Appendix table 12—Provisions of peanut programs, 1961-89

Provision	1961	1962	1963	1964	1965	1966
Parity price (¢/lb) [1]	12.90	13.50	14.00	14.10	14.50	14.80
Support price (¢/lb)	11.05	11.07	11.20	11.20	11.20	11.35
Nonrecourse loan (¢/lb):						
Quota peanut loan rate	11.05	11.07	11.20	11.20	11.20	11.35
Non-quota peanut loan rate	—	—	—	—	—	—
National marketing poundage quota (1,000 tons)	970.0	1,006.0	1,006.3	1,066.6	1,187.4	1,368.5
National allotment (1,000 acres)	1,612.4	1,612.6	1,612.1	1,612.6	1,613.5	1,613.0
CCC domestic sales: [2]						
Announced minimum (¢/lb) [3]	—	—	—	—	—	—

Provision	1967	1968	1969	1970	1971	1972
Parity price (¢/lb) [1]	15.10	15.50	16.30	17.00	17.90	19.00
Support price (¢/lb)	11.35	12.01	12.38	12.75	13.425	14.25
Nonrecourse loan (¢/lb):						
Quota peanut loan rate	11.35	12.01	12.38	12.75	13.425	14.25
Non-quota peanut loan rate	—	—	—	—	—	—
National marketing poundage quota (1,000 tons)	1,428.9	1,489.3	1,549.6	1,537.6	1,553.7	1,634.2
National allotment (1,000 acres)	1,612.8	1,612.8	1,612.3	1,612.9	1,612.7	1,612.8
CCC domestic sales: [2]						
Announced minimum (¢/lb) [3]	—	—	—	—	—	—

Provision	1973	1974	1975	1976	1977	1978
Parity price (¢/lb) [1]	21.90	24.40	26.30	27.60	28.70	31.50
Support price (¢/lb)	16.425	18.3	—	—	—	—
Nonrecourse loan (¢/lb):						
Quota peanut loan rate	16.425	18.3	19.725	20.7	21.525	21.0
Non-quota peanut loan rate	—	—	—	—	—	12.5
National marketing poundage quota (1,000 tons)	1,771.0	1,900.0	1,899.8	2,004.0	2,068.9	1,680.0
National allotment (1,000 acres)	1,614.0	1,614.0	1,613.5	1,614.0	1,614.2	1,614.0
CCC domestic sales: [2]						
Announced minimum (¢/lb) [3]	—	18.3	19.725	—	—	[4] 22.05+CC

Provision	1979	1980	1981	1982	1983	1984
Parity price (¢/lb) [1]	35.80	38.10	41.50	43.30	44.00	45.90
Support price (¢/lb)	—	—	—	—	—	—
Nonrecourse loan (¢/lb):						
Quota peanut loan rate	21.0	22.75	22.75	27.5	27.5	27.5
Non-quota peanut loan rate	15.0	12.5	12.5	10.0	9.25	9.25
National marketing poundage quota (1,000 tons)	1,596.0	1,516.0	1,440.0	1,200.0	1,167.0	1,134.0
National allotment (1,000 acres)	1,614.0	1,614.0	1,734.0	Suspended	Suspended	Suspended
CCC domestic sales: [2]						
Announced minimum (¢/lb) [3]	—	—	—	—	—	—

Provision	1985	1986	1987	1988	1989
Parity price (¢/lb) [1]	45.50	44.80	46.70	48.90	50.60
Support price (¢/lb)	—	—	—	—	—
Nonrecourse loan (¢/lb):					
Quota peanut loan rate	27.95	30.37	30.37	30.76	30.79
Non-quota peanut loan rate	7.40	7.49	7.49	7.49	7.49
National marketing poundage quota (1,000 tons)	1,100.0	1,355.5	1,355.5	1,402.2	1,440.0
National allotment (1,000 acres)	Suspended	Suspended	Suspended	Suspended	Suspended
CCC domestic sales: [2]					
Announced minimum (¢/lb) [3]	—	30.37+CC	30.37+CC	30.76+CC	30.79+CC

[1] Average parity price of peanuts for July.
[2] Sales made at fixed prices or through competitive bids.
[3] In any event, the CCC can not sell stock holdings at less than the going market price.
[4] The sales price increased to 22.47 cents plus costs if sold after December 31, 1978.
Source: Robert C. Green. *A Database for Support Programs of Program Crops, 1961-90.* Staff Report (forthcoming). U.S. Department of Agriculture, Economic Research Service.

Glossary for Soybeans and Peanuts

Acreage allotment. An individual farm's share of the national acreage that the Secretary of Agriculture determines is needed to produce sufficient supplies of a particular crop. The farm's share is based on its previous production.

Acreage reduction program (ARP). A voluntary land retirement system in which farmers must idle a portion of their base acreage; the remaining base acreage must be planted in the base crop. Farmers must participate to be eligible for benefits like Commodity Credit Corporation loans and deficiency payments.

Agricultural inputs. Components of agricultural production, such as land, labor, and the capital needed to acquire other inputs, including machinery, fertilizer, seed, and pesticides.

Agricultural Research Service (ARS). A USDA agency that conducts basic, applied, and developmental research of regional, national, or international scope in areas including livestock, plants, food safety, nutrition, and food processing.

Agricultural Stabilization and Conservation Service (ASCS). A USDA agency responsible for administering farm price- and income-support programs and some conservation and forestry cost-sharing programs.

Basic commodities. Six crops (corn, cotton, peanuts, rice, tobacco, and wheat) declared by legislation as price-supported commodities.

Cargo preference. A law that requires a certain portion of goods or commodities financed by the U.S. Government be shipped on U.S. flag ships. The law has traditionally applied to PL 480 and other concessional financing or donation programs.

Carryover. Existing supplies of a farm commodity at the beginning of a new harvest for a commodity (end of the marketing year). It is the remaining stock carried over into the next year.

Cash grain farm. A farm on which corn, grain sorghum, wheat, oats, barley, other small grains, soybeans, or field beans and peas account for at least 50 percent of the value of the products sold.

Census of Agriculture. A survey taken by the Bureau of the Census every 5 years to determine the number of farms, land in farms, crop acreage and production, livestock numbers and production, farm spending, farm facilities and equipment, farm tenure, value of farm products sold, farm size, type of farm, and so forth. Data are reported by various farm characteristics for States and counties.

Commodity Credit Corporation (CCC). A federally owned and operated corporation within the U.S. Department of Agriculture created to stabilize, support, and protect farm income and prices through loans, purchases, payments, and other operations. All money transactions for agricultural price and income support and related programs are handled through the CCC; the CCC also helps maintain balanced, adequate supplies of agricultural commodities and helps in their orderly distribution. The CCC does not have any operating personnel or facilities.

Concessional sales. Credit sales of a commodity in which the buyer is allowed more favorable payment terms than those on the open market (such as low-interest, long-term credit).

Conservation practices. Methods or devices which reduce soil erosion and retain soil moisture, including conservation tillage and grassed waterways.

Conservation reserve program (CRP). A major provision of the Food Security Act of 1985 designed to reduce erosion on 40-45 million acres of farmland. Under the program, producers who sign contracts agree to convert highly erodible cropland to approved conservation uses for 10 years. In exchange, participating producers receive annual rental payments and cash or inkind payments to share up to 50 percent of the cost of establishing permanent vegetative cover.

Conserving uses. Land idled from production and planted in annual, biennial, or perennial grasses, or other soil-conserving crop.

Cost of production. An amount, measured in dollars, of all purchased inputs, allowances for management, and rent, that is necessary to produce farm products.

Crop acreage base. The average of the wheat, feed grains, upland and extra-long staple (ELS) cotton, or rice acreage planted for harvest on a farm, plus land not planted because of acreage reduction or diversion programs or the conservation reserve during a period specified by law.

Crop rotation. The practice of growing different crops in recurring succession on the same land usually for the purpose of increasing soil fertility.

Crop year. The year in which a crop is planted; used interchangeably with marketing year.

Deficiency payment. A Government payment to farmers who participate in wheat, feed grain, rice, or cotton programs. The payment rate is per bushel, pound, or hundredweight, based on the difference between the price level established by law (target price) and the higher of the market price during a period specified by law or the price per unit at which the Government will provide loans to farmers to enable them to hold their crops for later sale (loan rate). The payment is equal to the payment rate multiplied by the permitted acreage planted for harvest and then by the program yield established for the particular farm.

Developing countries. Countries whose economies are mostly dependent on agriculture and primary resources and do not have a strong industrial base.

Direct payments. Payments in the form of cash or commodity certificates made directly to producers for such purposes as deficiency payments, annual land diversion, or conservation reserve payments.

Disaster Assistance Act of 1988 (PL 100-387). The legislation signed into law August 11, 1988, designed to provide $3.9 billion in relief to farmers and ranchers who suffered losses because of natural disasters during 1988.

Economic Research Service. A USDA agency responsible for economic data and analyses and social science information needed to develop, administer, and evaluate agricultural and rural policies and programs.

Ending stocks. Existing supplies of a farm commodity at the end of a marketing year.

Erosion. The process in which water or wind moves soil from one location to another.

European Community (EC). Established by the Treaty of Rome in 1957, also known as the European Economic Community and the Common Market. Originally composed of six European nations, it has expanded to 12. The EC attempts to unify and integrate member economies by establishing a customs union and common economic policies, including the Common Agricultural Policy (CAP).

Exchange rate. Number of units of one currency that can be exchanged for one unit of another currency at a given time.

Export allocation or quota. Controls applied by an exporting country to limit the amount of goods leaving that country.

Export credit guarantee program (GSM-102). The largest U.S. agricultural export promotion program, functioning since 1982; guarantees repayment of private, short-term credit for up to 3 years.

Export enhancement program (EEP). Begun in May 1985 under a Commodity Credit Corporation charter to help U.S. exporters meet competitors' prices in subsidized markets. Under the EEP, exporters are awarded bonus certificates which are redeemable for CCC-owned commodities, enabling them to sell certain commodities to specified countries at prices below those of the U.S. market.

Export subsidies. Special incentives, such as cash payments, tax exemptions, preferential exchange rates, and special contracts, extended by governments to encourage increased foreign sales; often used when a nation's domestic price for a good is artificially raised above world market prices.

Exports. Domestically produced goods and services that are sold abroad.

Farm. A tract or tracts of land, improvements, and other appurtenances available to produce crops or livestock, including fish. The Bureau of the Census defined a farm in 1974 as any place that has or would have had $1,000 or more in gross sales of farm products.

Farm acreage base. The annual total of the crop acreage bases (wheat, feed grains, upland cotton, and rice) for a farm, the average acreage planted to soybeans, peanuts, and other approved nonprogram crops, and the average acreage devoted to conserving uses.

Farm value. A measure of the return or payment received by farmers calculated by multiplying farm prices by the quantities of farm products equivalent to food sold at retail.

Farm-to-retail price spread. A measure of all processing, transportation, wholesaling, and retailing charges incurred after products leave the farm.

Feed grains. Any of several grains most commonly used for livestock or poultry feed, including corn, grain sorghum, oats, and barley.

Food Security Act of 1985 (PL 99-198). The omnibus food and agriculture legislation signed into law on December 23, 1985, that provides a 5-year framework for the Secretary of Agriculture to administer various agriculture and food programs. The act amends the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 for the 1986-90 crop years (see permanent legislation).

Foreign Agricultural Service. A USDA agency responsible for promoting U.S. agricultural exports and administering export assistance programs.

General Agreement on Tariffs and Trade (GATT). An agreement originally negotiated in Geneva, Switzerland, in 1947 among 23 countries, including the United States, to increase international trade by reducing tariffs and other trade barriers. The agreement provides a code of conduct for international commerce and a framework for periodic multilateral negotiations on trade liberalization and expansion.

Generic advertising. Promotes purchases of a commodity without reference to the specific farmer or manufacturer. Generic advertising has been used to overcome competition from another product, to increase awareness of lesser known products, and to alter negative opinions about an item. Examples are dairy and beef promotion campaigns. Overseas market development is another application of generic advertising.

Generic commodity certificates. Negotiable certificates, which do not specify a certain commodity, that are issued by USDA in lieu of cash payments to commodity program participants and sellers of agricultural products. The certificates, frequently referred to as payment-in-kind (PIK) certificates, can be used to acquire stocks held as collateral on Government loans or owned by the Commodity Credit Corporation.

Gramm-Rudman-Hollings Deficit Reduction Act. Common name for The Balanced Budget and Emergency Deficit Control Act of 1985 (PL 99-177). The law mandates annual reductions in the Federal budget deficit to eliminate it by 1991. If Congress and the President cannot agree on a targeted budget package for any specific fiscal year, automatic cuts occur for almost all Federal programs.

Gross farm income. Income which farm operators realize from farming; includes cash receipts from the sale of farm products, Government payments, value of food and fuel produced and consumed on farms where grown, and other items.

Harvested acres. Acres actually harvested for a particular crop. Usually somewhat smaller at the national level than planted acres because of abandonment due to weather damage or other disasters or market prices too low to cover harvesting costs.

Highly erodible land. Land that meets specific conditions primarily relating to its land/soil classification and current or potential rate of erosion. The classifications are used in determining eligibility of land for the conservation reserve program.

Import quota. The maximum quantity or value of a commodity allowed to enter a country during a specified time period. A quota may apply to amounts from specific countries.

International trade barriers. Regulations imposed by governments to restrict imports from, and exports to, other countries, including tariffs, embargoes, and import quotas.

International Trade Commission (ITC). An agency of the U.S. Government established to monitor trade, provide economic analyses, and make recommendations to the President in cases of unfair trade practices.

Legume. A family of plants, including many valuable food and forage species, such as peas, beans, soybeans, peanuts, clovers, alfalfas, and sweetclovers. Legumes can convert nitrogen from the air and build up nitrogen in the soil (nitrogen fixation). Many of the non-woody species are used as cover crops and are plowed under for improvement of the soil.

Loan rate. The price per unit (bushel, bale, or pound) at which the Government will provide loans to farmers to enable them to hold their crops for later sale.

Marketing loan program. Authorized by the Food Security Act of 1985, this program allows producers to repay nonrecourse price support loans at less than the announced loan rates. Marketing loans have been implemented for rice and upland cotton.

Marketing quota. Authorized by the Agricultural Adjustment Act of 1938, marketing quotas are used to regulate the marketing of some commodities when supplies are excessive. The quota represents, in general, the quantity USDA estimates to be required for domestic use and exports during the year. Marketing quotas are binding upon all producers if two-thirds or more of the producers holding allotments for the production of a crop vote for quotas in a referendum. When marketing quotas are in effect, growers who produce more of a commodity than their farm acreage allotments should yield are subject to marketing penalties on the "excess" production and are ineligible for Government price-support loans. Quota provisions have been suspended for wheat, feed grains, and cotton since the 1960's; rice quotas were abolished in 1981. Poundage quotas are still used for domestically consumed peanuts, but not for exported peanuts. Marketing quotas are used for major tobacco types.

Marketing year. Generally, the period from the beginning of a new harvest through marketing the following year.

Multilateral trade negotiations. Discussions of trade issues involving three or more countries.

National Agricultural Statistics Service (NASS). A USDA agency that conducts surveys and publishes reports detailing data on production, stocks, prices, labor, weather, and other information of interest to those associated with agriculture.

Net cashflow. A financial indicator that measures cash available to farm operators and landlords in a given year; indicates the ability to meet current obligations and provide for family living expenses, and to undertake investments.

Nonrecourse loans. The major price support instrument used by the Commodity Credit Corporation (CCC) to support the price of feed grains, soybeans, wheat, cotton, peanuts, and tobacco. Farmers who agree to comply with all commodity program provisions may pledge a quantity of a commodity as collateral and obtain a loan from the CCC. The borrower may elect either to repay the loan with interest within a specified period and regain control of the collateral commodity or default on the loan. In case of a default, the borrower forfeits without penalty the collateral commodity to the CCC.

Oilseeds crops. Primarily soybeans, peanuts, cottonseed, sunflower seeds, and flaxseed used for the production of edible and/or inedible oils, as well as protein meals. Other oil crops are rapeseed, safflower, castor beans, and sesame.

Paid land diversion. If the Secretary of Agriculture determines that planted acres for a program crop should be reduced, producers may be offered a paid voluntary land diversion. Farmers are given a specific payment per acre to idle a percentage of their crop acreage base. The idled acreage is in addition to an acreage reduction program.

Parity index. See prices-paid index.

Payment-in-kind (PIK). A payment made to eligible producers in the form of an equivalent amount of commodities owned by the Commodity Credit Corporation.

Permanent legislation. Legislation that would be in force in the absence of all temporary amendments and temporarily suspended provisions. The Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 serve as the principal laws authorizing major commodity programs. These laws are frequently amended—provisions are added, suspended, and repealed. For the past several decades, periodic omnibus agriculture acts have provided for specific fixed-period commodity programs by adding temporary amendments to these laws, and suspending conflicting provisions of those laws for the same period. The temporarily suspended provisions of the 1938 and 1949 Acts go back into effect if current amendments, such as the Food Security Act of 1985, lapse and new legislation is not enacted.

Permitted acreage. The maximum acreage of a crop which may be planted for harvest within a program. The permitted acreage is computed by subtracting the acreage reduction program requirement from the crop acreage base minus the diversion acreage (if applicable). For example, if a farm has a crop acreage base of 100 acres and 10-percent acreage reduction is required, the permitted acreage is 90 acres.

Price support programs. Government programs that aim to keep farm prices received by participating producers from falling below specific minimum prices. Price-support programs for major commodities are carried out by providing loans to farmers so that they can store their crops during periods of low prices. The loans can later be redeemed if commodity prices rise sufficiently to make the sale of the commodity on the market profitable, or the farmer can forfeit the commodity to the Commodity Credit Corporation (CCC). In the latter case, the commodity is stored and is not available to the market until prices rise above statutory levels that allow the CCC to sell the commodities.

Prices-paid index. An indicator of changes in the prices farmers pay for goods and services (including interest, taxes, and farm wage rates) used for producing farm products and those needed for farm family living, referred to as the parity index when computed on a 1910-14 = 100 base.

Producer. A person who, as owner, landlord, tenant, or sharecropper, is entitled to a share of the crops available for marketing from the farm or a share of the proceeds from the sale of those commodities.

Production expenses. Total cash outlays for production. Capital expenses are figured on annual depreciation rather than on yearly cash outlays for capital items.

Program crops. Federal support programs are available to producers of wheat, corn, barley, grain sorghum, oats, rye, extra-long staple and upland cotton, rice, soybeans, tobacco, peanuts, and sugar.

Program yield. The farm commodity yield of record determined by averaging the yield for the 1981-85 crops, dropping the high and low years. Program yields are constant for the 1986-90 crops. The farm program yield applied to eligible acreage determines the level of production eligible for direct payments to producers.

Public Law 480 (PL 480). Common name for the Agricultural Trade Development and Assistance Act of 1954, which seeks to expand foreign markets for U.S. agricultural products, combat hunger, and encourage economic development in developing countries.

Referendum. The referral of a question to voters to be resolved by balloting. For example, marketing quotas, acreage allotments, or marketing agreements have been subject to referenda.

Resources. The available means for production, including land, labor, and capital.

Section 22. A section of the Agricultural Adjustment Act of 1933 that authorizes the President to restrict imports by imposing quotas or fees if the imports interfere with Federal price support programs or substantially reduce U.S. production of products processed from farm commodities.

Set-aside. A voluntary program to limit production by restricting the use of land. When offered, producers must participate to be eligible for Federal loans, purchases, and other payments.

Spot market. Market in sales contracts for immediate delivery, or delivery within a few days.

Subsidy. A direct or indirect benefit granted by a government for the production or distribution of a good.

Target price. A price level established by law for wheat, feed grains, rice, and cotton. Farmers participating in the Federal commodity programs receive the difference between the target price and the higher of the market price during a period prescribed by law or the unit price at which the Government will provide loans to farmers to enable them to hold their crops for later sale (the loan rate).

Tariffs. Taxes imposed on commodity imports by a government; may be either a fixed charge per unit of product imported (specific tariff) or a fixed percentage of value (*ad valorem* tariff).

Temporary Emergency Food Assistance Program (TEFAP). Established in 1983 to allow donation of commodities owned by the Commodity Credit Corporation to States in amounts relative to the number of unemployed and needy persons. The food is distributed by charitable organizations to eligible recipients.

Trade barriers. Regulations used by governments to restrict imports from, and exports to, other countries including tariffs, embargoes, and import quotas.

Two-price plan. Price discrimination between the domestic and export markets by selling commodities for export at a different price than in the domestic market. Governments or firms may adopt a two-price plan to expand markets, dispose of surpluses, and increase returns.

Upland cotton. The predominant type of cotton grown in the United States and in most major cotton-producing countries of the world. The staple length of these fibers ranges from about 3/4 inch to 1 1/4 inch, averaging nearly 1 3/32 inches.

World price. Often refers to the cost, insurance, and freight (c.i.f.) price of a commodity at the principal port of a major importing country or area.

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