Since the 1950's, (except for a period in the 1970's), the excess capacity of the seven major crop group (excluding dairy) as measured by a percent of potential production has been 2 to 3 times higher than the similar measure for the entire farm sector. The excess capacity for these seven major crops reached nearly 17 percent in 1967. It then declined as exports expanded. But since 1979 it has increased steadily and in 1985 was 13 percent.

The soil bank and other set aside programs in the 1950's were aimed at reducing stocks of farm commodities. This policy seemed to work fairly well during the 1950's and the 1960's. As diverted acreage increased, changes in net commodity stocks diminished. There was a tradeoff. Substantial increases in diversion of land from crop production was necessary to arrest the buildup in stocks.

The success of the acreage diversion programs in arresting the buildup of stocks in the 1960's should not be overemphasized. Long run excess capacity actually increased during that period reaching its highest level in the 1960's. Almost all of this excess capacity was associated with diverted production which reached its peak in the late 1960's.

Later in the 1970's and the 1980's both stock accumulation and diverted production increased. In turn, the value of excess capacity—potential production from land diverted from production with government programs, changes in farm commodity stocks, and non commercial exports—set new records in successive years 1983, 1984, and 1985. C

Seven Year Averages Shown

The specific estimates of excess capacity shown in the figures for any one year is the moving average estimates for the seven year period surrounding a particular year. For example, the 1967 17 percent estimate of excess capacity of the seven major crops is an average of the estimates for the period 1964 through 1970.

Tom Fulton, James Langley, and LeRoy Rude on The 1986 Wheat Poll

Reflects Diversity of Producers

On June 25, 1986, the U.S. Department of Agriculture mailed 1.6 million ballots to wheat growers for the first time in 23 years. Required by the Food Security Act of 1985, the *nonbinding poll* asked those with a vested interest in wheat production to vote for or against mandatory production limits that would result in, "wheat prices that are not lower than 125 percent of the cost of production (excluding land and residual returns to management) as determined by the Secretary."

The Food Security Act required USDA to ask the characteristics of respondents. Ballots included questions about type of operation, class of wheat, and size of wheat base. The ballot contained nine boxes arrayed in six questions. Of the 1.6 million ballots mailed, 22 percent were returned. After discounting invalid ballots, 346,034 remained. Of the remaining valid ballots 54 percent were marked yes (favoring mandatory limits on production).

Accompanying the 1986 results was a statement by Secretary of Agriculture Richard E. Lyng: "Based on the relatively small response to the wheat poll, I don't think a great deal of significance can be attached to the results. I, therefore, consider the poll to be inconclusive."

In 1963—the last previous poll—1.1 million wheat producers were asked for the 13th time since 1941 to vote for or against mandatory production controls. Then, producers were voting for or against a program that, if approved by two-thirds of those voting, would have become mandatory for 1964. Wheat producers rejected mandatory controls by a narrow margin of 52 percent against and 48 percent for in that poll. Previous referendums had received sufficient majorities to be implemented.

Although the conclusions one can draw from the 1986 poll are limited by the low response rate and the wording of the questions, an examination of the results of the poll suggests that there is substantial diversity among wheat producers. Voting mar-

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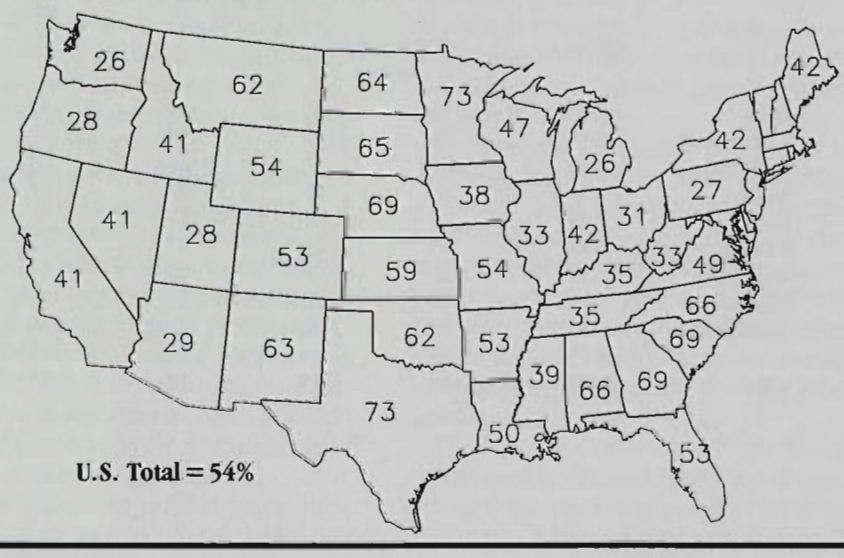
Wheat Poll Ballots
Percentage Favoring Production Controls



gins varied substantively by class of wheat grown, type of farming operation, and producer characteristics.

- Respondents who answered the question concerning their wheat base controlled about 38 percent of the U.S. wheat acreage base (see table).
- Respondents voting no reported more acreage planted to wheat on average than did those who voted yes.
- Producers of hard red winter wheat accounted for nearly 50 percent of the ballots returned. Nearly 60 percent of these growers voting indicated they favored implementing mandatory production controls.
- Conversely, nearly 25 percent of the ballots returned were sent by soft red winter wheat growers who indicated by nearly 60 percent that they would not favor mandatory production controls.
- White wheat producers, accounting for 8 percent of the ballots returned also indicated by over a 60 percent margin that they would not favor the imposition of mandatory production controls.
- Geographically the percentage of respondents voting yes tended to be higher in the Southeast and the Central Plains.
- Two states, Texas and Minnesota, tied for the highest percentage of yes votes at 73 percent. Washington and Michigan tied one another at 26 percent for the lowest percentage of yes votes.
- Kansas ranked number one in the number of ballots mailed by the Department of Agriculture and it ranked number one in the number of valid ballots returned. Of the valid ballots returned by Kansas, 59 percent favored implementing production controls.

Among the several ways respondents could characterize themselves, the majority listed themselves as "owner-operator." By a 2 to 1 majority they listed themselves as having more than 40 acres of wheat base. The second largest category of respondent was "owner-crop share," the third "owner-cash rent," fourth was "operator only," and a fifth group fell under an "other" heading.

Kansans represented the largest group of respondents who indicated they grew hard red winter wheat. Wheat growers in Illinois represented the largest number of respondents growing soft red winter wheat. Washington wheat poll respondents dominated the white wheat category. North Dakotans topped the hard red spring and durum wheat categories. C

Support for Mandatory Production Limits Vary

State	Production 1986 wheat	Number of ballots mailed	Number of ballots tallied	Percent producers voting	Percent base acreage voting yes
	Million	—Thousand— bushel			
Kansas	337	159	47	30	42
N. Dakota	282	88	26	29	40
Oklahoma	151	69	17	24	30
Montana	137	31	10	32	64
Texas	120	141	22	15	38
S. Dakota	110	43	11	27	42
Washington	116	25	8	32	74
Minnesota	108	70	16	22	37
Colorado	96	24	6	27	38
Idaho	79	34	6	18	63
U.S.	**2,077**	**1,566**	**319**	**20**	**38**

"We have now lands enough to employ an infinite number of people in their cultivation . . . But our citizens will find employment in this [farming] line, till their numbers, and of course their productions, become too great for the demand, both internal and foreign. This is not the case as yet, and probably will not be for a considerable time. As soon as it is, the surplus of hands must be turned to something else."

Attributed to Thomas Jefferson and provided to CHOICES by Gene Wunderlich, Economic Research Service.