



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Agricultural Outlook Forum

Presented: February 17, 2006

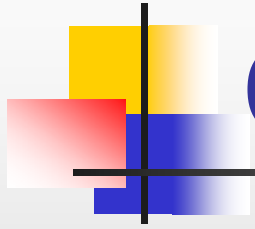
EXTERNAL FORCES AFFECTING CONSERVATION

Don R. Parrish
Senior Director
Regulatory Relations
American Farm Bureau Federation



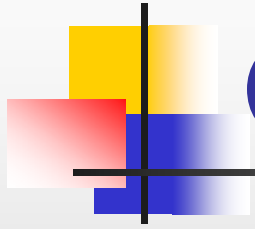
Conservation and the Farm Bill

Don R. Parrish
Senior Director
Regulatory Relations
American Farm Bureau Federation



Outline -

- Overview
- Politics
- Internal/External Forces
- The \$MONEY\$
- Long-term Outlook



Conservation Programs

- Land Retirement
 - CRP
 - WRP
- Working-Lands
 - EQIP
 - Continuous CRP
 - WHIP
 - CSP
- Land Preservation
 - FRPP
 - GRP
- Technical Assistance
- Compliance
 - Conservation Compliance
 - Sodbuster
 - Swampbuster



Internal/External Forces

Near-term Outlook

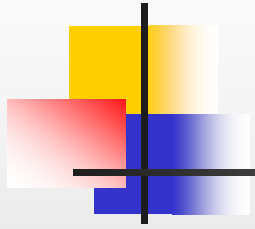
- Chairmen of both the House and Senate Ag Committees are hearing that farmers like the current Farm Bill
- *Political Dynamic* has changed
- White House wants to be a significant player in the next Farm Bill



Internal/External Forces

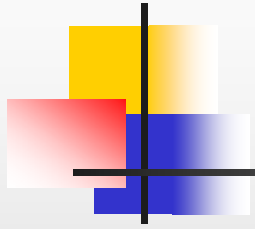
Near-term Outlook

- Some environmental/conservation interests want more resources shifted from commodity programs to conservation programs
- Other environmental/conservation interests want more of the existing conservation resources focused on land retirements
- Farmers and ranchers are interested in maintaining balance
 - Within and Among
 - Commodity funding
 - Land retirement programs
 - Working lands programs



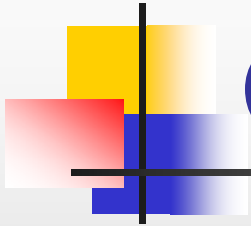
Initial Policy Forums

- Farmers and ranchers anticipate change
 - Wants –
 - Better safety net
 - Rewards for conservation
 - Help adjusting and transitioning
 - Regionalization
 - Support for National priorities – energy, food security, rural development



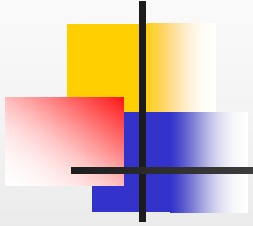
Initial Policy Forums

- Environmental/Conservation groups anticipate change
 - Wants –
 - Habitat friendly agriculture
 - Measurable ecosystem improvements
 - Land retirements
 - Conservation Compliance
 - Programs that restore water quality and increase water quantity
 - Programs that address carbon emission/climate change



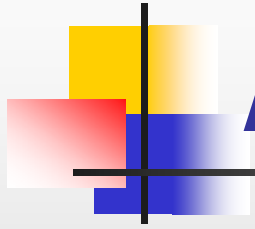
Conservation Realities

- From 1985 – 2002, most conservation dollars went to retire land from crop production.
- In 2002 – Congress authorized an 80% increase in conservation funding over previous programs – mostly directed at “working lands programs.”



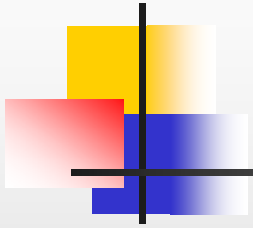
Issues Revolving Around the 2007 Farm Bill

- Income support
 - Direct income supports
 - Indirect price supports
 - Crop Insurance
- Environmental programs
 - Conservation Compliance
 - Land retirement
 - Cost share
 - Land Preservation
 - Green payments
 - Technical Assistance



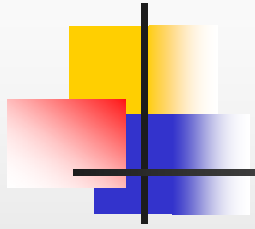
Agricultural Diversity

- Over the last 50 years
 - Production has doubled
 - Farm numbers dropped by 2/3
- 150,000 – 250,000 farmers produced most of our food and fiber



Agricultural Diversity (continued)

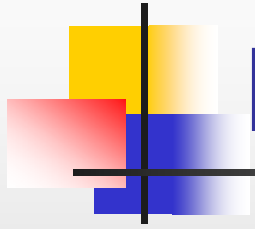
- Program Crops – cotton, corn, soybeans wheat, rice, barley, grain sorghum, dairy and sugar
- These products, grown on almost every farm in the 1930s, are produced today on approximately 30% of all farms and account for just 20% of the total value of agricultural sales. (*Food and Agricultural Policy- USDA*)



Agricultural Diversity (continued)

In 1999 –

- *Net Farm Cash Income = \$55.7 billion*
- *Off-farm Sources = \$124 billion*



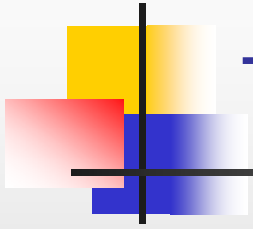
Drivers of Change

- Globalization and competition
- World Trade Rules
- Technology
- Federal Budget and attitudes about appropriate level of entitlements
- Public preferences
- Profitability
- Market based environmentalism (Trading)



Future Farm and Conservation Policy

- What is WTO green box –
 - The amount of payment shall be limited to the extra costs or loss of income involved in complying with government programs.



The Future of Conservation Policy

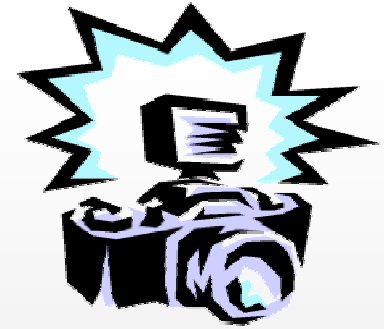
- Currently a blank page
 - Rewards good performers
 - Achieve the most Benefit per \$ expended
 - Assists with regulatory compliance
 - Incentive-based rather than regulatory



2005 CBO Conservation Funding Baseline and % of Total Ag

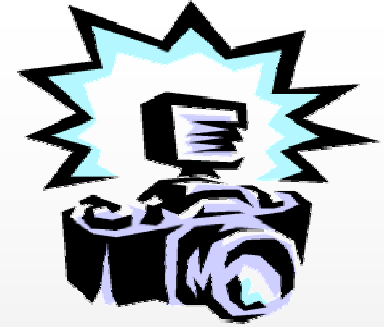
- 2006 ... \$4.3 Billion ... 22.2%
- 2007 ... \$4.6 Billion ... 27.5%
- 2008 ... \$4.7 Billion ... 31.9%
- 2009 ... \$5.3 Billion ... 35.5%
- 2010 ... \$5.2 Billion ... 35.6%

Future Farm and Conservation Policy



- Political, state and regional differences will become more important –
- Profitability will always be THE key to environmental performance –
 - Voluntary and incentive based
 - Compliance driven

Future Farm and Conservation Policy



- Agriculture owns and/or manages 2/3 of the Nation's land
- Agricultural "output" will likely be broadly defined –
 - Rural landscape amenities
 - Wildlife habitat
 - Wetlands
 - Water and Air quality
 - Food security
 - Fiber
 - Timber