible a new farm program which placed emphasis on efforts to raise farm prices by adjusting agricultural production downward and through attempts to increase demand.

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[1] Ibid., p. 262.

On May 12, 1933, the Agricultural Act of 1933 was passed. Title I of the Act established the Agricultural Adjustment Administration. It was authorized to enter into voluntary agreements with farmers for the reduction of acreage of "basic" crops (wheat, cotton, tobacco, corn, rice, and peanuts), to store crops on the farm and make advances on them, and to enter into marketing agreements with producers and handlers of farm products for stabilizing prices. To finance the crop reduction program, the Act provided for the levying of a processing tax.[1]

The Act gave little or no emphasis to long-range agricultural planning. It was oriented specifically to meet an emergency situation. As stated by Nourse, Davis, and Black:

> The theory of the Agricultural Adjustment Act as an emergency matter embraced three points:
>
> 1. Relief was to be brought to the farming population by improvement of incomes through price enhancement and through use of 'benefit payments' which would put in their hands at once a substantial amount of money so that they might keep their farm properties intact, make necessary outlays for equipment and farm supplies, and finance expenditures for consumption.
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> 2. The benefit payments were to be drawn in the main from special excise taxes on the commodity, on the theory that in this manner consumers and processors would be brought to pay a 'fair exchange value' for such part of the product as was currently consumed instead of an abnormally low price which, it was alleged, had been brought about by the piling up of inordinate stocks because of farmers inability to check their operations so as to keep in step with the declining effective demand of the market.
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> 3. Such supplementary income was not to be diverted into the hands of all farmers indiscriminately but was to be a quid pro quo to those who agreed to participate in a program

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[1] Benedict, op. cit., p. 283.

> of controlled production. This control scheme was designed to produce a supply and demand situation which would bring about a level of prices which would be remunerative to farmers. This goal was defined a 'parity', that is, prices which would restore the purchasing power of agricultural commodities to the level which had obtained on the average in a previous period, typically the five years ending July 1914.[1]

The policies set forth in the Agricultural Adjustment Act of 1933 were defended by the new administration as required by economic conditions and in accordance with social justice and progress. Balancing the production and consumption of farm products, and improving the methods used in marketing such products were important steps toward re-establishing farmers' purchasing power. Farmers as a group had been unable to adjust total production to reduced domestic and world demands. The accumulation of excessive supplies of certain products intensified the decline in the prices of particular products. Defective marketing methods tended to reduce farm income. Improvements in such marketing methods would increase returns to farmers.[2]

The Agricultural Adjustment Act combined several major attacks on the problem of over-production and low prices by: (1) direct payments to farmers and control of wheat acreage through the application of the "wheat adjustment plan"; (2) cooperation with other countries in an attempt to limit wheat exports and remove restrictions on imports; and (3) government purchase of wheat for distri-

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[1]Edwin G. Nourse, Joseph S. Davis, and John D. Black, Three Years of the Agricultural Adjustment Administration, p. 23.

[2]Mordecai Ezekiel and Louis H. Bean, Economic Bases for the Agricultural Adjustment Act, pp. 21-23.

bution into relief channels.[1]

The wheat adjustment plan was adapted from the "voluntary domestic allotment plan" developed by M. L. Wilson and others. The allotment concept was devised for removing current surpluses and stabilizing agricultural output, thereby altering the supply and demand factors so as to have the law of supply and demand work for the benefit of the producer and promote the general welfare by adjusting prices and incomes.[2]

In order to carry out the objectives of the program, allotments, expressed in bushels, were assigned to land farmed by each participating wheat grower. The allotment was established on average production of the land during a base period, which was designated as the crop years 1928 to 1932. Average wheat production for the base was computed at 844 million bushels, with subsequent adjustment increasing the production to 860 million bushels. Approximately 54 per cent or 460 million bushels was domestically consumed as food, making it subject to the processing tax. Therefore, the determined "national allotment" of 460 million bushels was pro-rated among the wheat-growing states and into the wheat-growing counties. It was implied that each farm's allotment would be 54 per cent of the land that contributed to the total of the county production during the base period. The farm allotment pertained to land on which wheat was produced and not to the producer. Consequently,

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[1]Sherman Johnson, Wheat Under the Agricultural Adjustment Act, pp. 4-5.

[2]Ezekiel and Bean, op. cit., p. 58.

the farm allotment was tied to the land and could not be transferred from one farm to another.

The acreage reduction was computed from a three year base, 1930 to 1932, for the individual farm. Farmers entering into a contract with the government for the crop years 1934 and 1935 had to reduce their acreage below the base period acreage. This reduction could not exceed 20 per cent and would be prescribed by the Secretary of Agriculture. If no acreage reduction was required, the acreage seeded could not exceed the base established on the farm. The grower also agreed to seed wheat acreage that would produce the amount of the farm allotment as established by the base period. Therefore, the contract set maximum and minimum limits to the wheat acreage of cooperators. The minimum acreage was specified in each contract. Maximum acreage was fixed only between the limits of the average acreage of the base and the reduction established by the Secretary of Agriculture, which was a maximum of 20 per cent. The main objectives were to increase cash income of wheat farmers as soon as possible and reduce output of wheat to curtail the annual carryover.[1]

With the signing of the International Wheat Agreement, August 25, 1933, cooperation with other countries was established in an attempt to limit wheat exports and remove restriction on imports. The objective was to raise wheat prices through reduction of supplies and increase consumption. Exporting countries agreed to temporary

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[1]Johnson, op. cit., p. 5.

limitation on wheat exports and reduction of output. Importing countries agreed to gradual removal of import restrictions and the adoption of measures to promote increased consumption of wheat.[1]

Open market purchase of wheat for relief purposes began in October 1933. By May 1934, 11,531,253 bushels of wheat had been distributed for relief needs.[2]

The principal parts of the Agricultural Adjustment Act of 1933 were abruptly terminated as a result of the Supreme Court's ruling on January 6, 1936, in U. S. vs. Butler, commonly known as the Hoosac Mills.[3]

The decision handed down by the Court in reference to control of agricultural production by the federal government stated:

> The act invades the reserved rights of the states. It is a statutory plan to regulate and control agricultural production, a matter beyond the powers delegated to the federal government.
>
> From the accepted doctrine that the United States is a government of delegated powers, it follows that those not expressly granted, or reasonably to be implied from such as are conferred, are reserved to the states or to the people. To forestall any suggestion to the contrary, the Tenth Amendment was adopted.[4] The same proposition, otherwise stated, is that powers not granted are prohibited. None to regulate agricultural production is given, and therefore, legislation by Congress for that purpose is forbidden.[5]

Agricultural Act of 1936. Within a few weeks new legislation was presented to Congress, designed to avoid the constitutional

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[1]Johnson, op. cit., p. 6.
[2]Johnson, op. cit., p. 9.
[3]Benedict, op. cit., p. 348.
[4]The Tenth Amendment declares: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the states respectively or to the people."
[5]United States Report, Cases Adjudged in the Supreme Court, Oct. term, 1935, Volume 297, p. 68.

objectives of earlier legislation. This was the Soil Conservation and Domestic Allotment Act of 1936, approved February 29, 1936.[1]

The main objective of the Act of 1936 was to re-establish:

> . . . . at as rapid rate as the Secretary of Agriculture determines to be practicable and in the general public interest, ... the ratio between the purchasing power of the net income per person on farms and that of the income per person on farms and that of the income per person not on farms that prevailed during the five year period August 1909 to July 1914 . . . .[2]

This meant a change from a price objective to an income objective, allowing prices to fluctuate above and below parity without interfering with the policy objective.

The program under the Soil Conservation and Domestic Allotment Act sought to change farming practices in the interest of agricultural conservation. Acreages of specific crops were directly affected as balanced cropping systems were adopted. The conservation program dealt with the individual farm rather than basic commodities as did the production-adjustment programs under the Agricultural Adjustment Act.[3]

State and county committees were established for the purpose of carrying out and recommending changes in the program. As a result of county planning committee meetings, a recommendation of six per cent or a four million acre reduction in wheat in the interest of soil conservation was established as a national acreage goal.[4]

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[1] United States Statutes at Large, Vol. 49, (1936), p. 1148.
[2] Loc. cit.
[3] Agricultural Adjustment, 1936, Vol. 4, United States Department of Agriculture, p. 21.
[4] Ibid., p. 33.

A farm base acreage for crops was established as the amount of land ordinarily planted on the farm. Soil depleting bases were established on each participating farm to measure the extent of soil conservation and soil improvement, and to determine the amount paid the individual farmers who cooperate.[1]

Soil-depleting base was defined as the total acreage in soil-depleting crops on that farm in 1935, adjusted for unusual conditions. These adjustments were for (1) acreage planted to soil-conserving and soil-building crops in 1935 because of adjustment programs, (2) abnormal weather conditions, and (3) farms where the "farm's base acreage" was similar to others in the community.[2]

"Soil-depleting" crops were defined as cultivated row crops such as corn, cotton, and tobacco, and small grains such as wheat and oats. "Soil-conserving" crops were grasses, legumes, and green-manure crops.[3]

Two types of payment were offered to cooperating farmers, a "soil-building payment" and a "soil-conserving payment". The soil building payments were made for seeding of soil-building crops. Soil conserving payments were made for shifting acreage from soil-depleting to soil-conserving crops. Maximum limits on the payments were established to protect the consumer and for purposes of budget control. Rates were based upon the estimate that 80 per cent of the farmers would participate, with an adjustment of not to

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[1] Ibid., p. 41.
[2] Loc. cit.
[3] Ibid., p. 42.

exceed 10 per cent if participation fell short or exceeded this.[1]

Agricultural Act of 1938. Soon after the passage of the Act of 1936, plans were initiated for more permanent and comprehensive legislation for adjustment of agricultural production and the maintenance of agricultural income.

On February 16, 1938, the Agricultural Adjustment Act of 1938 was approved. Title I consisted of amendments to the old base-acreage plan that froze allotment rights in the hands of those who were already in the business. Title I, Section 101, stated:

> In apportioning acreage allotments under this section in the case of wheat and corn, the national and state allotments and the allotments to counties shall be apportioned annually on the basis of the acreage seeded for the production of the commodity during the ten calendar years immediately preceeding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during the applicable period. In the case of wheat, the allotment to any county shall be apportioned annually by the Secretary, through the local committees, among the farmers within such county on the basis of tillable acres, crop rotation practices, type of soil, and topography. Not more than 3 per centum of such county allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years immediately preceeding the marketing year in which the allotment is made.[2]

The national wheat acreage allotment was defined by the Act as the acreage which at average yields produce, with carry-over from previous year, not less than 130 per cent of a year's normal domestic consumption and export requirements. The 30 per cent over the requirements represented a reserve supply of more than double

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[1] Ibid., p. 43.

[2] Agricultural Adjustment Act of 1938, as amended, Title I, Section 101.

the average carry-over of normal years, and was made available to meet new export markets or maintain market supplies in years of short crops. Since the 1938 crop had already been seeded, the acreage allotment for the 1938 harvest was used only as a basis for calculating benefit payments on 62,500,000 acres. Seeded acreage for harvest in 1938 was approximately 80,000,000 acres. It was estimated that the national allotment for 1939 figured according to the formula, would probably have been not more than 46,000,000 million acres, a reduction of more than 40 per cent.

To avoid the necessity for extensive acreage reduction and, therefore, a possible reduction in income, an amendment was passed providing that the wheat acreage allotment for 1939 would not be less than the 55 million acres.[1] The acceptance or rejection of the allotment as a basis of production was entirely voluntary with the individual producer, but compliance was a prerequisite to eligibility for price-supporting loans.

The Act sought to provide for a continuous, stable flow of major farm products into the nation's markets at prices fair to both producers and consumers. To attain this the Act provided for the regulation of surplus commodities by a reserve storage provision, for protecting commodity price levels, for loans on stored commodities, and for regulation of marketing through marketing quotas under definite conditions and in times of actual existence of surplus emergencies.

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[1] Agricultural Adjustment, 1937-38, United States Department of Agriculture, p. 12.

The storage provisions authorized the Commodity Credit Corporation to make loans available on agricultural commodities. The purpose of the loans was to encourage storage in times of surplus by making it at least as profitable as immediate marketing, with the probability of it being even more profitable. Quotas regulating the amount of a commodity which could be marketed without penalty during the marketing year were applicable when specified conditions of overall supply existed. The specified conditions were defined as the anticipated production and carry-over from the previous marketing year. If this supply exceeded 35 per cent of a normal year's domestic consumption and export requirement, a national marketing quota was proclaimed for the following year.[1] The national wheat marketing quota was the number of bushels equal to a normal year's domestic requirements and exports, plus 30 per cent, less the carry-over from the preceeding year and less the amount of wheat which would be estimated as being required on farms for seed or a feed for livestock during the marketing year.[2] Marketing quotas were to be approved by at least two-thirds of the effected producers voting in a referendum. Acreage allotments could have been rejected under any circumstances by the individual producer, but marketing quota, once it was accepted by the producers as a group, applied equally to all individuals designated by the terms of the Act and quota violators were subject to price penalty for

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[1] Agricultural Adjustment, 1938-39, United States Department of Agriculture, p. 16.

[2] Loc. cit.

excess marketing.[1]

On December 26, 1941, an amendment was made to the Agricultural Adjustment Act of 1938, on the provision of the marketing quota program. It provided that a farm's marketing quota should not be less than the normal production of wheat on the acreage allotment.[2] Therefore, the farmer who planted within his allotment could have marketed all he produced since adjustment was made at seeding time when the acreage allotment was adjusted.

World War II. Soon after the beginning of World War II a complete reverse of agricultural policy was sought. A transition from acreage restriction and price support to no acreage restriction and incentive payments for overplanting was made to meet the expected demand of the war.

Legislation in the latter part of World War II provided for price support, approximately 90 per cent of parity, for two years after declaration that hostilities had ceased. This rigid price support began the first January immediately following the declaration. On December 31, 1946, the President issued the declaration thereby terminating rigid price supports by the end of 1948. This forced Congress to begin consideration of new and more permanent legislation. If Congress did not desire new legislation, then the legislation of the 1930's would be in effect.[3]

The price guarantees to continue for two years after the war

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[1] Ibid., p. 20.
[2] Agricultural Adjustment, 1941, United States Department of Agriculture, p. 23.
[3] Benedict, op. cit., p. 472.

were the means chosen to prevent a disastrous break in farm prices similar to that which had followed World War I.

The level of wheat carry-over was low in spite of the annual production, one billion bushels, during this period. The July 1, 1945, carry-over for wheat was 279 million bushels; 1946, 100 million bushels; and 1947, 84 million bushels.[1]

With a continued strong demand for wheat in relation to the supply, any acreage restriction during this period would only create an inflationary effect on farm prices.

Post-War Amendments

Agricultural Act of 1948. A compromise bill was finally passed, known as the Agricultural Act of 1948. Title I (January 1, 1949-June 30, 1950) designated that the prices of cotton, wheat, corn, rice, peanuts, and tobacco were to be supported at 90 per cent of parity to cooperating farms until June 30, 1950, if producers had not disapproved marketing quotas for the commodity for the marketing year beginning in the calendar year the crop was to be harvested. (Prices to non-cooperators were to be supported at 60 per cent of the rate to cooperators and only on that portion of the crop subject to penalty if marketed.)[2] Title II (effective date, January 1, 1950) was the long term feature. The principle provisions were:

1. A new formula for computing parity.

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[1]Murray R. Benedict, Can We Solve the Farm Problem, p. 397.
[2]United States Statutes at Large. 80th Congress, 2nd Session (1948), p. 1247.

2. A more flexible program for price supports to replace the fixed percentages of parity provided in the war and post-war legislation.[1]

The revised parity formula provided that parity for any agricultural commodity would be adjusted base price for the commodity multiplied by the parity index as of the date of computation. The adjusted base price was the average price received by farmers for the commodity during the ten years preceeding, divided by the ratio of the general level of prices received by farmers in this ten year period to the general level of prices received by farmers in the period January 1910 to December 1914.[2]

The long-term features of the Act of 1948 reflected the thinking of those who wanted to see a return to a more free economy and less dependence on government. But there were no major changes in the system for allocating the "right to plant and market" in the 1948 Act.

Agricultural Act of 1949. After the beginning of World War II, seeded wheat acreage increased from 63 million acres in 1939 to 84 million acres in 1949, and wheat production increased from 741 million bushels in 1939 to 1,359 bushels in 1949.[3] With this increase in production and decrease in demand for wheat, farmers again needed a more rigid government program. The Agricultural Act of 1949 retained major acreage allotment features of earlier Acts

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[1] Murray R. Benedict, Farm Policies of the United States, 1790-1950, p. 475.

[2] Loc. cit.

[3] Ibid., p. 496.

in an effort to reduce the large surplus of agricultural commodities and support falling prices.

The new Act retained the principle flexible price-support features of the Act of 1948, but modified the levels of support. For wheat, the range of price support was specified from 77 to 90 per cent of parity on supplies ranging from 102 to 130 per cent of normal.[1]

Parity was again modified to raise the level of support prices. Wages to hired labor, taxes, and interest were included in computing prices paid. "New parity" price of any agricultural commodity could not be less than "old parity". Parity was computed by the method used prior to the enactment of the Agricultural Act of 1949. For any particular basic commodity the old formula would apply if it was higher than the new.

Korean Conflict. Acreage restrictions were again eliminated with the beginning of the Korean conflict. Because of the increased demand for wheat, prices rose and remained at a high level during this period.

Agricultural Act of 1954. With cessation of the hostile activities flexible price supports and acreage restrictions were again put into operation. The allotment features were basically the same as the Agricultural Act of 1938 which designated the acreage allotments and marketing quotas. Acreage allotments have been in effect

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[1]United States Statutes at Large. 81st Congress, 2nd Session, (1949), p. 1051.

for the years 1938 to 1943, 1950 to 1951, and 1954 to 1958 inclusive.[1]

Soil Bank Act of 1956. In the late spring of 1956 the Soil Bank Act was passed. The purpose of this Act was:

> . . . . to protect and increase farm income, to protect the national soil, water, and forest and wildlife resources from waste and depletion, to protect interstate and foreign commerce from the burdens and obstructions which result from the utilization of farmland for the production of excessive supplies of agricultural commodities, and to provide for the conservation of such resources and an adequate, balanced and orderly flow of such agricultural commodities in interstate and foreign commerce. To effectuate the policy of Congress and the purposes of this title, programs are herein authorized to assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest and wildlife conservation. The activities authorized under this title are supplementary to the acreage allotments and marketing quotas authorized under the Agricultural Adjustment Act of 1938, as amended, and together with such acreage allotments and marketing quotas, constitute an over-all program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce.[2]

The objectives of the Soil Bank are to reduce the flow of surplus commodities into government and non-government storage. Secondly, to increase on-the-farm conservation.

The benefits from the Soil Bank program included strengthening the economic position of the farmer through:

(1) Payments to replace net income farmers would have earned from average production on acres put in the Soil Bank.

(2) New stability for farmer's markets through a working program to bring surplus under control.

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[1]Benedict and Stine, op. cit., pp. 113, 115 and 117.

[2]Agricultural Handbook, No. 113, U. S. Government Printing Office, p. 93.

(3) Protect against crop failure.

(4) Increase future productive capacity of land removed from production.[1]

Summary of Production Control Legislation of 1933 and 1938

The main objective of the scheme of 1933 and 1938 was to regulate the acreage of certain basic crops. Acreage allotments were established as a means of carrying out this objective with certain benefits to participating farmers. Therefore, allotments were to serve three general purposes: (1) reduce production, thus raising farm prices and income; (2) reduce the misuse of soil; and (3) serve as a basis for making government payments to cooperators.[2]

As shown in Table 3, there has been some reduction of wheat acreage under allotment programs. The period free of acreage restriction, 1931 to 1933, shows an average acreage seeded of 67.2 million acres compared to the period of acreage restriction, 1940 to 1942, with an average of 59.1 million acres. This is a reduction of 8.1 million acres or 12 per cent. The average production during 1940 to 1942 was 909 million bushels. This is an increase of 21 per cent or 159 million bushels over the average production of 750 million bushels from 1931 to 1933.

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[1] The Soil Bank for 1957, United States Department of Agriculture, p. 2.

[2] Theodore W. Schultz, The Economic Organization of Agriculture, p. 350.

Table 3. Effect of wheat acreage seeded due to the Agricultural Adjustment Acts.[a]

Crop	Acreage without AAA 1931-1933 (000,000)	Acreage with AAA 1940-1942 (000,000)	Reduction acreage (000,000)	Reduction per cent
Wheat	67.2	59.1	8.1	12

[a]Computed from data in Agricultural Statistics, 1952, United States Department of Agriculture.

Table 4. Effect on total wheat production since the Agricultural Adjustment Acts.[a]

Crop	Production without AAA 1931-1933 (000,000)	Production with AAA 1940-1942 (000,000)	Increase bushels (000,000)	Increase per cent
Wheat	750	909	159	21

[a]Computed from data in Agricultural Statistics, 1952, United States Department of Agriculture.

With land input restricted, alternatives were chosen to offset this effect. This was accomplished in several ways: (1) use of fertilizers; (2) improved crop varieties; (3) better crop rotation and soil tillage practices; and (4) production of the restricted crop on better land. However, most of the increase in the latter period is probably attributable to better weather.

Table 5. All wheat, total acreage seeded, average yield per acre, and total production for United States, 1928-1957.[a,b]

Year of harvest	Acreage seeded (000)	Bushels per seeded acre	Bushels produced (000)
1928	71,152	12.9	914,373
1929	67,177	12.3	824,183
1930	67,559	13.1	886,522
1931	66,463	14.2	941,540
1932	66,281	11.4	756,307
1933	69,009	8.0	552,215
1934	64,064	8.2	526,052
1935	69,611	9.0	628,227
1936	73,970	8.5	629,880
1937	80,814	10.8	873,914
1938	78,981	11.6	919,913
1939	62,802	11.8	741,210
1940	61,820	13.2	814,646
1941	62,707	15.0	941,970
1942	53,000	18.3	969,381
1943	55,984	15.1	843,813
1944	66,190	16.0	1,060,111
1945	69,192	16.0	1,107,623
1946	71,578	16.1	1,152,118
1947	78,314	17.4	1,358,911
1948	78,345	16.5	1,294,911
1949	83,905	13.1	1,098,415
1950	71,287	14.3	1,019,389
1951	78,524	12.6	980,810
1952	78,645	16.6	1,298,957
1953	78,931	14.8	881,608
1954	62,539	20.5	790,737
1955	58,199	19.8	934,731
1956	60,747	20.2	1,004,272
1957	49,919	21.7	947,102

[a]Agricultural Statistics, 1952 and 1956, United States Department of Agriculture.

[b]Crop Production, Annual Summary, 1954-1957, United States Department of Agriculture.

HISTORIC ALLOTMENT PROCEDURES AND ALLOCATIONS

Procedure

The present administrative procedures for establishing acreage allotments in accordance with the Agricultural Act of 1938 as amended by the Agricultural Act of 1954 is reviewed briefly since a later section deals with alternative methods of allocation of production rights.

National Acreage Allotment. The Secretary of Agriculture must proclaim the national acreage allotment for the succeeding crop year not later than May 15 of each year.[1] The national wheat acreage allotment shall be determined on the basis of national average yields, produce an amount adequate, together with the estimated carry-over at the beginning of the marketing year for the crop and imports, to have available a supply equal to a normal years domestic consumption and exports plus (20) per cent. The national acreage allotment for wheat for any year can not be less than fifty-five million acres.[2]

Apportionment of National Acreage Allotment. The national acreage allotment for wheat, less a reserve of not to exceed one per cent, shall be apportioned by the Secretary among states on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the year in which the

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[1] Agricultural Adjustment Act of 1938, as amended, Title III, Subtitle B, Part III, Section 332.
[2] Ibid., Section 333.

national acreage allotment is determined with adjustments for abnormal weather conditions and for trends in acreage during such periods. The one per cent set aside for reserve shall be used to make allotments to counties on the needs because of reclamation and other new areas coming into production during the ten year period the national allotment is computed.[1]

State Acreage Allotment. The state acreage allotment, less a reserve not to exceed three per cent, shall be apportioned among the counties in the state on the basis of the acreage seeded for the production of wheat during the ten years immediately preceding the year in which the national acreage allotment is determined, with adjustments for abnormal weather conditions and trends.[2]

Abnormal Weather Adjustments. The adjustments are for wheat which could not be seeded because of continuous wet or dry weather, or similar circumstances which prevented seeding. For each year accepted as having a low acreage because of abnormal weather, the acreage plus credit for such year is adjusted upward to the smaller of (1) 90 per cent of the acreage for the most recent previous year not affected by abnormal weather, or (2) 110 per cent of the adjusted average acreage for the 10 year period preceding such normal year.[3]

Historic Shares of the National Wheat Allotment

Introduction of any plan to regulate plantings or production

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[1] Ibid., Section 334 (a).
[2] Loc. cit.
[3] Loc. cit.

of wheat is sure to set up keen competition for the right to plant and market. This is truly a valuable right as farmers immediately recognize. Similarly, any proposals to change the basis for allocating allotments are certain to be controversial, for it is almost sure that in the change someone will gain and someone will lose. It is with this in mind that a review of the historic allocation of wheat allotments is begun. Given the valuable nature of the farm allotment and therefore the jealous guarding of allotment rights plus the use of a historic base under provisions essentially unchanged since 1938, considerable stability in allotments is anticipated over time between states or regions.

Data in Table 6 show the wheat acreage allotment and the percentage of the national wheat acreage allotment for each state in selected years beginning in 1938. The change in the proportion of the national wheat allotment in most states has been small from 1938 to 1958. Almost complete stability was the rule, 1938 to 1942 and 1954 to 1958. The greatest change occurred from the last prewar year allotments were in effect, 1942, to the first year they were fully reestablished, 1954. Yet in that period, only Colorado shows a change of more than two per cent, from 2.3 to 4.6 per cent of the total. Kansas declined from 20.4 to 18.9 per cent while Minnesota also had a marked decrease. Texas, Oklahoma, and Montana had moderate increases resulting, like that of Colorado, from new land put into production and new historic base acreages established in the war period.

It is widely believed by farmers, in Kansas at least, that

Table 6. Wheat acreage allotments and per cent of national allotment, for all states for specified years.[a]

State	1938		1942		1954		1955	1956	1957	1958	
	acres (000)	%	acres (000)	%	acres (000)	%	%	%	%	acres (000)	%
Alabama	5.7	*	4.9	*	17.5	*	*	*	*	23.2	*
Arizona	35.3	*	33.1	*	22.6	*	*	*	*	21.4	*
Arkansas	77.1	.1	57.2	.1	56.6	*	*	*	*	49.3	*
California	708.7	1.1	633.9	1.1	562.4	.9	.9	.8	.8	455.0	.8
Colorado	1504.6	2.4	1303.2	2.3	2899.1	4.6	4.8	4.9	5.0	2704.9	5.0
Connecticut	**	*	**	*	.9	*	*	*	*	.6	*
Delaware	77.5	.1	65.3	.1	50.5	*	*	*	*	35.4	*
Florida	**	*	**	*	.8	*	*	*	*	3.4	*
Georgia	139.7	.2	138.4	.2	124.1	.2	.2	.2	.2	107.6	.2
Idaho	1011.6	1.6	865.2	1.6	1277.4	2.0	2.1	2.1	2.1	1152.7	2.1
Illinois	2039.4	3.3	1676.2	3.0	1541.2	2.5	2.5	2.5	2.6	1386.7	2.5
Indiana	1690.0	2.7	1411.5	2.5	1324.3	2.1	2.1	2.1	2.1	1137.0	2.1
Iowa	456.0	.7	372.7	.7	209.8	.3	.2	.3	.2	138.2	.3
Kansas	12519.9	20.0	11371.1	20.4	11874.8	18.9	18.9	19.3	19.3	10638.2	19.3
Kentucky	382.5	.6	373.8	.7	222.4	.4	.4	.4	.4	208.7	.4
Louisiana	**	*	**	*	3.9	*	*	*	*	6.3	*
Maine	6.4	*	4.0	*	1.7	*	*	*	*	1.5	*
Maryland	395.0	.6	340.9	.6	238.3	.4	.4	.3	.3	185.4	.3
Massachusetts	**	*	**	*	.9	*	*	*	*	.7	*
Michigan	765.8	1.2	660.7	1.2	1093.6	1.7	1.8	1.8	1.7	965.0	1.8
Minnesota	1609.2	2.6	1488.9	2.7	956.0	1.5	1.5	1.3	1.3	729.9	1.3
Mississippi	.1	*	**	*	27.8	*	*	*	*	16.3	*
Missouri	1938.4	3.1	1568.3	2.8	1311.8	2.1	2.1	2.1	2.3	1273.6	2.3
Montana	3973.9	6.4	3346.3	6.0	4635.3	7.4	7.6	7.3	7.4	4058.3	7.4
Nebraska	3466.0	5.5	3146.6	5.6	3662.4	5.8	5.8	5.8	5.9	3228.3	5.9
Nevada	13.1	*	13.7	*	16.0	*	*	*	*	12.3	*
New Hampshire	**	*	**	*	.1	*	*	*	*	.1	*
New Jersey	53.0	*	50.2	*	63.8	.1	*	.1	*	53.3	*
New Mexico	365.7	.6	316.2	.6	502.7	.8	.8	.8	.9	474.2	.9
New York	246.8	.4	218.7	.4	344.0	.5	.6	.6	.6	315.6	.6
North Carolina	413.0	.7	364.7	.7	320.4	.5	.5	.5	.5	282.8	.5
North Dakota	9431.4	15.1	7982.4	14.3	9029.9	14.4	14.0	13.3	13.3	7310.0	13.3

Table 6 (concl.)

State	1938		1942		1954		1955	1956	1957	1958	
	acres (000)	%	acres (000)	%	acres (000)	%	%	%	%	acres (000)	%
Ohio	1870.4	3.0	1636.3	2.9	1758.4	2.8	2.9	2.9	2.8	1553.2	2.8
Oklahoma	4291.7	6.9	4004.4	7.2	5245.8	8.4	8.6	8.8	8.9	4859.6	8.8
Oregon	867.9	1.4	756.3	1.4	898.6	1.4	1.5	1.5	1.5	816.4	1.5
Pennsylvania	873.1	1.4	757.6	1.4	723.1	1.2	1.2	1.1	1.1	587.5	1.1
Rhode Island	**	*	**	*	.7	*	*	*	*	.5	*
South Carolina	125.6	.2	136.3	.2	157.2	.3	.2	.2	.2	132.7	.2
South Dakota	3345.5	5.4	2888.6	5.2	3188.3	5.1	5.1	5.0	5.0	2736.2	5.0
Tennessee	382.0	.6	337.0	.6	212.6	.3	.3	.4	.4	195.6	.4
Texas	4146.1	6.6	3748.1	6.7	4817.4	7.7	7.6	7.7	7.5	4164.3	7.6
Utah	239.7	.4	211.2	.4	360.0	.6	.6	.6	.6	316.1	.6
Vermont	.1	*	**	*	.4	*	*	*	*	.5	*
Virginia	546.7	.9	469.4	.8	318.7	.5	.5	.5	.5	259.4	.5
Washington	1912.5	3.1	1656.6	3.0	2264.9	3.6	3.7	3.7	3.6	2014.4	3.7
West Virginia	130.1	.2	119.4	.2	56.5	*	*	*	*	40.4	*
Wisconsin	108.0	.2	860.7	1.5	73.5	.1	*	*	*	48.9	*
Wyoming	344.0	.6	395.9	.7	338.6	.5	.5	.6	.5	291.6	.5
United States[b]	62509.2		55785.8		62807.7					54983.5	

[a] State ASC office, Manhattan, Kansas.
[b] National allotment less reserve.
* Less than .1 per cent.
** No allotment.

Cornbelt and Southeastern states have made major inroads on the allotments of the Great Plains states. This is thought to have occurred as producers shifted to wheat from corn and cotton because of acreage restrictions on those crops. Data of Table 6 are difficult to appraise regionally. But when selected states are grouped by related areas as seen in Table 7, the shift in wheat allotments is more clearly defined. Wheat allotments in acres and percentages on selected Cornbelt, Great Plains, and Western states for specified years are shown. The percentage change in the various regional shares of the total allotment between 1942 and 1954 is as follows: Cornbelt states, -3.0 per cent; Great Plains, +3.2 per cent; and Western states, +2.3 per cent.

The groupings are arbitrary. Several states could be added to one group or the other, but the results could hardly be changed materially. It is significant that wheat allotments are consistently down in the Cornbelt states. Also, in the years shown, 91.9 to 94.4 per cent of the national allotment is accounted for in the 20 states shown, and the figure is increasing. The inroads being made by southern states are almost inconsequential at the farm level. For example, the cumulative acreage increase in allotment, 1938 to 1958 for Alabama, Louisiana, Mississippi, and South Carolina is 47,100 as seen in Table 6. If all these increased acres were allocated in 1958 to the 120,140[1] Kansas farms, the average increase would be .39 acres per farm.

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[1]Farm Facts, Kansas State Board of Agriculture, 1956-1957, p. 10.

Table 7. Wheat allotments, total and per cent, for selected Cornbelt, Great Plains, and Western states for specified years.[a]

	1938	1942	1954	1955	1956	1957
Pennsylvania	871	758	723	640	620	601
Ohio	1,870	1,636	1,758	1,589	1,599	1,558
Indiana	1,690	1,412	1,324	1,154	1,166	1,144
Illinois	2,039	1,676	1,541	1,376	1,384	1,415
Michigan	766	661	1,094	1,005	970	957
Minnesota	1,609	1,489	956	814	726	699
Iowa	456	373	210	138	139	116
Missouri	1,938	1,568	1,312	1,141	1,164	1,254
Total	11,239	9,573	8,918	7,857	7,768	7,744
Per cent of U. S.	18.0	17.2	14.2	14.1	14.1	14.1
North Dakota	9,431	7,982	9,030	7,790	7,321	7,328
South Dakota	3,346	2,889	3,188	2,822	2,749	2,747
Nebraska	3,466	3,147	3,662	3,212	3,200	3,235
Kansas	12,520	11,371	11,875	10,504	10,587	10,615
Oklahoma	4,292	4,004	5,246	4,792	4,862	4,879
Texas	4,146	3,748	4,817	4,208	4,228	4,149
Colorado	1,505	1,303	2,899	2,688	2,702	2,766
Total	38,706	34,444	40,717	36,016	35,649	35,719
Per cent of U. S.	61.9	61.7	64.9	64.8	64.9	65.0
Montana	3,974	3,346	4,635	4,231	4,002	4,043
Idaho	1,012	865	1,277	1,172	1,160	1,157
Washington	1,912	1,657	2,265	2,064	2,009	1,994
Oregon	868	756	899	832	820	819
California	709	634	562	481	456	436
Total	8,475	7,258	9,638	8,780	8,447	8,449
Per cent of U. S.	13.6	13.0	15.3	15.8	15.4	15.4
Per cent accounted for	93.5	91.9	94.4	94.3	94.4	94.4
United States total	62,509	55,786	62,808	55,560	54,959	54,984

[a]State ASC office, Manhattan, Kansas.

Table 8. Acreage seeded, total and per cent, for selected Cornbelt, Great Plains, and Western states for specified years.[a]

	1938	1942	1954	1955	1956	1957
Pennsylvania	1,082	821	743	645	619	563
Ohio	2,416	1,768	1,783	1,513	1,604	1,524
Indiana	1,918	1,207	1,315	1,199	1,211	1,296
Illinois	2,340	1,171	1,624	1,592	1,639	1,819
Michigan	927	692	1,036	953	1,058	1,005
Minnesota	2,638	1,156	735	645	755	727
Iowa	631	182	130	111	141	148
Missouri	2,598	845	1,583	1,805	1,895	1,876
Total	14,550	7,842	8,949	7,818	8,922	8,958
Per cent of U. S.	18.3	15.0	14.3	13.4	14.7	17.9
North Dakota	10,196	7,478	8,239	7,350	7,551	6,481
South Dakota	3,966	2,730	2,806	2,542	2,737	2,047
Nebraska	5,041	3,024	3,745	3,484	3,549	3,299
Kansas	16,945	10,861	11,738	10,799	10,907	7,199
Oklahoma	6,300	3,800	5,294	4,923	4,972	4,276
Texas	5,368	3,423	4,840	4,308	4,050	3,159
Colorado	1,774	1,374	3,204	3,266	3,139	2,054
Total	49,590	32,690	39,866	36,672	36,905	28,515
Per cent of U. S.	62.3	62.6	63.7	63.0	60.8	57.1
Montana	4,776	3,373	4,962	4,774	5,757	4,341
Idaho	1,237	844	1,288	1,267	1,343	1,223
Washington	2,247	1,857	2,285	2,076	2,550	1,964
Oregon	1,092	769	928	876	919	786
California	850	585	480	439	413	301
Total	10,202	7,428	9,943	9,432	10,982	8,615
Per cent of U. S.	12.8	14.2	15.9	16.2	18.1	17.3
Per cent accounted for	93.4	91.8	93.9	92.6	92.7	92.3
United States total	79,569	52,227	62,569	58,241	60,658	49,919

[a]Compiled from data in Agricultural Statistics, 1952 and 1955, and Crop Production Annual Summary, 1954-1957, United States Department of Agriculture.

Table 9. Wheat production, total and per cent, for selected Cornbelt, Great Plains, and Western states for specified years.[a]

	1938	1942	1954	1955	1956	1957
Pennsylvania	22,032	15,301	19,796	15,964	15,579	14,248
Ohio	46,420	36,205	48,510	43,384	39,676	32,890
Indiana	28,848	14,052	39,711	34,394	36,173	32,360
Illinois	41,792	12,837	46,964	52,008	60,862	37,149
Michigan	19,519	15,322	30,385	27,966	31,290	28,739
Minnesota	38,948	23,170	10,157	12,186	17,218	15,780
Iowa	9,284	4,192	2,096	3,558	2,375	3,744
Missouri	31,600	9,035	42,563	48,081	50,630	37,789
Total	238,443	130,114	240,182	237,541	253,803	202,699
Per cent of U. S.	25.6	13.4	24.4	25.4	25.3	21.4
North Dakota	76,384	149,844	69,274	109,336	118,824	118,144
South Dakota	28,377	45,274	27,008	27,461	16,537	40,037
Nebraska	55,714	69,908	61,623	78,255	64,698	78,821
Kansas	152,184	200,101	176,208	128,385	143,282	100,111
Oklahoma	61,677	57,370	70,770	24,160	69,267	43,025
Texas	35,046	47,438	30,894	14,326	26,388	33,669
Colorado	19,068	27,406	18,549	17,712	17,652	33,854
Total	428,450	597,341	454,326	399,635	456,648	447,661
Per cent of U. S.	46.0	61.3	46.1	42.8	45.5	47.3
Montana	69,522	73,783	82,833	109,350	86,983	83,815
Idaho	32,332	21,261	36,198	38,165	38,980	42,350
Washington	54,590	55,148	72,444	55,832	59,826	69,333
Oregon	23,496	19,764	25,832	21,899	25,607	26,788
California	12,733	9,916	9,260	8,883	8,253	6,226
Total	192,673	179,872	226,567	234,129	219,649	228,512
Per cent of U. S.	20.7	18.5	23.0	25.0	22.0	24.1
Per cent accounted for	92.3	93.2	93.5	93.2	92.6	92.8
United States total	931,702	974,176	984,846	934,731	1,004,272	947,102

[a]Compiled from data in Agricultural Statistics, 1952 and 1955, and Crop Production, Annual Summary, 1954-1957, United States Department of Agriculture.

Also of interest in a discussion of allotment stability is the intertemporal movement of allotments in Kansas, the state with the largest share of the national allotment. In Figure 1, the state is divided into approximately three equal sections; Eastern, Central and Western. The three areas chosen may be classified according to rainfall. The Eastern section is the heavy rainfall area with 30 to 45 inches of rain; Central section, medium rainfall of 20 to 30 inches; and the Western section, light rainfall of 10 to 20 inches.

In Table 10 the data show the per cent each area has of the total state allotment from 1943 to 1958. The largest share of state allotment is received by the Central district with 49.1 per cent as of 1958. The Western and Eastern districts follow with 39.2 and 11.7 per cent respectively. From the period 1943 to 1951, the state's portion of the national wheat allotment changed and there was also a transition within the state. In the Eastern section the share of the wheat allotment dropped one per cent, while during this same period the Central section remained stable and the Western section increased its share of the state allotment by 1.4 per cent, mostly through addition of new lands formerly in grass.

Since 1951 the Eastern section's share has remained stable with a one-tenth per cent increase. The Central and Western sections share rose until 1955 and 1956, but since has had a slight decline.

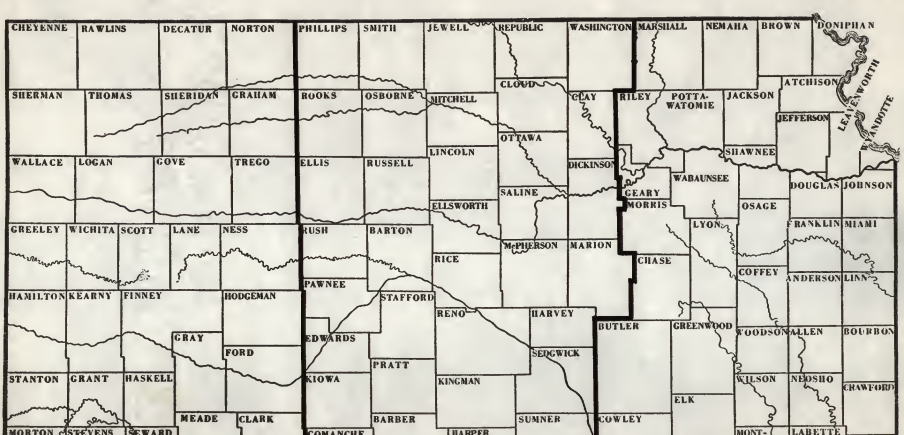

Fig. 1. Principal rainfall areas of Kansas.

Table 10. Per cent of state wheat allotment for specified years, by regions.[a]

Year	Region		
	Eastern	Central	Western
1943	12.7	48.6	38.7
1951	11.6	48.2	40.1
1954	11.5	48.7	39.8
1955	11.5	48.7	39.8
1956	11.5	49.3	39.2
1957	11.6	49.1	39.3
1958	11.7	49.1	39.2

[a]State ASC office, Manhattan, Kansas.

Regional Trends in Wheat Acreage and Production

Allotment trends and acreage seeded are also of interest for the regional groups of Tables 7 and 8. Especially in the Cornbelt states, acreage seeded has not declined in the same way as allotment shares. The allotment share of the Cornbelt states has declined by four per cent from 1938 to 1957 while the seeded acreage for the same period has only declined by four-tenths of one per cent. This difference may have been a result of the fifteen acre privilege in which a producer with no allotment or an allotment of less than fifteen acres could plant fifteen acres of wheat without paying a penalty for exceeding his allotment.

A similar comparison of the Great Plains states shows a three per cent increase in their wheat allotment but a decline of five per cent in acreage seeded. Most of the decline is contributed to extremely dry weather and the effect of the acreage reserve phase of the soil bank for wheat.

In the Western states there has been a definite correlation

between allotment and acreage seeded. For example, in 1942 the allotment was 7,258,000 acres and acreage seeded, 7,248,000 acres. Similarly, in 1954 the allotment was 9,638,000 acres and 9,943,000 acres were planted. With the exception of 1956, the allotment and acreage seeded has been similar. The small number of producers and the stable weather condition of that region have no doubt contributed to this relationship.

In the Cornbelt group, production and allotment has not moved in the same direction as seen in Tables 7 and 9. While the allotment has declined four per cent, contribution to total production has increased one and a half times the allotment share or 21.4 per cent.

The opposite is true of the Great Plains area. The allotment has increased about three per cent since 1938, making it 65 per cent, but the contribution of this area is less than 50 per cent of total production.

The allotment in the Western states has increased slightly, but as in the Cornbelt section, the contribution to total production is one and a half times their per cent of the United States allotment or 24.1 per cent.

The regional disparities between shares of the national acreage allotment and shares of production lend the impression that a shift to a program where allotments were on a production basis would be especially favorable to Eastern and Western regions. However, since present legislation permits marketing all production from alloted acres, and since yields per acre are highest in regions other than the Great Plains, those regions now have the advantage

they would appear to get from changing to a bushel allotment basis.

ALLOCATIONS OF ALLOTMENTS UNDER A PROPOSED PROGRAM

Domestic Parity Plan

In recent years farm groups have recommended various agricultural programs. One such program that has gained national attention is the "Domestic Parity Plan for Wheat".[1] This particular program has had the support of the National Wheat Grower's Association and the National Grange. Only the principal points of the program are discussed here.

As recommended by the producer groups, the Secretary of Agriculture would determine at the beginning of each marketing year the amount of wheat to be used domestically for food. The amount so determined would be the national domestic marketing allotment. The domestic marketing allotment would be apportioned among the states and counties on the basis of production history with adjustments for abnormal weather conditions and for trends in production. The county allotments would be apportioned to the individual farms by the same method as presently used for establishing farm wheat acreage allotments. Under present legislation acreage allotments are established on the basis of the ten-year average immediately preceding the year in which the national acreage allotment is determined. For example, the ten-year period considered in determining

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[1]The program is outlined in some detail in a paper prepared by the Wheat Committee, and unofficial producers group representing the National Grange, the Oregon Wheat Growers League and others, and entitled, Domestic Marketing Program for Wheat, January 5, 1956.

the 1958 acreage allotment was 1947 to 1956.

Domestic marketing certificates would be issued to each farm covering a specified number of bushels of wheat equal to the domestic marketing allotment established for each farm. The per-bushel value of each certificate would be equal to the difference between parity price and the estimated national average farm price for wheat.

Errors made in determining the amount of wheat used domestically for food or in the estimated seasonal average farm price would be adjusted in determining the marketing allotment and the per-bushel value of the certificates for the next marketing year.

Individuals making first sales into the domestic market or those importing wheat would be required to purchase marketing certificates from the Commodity Credit Corporation covering the wheat equivalent of the product sold or imported for food purposes. The sale of domestic marketing certificates to processors would be a means of deriving revenue for making payments to farmers for their domestic marketing certificates.

Although the acreage restriction feature had been absent in earlier proposals, the supporters of this program agreed to the possible necessity for retaining the price support and acreage allotment principle to protect against unforseen decline in prices and over-expansion of wheat production.

Domestic Food Quota

A similar domestic parity plan for wheat has been proposed

in the Senate by Senator Frank Carlson of Kansas and others.[1]

The domestic marketing allotment of the domestic parity plan and the "Domestic Food Quota" as it was called in the Carlson amendment are synonymous and would be derived in the same manner. The domestic food quota less a reserve of not to exceed one per cent would be apportioned among the several states on the basis of total production of wheat in each state during the five years immediately preceding the calendar year the quota is proclaimed, with adjustments for adverse weather conditions and trends in production. This portion of the Carlson amendment deviates from that of the domestic parity plan. In the domestic parity plan the domestic allotment would be apportioned among the states on the basis of total production of wheat during a ten year period immediately preceding the year in which allotment is determined instead of a five year average as outlined above. This difference in determining the national food quota also applies in determining each state's food quota.

ALTERNATIVE METHODS OF ALLOTMENT ALLOCATION

Comparison of Base Periods

This section is concerned with alternate methods of allocating allotments. The crucial issue of the bushel allotment plan for producers is "How will I be affected?", or for Legislators, "How

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[1]An amendment to S. 3183, 84th Congress, 2nd Session, February 14, 1956, as proposed by Senator Frank Carlson of Kansas and others.

will my state be affected?" Analysis of these questions begins with consideration of the proposed allotment allocation. Since the domestic allotment as usually discussed, is apportioned on the basis of total production, production data are examined for state allocations and percentages.

Base acreages for each state would be computed on the ten-year average as proposed in the domestic parity plan or on the five-year average as suggested by the Carlson amendment. Average production for each state and per cent of United States' production for the two periods is shown in Table 11, columns 1 to 4.[1] The percentages in columns 2 and 4, Table 11, show each state's share of the base production and would be used to compute shares of the domestic food quota.

Since the domestic quota would have a higher unit price than the balance of total production, producers in Illinois, Michigan, Missouri, Montana, Idaho, and Washington would prefer the five-year average as the base since their per cent of United States production is greater during this period. Montana would receive the largest increase, 1.4 per cent. States with a small increase of .1 to .3 per cent under the shorter base include New York, Pennsylvania, Ohio, Kentucky, North Carolina, Mississippi, Indiana, and Oregon.

The states with smaller shares under the five-year average would be North Dakota, Kansas, Oklahoma, Texas, and Colorado.

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[1]No adjustment in production for abnormal weather or trends in production.

Table 11. Production, adjusted production and per cent of United States for wheat by five and ten year periods, 1951-1955, 1946-1955, for specified states.[a]

State	Production				Adjusted Production			
	5 year average		10 year average		5 year average		10 year average	
	bushels (000)	%	bushels (000)	%	bushels (000)	%	bushels (000)	%
New York	11,760	1.1	10,739	1.0	7,807	.8	5,974	.6
New Jersey	1,869	.2	1,820	.2	1,236	.1	957	.1
Pennsylvania	18,878	1.8	19,482	1.7	9,802	1.0	8,175	.9
Ohio	49,665	4.6	50,894	4.5	36,988	4.0	34,163	3.6
Indiana	36,164	3.4	35,456	3.1	29,800	3.2	26,797	2.8
Illinois	46,843	4.3	39,201	3.5	42,567	4.6	34,561	3.7
Michigan	33,992	3.2	32,296	2.8	25,842	2.8	21,670	2.3
Wisconsin	1,690	.2	2,136	.2	451	.0	148	.0
Minnesota	15,121	1.4	17,656	1.6	12,556	1.4	13,348	1.4
Iowa	2,609	.2	4,105	.4	1,949	.2	2,892	.3
Missouri	36,360	3.4	31,114	2.8	28,730	3.1	22,252	2.4
North Dakota	105,206	9.8	118,882	10.5	92,389	10.1	104,292	11.1
South Dakota	35,615	3.3	40,138	3.5	30,351	3.3	33,493	3.6
Nebraska	76,154	7.1	79,801	7.1	69,864	7.6	72,039	7.7
Kansas	176,599	16.4	194,917	17.2	162,409	17.6	176,592	18.8
Delaware	998	.1	1,055	.1	776	.1	750	.1
Maryland	5,145	.5	5,620	.5	3,760	.4	3,920	.4
Virginia	7,453	.7	7,575	.7	4,043	.4	3,531	.4
West Virginia	1,108	.1	1,259	.1	362	.0	246	.0
North Carolina	8,042	.7	7,153	.6	4,290	.5	3,296	.4
South Carolina	3,083	.3	2,864	.3	1,928	.2	1,661	.2
Georgia	2,266	.2	2,083	.2	1,500	.2	1,230	.1
Kentucky	4,873	.5	4,751	.4	3,258	.4	2,906	.3
Tennessee	4,062	.4	4,063	.4	2,071	.2	1,906	.2
Alabama	471	.0	327	.0	258	.0	159	.0
Mississippi	560	.1	383	.0	322	.0	154	.0
Arkansas	1,156	.1	761	.1	707	.1	366	.0
Oklahoma	62,454	5.8	72,863	6.4	55,123	6.0	63,294	6.7
Texas	24,944	2.3	47,253	4.2	20,993	2.3	41,426	4.4
Montana	97,157	9.0	86,036	7.6	89,013	9.6	77,173	8.2
Idaho	42,173	4.0	39,450	3.5	36,922	4.0	32,926	3.5

Table 11 (concl.)

State	Production				Adjusted Production			
	5 year average		10 year average		5 year average		10 year average	
	bushels (000)	%	bushels (000)	%	bushels (000)	%	bushels (000)	%
Wyoming	5,664	.5	6,166	.5	4,719	.5	4,971	.5
Colorado	35,047	3.3	41,232	3.6	31,643	3.4	36,713	3.9
New Mexico	1,048	.1	2,795	.2	591	.1	2,047	.2
Arizona	603	.1	617	.1	483	.1	470	.0
Utah	7,686	.7	8,002	.7	5,208	.6	4,588	.5
Nevada	407	.0	471	.0	169	.0	139	.0
Washington	73,633	6.8	71,999	6.4	68,752	7.4	66,078	7.0
Oregon	28,876	2.7	26,813	2.4	25,997	2.8	23,291	2.5
California	10,511	1.0	11,114	1.0	9,286	1.0	9,675	1.0
United States	1,077,946		1,131,343		924,888		940,398	

[a]Computed from data in Principal Field Crops by States, 1944-1949, Statistical Bulletin, No. 115, October 1952 and Field and Seed Crops by States, 1949-1954, Statistical Bulletin, No. 208, May 1957.

Texas would have the greatest decrease, 1.9 per cent, followed by Kansas with a decrease of .8 per cent compared with the ten-year average. Minnesota, Iowa, South Dakota, and New Mexico would have a slight reduction in percentage, ranging from .1 to .2. The remaining states would be unaffected by the two production bases.

As shown, a group of Cornbelt states and Northwestern states would have reson to favor the five-year base. North Dakota, Kansas, Oklahoma, Texas, and Colorado, the Great Plains area, would tend to favor the ten-year plan for the same reasons.

Those states noted above which are most adversely affected by the five-year base period are also most often adversely affected by abnormal weather conditions. In most of the period 1951 to 1955, drought was severe in some or all of these states. Some upward adjustment in base production may be possible under administrative regulations which would be set up, but these are not likely to change the general pattern. For example, to increase Texas' per cent of contribution to the United States by .1 per cent for the five-year period, it would be necessary to increase the average production by 1,077,946 bushels or 4 per cent of Texas' original production. It is not likely that an adjustment could be made to bring Texas' share of the five-year average up to her share of the ten-year average. To achieve this an 82 per cent increase in the five-year average would be necessary.

Under present administrative procedure for adjusting 1958 marketing quota if the yield in any year of the ten-year period is less than 75 per cent of the average of the remaining nine years

such year is eliminated. If any yield is below 90 per cent of the unadjusted ten-year average but has not been eliminated because of the 75 per cent provision, it is considered to be low due to abnormal weather conditions and is adjusted up to 90 per cent of the unadjusted ten-year average. Any yield in excess of 111 per cent of the unadjusted ten-year average is considered to be high due to abnormally favorable weather conditions. In such cases the yields for such years are reduced to 111 per cent of the unadjusted ten-year average.

In Table 12 is the raw domestic allotment based on total production for each state as proposed by the domestic parity plan and the Carlson amendment.[1] The proposed national domestic allotment is the amount of wheat to be used domestically for food. Each state would share in the domestic allotment in proportion to its contribution to total production. The estimated national allotment would be 473,961,000 bushels. To determine each state's allotment, the per cent of contribution to the bases, Table 11, was multiplied by the national allotment. Kansas' share of the allotment for the five-year base would be 77,730,000 bushels, while the allotment for the ten-year base would be 83,417,000 bushels, or an increase of 4,287,000 bushels. There are 134,494 wheat allotments in Kansas.[2] Therefore, the ten-year domestic allotment plan would increase each Kansas allotment by an average of 42.3 bushels. Since the price received by the farmer would be parity ($2.37 per bushel) on this

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[1]Raw allotment is defined as the allotment without adjustments for abnormal weather or trends in production.

[2]State ASC office, Manhattan, Kansas.

Table 12. Domestic allotment and adjusted domestic allotment for wheat by five and ten year periods, 1951-1955, 1946-1955, for specified states.[a]

State	Domestic Allotment: 5 year average bu. (000)	Domestic Allotment: 10 year average bu. (000)	Adj. Domestic Allotment: 5 year average bu. (000)	Adj. Domestic Allotment: 10 year average bu. (000)
New York	5,214	4,740	3,792	2,844
New Jersey	948	948	474	474
Pennsylvania	8,531	8,057	4,740	4,266
Ohio	21,802	21,328	18,958	17,063
Indiana	16,115	14,693	15,167	13,271
Illinois	20,380	16,589	21,802	17,537
Michigan	15,167	13,271	13,271	10,901
Wisconsin	948	948	*	*
Minnesota	6,635	7,583	6,635	6,635
Iowa	948	1,896	948	1,422
Missouri	16,115	13,271	14,693	11,375
North Dakota	46,448	49,766	47,870	52,610
South Dakota	15,641	16,588	15,641	17,063
Nebraska	33,651	33,651	36,021	36,495
Kansas	77,730	81,521	83,417	89,105
Delaware	474	474	474	474
Maryland	2,370	2,370	1,896	1,896
Virginia	3,318	3,318	1,896	1,896
West Virginia	474	474	*	*
North Carolina	3,318	2,844	2,370	1,896
South Carolina	1,422	1,422	948	948
Georgia	948	948	948	474
Kentucky	2,370	1,896	1,896	1,422
Tennessee	1,896	1,896	948	948
Alabama	*	*	*	*
Mississippi	474	*	*	*
Arkansas	474	474	474	*
Oklahoma	27,490	30,334	28,438	31,755
Texas	10,901	19,906	10,901	20,854
Montana	42,656	36,021	45,500	38,865
Idaho	18,958	16,589	18,958	16,589
Wyoming	2,370	2,370	2,370	2,370
Colorado	15,641	17,063	16,115	18,484
New Mexico	474	948	474	948
Arizona	474	474	474	*
Utah	3,318	3,318	2,844	2,370
Nevada	*	*	*	*
Washington	32,229	30,334	35,073	33,177
Oregon	12,797	11,375	13,271	11,849
California	4,740	4,740	4,740	4,740
United States	473,961	473,961	473,961	473,961

*Less than .1 per cent of United States allotment.
[a]Computed from data compiled in Table 11.

portion of his wheat production, the increased income would be approximately $100.25.

Adjusted Five-Year and Ten-Year Bases

The second comparison arises from a question of the feasibility of allocating the right to market wheat for domestic food use on the assumption that each state markets the same proportion of its production for that use. Not all wheat produced enters into the marketing channels as the results of leakages of varying proportions for other uses. The amount of wheat fed on the farm where grown and that sold to other farmers for livestock varies among the states. Secondly, differences in seeding rates and in yields cause the proportion of wheat production used for seed to vary. Another factor involved is the amount of wheat used on the farm where grown. Of these factors, differences among states in the proportion and quantity of production fed to livestock is the most important. An indication of the location of most of the wheat not marketed is given by Figure 2.

These other uses have been deducted from the five and ten-year gross averages of columns 1 and 2, Table 11. The result is an adjusted net base for each state for each period as shown in columns 5 and 7, Table 11, and an adjusted per cent of contribution to total production for each state as shown in columns 6 and 8. The adjusted net base may be defined as the amount of wheat for domestic food use, export, and government storage. Producers not intending to market and with no history of selling for food use would not have a historic right in the domestic market or a desire for a

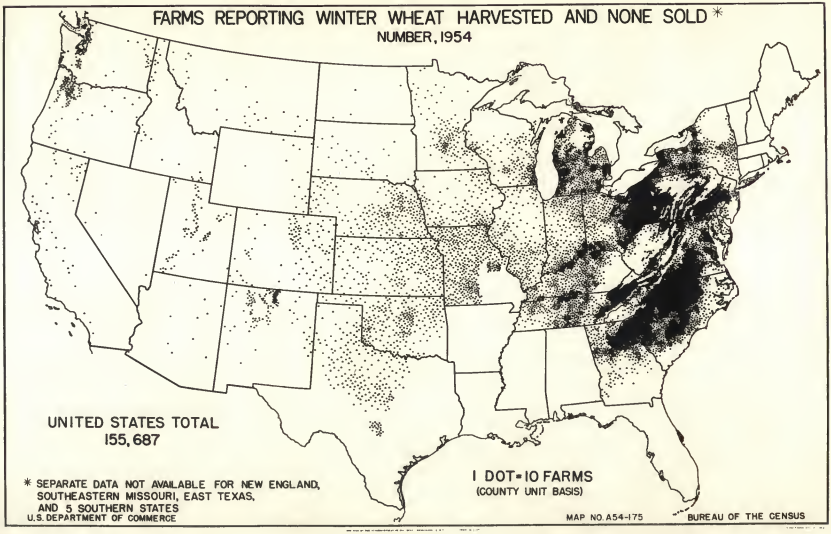
FARMS REPORTING WINTER WHEAT HARVESTED AND NONE SOLD *
NUMBER, 1954
UNITED STATES TOTAL
155,687
* SEPARATE DATA NOT AVAILABLE FOR NEW ENGLAND, SOUTHEASTERN MISSOURI, EAST TEXAS, AND S. SOUTHERN STATES
U.S. DEPARTMENT OF COMMERCE
1 DOT = 10 FARMS
(COUNTY UNIT BASIS)
MAP NO. A54-175
BUREAU OF THE CENSUS

Fig. 2

certificate in most cases.

A comparison between column 2 (five year average gross production) and column 6 (five year adjusted production) of Table 11, indicates the effect of the reductions in base production for quota purposes due to the use of wheat for seed, livestock feed, and home use. New York, New Jersey, Pennsylvania, Ohio, Indiana, Michigan, Wisconsin, and Missouri, a group of Cornbelt and Dairy states, would be affected more severely than any of the other states. The Cotton states of Maryland, Virginia, West Virginia, North Carolina, South Carolina, Kentucky, Tennessee, and Mississippi, would also have downward adjustments in shares of the food quota, as would Utah.

The state most seriously affected by the adjustment would be Pennsylvania with a reduction of .8 per cent of the national base production. Ohio and Michigan follow with a reduction of .6 per cent and .4 per cent respectively. The remaining states' reduction ranges from .1 to .3 per cent.

The Great Plains states of Nebraska, Kansas, North Dakota, Oklahoma, and Colorado would benefit from the adjustment. A group of Western states, Montana, Washington, and Oregon, would also gain. The only other state to benefit, not in the two regions, is Illinois. Kansas would receive the largest increase, 1.2 per cent, followed by Washington and Montana with .6 per cent and Nebraska, .5 per cent. The range of increase for the remaining states is .1 to .3 per cent. As before the Great Plains states, Kansas, Nebraska, Colorado, Texas, North Dakota, South Dakota, and Oklahoma, and the Western states, Washington, Oregon, and Montana, would also benefit

by use of the ten-year adjusted average, columns 7 and 8, rather than the five-year adjusted average. Illinois also had an increase. Kansas had the largest increase, a 1.6 per cent. North Dakota, Nebraska, Montana, and Washington increased .6 per cent. The remaining states varied from .1 to .3 per cent.

New York, New Jersey, Pennsylvania, Ohio, Indiana, Michigan, Wisconsin, Minnesota, Iowa, and Missouri had reductions in per cent when compared to the unadjusted ten-year average. The Cotton states also influenced included Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Kentucky, Tennessee, and Arkansas. States in other regions having reduction included Arizona and Utah. The greatest reductions were in Ohio, .9 per cent, Pennsylvania, .8 per cent, Michigan, .5 per cent, and Missouri and New York, .4 per cent. The range of change in the remaining states was .1 to .3 per cent.

A further comparison can be made between the five-year adjusted net average and the ten-year adjusted net average. Again, the longer production period favored the Great Plains states of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, and Colorado. Iowa and New Mexico also benefited. The state with the largest increase was Texas with 2.1 per cent. Other states with relatively large increases were Kansas, 1.2 per cent, North Dakota, 1.0 per cent, Oklahoma, .7 per cent, and Colorado, .5 per cent. The remaining states had increases of .1 to .3 per cent.

Those regions whose per cent of contribution to total production is less for the ten-year adjusted net production include the Cornbelt and Dairy states, Southern states, and Western states.

Cornbelt and Dairy states include New York, Pennsylvania, Ohio, Indiana, Illinois, Michigan, and Missouri. The Southern states are North Carolina, Kentucky, Georgia, and Arkansas. Western states are comprised of Montana, Idaho, Arizona, Utah, Washington, and Oregon. Montana would have the greatest reduction, 1.4 per cent followed by Illinois and Missouri of the Cornbelt states with .9 and .7 per cent. Next would be Michigan and Idaho with .5 per cent and Ohio, Indiana, and Washington with .4 per cent. The remaining states had a reduction of .1 to .3 per cent.

As seen in Table 11, some states would gain and some would lose in the gross and adjusted production periods for the five and ten year averages. To fully analyze the regional effects, the states are grouped into three areas, Cornbelt, Great Plains and Western states, Table 13.

In recent years weather conditions for the production of wheat have been more favorable in the Cornbelt and Western states than in the Great Plains. Any program based on total production such as the Carlson amendment would be prefered by the Cornbelt and Western states. With the shorter base these states would receive a larger portion of the national allotment.

If a domestic wheat allotment was derived from wheat actually entering into marketing channels the Great Plains and Western states' share of the national allotment would be increased as compared to the gross production (Table 13 and Fig. 2).

Reference to Table 13 shows the prospective income effects of the adjustments described earlier. While data are in bushels, they can be easily transposed to dollars by use of various assumptions

Table 13. Domestic and adjusted domestic allotment, total and per cent, for selected Cornbelt, Great Plains, and Western states for five and ten year averages, 1951-1955 and 1946-1955.[a]

State	5 year average		10 year average	
	Domestic allotment bu. (000)	Adjusted domestic allotment bu. (000)	Domestic allotment bu. (000)	Adjusted domestic allotment bu. (000)
Pennsylvania	8,531	4,740	8,057	4,266
Ohio	21,802	18,958	21,328	17,063
Indiana	16,115	15,167	14,693	13,271
Illinois	20,380	21,802	16,589	17,537
Michigan	15,167	13,271	13,271	10,901
Minnesota	6,635	6,635	7,583	6,635
Iowa	948	948	1,896	1,422
Missouri	16,115	14,693	13,271	11,375
Total	105,693	96,214	96,688	82,470
Per cent of U. S.	22.3	20.3	20.4	17.4
North Dakota	46,448	47,870	49,766	52,610
South Dakota	15,641	15,641	16,588	17,063
Nebraska	33,651	36,021	33,651	36,495
Kansas	77,730	83,417	81,512	89,105
Oklahoma	27,490	28,438	30,334	31,755
Texas	10,901	10,901	19,906	20,854
Colorado	15,641	16,115	17,063	18,484
Total	227,502	238,403	248,820	266,366
Per cent of U. S.	48.0	50.3	52.5	56.2
Montana	42,656	45,500	36,021	38,865
Idaho	18,958	18,958	16,589	16,589
Washington	32,229	35,073	30,334	33,177
Oregon	12,797	13,271	11,375	11,849
California	4,740	4,740	4,740	4,740
Total	111,380	117,542	99,059	105,220
Per cent of U. S.	23.5	24.8	20.9	22.2
Per cent accounted for U. S. total	93.8	95.4	93.8	95.8
	473,961	473,961	473,961	473,961

[a]Compiled from data in Table 12.

about the per-bushel value of a domestic allotment certificate. If that value were 50 cents per bushel, the Cornbelt states would prefer the ten-year domestic allotment to the ten-year adjusted domestic allotment because of the additional income of $7,109,000. The opposite would be true in the Great Plains and Western states where their income would be decreased by $9,273,000 and $3,080,000 respectively.

The Cornbelt, Great Plains, and Western states include only half of the wheat producing states but would receive approximately 94.5 per cent of the national allotment.

ESTIMATED PRODUCTION ABOVE THE TEN-YEAR ADJUSTED DOMESTIC ALLOTMENT

A comparison is made in Table 14 between the ten-year adjusted domestic allotment and the estimated total production from the 1958 acreage allotment to estimate the amount of wheat not affected by the national domestic allotment. Column 1 indicates the 1958 allotment as announced by the Secretary of Agriculture. The average yield of column 2 is derived from a ten year average, 1946 to 1955. Estimated production from the 1958 allotment, column 3, is the multiplication of column 1 by column 2, production from non-allotment wheat land not considered. The adjusted bushel allotment, column 4, is the same as column 4, Table 12. The method of computing was explained earlier. Column 5 is the difference between the estimated production of the 1958 allotment and adjusted domestic allotment.

As seen in column 5, most of the states' estimated production from the 1958 allotment would exceed the adjusted bushel allotment

by 50 per cent or more. The only exceptions are Illinois, Minnesota, Delaware, Idaho, Oregon, and California. Even these states have little effect on the total United States production estimated at 956,713,000 bushels. The difference, after deducting the adjusted bushel allotment of 473,961,000 bushels, is still over 50 per cent of the estimated production of 482,752,000 bushels.

The Domestic Parity Plan and Carlson Amendment recommend acreage allotments be continued. If acreage allotments are continued under present legislation, we can assume wheat production would be as indicated in Table 14.

The disposition of wheat in the adjusted bushel allotment, 473,961,000 bushels, is not a problem due to the relatively high inelastic demand for domestic wheat. The farmers would receive 100 per cent of parity for this portion of their production. The remaining portion, 482,752,000 bushels, would be divided among other markets.

There are principally three alternatives for disposing of lower priced wheat: livestock feed, export to other countries, and government storage. The level of price support of wheat and programs of related crops would determine the area into which the grain would be diverted.

Table 14. Comparison of ten-year adjusted domestic allotment and estimated 1958 wheat production as determined by ten year average, 1946-1955, for specified states.[a]

State	1958 Allotment acres (000)	Average yield per acre (bu.)	Estimated 1958 allotment production bu. (000)	Adjusted domestic allotment bu. (000)	Production above domestic allotment bu. (000)
New York	315.6	27.9	8,805	2,844	5,961
New Jersey	53.0	25.3	1,341	474	867
Pennsylvania	587.5	23.4	13,748	4,266	9,482
Ohio	1,553.2	24.8	38,519	17,063	21,456
Indiana	1,137.0	23.7	26,947	13,271	13,676
Illinois	1,386.7	23.5	32,587	17,537	15,050
Michigan	965.0	26.8	25,862	10,901	14,961
Wisconsin	48.9	24.3	1,188	*	1,188
Minnesota	729.9	17.0	12,408	6,635	5,773
Iowa	138.2	21.0	2,902	1,422	1,480
Missouri	1,273.6	21.6	27,510	11,375	16,135
North Dakota	7,310.0	12.5	91,375	52,610	38,765
South Dakota	2,736.2	11.4	31,193	17,063	14,130
Nebraska	3,228.3	20.3	65,534	36,495	29,039
Kansas	10,638.2	15.8	168,084	89,105	78,979
Delaware	35.4	20.2	715	474	241
Maryland	185.4	20.8	3,856	1,896	1,960
Virginia	259.4	20.6	5,344	1,896	3,448
West Virginia	40.4	20.3	820	*	820
North Carolina	282.8	18.6	5,260	1,896	3,364
South Carolina	132.7	16.8	2,229	948	1,281
Georgia	107.6	15.6	1,679	474	1,205
Kentucky	208.7	18.1	3,777	1,422	2,355
Tennessee	195.6	16.0	3,130	948	2,182
Alabama	23.2	18.0	418	*	418
Mississippi	16.3	22.4	365	*	365
Arkansas	49.3	17.4	858	*	858
Oklahoma	4,859.6	12.9	62,689	31,755	30,934
Texas	4,164.3	10.8	44,974	20,854	24,120

Table 14 (concl.)

State	1958 Allotment acres (000)	Average yield per acre (bu.)	Estimated 1958 allotment production bu. (000)	Adjusted domestic allotment bu. (000)	Production above domestic allotment bu. (000)
Montana	4,058.3	17.0	68,991	38,865	30,126
Idaho	1,152.7	27.8	32,045	16,589	15,456
Wyoming	291.6	18.2	5,307	2,370	2,937
Colorado	2,704.9	16.4	44,360	18,484	25,876
New Mexico	474.2	8.3	3,936	948	2,988
Arizona	21.4	25.1	537	*	537
Utah	316.1	20.3	6,417	2,370	4,047
Nevada	12.3	28.0	344	*	344
Washington	2,014.4	27.4	55,195	33,177	22,018
Oregon	816.4	26.3	21,471	11,849	9,622
California	445.0	19.0	8,455	4,740	3,715
United States	54,983.5	17.4	956,713	473,961	482,752

*No domestic allotment.
[a]Data compiled from Tables 6 and 13, and Crop Production, Annual Summary, 1957.

SUMMARY AND CONCLUSIONS

The change in the proportion of the national wheat allotment in most states has been small from 1938 to 1958. Almost complete stability was the rule from 1938 to 1942 and 1954 to 1958. In Kansas the wheat allotment by regions has been stable.

The Domestic Parity Plan approaches the problem of production control from the standpoint of output rather than input, as in acreage control.

The Carlson amendment proposed that states should share in the domestic allotment in proportion to total production for a five-year base. A producers group recommended states should share in the domestic allotment in proportion to a ten-year base.

The base elected for the domestic allotment plan is of interest to each state. A comparison of the five and ten-year plan for Kansas revealed an estimated additional $100 increase in income from the ten-year base.

Comparison of the five and ten-year proposals revealed regional effects. The Cornbelt and Western states would receive a larger portion of the domestic allotment under the five-year base as compared to the ten-year base. Under the five-year plan the Great Plains states would receive approximately 50 per cent of the national domestic allotment. The Cornbelt and Western states would each receive approximately 25 per cent.

Because of the insignificant effect upon the results, adjustments for abnormal weather were not made.

As each state does not market in the same proportion to pro-

duction, adjustments were made to determine each states' share of contribution to the market. All states were affected. The Great Plains and Western states would increase their share of the national domestic allotment and Cornbelt states would decrease.

Another comparison was made between the ten-year adjusted domestic allotment and the estimated total production from the 1958 acreage allotment to determine the amount of wheat not affected by the national domestic allotment. In most cases estimated production exceeded the domestic allotment by 100 per cent.

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ALTERNATIVE BASES FOR ALLOCATION OF WHEAT ALLOTMENTS

by

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The economic disturbance created by World War I and the depression of the 1920's and 1930's influenced the attitudes of farmers and the general public on the role of federal government in agriculture.

Since World War I various approaches have been made to control the production of wheat. The principal approach to production controls in the last 25 years has been the restriction of land.

An often suggested wheat program is Domestic Parity. The domestic parity plan for wheat would establish a bushel allotment based upon the estimated amount of wheat to be used domestically for food. The domestic marketing allotment would be apportioned among states on the basis of production history. Marketing certificates would be issued to farmers in proportion to their contribution to total production. The value of these certificates would be at a level which would return parity price to the farmers for their allotment.

A wheat committee recommended that total production be determined on a ten-year average and Senator Frank Carlson proposed total production be determined on a five-year average.

The purpose of this study was to determine what each state's allotment would be under the five-year and ten-year bases of production history and to make a comparison between these bases. A further comparison was made to determine how the Cornbelt, Great Plains and Western regions would be affected.

Another comparison arises from a question of the feasibility of allocating the right to market wheat for domestic food use on

the assumption that each state markets the same proportion of its production for that use. Not all wheat produced enters into the marketing channels as the results of leakages of varying proportions for other uses. The amount of wheat fed on the farm where grown and that sold to other farmers for livestock varies among the states. Secondly, differences in seeding rates and in yields cause the proportion of wheat production used for seed to vary. Another factor involved is the amount of wheat used on the farm where grown.

The procedure used was that of collecting data from the United States Department of Agriculture on wheat production by states and for the United States, 1946 to 1955. Since each state is to share in the domestic allotment in proportion to contribution, percentage of contribution was computed. This percentage times the estimated national domestic allotment gave the domestic allotment for each state. The estimated national domestic allotment was determined by the average domestic human consumption from 1951 to 1955.

Adjustments in total production for wheat fed on the farm where grown, seed, and home use were obtained from the same source as the history of production. These adjustments were deducted from total production to determine each state's net marketing production.

In a comparison of the five and ten-year bases by regions, the Cornbelt and Western states would increase their share of the national domestic allotment in the five-year period by 1.9 and 2.6 per cent respectively. The Great Plains states would decrease by 4.5 per cent.

With adjustments, the Great Plains states would increase their

share of the national domestic allotment by 2.3 and 3.7 per cent for five and ten-year bases respectively. The Western states would increase by 1.3 per cent in both the five and ten-year period. Cornbelt states would decrease 2.0 per cent under the five-year base and 3.0 per cent under the ten-year base.

Because of the insignificant effect upon the results, adjustments for abnormal weather were not made.