

Surpluses -- Burden or Asset?

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Table 1: CCC Acquisitions from Loan Collateral, Per Cent from Arizona Loans and Estimated Share of Current CCC Inventory Investment Attributable to Arizona Crops.¹

<i>Production Year</i>	<i>CCC Acquisitions</i>	<i>Per Cent From Arizona</i>	<i>CCC Cost</i>	<i>Arizona's Est'd Share</i>
COTTON				
	(000 bales)	(per cent)	(\$ million)	(dollars)
1959	8,677	.07926	\$1,432.6	\$1,135,532
1960	7,790	.00096	1,219.5	11,740
Current Inventory: June 30, 1961	1,975	.00096	339.9	3,272
GRAIN SORGHUM				
	(000 tons)	(per cent)	(\$ million)	(dollars)
1957	7,631	.95792	\$ 304.2	\$2,913,640
1958	6,855	.80169	261.1	2,092,954
1959	2,514	.42890	79.9	342,866
1960	4,620	.14603	149.9	218,929
Current Inventory: June 30, 1961	19,616	.64428	760.0	4,896,547
WHEAT				
	(000 tons)	(per cent)	(\$ million)	(dollars)
1955	7,667	0	\$ 536.4	0
1956	4,228	0	296.7	0
1957	5,263	.00534	354.7	\$ 18,936
1958	14,199	0	879.6	0
1959	5,111	0	306.3	0
1960	7,083	0	445.4	0
Current Inventory: June 30, 1961	37,276	.00075	2,484.1	18,936
Total investment cost of national CCC inventory, June 30, 1961 -				\$5,563,332,512
Estimated cost attributable to Arizona crops - - - - -				\$ 4,918,756
Proportionate share attributable to Arizona crops - - - - -				.08841%

¹Sources: CCC Monthly Report of Financial Condition, Arizona Agricultural Stabilization and Conservation Committee. The per cent and dollar estimates are the responsibility of the authors. Proportionate Arizona shares estimates are based on first-in-first-out assumed inventory control. Figures are not always strictly comparable, due to rounding errors. CCC inventory cost is based on June 30, 1961 revaluation.

Arizona farmers and ranchers produce predominantly for the market, not for storage. Of the large variety of field crops, horticultural and specialty crops and livestock products which are produced in Arizona, a very small percentage finds its way into government warehouses. Many other regions of the United States are not so fortunate. These are the areas which have been responsible for producing the large accumulation of agricultural stocks during the post-World War II era.

Arizona's Position Shown

A substantial amount of money has been spent by the Commodity Credit Corporation since World War II stabilizing agricultural prices. Much of this went toward purchasing products for storage. Table 1 indicates Arizona's relatively small contributions to CCC acquisitions of loan collateral surplus crops during recent years, and the small proportion of the current CCC surplus inventory that can be attributed to Arizona agriculture.

Although Arizona has provided the nation with approximately 1.4 per cent of its total crops by value during the past five years, it is responsible for less than an estimated .09 per cent of the CCC investment in surplus inventories as of June 30, 1961.

Five major national surplus crops are involved in the pattern of Arizona agriculture: wheat, corn, grain sorghum, barley and cotton. In only one year of the last half decade has wheat from Arizona been delivered to CCC ownership from loan collateral. Corn never has. Barley was delivered in two of the last six years

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Table 2: CCC National Inventory Turnover, 1957-1961¹ (in \$ million)

Fiscal Year	Inventory July 1	Purchase & Loan Acquisitions	Total Availability	Dispositions				Total
				Domestic		Export		
				Sales	Donations	Sales	Special Programs	
1958	\$5,371	\$3,542	\$ 8,917	\$ 721	\$343	\$1,386	\$1,009	\$3,459
1959	5,455	3,355	8,810	751	531	558	770	2,610
1960	6,200	4,620	10,820	2,360	334	184	720	3,598
1961	7,223	3,667	10,890	2,365	403	352	938	4,058
1962	6,832 ²							

¹Source: CCC Monthly Reports of Financial Condition and Operation, USDA, ASCS. Totals may not equal sums of component numbers, due to rounding errors.

²July 1, 1961, inventory prior to revaluation, for comparison with previous figures.

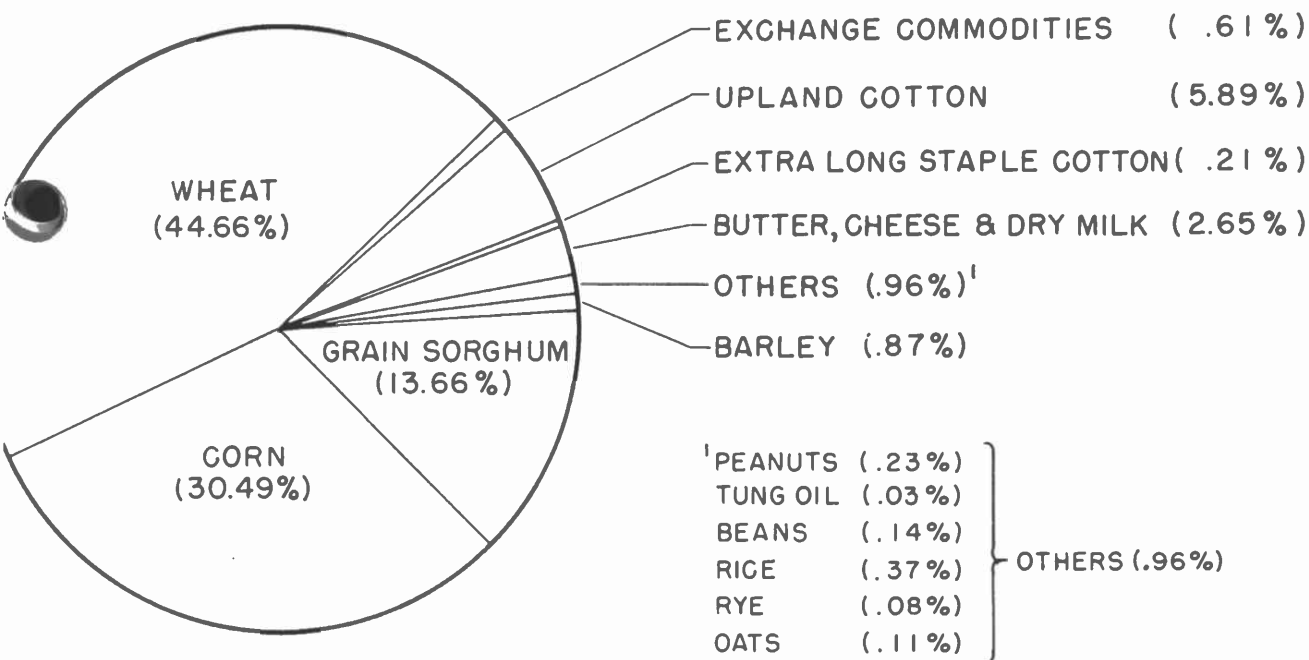


Fig. 1— C.C.C.-Owned Inventories as of June 30, 1961.

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of the last decade, but can be assumed to have since been disposed of by CCC inventory turnover.

By far the largest Arizona contribution to the current CCC inventory has been in the form of grain sorghum. This might be regarded as Arizona's principal surplus crop. Although cotton has been delivered from Arizona to CCC ownership from each of the six production years, 1955-1960, inventory turnover in this commodity has been so high that it represents the smallest cost of Arizona's three crops represented in the June 30, 1961, CCC inventory investment. The pattern of agriculture in Arizona generates far less surplus than the national average, in relation to the value of its contribution to production.

Surpluses for Export

Table 2 shows recent trends of CCC inventory value and turnover. Special export programs have accounted for substantial proportions of dispositions in recent years. Were it not for these programs, the current inventory investment and its expenses would be somewhat greater.

Any national policy to support agriculture cannot avoid a three-pronged choice: (1) cut production, (2) build up increasingly burdensome inventories, or (3) find worthwhile and effective means of utilizing our increasing agricultural productivity. These are not mutually exclusive choices. In fact, all three can happen at once. One or two may be emphasized in government policy in order to reduce pressure on the others.

Food for Peace

The current "Food for Peace" effort is an attempt to emphasize utilization in order to reduce the pressure on the other two choices. It is not likely, however, that it can eliminate the pressure of surpluses entirely. Production cuts for certain crops still will be necessary to avoid intolerable inventory build-up.

A principal problem facing "Food for Peace" utilization is the commodity composition of our surplus. Figure 1 shows this composition as of June 30, 1961. Our surplus consists largely of just a few different grains. We need to adjust our agricultural production to generate a more varied surplus geared to foreign food and fiber needs.

Finally, simply feeding people in foreign lands will not be very effective by itself in achieving U. S. foreign policy aims. We must be willing to continue with substantial aid in other resources, educational and industrial. Trying to use food by itself would be something like trying to build a car without tools. We may have a great opportunity to use food and fiber to help build strong, free nations abroad, but we must intelligently use other resources along with it to make it effective.

And we must, in all fairness to agriculture, point out to U. S. citizens in our cities that a vast portion of our effort to "make friends and influence people" throughout this troubled world is being met with gifts and subsidized sales of U. S. farm products.

This humane assistance to needy peoples of four continents has been charged against the much-criticized "farm program." A substantial part should be charged to the military and foreign aid programs.

BLM Aids Ranch Economics Study

A new \$8,000 per year grant has been received by the Department of Agricultural Economics from the Bureau of Land Management, United States Department of Interior to continue research in range economics.

Over-all objectives of the program are to provide ranchers with guides for adjusting to changing economic conditions and to advise government agencies of the probable effects of alternative public land and price policies.

An extensive interview survey with southwestern Arizona cattle ranchers was completed during the summer of 1961. Data obtained are now being analyzed to determine typical resource needs, ranch organizations, costs, and returns for several sizes and types of cattle operations selected as characteristic of the southwest desert range.

Further analyses will investigate implications of cost-size relationships, effects on ranch organization in response to possible changes in input price levels, organizational changes due to changes in relative beef price levels, the competitive position of Arizona cattlemen relative to cattlemen of other western states, and effects of land values resulting from alternative public land policies.



January

- 2- 6—Arizona National Livestock Show —Phoenix
- 17-18—Dairy Industry Conference—U of A Campus
- 23-26—Annual Extension Conference —U of A Campus
- 30-31—Fifth Annual Arizona Fertilizer Conference—U of A Campus
- 31—10th Annual Meeting of Arizona Poultry Federation — U of A Campus

February

- 5-23—Western Regional Extension Winter School—U of A Campus
- 6—Arizona Crop Improvement Assn. Annual Meeting—Casa Grande

March

- 9-10—Southwest Shade Tree Conference—U of A Campus
- 17—FFA Field Day—U of A Campus