

AN ANALYSIS OF OHIO WHEAT GROWERS' VIEWS AND RESPONSES
IN 1956 TO FEDERAL AGRICULTURAL POLICIES

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Mimeograph Bulletin No. A.E 270

Ohio State University
and
Ohio Agricultural Experiment Station

Columbus, Ohio
December, 1956

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SUMMARY

Effect of Government Programs on Prices and Income

1. Ohio Wheat growers interviewed differ in their opinions regarding the effect of the government wheat program on their personal farm income.

Thirty per cent of the wheat growers interviewed believe the government wheat program has increased their income, 26 per cent think it has decreased their income, 19 per cent say it has had little or no effect while 25 per cent said they didn't know what effect it has had.

2. Wheat growers interviewed stated by a majority of two to one that they would rather have the government stay out of wheat production and marketing than have the present system of acreage allotments and marketing quotas.
3. The group preferring the present government program were younger in age than those choosing a "supply and demand" market free of government control.

The younger group had an average age of 46.2 years while the older group averaged 50.7 years.

4. About two-thirds of those interviewed think wheat prices would be lower if government price supports and production controls were discontinued.

Sixty-nine per cent expect lower prices, fifteen per cent don't think there would be any change while four per cent think prices would increase.

5. The group preferring the present government wheat program expect wheat prices to be lower (average \$1.07 per bushel) without government price supports and production controls than the group who favor discontinuing these programs (average \$1.55 per bushel).
6. Not as many of the wheat growers interviewed expect lower corn prices without government price supports as expect wheat prices to be lower.

6. (Con't)

Sixty-nine per cent expect lower wheat prices while 50 per cent expect lower corn prices.

Effect of Government Wheat Program on Production

7. About two-thirds of all growers interviewed would increase wheat acreage if production controls on wheat were discontinued and no major changes occurred in farm prices. However, in Southeastern Ohio, two-thirds would not change wheat acreage plans.
8. Most growers interviewed said they are unlikely to change wheat acreage because higher or lower wheat prices are expected.

If production controls were discontinued and the normal wheat acreage once again raised, 71 percent would not change acreage if the anticipated wheat price for a coming year were expected to either decrease from \$1.80 to \$1.20 per bushel or increase from \$1.80 to \$2.50.

9. Wheat growers interviewed who plan to change acreage plans in response to expected prices have larger wheat allotments than those not planning to change acreage.

Growers not changing acreage had an average allotment of 15.5 acres while those indicating they would change had an average allotment of 26.3 acres.

10. Most of the wheat producers interviewed do not plan to change the amount of fertilizer applied on wheat in response to expected changes in wheat price.

Eighty-six per cent would not change wheat fertilization if the expected wheat price declined from \$1.80 to \$1.20 per bushel. Seventy-six per cent would not change if the expected price increased from \$1.80 to \$2.50 per bushel.

11. Wheat growers interviewed are divided in opinion regarding the ability or willingness of farmers to voluntarily restrict wheat acreage in lieu of government production controls.

Forty-four percent do not think farmers would voluntarily

11. (Cont'd)
restrict acreage while 42 per cent believe farmers would.
Fourteen per cent replied "don't know."

Wheat Allotments Under 15 Acres

12. Sixty-eight percent of the wheat producers interviewed had one or more allotments of less than 15 acres. Compliance with allotments under 15 acres was less in 1956 than in 1955.

Fifty-three per cent of the growers interviewed complied in 1955, while 41 per cent did in 1956.

13. Fifty-five per cent of the growers interviewed having only allotments of less than 15 acres, overplanted their allotments a total acreage equal to approximately 8 per cent of the total acreage of all growers interviewed. Other small allotment growers underplanted enough so that as a group, all growers with allotments under 15 acres overplanted an acreage equal to four per cent of the acreage of all growers.
14. Reasons given by wheat growers interviewed for not complying with allotments of less than fifteen acres were (1) allotment did not fit rotation (2) objected to splitting fields (3) feed wheat -- not interested in loan (4) need wheat as a nurse crop (5) allotment too small to bother with loan and satisfied with market price.

Loans on 1955 Wheat Crop

15. More of the wheat growers interviewed in Northwest and Central Ohio obtained a loan on their 1955 wheat crop than in Southeastern Ohio.
- Twenty-eight per cent in the Northwest area obtained a loan as did 22 per cent in the Central area while only 2 per cent did in the Southeast.
16. Average size allotment of those obtaining a loan was 35 acres compared to 15 acres for those who did not.
17. Reasons why eligible producers interviewed did not obtain a loan were (1) feed wheat (2) "bother" of getting a loan (3) disapprove of loan program (4) don't "need" loan (5) no convenient storage

17. (Cont'd)
available (6) satisfied with market price and (7) custom -- have never obtained a loan.

Wheat Acreage Reserve

18. Fifty-three per cent of the wheat producers interviewed thought the proposed soil bank would not make any change in their farm income. Twelve per cent thought it would increase income while 5 per cent said income would be reduced.
19. If required to participate the acreage reserve program for three or four years, 22 per cent said they would make no changes in their farm organization. Twenty-one per cent said they would work off the farm more, 14 per cent would rent more land (if possible), 8 per cent would increase livestock while 15 per cent would decrease livestock, and 16 per cent would buy less machinery.
20. Wheat growers indicating a willingness to put part of their wheat allotment in an acreage reserve had larger allotments (17.5 acres) than those willing to put either all of their allotment in the reserve or none at all (29.9 acres).
21. Producers indicating a willingness to participate in a wheat acreage reserve expected higher wheat yields on their farm than the group not willing to participate.

Producers willing to participate said they expected an acreage yield which was 6.0 bushels per acres above the county average compared to 2.9 bushels per acre of those not willing to participate.

22. Sixty-five per cent of the wheat growers indicating they might participate in the wheat acreage reserve stated they would do so because the government payment would give more net return. Ten percent mentioned that the program would enable them to build up

22. (Cont'd)
soil fertility. (The remaining 25 percent gave miscellaneous reasons.)
23. Reasons given for not intending to participate in the acreage reserve were: (25%) don't believe in the program, (17%) can realize more net return by raising wheat, (23%) allotment and/or farm too small, (22%) would either disrupt rotation or require splitting fields, (2%) need wheat as a nurse crop while the other 11 percent didn't know or gave some other reason.

Low Income Farms

24. Sixty-seven per cent of the growers interviewed favor a special government program for low income farmers. Twenty per cent oppose government action while 13% replied "don't know."
25. Regarding the type of government program desired for low income farmers, 58% of those answering advised helping to improve and enlarge the farms, while 54% favored encouraging the low income group to seek non-farm employment. Only 12 per cent favored an income subsidy.

AN ANALYSIS OF OHIO WHEAT GROWER'S VIEWS AND RESPONSES TO
FEDERAL AGRICULTURAL POLICIES

This study is an analysis of the attitudes and responses of Ohio wheat producers to certain government farm policies. Special emphasis has been placed on wheat price and production policies. An attempt has been made to determine what effects past government price and production controls have had on farm income, organization and planning. A survey of opinion concerning some alternative programs gives some indication of their acceptability to Ohio wheat growers.

The purposes of this report is to contribute to an analysis of present and past agricultural policy as it affects Ohio farmers and to aid in the formulation of future governmental policies regarding agriculture. Effects of present programs as reported by the individual most directly concerned, the farmer, are discussed. Part of the study concerns the importance of price and other economic factors in farmer's decision making.

Description of Method

Wheat is a product which is largely marketed as a cash crop in Ohio. Its production and marketing have been of more concern to agricultural policy makers in recent years than any other Ohio farm product. Farmers have had considerable experience with government wheat programs and as a result producer's attitude and responses are more easily determined and analyzed.

To obtain Ohio wheat grower's views, a personal contact survey was conducted during March and April, 1956. Due to the expense involved in this method, it was necessary to limit the sample to approximately one-tenth of one percent of the 147,032^{1/} farmers having wheat allotments

1/ Ohio Agricultural Conservation and Stabilization Committee

in Ohio. Ohio was divided into three districts as shown by the map on the next page. Farms within the districts were selected at random and statistical tests indicate the sample is reliable.

Table I

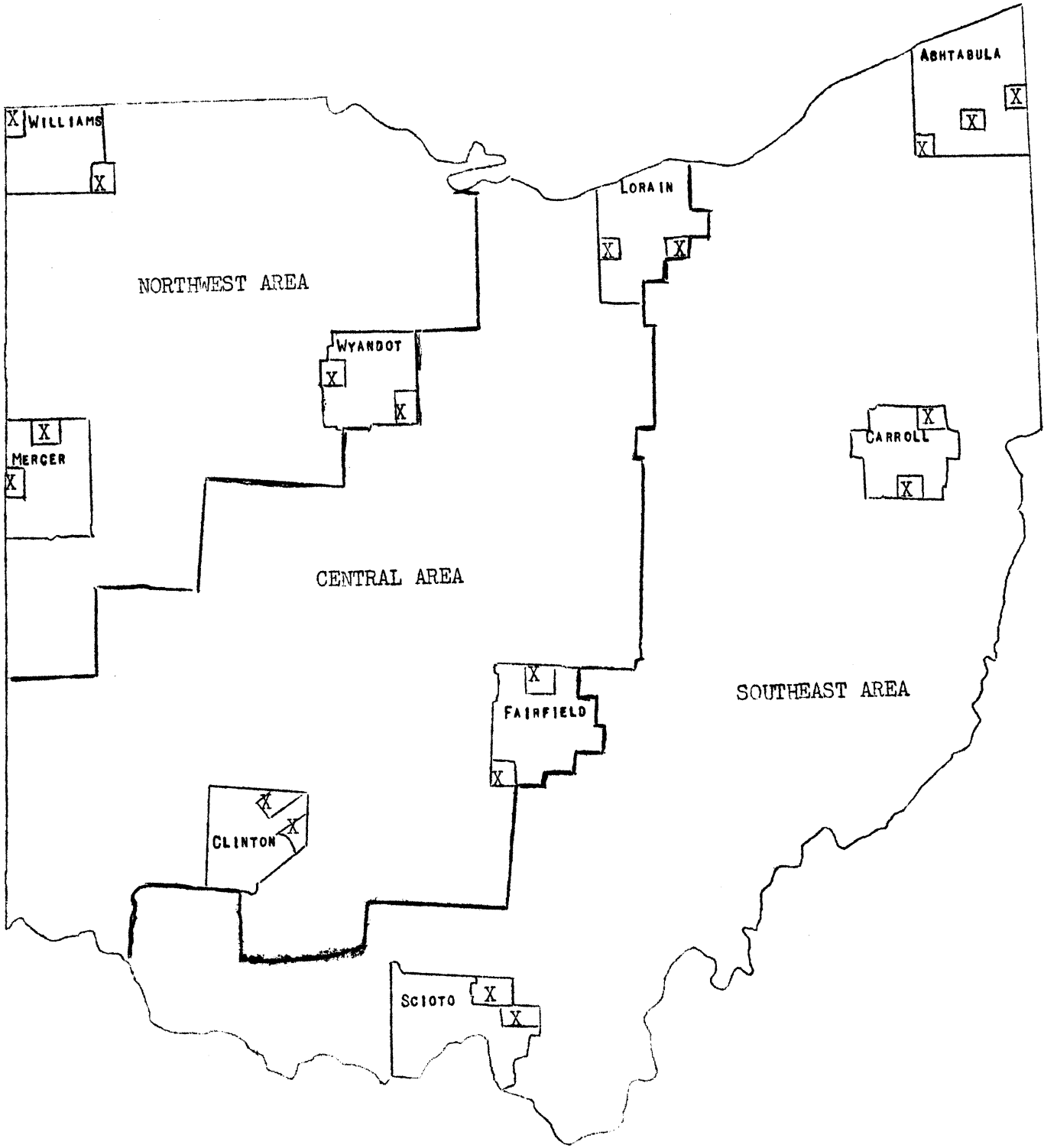
Number of Farmers From Which Interviews Were Obtained,
By Area, Counties and Townships, Ohio, 1956

Area, County and Township	Number of Farmers
Northwest Area	
Williams (Northwest, Springfield)	18
Mercer (Dublin, Washington)	15
Wyandot (Richland, Antrim)	18
Area Total	<u>51</u>
Central Area	
Lorain (Camden, Grafton)	17
Fairfield (Clear Creek, Liberty)	20
Clinton (Wilson, Wayne)	15
Area Total	<u>52</u>
Southeast Area	
Ashtabula (Windsor, New Lyme, Richmond)	25
Carroll (East, Perry)	19
Scioto (Madison, Bloom)	11
Area Total	<u>55</u>
TOTAL	158

Since the survey was limited to farmers who were either growing wheat in 1956 or who had grown wheat in the previous three years and were temporarily not raising wheat, the sample cannot be expected to and does not represent a true cross section of all Ohio farmers. It does represent those Ohio farmers raising wheat.

There is a lack of representation of farms consisting of less than 30 acres. This is apparently due to the fact that many small farms, especially in the eastern and southeastern part of the state, do not include wheat in the rotation.

OHIO



X Townships Surveyed

CHANGES MADE IN PRODUCTION IN RESPONSE TO PRICE CHANGES

Effect of Change in Wheat Price Upon Fertilization Plans for Wheat

Wheat growers interviewed were asked what their fertilizer application on wheat would be (1) if the price declined to \$1.20 per bushel and (2) if the price increased to \$2.50 per bushel. The answers were compared with their present fertilization program and the following results obtained.

Table II

Change Intended in Fertilizer Application if Wheat Price Changed from Expected \$1.80 Per Bushel to Expected \$1.20 or \$2.50 Per Bushel, 154 Ohio Farmers, 1956

Fertilizer Application	\$1.20 Per Bushel	\$2.50 Per Bushel
	(Pct. of Farmers)	(Pct. of Farmers)
Would Increase	1	22
Would Remain Same	86	76
Would Decrease	12	1
Don't Know	1	1
Total Percent	100	100

In the event of a price drop to \$1.20 per bushel, 86 percent replied that no change would be made in the amount or analysis of commercial fertilizer used. Twelve percent indicated they would probably use less fertilizer. If wheat prices increased to about \$2.50 per bushel, 76 percent replied that no change would be made and 22 percent said they would use more fertilizer.

Fertilizer applications on wheat are often determined partially by the requirements of the following meadow crop. This appears to be especially true in the Southeastern area of the state where wheat is relatively more important as a winter cover and nurse crop.

Effect of Expected Price Changes on Wheat Acreage Plans

What effect does a change in the price of wheat expected at harvest time have on a producer's acreage plans for next year's crop? One theory of our economic system is that market price is the primary determinant of resource use and, therefore, price changes result in production adjustments. However, the permanency of such changes is a factor and time for making the adjustments must also be considered. Wheat is regarded as being relatively inelastic in supply and price fluctuations from year to year may result in only slight changes in production.

In this survey farmers were questioned to determine what changes in acreage plans they might make if a price change was expected for next year's crop. Producer's reaction to changes in the expected price has certain implications in agricultural policy. A government program using forward pricing is based partly on the idea that farmers would adjust production if the future price of a commodity were known while production plans were being formulated.

Producers interviewed were asked how many acres of wheat would be seeded if the expected price: (1) decreased from \$1.80 per bushel to \$1.20 per bushel or (2) increased from \$1.80 per bushel to \$2.50 per bushel.^{1/} The individual answering was to assume that no government production controls would be in effect and other farm prices would make no major changes. Their answer was compared with the acreage intended if the expected price would be \$1.80 per bushel.

Table III shows that of the producers interviewed, 71 percent replied they would not change their acreage plans as a result of the given price changes. Twenty-two percent indicated their wheat acreage would probably

^{1/} It should be noted that interviewers emphasized that the prices could be definitely expected. Such certainty could probably be obtained only through public regulation of prices. It is doubtful if present economic outlook information would be acted upon by farmers to the degree indicated above.

be decreased if the expected price decreased to \$1.20 per bushel.

Thirteen percent indicated an increase in acreage plans if the expected price increased to \$2.50 per bushel.

Table III

Effect of Change in Anticipated Wheat Prices Upon Wheat
Acreage Plans, with Average Size of 1956
Allotments, 154 Ohio Farmers, 1956^{a/}

Wheat Acreage	Percent Answering	Average Size 1956 Allotments (acres)
Same at \$1.20, \$1.80, \$2.50 Per Bushel	71	15.5
Decrease if Price Decreased	22	26.1
Increase if Price Increased	13	26.6
Increase if Price Decreased	1	12.5
Don't Know	1	--

^{a/} Total is greater than 100 percent due to eight percent who would change acreage if price increased or decreased.

It should be noted that the data in Table III shows the percentage of producers who would make production adjustments and is not the percentage change in acreage^{1/}, but it does show that the average size of the 1956 wheat allotment varies between the groups showing different responses to price changes. Individuals who would not change acreage plans when expected prices change had an average 1956 wheat allotment of 15.5 acres. The group who would decrease acreage plans if the price declined had an average allotment of 26.1 acres. The group who would increase acreage plans if prices increased had an average allotment of 26.6 acres.

The above information indicates that individuals with larger allotments tend to respond more to price changes in determining wheat acreage

^{1/} For percentage change in acreage, see Table IV.

plans. Perhaps those having a smaller acreage consider wheat for purposes other than income such as its importance in the rotation and farm organization. It was observed during the interviewing that part-time farmers were interested in raising wheat because it helped distribute the work load over a greater part of the year.

The real importance of producers making changes in production in response to price changes is the effect on the change in total supply. The data in Table III shows only the number of producers making changes in their acreage plans and does not indicate the total change in acreage plans resulting from changes in expected prices. Table IV shows the total acreage change in acreage plans.

Table IV

Wheat Acreage Increase or Decrease Expected in Response to An
Expected Wheat Price Increase of \$1.80 to \$2.50 Per Bushel
or an Expected Wheat Price Decline of \$1.80 to \$1.20
Per Bushel, 154 Ohio Farmers, by Geographic Areas
of Ohio, 1956

Area	Decline from \$1.80 to \$1.20 Per Bushel		Increase from \$1.80 to \$2.50 Per Bushel	
	Acres Decreased	Percent	Acres Increased	Percent
Northwest	284	20	126	9
Central	98	7	37	2
Southeast	89	15	202 ^{a/}	33
Total and Average	471	13	365	10

^{a/} One farmer reported he would increase his acreage from 50 acres to 150 acres.

When the expected price increased from \$1.80 to \$2.50 per bushel, acreage plans of all growers interviewed increased 10 percent. This compares to a 13 percent decrease in acreage^{1/} plans when the expected price decreases from \$1.80 to \$1.20 per bushel.

The relationship between the above acreage changes in response to price changes shows that a one percent increase in price would cause .26 percent average increase in acreage, while a one percent decrease in price gives an average decrease in acreage of .40 percent.

The fact that wheat acreage changes at a slower rate than the price change motivating the acreage change reduces the effectiveness of price in controlling wheat production. This is particularly true in year to year price fluctuations.

Willingness or Ability of Wheat Growers
To Voluntarily Control Production

An alternative to government production controls is voluntary cooperative action by individual wheat growers. This brings forth the question that if producers were aware of wheat supplies and probable production plans for a coming year, could (or would) individual production plans be adjusted to avoid large, price-depressing supplies of wheat.

Producers have little control over yields although acreage could be varied by them from year to year. Would it be possible for farmers to voluntarily adjust acreage plans if information concerning probable market conditions is known by farmers?^{2/}

^{1/} It should be noted that acreage is not the sole determinant of total wheat production but that fertilizer, fertility of land and other management practices can change when prices vary. See Table II for the change in fertilizer applications in response to price changes.

^{2/} Of course, any practical attempt in instituting this type of program would be limited by the inability to forecast many of the factors involved in production and consumption of wheat.

Farmers' willingness and/or ability to cooperate voluntarily is a major ¹⁴ factor.

To determine if individuals interviewed thought other producers would cooperate in such a plan, the following question was asked:

"If the government dropped its wheat program, do you think farmers would voluntarily decrease their production (acreage) of wheat so that wheat prices would be in line with other farm prices in the next three or four years?"

Of the 151 producers answering this question, 42 percent believed farmers would voluntarily reduce their acreage, 44 percent did not think they would and 14 percent replied "don't know." It should be noted that people answering this question tended to confuse such acreage adjustments with those expected if wheat prices declined drastically in comparison with other farm crops.^{1/}

Farmers' opinions regarding the production responses of his contemporaries could logically be a factor in the type of government program preferred. Table V indicates such a relationship exists.

Table V shows that of the group favoring a government program of \$1.80 per bushel, price supports and marketing quotas, 25 percent thought wheat growers would voluntarily reduce acreage to maintain wheat prices at a level comparable with other farm prices. This compares to 59 percent of the group opposing government price supports and production controls.

There are two possible interpretations of this data. The first would be that the group opposing government programs believes farmers individually

^{1/} Personal observation would suggest that the opinion of those interviewed would have farmers making greater acreage adjustments if lower prices were actually experienced. However, if the opinion regarding what others would do is any reflection of what the individual intended to do, it is not supported by the facts in Table III.

are able and willing to cooperatively adjust production plans in an effort to avoid a price depressing supply. Such an opinion could be at least a partial cause for opposing government action.

TABLE V

Opinion Regarding Farmers' Willingness to Voluntarily Cut Wheat Acreage to Maintain Price, By Choice of Government Wheat Program, 151 Ohio Wheat Producers, 1956^{a/}

Type of Program	Would Reduce Acreage (Pct.)	Would Not Reduce Acreage (Pct.)	Don't Know (Pct.)	Number Responses
Quotas, \$1.80 support	25	65	10	40
Allotment only, \$1.20 support	18	55	27	11
No Allotment, Quota or Support	59	28	13	85
Total and Average	45	41	14	136

^{a/} It should be noted that in the collection of the data in this table there was a tendency of the people being interviewed to confuse acreage reductions that farmers would make after prices decline as a result of a minor oversupply.

However, in view of the non-economic influences surrounding government action plus the additional costs of such programs to the individual, there is one other explanation of this data. An individual may oppose the government programs for any number of reasons other than the one listed above. It is very possible for an individual's dislike which is caused by these other factors to be generalized and expanded. As a result, any cause or factor not previously associated might be evaluated in a way to further support the original objection. This type of reasoning or association of cause and effect is referred to as the "halo effect".

EFFECT OF GOVERNMENT PROGRAMS ON PRODUCTION

Changes In Wheat Acreage If Acreage Allotments Removed

Wheat growers surveyed were questioned to determine to what extent the present production restrictions were preventing the growing of what they personally considered a normal or preferred wheat acreage on their farm. To accomplish this, each grower was asked how many acres he would seed for the next season's harvest if all production restrictions were removed and a price of approximately \$1.80 per bushel could be expected at harvest time.

TABLE VI

Expected Change in Wheat Acreage Over 1956 Acreage With Production Controls Removed and An Anticipated Market Price of \$1.80 Per Bushel, 151 Ohio Wheat Producers, 1956

Area	Less ^{a/}	Same	More				Total Responses
			Percent increase over 1956				
			0-29	30-59	60-89	90-119 ^{b/}	
	(Pct.)	(Pct.)	(Pct.)	(Pct.)	(Pct.)	(Pct.)	
Northwest	2	20	27	35	10	6	49
Central	2	23	21	29	15	10	48
Southeast	4	67	6	11	6	6	54
Total and Average	3	38	17	25	10	7	151

^{a/} Two of the four wheat producers stating they planned to decrease wheat acreage were planning to convert to grassland farming.

^{b/} Most wheat producers in this group did not seed their usual acreage of wheat which their allotment entitled them to raise in 1956 due to adverse weather conditions.

It should be noted in Table VI that in the Southeast area of the state 67 percent of those replying would seed the same acreage of wheat

as in 1956 if allotments were discontinued. This compares with 20 percent in the Northwest area and 23 percent in the Central area.

The average allotment of the group interviewed in Southeastern Ohio was 5.3 acres which compares to an average of 21 acres in the other two areas of the state. As producers having allotments under 15 acres are permitted to overplant their allotment providing they do not exceed 15 acres, the present program does not necessitate a reduction in their wheat acreage. By contrast, farmers with allotments of over 15 acres are virtually compelled to restrict their wheat acres to their allotted acres. Thus, more of the farmers in Southeast Ohio have had the freedom of raising their desired acreage of wheat and would be less prone to increase their acreage following removal of the production restrictions.

TABLE VII

Average Size of 1956 Wheat Allotment by Area in State,
148 Ohio Wheat Producers, 1956

Area	Size	Number Responses
Northwest	21.1 acres	51
Central	21.0 acres	49
Southeast	5.3 acres	48
Total and Average	18.9 acres	148

Compliance With Acreage Allotments

The federal law authorizing price supports for wheat makes provisions for commercial wheat growers to indicate by referendum vote the degree of control over production and level of price supports preferred. The first of two alternatives is a program of acreage allotments and support prices at a relatively lower percent of parity with the penalty for overplanting

Of the wheat growers interviewed having 1956 allotments of 15 acres or less, Table VIII shows that 41% complied with the allotment while 56% did not. It should be noted the Southeast area's compliance was 55% compared to the Northwest area's 36% and Central area's 28%.

Table VIII also compares 1956 compliance with 1955. Of the growers interviewed who had one or more allotments under 15 acres in 1955, 53% complied while 44% didn't. Compliance of the group interviewed was less in 1956 than in 1955.

Reasons for Complying or Not Complying With Wheat
Allotments of Less Than Fifteen Acres

It appears that compliance with allotments of less than fifteen acres is not effected to any great degree by the opportunity to obtain a loan or purchase agreement. Of the group complying, 24 percent indicated they did so to be eligible for a government loan. Thirty-nine percent stated the allotment fitted their rotations for that particular year and nine percent said the allotment fitted the size of field which was seeded to wheat.

The importance of rotation and field size should be noted in the reasons given by the group which did not comply with their allotments of less than fifteen acres. Twenty-nine percent stated they did not comply because the allotment did not fit their rotation. Twenty-four percent said the allotment was smaller than the field in which they raised wheat and did not wish to split the field. Fifteen percent said they exceeded their allotment in order to seed a legume or grass in a particular field.

Eighteen percent indicated no interest in obtaining a loan because they feed most or all of the wheat grown and, therefore, had no reason to comply. Nine percent said their allotment was too small to be worth obtaining a loan and five percent stated they believed the market price was too near the loan price for a loan to be worthwhile.

TABLE IX

Reasons for Complying With 1956 Wheat Allotments of
Less Than Fifteen Acres, 38 Ohio Wheat
Producers, 1956

Reason	Percent
Allotment Coincided With Rotation	39
To Obtain Advantage of Loan	24
Allotment Coincided with Field Size	9
To Cooperate With Policy Makers	5
Other	18
Don't Know	5
Total	100

TABLE X

Reasons for Not Complying With 1956 Wheat Allotments
of Less Than Fifteen Acres, 58 Ohio
Wheat Producers, 1956

Reason	Percent
Allotment Did Not Fit Rotation	29
Did Not Want to Split Fields	24
Feed Wheat, Not Interested In Loan	18
Need Wheat as a Nurse Crop	15
Allotment Too Small to Bother With Loan	9
Satisfied With Market Price	5
Total	100

Non-Compliance With Allotments-Its Effect on Total Production

It was noted earlier that over two-thirds of the wheat growers interviewed had one or more allotments of less than 15 acres. Since these allotments could be exceeded, it was possible for this group (hereafter referred to as the small allotment group) to exceed its allotted acreage. What is the effect of the small allotment group's overplanting, if any, upon total wheat production? We are able to make a brief analysis here by comparing acreage planted with allotted acreage.

Of the small allotment producers having only allotments of less than 15 acres, $\frac{1}{2}$ 55 percent exceeded their allotment while the remainder complied. The amount overplanted was approximately equal to eight percent of the total 1956 wheat acreage of all growers interviewed. In other words, if none of the small allotment group had exceeded their allotments, total wheat acreage of all growers interviewed would have been eight percent less.

Over one-half of the remaining 45 percent underplanted their allotments while the remainder planted the full acreage allotted. Underplanting amounted to about one-half the acreage overplanted by the group who overplanted.

Before any policy recommendations concerning the enforcement of allotments are considered, it should be remembered that the under planting group would probably make more of an effort to plant an acreage closer to their allotment. Tables IX and X shows that the main reasons for under or over planting were to avoid disrupting rotations and splitting fields. Therefore, many growers probably underplant some years and overplant others.

Although this tends to average out, the fact that the small allotment group still exceeded their allotments by a net of four percent indicates that enforcement of all acreage allotments would probably reduce total wheat acreage.

$\frac{1}{2}$ Nine percent of the small allotment group did not give complete answers regarding acreage and allotments. Fourteen percent having allotments over and under fifteen acres were not included in this brief analysis for the sake of simplicity. As a group, they underplanted their allotted acreage.

EFFECT OF GOVERNMENT PROGRAM ON INCOMES AND PRICES

Effect of Present Government Price Supports and Production Controls on Wheat Price.

One of the primary considerations of an individual's evaluation of a government program is its past performance and its ability to accomplish the intended purpose. The purpose of price support programs is to maintain farm income through higher prices for farm products. Wheat growers opinions regarding the effect of government price supports and associated production controls were investigated.

Wheat growers interviewed were asked what they thought would happen to the market price of wheat by harvest time of the next growing season if government price supports and production restrictions were removed, assuming the present government controlled surplus were not dumped on the market.

Table XI

Expected Change in Wheat Price, by July 1957 Following
Removal of Government Price Support Restrictions
151 Ohio Wheat Producers, 1956

Price Change Expected	Percent
Higher	4
Same	15
Lower	69
Don't Know	12
Total	100

Table XI shows that 69 percent of the 151 wheat growers answering thought wheat prices would be lower than at harvest time of the previous year. The average of the prices anticipated by this group was about \$1.21 per bushel. Four percent replied they believed market prices would be higher and twelve percent stated they did not know what specific price to expect. Fifteen percent expected prices would remain about the same.

Does the wheat price expected in the event government price supports were discontinued differ according to the government wheat program preferred? Table XII indicates an affirmative answer.

Table XII

Anticipated Effect of Removal of Government Price Supports
and Production Controls on Wheat Prices, by Type of
Government Wheat Program Preferred, 138 Ohio
Wheat Producers, 1956

Program Preferred	Anticipated Effect				Total Responses
	Higher	Same	Lower	Don't Know	
	(Pct.)	(Pct.)	(Pct.)	(Pct.)	
Quotas, \$1.80 Support Price	3	3	89	5	40
Allotments, \$1.20 Support Price	0	9	82	9	11
No Government Program	6	20	57	17	87
Total					138

Wheat producers favoring a government wheat policy which includes the use of marketing quotas, acreage allotments and a net support price of approximately \$1.80 per bushel appear to be somewhat more pessimistic about the price effect of removing price supports and production controls than the group favoring a "supply and demand" wheat market.

Eighty-nine percent of the group favoring quotas replied they anticipated lower wheat prices if government supports and controls were removed while only 57 percent of the group against government wheat programs thought wheat prices would be lower. Nineteen percent of the latter group believed what prices would be about the same as the market price in 1955-56 while only three percent of the group favoring government action thought prices would be the same. The actual prices expected by advocates of the different programs are shown in Table XIII.

Table XIII

Wheat Price Expected if Present Government Wheat Program
Discontinued, by Preference of Government
Wheat Program, 133 Ohio Wheat
Producers, 1956

Program Preferred	Price Expected		Giving Price (Pct.)	Don't Know (Pct.)	Total Responses
	Arithmetic Mean	Median			
Quotas, Allotments \$1.80 Support Price	\$1.28/bushel	\$1.07	68	32	41
Allotments, \$1.20 Support Price	\$1.34/bushel	\$1.37	73	27	11
None	\$1.55/bushel	\$1.32	57	43	81
Total					133

Wheat producers interviewed who preferred a system of quotas and high support prices expected wheat prices to average \$1.28 per bushel if government price supports and production restrictions were eliminated. The group favoring a wheat market free of such government programs expected an average wheat price of \$1.55.

Comparison of Corn and Wheat Prices Expected if Government Price

Supports Discontinued.

Wheat growers interviewed tend to be less pessimistic about expected corn prices than about expected wheat prices if government production controls and price supports are removed.

Table XIV

Expected Change in Wheat and Corn Prices If Government Price Supports and Production Restrictions Are Removed,
Ohio Wheat Producers, 1956

Price Change Expected	Commodity	
	Wheat	Corn
	(Pct.)	(Pct.)
Higher	4	2
Same	15	33
Lower	69	50
Don't Know	12	15
Total Percent	100	100
Total Responses	151	153

Table XIV indicates 69 percent expected wheat prices to go lower while only 50 percent expected corn prices to be lower. Fifteen percent expected wheat prices to remain about the same while 33 percent expected corn prices to remain about the same.

Since corn is primarily a feed grain, many farmers are possibly not quite as concerned with its cash price. Livestock production provides corn with a wider market than is available for wheat. Actual experience of the government has shown less difficulty in maintaining corn prices without accumulating large stocks.

Participation In Government Program of Non-Recourse Loans and Purchase Agreements on Wheat

More of the wheat producers located in the Northwest section of the state obtained loans on their 1955 crop than growers in the Central and Southeastern sections.

Table XV

Producers Obtaining A Loan or Purchase Agreement on 1955
Wheat Crop by Geographic Areas, 150 Ohio
Wheat Producers, 1956

Area of State	Obtained a Loan		Number Responses
	Yes (Pct.)	No (Pct.)	
Northwest	28	72	47
Central	22	74	49
Southeast	2	98	54
Total and Average	17	83	150

Table XV shows that 28 percent of the Northwestern Ohio growers interviewed obtained loans compared to 22 percent of the Central Ohio growers and 2 percent of those located in the Southeastern section. The latter area's wheat production is not as important as a cash crop as the other areas.

Producers interviewed who took advantage of a government non-recourse loan or purchase agreement on their 1955 wheat had an average 1956 wheat allotment of 34.8 acres which is larger than the average of 15.2 acres for those who did not obtain a loan.

Reasons Eligible Producers Did Not Obtain Loan
on 1955 Wheat Crop

Why didn't more than 22 percent of the wheat producers obtain a loan or purchase agreement on their 1955 wheat crop? Table XX shows that Ohio wheat prices after harvest in 1955 were \$1.79 per bushel in July, \$1.71 in August and \$1.75 in September. The approximate net loan received for wheat stored on the farm was \$2.12 per bushel. However, wheat prices steadily advanced until April when the price was \$2.15, slightly more than could be realized through the non-recourse loan.

The final date that 1955 wheat could be placed under loan was January 31. Ohio wheat prices averaged \$1.94 for the month of January which is \$.18 below the loan rate of \$2.12.

Wheat growers interviewed were asked why they did not take a loan or purchase agreement if eligible.^{1/}

TABLE XVI

Reasons for Not Obtaining Government Non-Recourse Loan
or Purchase Agreement on 1955 Wheat Crop,
68 Eligible Ohio Wheat Producers, 1956

Reason	Percent
Feed wheat, not interested in loan	23
"Bother" of getting loan	21
Disapprove of loan program	13
Don't "need" loan	15
Satisfied with market price	5
No convenient storage available	14
Custom - have never taken loan	8
Don't Know	1
Total	100

^{1/} Producers ineligible only if they failed to comply with allotments. This is mandatory under marketing quota regulations.

Table XVI shows that 23 percent of the wheat growers interviewed who were eligible for a loan did not obtain one because they fed most or all of the wheat grown. The 21 percent who said it was too much bother objected to the "red tape" and necessity of storing and handling the wheat according to government directives. Thirteen percent did not approve of the government loan program. The fifteen percent who said they did not "need" the loan implied they would probably obtain a loan if their financial situation require the additional income obtainable by means of a loan. Five percent were satisfied with the market price and believed that a loan would not be worth the administrative and storage requirements. The eight percent who said they had "never taken a loan" have probably not done so because they either object to the program, dislike the procedure necessary to obtain a loan or don't feel it returns sufficient additional returns over the market price. It is difficult to determine the basic reasoning of this group who have as a custom, refrained from obtaining loans.

Fourteen percent indicated that the lack of convenient storage either on the farm or in custom storage was the primary reason for not getting a loan. However, when members of this group were later asked if more wheat would have been placed under loan if adequate storage were available, one-third of the group gave a negative reply. Six percent of all wheat growers interviewed indicated plans to acquire additional small grain storage on the farm within the next two or three years.

Government Farm Programs and Farm Income

What has been the resultant effect of government programs on income? Have prices^{1/} been higher as a result and if so, enough higher to compensate for reduced acreages required?

^{1/} Opinion concerning the effect on prices is shown in Table XI.

TABLE XVII

Effect of Government Programs of Past Three Years
On Personal Farm Income, 152
Ohio Wheat Producers

Effect of Government Programs	Percent of Farmers
Has Reduced Income	26
Little or No Effect	19
Has Increased Income	30
Don't Know	25
Total	100

Table XVII shows that 30 percent of the wheat growers interviewed indicated they believed the government wheat program had helped their farm income during the past two years. Twenty-six percent stated that their incomes had been reduced and 19 percent said their income had not been affected.

There is no significant difference between the opinion regarding effect of government on farm income by tenure, size of farm, age or farm organization membership.

Possible Conclusion

In regards to the difference of opinion regarding the effect of present government price supporting and production controlling policies on the price of wheat, the information above could be due to different attitudes or reasoning on the part of the farmer.

One conclusion would be that the group favoring a "supply and demand" market believe wheat prices would not be much lower than those obtained under the present government program and therefore there exists little need for programs restricting production. The 26 percent of the group

favoring no government programs in Table XVII who believed prices would be either the same or higher without the present government program appear to be using such reasoning in deciding what government wheat policy they favor.

Another consideration is that some farmers felt their farms were previously organized so as to operate at maximum or near maximum efficiency. If this were the case, any government intervention could lower their efficiency enough to offset any advantages of price supports. In a practical sense, this decreased efficiency could be a change in the use of specialized equipment, a shortage or excess of homegrown livestock feed, disrupting rotations and splitting fields.^{1/}

However, it is also possible that in some instances, farmers object to quotas because of factors other than their possible effectiveness as a price supporting mechanism. Non-economic and economic factors concerned with other than the effect on wheat prices could be the basis for their objection to government wheat programs and these objections have been generalized to include the failure of government programs to aid prices.

GOVERNMENT AGRICULTURAL POLICIES PREFERRED

Government Wheat Policy Preferred

Wheat growers interviewed were questioned about their personal preferences regarding alternative programs through which the government would or would not support wheat prices and control wheat production. Further inquiry was designed to determine upon what criteria, economic or otherwise, the preferences were based.

Three possible types of programs were offered by the interviewer for the respondent's consideration. They were (1) forced compliance of acreage allotments through the use of marketing quotas, with the price

^{1/} The latter two reasons are frequently mentioned in Tables X, XXIX, and XXX.

of wheat supported at a level where the farmer would receive a net^{1/} of \$1.80 per bushel; (2) without marketing quotas but with acreage allotments and with a net support price of \$1.20 and (3) no government program with market price determined by "supply and demand."

To the wheat grower, the possible price supporting benefits vary inversely with the degree of production controls imposed. The higher price supports require more production restrictions.

Table XVIII

Farmers Choice of Three Alternative Government Wheat Programs, 148 Ohio Wheat Producers, March-April, 1956

Government Program Preferred	Per Cent of Farmers
Marketing quotas, acreage allotments, net support price \$1.80 per bushel	28
Acreage allotments, net support price \$1.20 per bushel	7
No government program -- Price determined by "supply and demand"	59
Don't Know	6
Total	100

In the analysis of this question in Table XVIII, 59 percent of the wheat growers interviewed stated a preference for a wheat market free of federal government price supporting and production limiting activities. Twenty-eight percent favored a program almost identical to the one in effect at the time of the survey. This included marketing quotas and support prices at a relatively high level. Seven percent expressed a

^{1/} Net support price is that received by the producer after administration costs of loan have been deducted.

preference for a program of unenforced acreage allotments (except loss of the privilege of obtaining a loan or purchase agreement) and a net support price of \$1.20 per bushel.

Table XIX indicates the possible effect of price upon wheat grower's willingness to accept or reject marketing quotas.

Table XIX

Role of Wheat Price in Determining Type of Government
Wheat Program Preferred, 114 Ohio Wheat Producers,
March-April, 1956

Type of Government Program Preferred	Effect of Price on Decision			Total Responses
	No Effect (Pct.)	Decision Affected By Price (Pct.)	Don't Know (Pct.)	Number
Quotas, allotments, \$1.80 support	5	81	14	37
Allotments, \$1.20 support price	16	34	50	6
No production restrictions or price supports	64	22	14	71
Average and Total	42	42	16	114

The data in the above table was obtained by asking those expressing a preference for a non-quota type of program what the market price of wheat would have to be for them to be willing to accept quotas. Sixty four percent of this group replied that they would not be in favor of marketing quotas regardless of how low prices might be. Twenty-two percent indicated they would favor quotas if the price declined below some minimum desired level. The average of the prices stated at which quotas would be acceptable to this group of farmers was \$1.60 per bushel.

Producers indicating a preference for a program which included allotments and quotas were asked what the wheat price would have to be before they would favor eliminating marketing quotas. The average price given by the 81 percent of this group who stated a price was \$1.86. It should be noted that this price is comparable to an average of \$1.90 (Table XX) per bushel for the period from the beginning of wheat harvest in July, 1955 to the time of the survey.

Table XX

Average Price Received by Farmers For All Grades of
Wheat Marketed, Ohio, by Months,
July 1955 - April 1956

Year	Month	Price Per Bushel
1955	July	\$1.79
	August	1.71
	September	1.75
	October	1.83
	November	1.86
	December	1.94
1956	January	1.94
	February	1.98
	March	2.02
	April	2.15
Average - 10 months		\$1.90

Source: "Agricultural Prices" Agricultural Marketing Service,
U.S.D.A.

Results of this survey indicates that there is a difference in age of the groups favoring the different government programs. Table XXI shows that farmers preferring a government wheat program of quotas, acreage allotments and a net support price of about \$1.80 had an average age of 46.2 years and were younger than those favoring no government program, whose average age was 50.9 years of age. The 8.4 percent of the 131 selecting a program who chose a system of acreage allotments and a

net support price of \$1.20 but without quotas, were considerably younger with an average age of 35.5 years. The average age for the entire group stating a preference for a specific program was 48.2 years.

Table XXI

Effect of Age Upon Preference for Government Wheat Programs, 131 Ohio Wheat Producers, 1956

Program	Average Age	Total Responses
Quotas, \$1.80	46.2 years	40
Allotments, \$1.20	35.5 years	11
No Government Program	50.9 years	80
Total and Average	48.2 years	131

Although the age difference between the first two groups in Table XXI is not great, it is a possible indication of the effect personal economic states might have on an individual attitude toward government farm programs. Generally speaking, older farmers are somewhat more independent financially having had a longer time to pay off any indebtedness, educate their family and accumulate savings.

Government Policy Toward Low Income Farmers

One of the major problems in agriculture concerns the status of the low income farms. A low income farm is defined as one having a cash income of \$1,000 per year without additional non-farm income.^{1/} In 1950, over one-fourth of the 5.4 million farm families in the United States were

^{1/} For additional criteria and information on low income areas, see "Development of Agriculture's Human Resources", a report on problems of low income farmers. United States Department of Agriculture, Washington, D. C., April 1955.

classified as being in the low-income group. Areas where low-income farms are most prevalent have been defined by the United States Department of Agriculture. The Southeastern and extreme Southern areas of Ohio are included in one of the low-income areas, although some low income farmers can be found throughout other parts of the state.

Public policy is concerned with the development of these areas and their population. The status of these areas is not only an agricultural problem but also one of social welfare. Therefore, proposed policies have included solutions involving both agricultural and non-agricultural programs. Farmers interviewed were requested to state their preferences, if any, for some of the proposed programs. To accomplish this, a brief description of the low-income problem was given to the person interviewed after which four alternative courses of action were suggested and the individual asked to express his opinion on each one.

One of the four alternative courses of action listed as being open to public policy is to not institute any special programs to the low-income groups. People interviewed were asked if they favored "leaving the low-income farmers alone."

Of all farmers interviewed, as shown in Table XXII, 20 percent favored leaving the low-income group alone, 67 percent replied that something should be done by the government and 13 percent replied "don't know."

Since two^{1/} of the nine counties surveyed are designated as being in a low income area by a USDA study ^{2/}, a comparison is made in Table XXII of these two counties with the remainder of the state. The results obtained do not indicate any significant difference in the opinions of the wheat growers interviewed in the low-income areas from those living in other areas. This indicates that there is probably no great difference

^{1/} Scioto and Carroll

^{2/} op. cit. pp. 34

in the opinions of the people living in an Ohio low-income area and those living in areas which are not classified as low income. However, it must be pointed out that for this analysis no definite conclusion can be drawn because many of the smaller farmers in this area were not included in the survey because they were not wheat producers.

Table XXII

Opinion Concerning Public Policy For Low Income Farmers,
By Income Area, 151 Ohio Wheat
Producers, 1956

Income Area	Do Not Favor Special Program For Low Income Farmers	Favor Special Program For Low Income Farmers	Don't Know	Number Responses
	(Pct.)	(Pct.)	(Pct.)	
Low Income Areas ^{a/}	17	80	3	29
Non-Low Income Areas	21	64	15	122
Total Ohio	20	67	13	151

^{a/} Scioto and Carroll counties, designated as being in low income areas by a U.S.D.A. study.

The other three alternative courses of action open to the government which were listed for consideration in the survey were: (1) subsidize the incomes of the low income farmers (2) help improve and/or enlarge low income farms and (3) help low income farmers leave farming by either assisting with relocation in areas with greater employment opportunities or encourage industry to locate in the low income areas.

Table XXIII

Preference for Selected Government Programs for Low
Income Farmers, Ohio Wheat Growers^{a/}
March-April, 1956

Type of Government Program	Attitude Toward Program			Number Responses
	For (Pct.)	Against (Pct.)	Don't Know (Pct.)	
Subsidize Income	12	78	10	148
Help Improve and Enlarge Farms	58	19	23	150
Help Leave Farm or Locate Industry in Area	54	26	20	148

^{a/} More than one answer given.

The preferences expressed for selected types of government programs for low income farmers is shown in Table XXIII. Of the three programs suggested, income subsidies appear to be the least popular as only 12 percent favored such a program and 78 percent oppose them. Fifty-eight percent of the group interviewed favored assisting the low income group in improving and enlarging their farms. Fifty-four percent favored assistance in finding non-farm employment by assisting with relocation and/or encouraging industry to locate in areas of low employment opportunities.

PROPOSED ACREAGE RESERVE PROGRAM

At the time of the survey, an Acreage Reserve Program or "soil bank" was being contemplated by Congress as a part of the 1956 federal farm program. Although no detailed information concerning the program was known publicly, it was believed farmers were sufficiently aware of the proposal to have formed at least some preliminary opinions. In view of

the timeliness of the proposed legislation and its implications concerning wheat production, an attempt was made to determine Ohio wheat producers' opinions and possible response to the program.

Method

Attempting to predict farmers reaction and possible participation in a wheat acreage reserve required allowing for the variables involved.. As a result the following method of analysis was developed. Each wheat grower interviewed was asked,

"If your wheat allotment stays the same for next year (1957 crop), how many acres of your allotment would you be willing to let lay idle next year if the government were to make a payment for each acre left idle of (1) \$10, (2) \$20, (3) \$30, (4) \$40, (5) \$50?"

In answering the above question, the following assumptions were to be made by the informant: (1) all farm prices remain about the same as at the time of the interview (2) no crop could be harvested or pastured (3) no limitations to the amount of the allotment that could be retired (4) no requirements concerning compliance with allotments on other crops (5) contract to retire land would be for one year and (6) only acreage being presently used for cropland (including rotation pasture) would be eligible for payment. Any variation from these assumptions in actual practice must be considered in evaluating the probable participation results.

Converting the answer to the above question into a measurement of participation which would be comparable to other replies requires certain adjustments to be made. The proposed acreage reserve program would determine the amount of the acreage payments made to an individual according to the fertility of the land retired and the historic county yield for the particular crop not being grown.

To obtain a base from which to determine the probable payment to an individual, each wheat grower was asked what he thought an average wheat yield would be on his farm in a normal year.

Table XXIV

Average 1944-53 Wheat Yields, Expected 1957 Yields by Producers And Percent County Average is of Expected Yield, Ohio Counties in Wheat Survey, 1956

County	A Average County ^{a/} Wheat Yield 1944-53	B Yield Expected by ^{b/} Producers Interviewed	C Percent County ^{c/} Average of Expected Yield
Williams	27.56 bu/acre	31.87	86.5
Mercer	25.60	32.96	77.7
Wyandot	25.69	30.05	85.5
Lorain	24.85	27.80	89.4
Fairfield	22.46	23.62	93.4
Clinton	22.05	25.46	86.6
Ashtabula	25.16	29.27	86.0
Carroll	25.92	26.13	99.2
Scioto	19.49	24.88	78.4
Average - (unweighted)	--	--	86.9

^{a/} Source: Ohio Agricultural Statistics -- County Estimates, July, 1954
Ohio Cooperative Crop Reporting Service

^{b/} Weighted by 1956 wheat acreage.

^{c/} Column A divided by Column B.

Table XXIV shows that a weighted average of the replies concerning expected yields exceeded the ten-year county wheat yields in each county. As a result, it was necessary to adjust individual yield estimates. This was done by taking the corresponding county percentage in Column C of Table XXIV of each individual yield. This gave the "adjusted yield." A weighted average of the "adjusted yield" of the growers interviewed in one county is equal to the 1944-53 average county wheat yield.

Although it would be possible to use the 1944-53 county average for each individual, this would not allow for variations between individual

producers or areas within the county. The method using an adjusted yield assumes: (1) that growers interviewed represented a cross section of the county in regards to wheat yields and (2) each grower over-estimated his average yield expected in a normal year in the same proportion as the other growers interviewed.

The next step was to calculate what an individual's expected gross return would be per acre. A price of \$2.00 per bushel and the adjusted yield are used in determining this figure which is shown in Table XXV. The amount of government payment required by an individual to retire land from production is expressed in terms of a percent of his expected gross return.

Possible Participation in Acreage Reserve Program

Table XXV shows that 80 percent of the wheat growers interviewed would not participate if the government payments were approximately equal to 35-44 percent of the gross return per acre that could be expected with average yields. Six percent replied they would participate (3 percent with part of allotment, 3 percent with all of allotment), 3 percent were undecided while 11 percent replied "don't know."

As the level of payments are increased from the 35-44 percent level up to the maximum stated in this hypothetical situation, more producers indicated interest in the program. If payments equaled 65-74 percent of the gross return, 45 percent replied they would not participate while 10 percent would put part of their allotment in the soil bank, 18 percent would retire all of their allotment, 16 percent were undecided, and 11 percent replied "don't know."

Individuals classified as "undecided" were not sure of their participation at a given price while those classified as answering "don't know" were not sure of their probable reaction to the entire soil bank program.

Indicated Participation in Proposed Wheat Soil Bank With Government
Payments at Different Levels, 148 Ohio Wheat
Producers, March-April, 1956

Participation	Percent Government Payment of Expected Gross Return			
	35-44	45-54	55-64	65-74
None	80	69	60	45
Part of Allotment	3	5	7	10
All of Allotment	3	5	15	18
Undecided	3	10	7	16
Don't Know	11	11	11	11
Total Percent	100	100	100	100

Participation and Allotment Size

It should be noted that the data in Table XXV cannot be interpreted as any indication of the percent of the total wheat allotment of all growers surveyed which would be retired from production at different levels of payment. Table XXVI shows the variation in the size of 1956 allotment and indicated participation in the acreage reserve.

Of all wheat growers interviewed, the 45 percent who indicated they were not interested in participating at the high level of payments (65-74 percent of expected gross), had an average size 1956 allotment of 17.2 acres. The 18 percent indicating that all of their allotment would be placed in the acreage reserve had an average allotment of 18.1 acres. This cannot be considered significantly different from the allotment size of the previous group. However, the group who indicated interest in placing part of their allotment had an average allotment size of 29.9 acres.

Table XXVI

Indicated Participation In Soil Bank If Government Payments
Equal 65-74% of Gross Return on Wheat, By Average Size
of 1956 Allotment, 148 Ohio Wheat Growers, 1956

Amount of Wheat Allotment In Soil Bank	Percent	Average Size 1956 Allotment Acres
None	45	17.2
Part	10	29.9
All	18	18.1
Undecided or Don't Know	27	15.0
Total or Average	100	18.1

Size of Payment and Participation

What is the effect of increasing the rate of payment per acre on obtaining participation in the program? In Table XXVII, the effect of increasing payments from the lowest rate (35-44 percent of expected gross) to the highest (65-74 percent of expected gross) is shown

Table XXVII

Indicated Participation Effect of Increasing Soil Bank Payments From
Low Payments (35-44 % of Gross Return) to High Payments (65-74% of
Gross Return), 148 Ohio Wheat Producers, 1956

Percent of Allotment Retired With Low Payments	<u>Percent of Allotment Retired With High Payments</u>					Number Responses
	None	Part	All	Undecided	Don't Know	
None	58	10	13	19	0	119
Part	0	25	75	0	0	4
All	0	0	100	0	0	4
Undecided	0	40	60	0	0	5
Don't Know	0	0	0	0	100	16
Total and Average	45	10	18	16	11	148

Fifty-eight percent of the group who would not participate at the lower rate of payment indicated they still would not participate if the payments were increased, while 10 percent would consider retiring part of their allotments and 13 percent would retire their entire allotment. Nineteen percent were undecided.

Expected Yield and Participation

In this analysis, farmers expected yields were adjusted to coincide more nearly with the actual county average yield which will guide the actual soil bank payments. Since the payments are based on long-run average yields, it could be reasoned that an individual would consider the possibility of exceeding the yield used in computing the soil bank payment for his farm. If maximum returns were the primary goal, an individual could easily determine the yield needed to bring returns which would equal the government payment. However, as shown below, a comparison of the average yield expected in a normal year with participation in the program does not support this hypothesis.

Table XXVIII

Difference in Expected Normal Yield From Ten Year County Average
And Participation in Proposed Wheat Soil Bank, When Payment Is
65-74 Percent of Expected Gross Return, 143 Ohio Wheat
Producers, 1956

Amount of Participation In Soil Bank	Mean of Difference in Expected Yield From Ten Year County Average	Number Responses
None	2.9 bu. more	65
Part of Allotment	4.4 bu. more	15
All of Allotment	7.0	24
Undecided or don't know	3.1	39
Total and Average	3.8	143

Table XXVIII indicates that the average expected yields of the group who would not participate in the program exceeded the actual ten year county average yields by 2.9 bushels per acre. The group who would place all their allotment in the acreage reserve expected yields that exceeded their respective county averages by 7.0 bushels per acre. The group who would put all of their allotment in at the given price were 4.4 bushels per acre above the actual yield.

Reasons For Attitude Toward Acreage Reserve

A majority of the wheat growers interviewed expressed some reasons why they did or did not expect to retire wheat acreage in the proposed acreage reserve.

Table XXIX shows that the objection against participation most frequently mentioned was disagreement with the idea of the "soil bank." Twenty-five percent of the producers stating a reason for their not participating was that they didn't "believe in the idea." Personal observation indicates this objection is based on government farm programs in general or letting the productivity of the soil "lay idle."

Twenty-three percent of the objections mentioned were from small producers who said their farm or wheat allotment was too small to bother retiring land.

Seventeen percent felt they could make more money by growing wheat. Whether a soil bank payment would give more return than raising the crop will vary according to the individual farmer's financial position, labor supply, amount of equipment owned and ability to adjust the retired acreage to the farm organization. This last factor is shown by the eleven percent who objected to the soil bank because it would disrupt their rotation and the other eleven percent who objected to having to split fields or construct fences to keep out livestock.

Reasons for Not Placing 1957 Wheat Allotment in Proposed
Acreage Reserve, 67 Ohio Wheat Producers, March, April
1956

Reason	Percent
Can realize higher return per acre	17
Do not believe in program	25
Allotment and/or farm too small	23
Would disrupt rotation	11
Dislike splitting fields and/or building fences	11
Need wheat as nurse crop	2
Other	10
Don't Know	1
Total Percent	100

Table XXX

Reasons 41 Ohio Wheat Producers Expect to Place Part or All of
1957 Wheat Allotment in Proposed Acreage Reserve, Assuming
Government Payments Equal 65-74 Percent of Expected
Gross Return, March-April, 1956

Reason	Percent
Government payments give higher returns	65
Can build up soil fertility	10
Other	19
Rotation ^{a/}	6
Total	100

^{a/} Would retire part of allotment but rotation prevents retiring entire allotment.

Table XXX shows that sixty-five percent of the producers willing to participate in the soil bank by retiring wheat acreage indicated they would do so because the government payment would give higher returns per acre. Ten percent were interested in the possibilities of improving soil fertility by raising an unharvested meadow crop on the retired acreage.

Relationship of Other Factors to Participation

An analysis of this survey does not reveal any significant relationship between soil bank participation and tenure, age, farm organization membership, or amount of non-farm work done.

Soil Bank Participation - Its Effect on Farm Organization and Operation

All wheat growers were asked what changes, if any, they would make in their farming operations if they were induced to participate in a soil bank program. It was assumed that acreage equal to approximately half of their wheat and corn allotments would be retired from production for 3-4 years. The possible actions in Table XXXI were listed by the interviewer.

TABLE XXXI

Anticipated Changes in Farm Operations and Organization
Due to Participation in Soil Bank, 144 Ohio
Wheat Growers, March-April, 1956

Anticipated Change	Percent	Number ^{a/} Responses
Increase off-farm employment	21	43
Rent more land, if available	14	30
Increase livestock	8	17
Decrease livestock	15	32
Make no changes	22	46
Buy less machinery	16	34
Don't know	4	8
Total	100	210

^{a/} More than one answer given

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Twenty-two percent replied that no changes would be made in their farming operations. Personal observation indicates this group was largely comprised of older operators and others who were interested in partial retirement or reduction of seasonal workloads.

Twenty-one percent indicated they would attempt to increase off-farm work. Fourteen percent replied they would probably rent more land if it were available. Eight percent stated they would probably increase the amount of livestock on the farm while fifteen percent replied they would decrease livestock. Personal observation indicates this latter group connected decreased feed grain production with the necessity of decreasing the farm's demand for feed while the preceding group were probably thinking more of finding new outlets for the labor released by acreage retirement. Sixteen percent replied that soil bank participation would probably result in their buying less machinery. This would probably be due to farmers delaying the replacement of equipment used primarily on the crop or crops reduced in acreage.

The degree and type of change in farm organization and operation might be considered as a possible indication of the effects of the soil bank on the reallocation of resource use. The question is, as in many of the farm programs, how permanent are the changes made? Will the original surplus producing patterns of production resume if and when the soil bank is discontinued?

Wheat growers interviewed were asked what effect they thought the proposed soil bank would have on their personal farm income. Fifty-three percent replied that they thought it would have little, if any, effect. Twelve percent indicated it would increase their income (although personal observation indicated that many of these felt this

increase would be only from the expected long-run effects upon supply) and five percent stated their income would be reduced. Thirty percent were uncertain of the income effects of the soil bank.

Table XXXII

Expected Effect of Proposed Soil Bank on Personal Farm
Income, 152 Ohio Wheat Producers, March-April, 1956

Effect on Income	Percent
Will increase	12
Will reduce	5
Little, if any, change	53
Uncertain	30
Total	100

ACTUAL PARTICIPATION IN 1957 WHEAT ACREAGE RESERVE

The wheat acreage reserve enacted into law for the 1957 wheat crop required, in addition to the requirements previously listed, producers retiring wheat acreage to comply with their 1957 corn allotment. Also, only land which has previously grown wheat is eligible for the wheat acreage reserve. The government payments are \$1.20 per bushel for the farm's average wheat yield as determined by the land's productivity. This payment per acre is approximately the level of payment in Table XXV equivalent to 55-64 percent of the expected gross return.

Ten percent of the Ohio farmers having wheat allotments for 1957 contracted to place eleven percent of their allotted acreage. The predicted participation in Table XXV is that 15 percent of the growers interviewed

would retire their entire allotment and 7 percent part of their allotment. It was estimated from the information obtained from interviewing wheat growers that acreage retired by this group would be from twenty-one to twenty-eight percent of the wheat allotment of all growers interviewed.

Wheat acreage contracted for the acreage reserve would undoubtedly have been greater if farmers would not have been required to comply with their corn allotments. A state ASC official reported participation was lightest in the corn producing areas of the state. Results of the interview indicated that the corn producing areas (Northwest) would probably have retired a slightly greater percentage of their wheat allotment than the other two areas.

Ohio's weather during wheat seeding was favorable to seeding wheat after corn and soybeans in that harvest of these two crops was earlier than usual. If more adverse weather conditions would have been encountered, more wheat acreage would probably have been contracted for the acreage reserve.

It is expected that if the requirements for wheat acreage reserve participation had been the same as those assumed in this interview, the number of wheat growers participating would have been satisfactorily predicted.