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Ralph H. Cole

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THE FOOD AND AGRICULTURE ACT OF 1965

By Ralph H. Cole
Professor of Agricultural Education

On October 12, 1965 the United States Senate approved the conference report on H.R. 9811, "The Food and Agriculture Act of 1965." When the President signs the bill it will become law, and will be the first four-year general farm bill passed in the history of the country.

The enactment of this legislation has come at a very late date and there is urgent demand by farmers, ASCS personnel, Extension Service personnel, and others interested in agriculture, for information concerning the provisions of the new program. Numerous administrative decisions required of the Secretary of Agriculture have not yet been made. Hence the information available is limited mainly to provisions of the new law. This statement will be concerned with the areas of particular interest to Nebraska farmers, namely:

(1) Feed Grains
(2) Wheat
(3) Cropland Adjustment Program

Title III -- Feed Grains

This title continues the voluntary feed grain program for four more years (1966 through 1969 crops). It provides, as in the past, for price-support loans and in-kind payments to program participants. In keeping the price support range at 65 to 90 percent of parity for corn (with comparable levels for grain sorghum, barley, oats, and rye) it provides the basis for support prices around levels of recent years. By diverting acreage from feed grain production to conservation uses, participants would receive payments-in-kind to maintain income. Provisions include:

1. Corn and grain sorghum barley also, if designated by the Secretary; Oats and rye also may be included but only when wheat is produced on an oat-rye base under the substitution privilege. Participants may be authorized to grow soybeans in place of feed grains and receive feed grain price-support payments on that acreage.

2. Malting barley may be exempted from diversion requirements as in the past.

3. A producer becomes eligible for price support by diverting a specified part of his base acreage. (In previous programs, this has been 20 percent of the base.)

4. Price support will be extended through loans and payments. Price support for corn will be at 65 to 90 percent of parity and at comparable levels for grain sorghum, barley, oats, and rye.
5. The total production from the permitted acres will be eligible for price-support loans. Price-support payments based on projected yields would be made to participants on such part of their base as is necessary to make the program effective. Projected yields established for each farm for computing program benefits will be indicative of the yield per acre expected for each farm using current cultural practices and normal weather conditions.

6. Payments for acreage diverted from feed grain to conservation uses may be up to 50 percent of the total county price-support rate (loan plus price-support payment) multiplied by the farm projected yield.

7. Under certain conditions, the diverted acreage could be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, and flax at reduced payment rates.

8. Producers could substitute wheat on their feed grain acreages and feed grain on their wheat acreages as under the 1965 program if authorized by the Secretary.

9. Up to 50 percent of the estimated diversion payments could be made at time of sign-up.

10. The provision that the established base acreage of conserving crops on the farm must be maintained, is continued.

11. The existing authority for minimum resale prices of CCC-owned feed grains is continued.

12. For purposes of price-support payments, participants who plant at least 90 percent of their permitted acreage of feed grains will be considered as having planted their entire permitted acreage.

Major changes from 1965:

1. Price-support payments-in-kind can be varied and made only on a part of the acres planted for harvest.

2. The secretary may permit producers to substitute soybeans for feed grains on their permitted feed grain acreage (but not on diverted acreage) and still earn feed grain price-support payments.

3. The yields on which diversion and price-support payments are computed shall be expected yields on the particular farm rather than the historical 5-year average.

4. In computing price support payments, participants who plant at least 90 percent of their permitted acreage of feed grains will be considered as having planted their entire permitted acreage.

5. Barley is to be included only if designated by the Secretary.

Title V -- Wheat

This title improves and continues for four years (1966 through 1969 crops) the voluntary wheat certificate program. Provisions are:
1. Marketing quotas are suspended while the program is in effect.

2. Beginning in 1967, computation of State, county and farm wheat allotments is simplified. Each will be computed on the basis of the preceding year's allotment instead of on the basis of 5- and 10-year history. It will not significantly change the present acreage relationships between States, counties, and farms, and will reflect the increases made in small farm allotments under existing law. For 1966, State, county and farm allotments are computed under the law existing before passage of the law and will remain in effect.

3. Projected yields established for each farm for computing program benefits will be indicative of the yield per acre expected for each farm using current cultural practices and normal weather conditions.

4. Producers become eligible for price support by planting within their wheat allotments on all farms in which they have an interest, maintaining on participating farms the normal acreage of conserving crops, and devoting to conservation uses the acreages they divert from wheat.

5. Diversion payments are authorized on additional voluntary diversion up to the larger of (a) 50 percent of the farm allotment or (b) sufficient acreage to bring the total diverted acreage up to 25 acres. The payment rate would be not more than 50 percent of the county loan rate times the farm projected yield.

6. Domestic marketing certificates will be issued to producers to cover estimated domestic food use but not less than 500 million bushels a year.

7. Wheat with domestic certificates will be supported at 100 percent of parity, or as near thereto as practicable. For 1966, wheat accompanied by domestic certificates will be supported at 100 percent of parity.

8. Wheat not accompanied by certificates will be supported through loans at a level based on competitive world prices and the feeding value of wheat in relation to feed grains. For 1966, the national average price-support loan level will not be less than $1.25 per bushel.

9. The price of domestic certificates sold by Commodity Credit Corporation to domestic food processors of wheat will be the difference between the national average loan level and $2.00 a bushel.

10. Authority for export certificates is continued. Exporters will be required to purchase export certificates, and the cost of such certificates to exporters will be determined daily. At the end of the marketing year, the proceeds from export certificates, minus export subsidy costs, will be distributed to eligible producers on a pro-rata basis.

11. Producers can plant feed grains on their wheat allotments and wheat on their feed grain permitted acres as in 1965, if they so desire. Wheat can also be planted on oat-rye base acreage, however, an adjustment may be made to allow for the difference in feed units produced per acre.

12. Minimum price of CCC wheat for resale is not changed.

13. Authority is included to exempt flour second clears not used for human consumption from the marketing certificate requirement.

14. Provision is included to give the same program benefits to producers who are prevented from planting wheat because of natural disasters as they would have received if they had planted, provided the land is not planted to any other income-producing crop.
15. Authority is given, under certain conditions, to allow planting of additional diverted acreage to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, flax, crambe, and plantago ovato at reduced payment rates.

16. Producers who have planted not less than 90 percent of the wheat acreage needed in order to earn the full amount of certificates will be considered as having planted the necessary number of acres.

17. Authority is given to adjust or withhold certificates on farms where undesirable wheat varieties are planted.

Major changes from 1965:

1. Wheat for domestic food use will be supported at 100 percent of parity, or as near thereto as possible. It is believed that this should result in a blended national average price to producers of approximately $1.34 per bushel.

2. The minimum number of domestic certificates will be 500 million. There was no minimum in 1965.

3. Diversion payments may be made on additional voluntary diversion up to 50% of the farm allotment or 25 acres, whichever is larger. In 1965 the maximum was 20% or 15 acres.

4. State, county, and farm allotments, beginning in 1967, will be based on the previous years allotment rather than historical averages.

5. Projected yields will be established for each farm. These yields will be the yield per acre expected for each farm based upon current cultural practices and normal weather.

6. Under his power to proclaim a national allotment for each crop of wheat, the Secretary has established a figure of 47,800,000 acres for 1966, which is a little more than 3 percent below the 1965 allotment. Due to late enactment of this legislation the sign-up for the Wheat Program will be held in February-March at the same time as the sign-up for the Feed Grain Program.

Title VI -- Cropland Adjustment Program

This title provides for long-term diversion of land currently being used for the production of surplus crops to protective conservation uses. This would be for the immediate and long-term benefit of all citizens. It brings about economically desirable changes in land uses as well as expansion of recreation resources and wildlife habitat, reduction of stream siltation, increasing reforestation, and improvement of the scenic state of the countryside. It also helps achieve needed crop production adjustments at lower costs to the public. Provisions are:

1. Contracts can be entered into with producers during the period 1965 through 1969. This would permit sign-ups to start in the fall of 1965.

2. The period covered by any contract can be not less than 5 years nor more than 10 years.

3. Contracts beginning in 1966 will be made with farmers who have an allotment or base acreage of one of the crops designated by the Secretary and who agree to place the entire acreage of one of these crops in the program for the duration of the contract. Provision is made authorizing the establishment of a minimum acreage adjustment needed to participate in contracts which begin after 1966.
4. For diverting cropland to approved use, producers will receive adjustment payments and will be eligible to receive cost-share payments for establishing approved uses.

5. Grazing or cutting hay from land diverted from crops under the program would be prohibited except in the case of severe drought, flood, or other natural disaster and then only with appropriate reduction in rental payments.

6. The adjustment payments can be made in annual payments, a lump sum, or in other installments. Payments in advance of performance will be discounted at the rate of 5 percent per year.

7. The total acreage of land and the total acreage of any allotment or base crop placed under contract in any county or community will be limited to assure that the local economy is not adversely affected.

8. The Secretary is authorized to transfer funds, appropriated for carrying out the program, to any other Federal agency or to States or local governmental agencies for use in acquiring cropland to be permanently retired from crops to the preservation of open spaces and natural beauty, the development of wildlife and recreational facilities and the prevention of air and water pollution, at costs not greater than those under agreements entered into with producers.

9. The Secretary is authorized to share the cost with State and local governmental agencies in the establishment on cropland of practices and uses which will establish, protect, and conserve open spaces, natural beauty, wildlife and recreational resources and prevent air and water pollution, at costs consistent with those under agreements with producers.

10. No land can be brought into the program on which ownership has changed during the three year period preceding the first year of the contract. Exceptions are land changing ownership by will or succession or where the person who will control the land under the program also operated and controlled it in the three preceding years.

11. The annual payments on retired land may be increased by appropriate amounts if the owner agrees to permit access to the land without charge by the general public for hunting, trapping, fishing or hiking under applicable State and Federal regulations.

12. There is a limitation on the size of the program. Agreements signed in any fiscal year may not cause additional annual payments in excess of million in any calendar year.

13. Crop acreage and allotment history will be protected under the program. Another provision in this section of the law will authorize the Secretary to provide uniform protection of crop acreage and allotment history for land diverted to conservation uses.

14. The program will be administered by the ASCS farmer committee system.

Changes from previous legislation.

This legislation will fill a void in the effort to get a comprehensive shift of farm acreage from the production of crops to new uses to fill the land requirements of our changing economy.
It draws upon the experience of past programs and seeks to incorporate their best features. It will safeguard rural communities by limiting the amount of land in an area that could be retired under the program.