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PARTICIPATION REMAINS HIGH IN ACREAGE REDUCTION PROGRAMS

The USDA announced last week that participation in the 1989 acreage reduction programs for feed grains, wheat, rice, and cotton accounted for 76.3 percent of the base acres of those crops. Participation in 1988 reached 84 percent of the base acres. The national base acreage of these crops declined from 223.7 million acres in 1988 to 220.3 million in 1989. Seventy percent of the reduction reflected a loss of wheat base, and nearly 30 percent was a loss of corn base.

Percentagewise, participation was highest for rice at 94 percent and lowest for oats at 23 percent. Nearly 80 percent of the corn base and 77 percent of the wheat base has been enrolled in the acreage reduction program. Participation in 1988 was 87 and 85 percent, respectively. Participants in the acreage reduction program will idle about 29.16 million acres of crop land in 1989, down from 53.3 million in 1988. The reduction reflects a smaller base, lower participation, and lower set-aside requirements than in 1988. To be eligible for government price-supports, producers of wheat, corn, sorghum, and barley were required to idle 10 percent of their base acreage. The requirement was 5 percent for oats and extra long staple (ELS) cotton and 25 percent for upland cotton. Last year the acreage reduction requirements were 20 percent for corn, sorghum, and barley; 27.5 percent for wheat; 5 percent for oats; 12.5 percent for upland cotton; 10 percent for ELS cotton; and 25 percent for rice. Feed grain producers (except for oats) were also offered an optional 10 percent paid land diversion program in 1988.

Of the approximately 29 million acres being idled this year, 18.1 million acres will be idled under the set-aside requirements outlined above. An additional 10.9 million acres will be idled under the 0/92 or 50/92 program. Under these latter two programs, producers can idle acreage in excess of the set-aside requirements and receive 92 percent of the estimated deficiency payments on those additional acres. Estimated deficiency payments are lower than a year ago, yet farmers have enrolled 2.1 million more acres in the program than in 1988. The increase can probably be attributed to concerns about adverse weather.

For corn, participation in the acreage reduction program was lower in almost every state. Participation remained relatively high in the western corn belt, accounting for 90 percent or more of the base in Iowa, Nebraska, North Dakota, and South Dakota. Participation in Illinois, Indiana, and Ohio accounted for 81, 77, and 72 percent of the base acreage, respectively--about 11 percentage points below the level

of 1988. For wheat, participation remained the highest for producers of hard red winter wheat and spring wheat, and lowest for soft red winter wheat producers.

The number of acres idled under annual acreage reduction programs has declined by about 24.1 million acres from 1988 to 1989. The USDA's March *Prospective Plantings* report, however, indicated that planted acreage of the seven program crops would increase by only 13.6 million acres in 1989. That is, the increase in planted acreage is about 10.5 million acres less than the decrease in idled acreage. In the case of corn, planted acreage is expected to increase by 5.6 million acres, while idled corn base is expected to decline by 10.5 million acres. Wheat seedings are projected to be up 8.8 million acres, while idled acreage is down 13 million acres.

It is difficult to perform an accounting of all the acres because of the double-counting involved for some crops. Of the 10.5 million acres coming out of set-aside and not being planted to program crops, about 3 million acres represent an increase in other crops, primarily soybeans. However, some of that increase is probably double-cropping following wheat harvest. The harvested acreage of hay is expected to decline by 2.5 million acres, offsetting most of the increase in soybeans. However, the estimate of harvested acreage of hay in 1988 probably included set-aside acres released for haying due to the drought, resulting in double-counting. In addition, the planted acreage of some crops, particularly oats, includes seedings on set-aside acres. Finally, about half of the 10.5-million-acre discrepancy between changes in idled and planted acreage represents an increase in acreage enrolled in the Conservation Reserve Program since last spring.

The USDA will release an updated estimate of planted acreage with the July 12 *Crop Production* report. That report is expected to show that soybean acreage exceeded intentions because of problems with the corn, wheat, and cotton crops.

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