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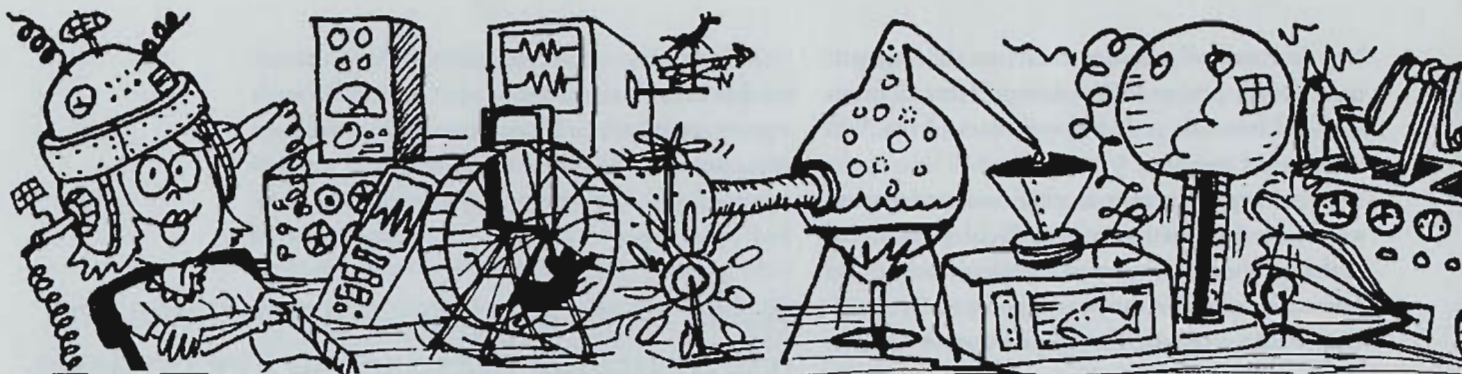
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## Letters



### What Happens When CRP Contracts Expire?:

#### A Comment

■ Heimlich and Osborn provide a good overview of the issues surrounding post-CRP land use, but several points need further comment. The Highly Erodible Land Conservation (HEL) subtitle was not legislated to "keep CRP lands from returning to crop production", as the authors state, but rather to induce producers with highly erodible soils, which could not be economically farmed at an acceptable level of soil erosion, to bid their land into the CRP (Pg. 300-303 Senate Report 99-145). This would increase the acreage offered for enrollment in the program and make bidding more competitive.

The authors statement that compliance's effectiveness has been reduced because "USDA substituted alternative conservation cropping systems for the original T value standard" is overstated. The final rules and regulations for conservation compliance (Federal Register Vol 53, No. 28, Feb 11, 1988) state, "the use of T in the design of an acceptable resource conservation system .. may under the *voluntary* conservation programs, be modified to satisfy site specific conditions. Under the conservation provisions of the 1985 Food Security Act, however, land users who produce agricultural commodities on highly erodible cropland and want to maintain

their eligibility for USDA program participation do not have the same freedom that the landuser has under the voluntary program. They must comply with the requirements as set forth in the field office technical guide that will achieve a substantial reduction in existing soil loss levels, but at the same time be cost-effective for the given situation." Thus, the rigor with which conservation compliance is enforced on CRP acres will be at the discretion of SCS county personnel much as compliance has been implemented on cropland. Further, the rigor or enforcement may be a hotly debated item in the 1995 farm bill. Many farm and environmental groups alike believe that it would be inappropriate to have paid nearly \$20 billion to remove highly erodible lands from production and then allow it to return without insuring nondegradation of the soil resources. Thus, we can not arbitrarily dismiss compliance as an effective deterrent to returning CRP acres to crop production.

Finally, the level of environmental benefits claimed to be achieved by the CRP is over-estimated. The measurement of environmental benefits has not occurred on a single CRP field. USDA estimated aggregate benefits associated with a unit of erosion, weighted for population. The measure does not adjust for proximity of soil erosion to water bodies, or changes in technology, crop rotations, or other cost share and technical assistance programs

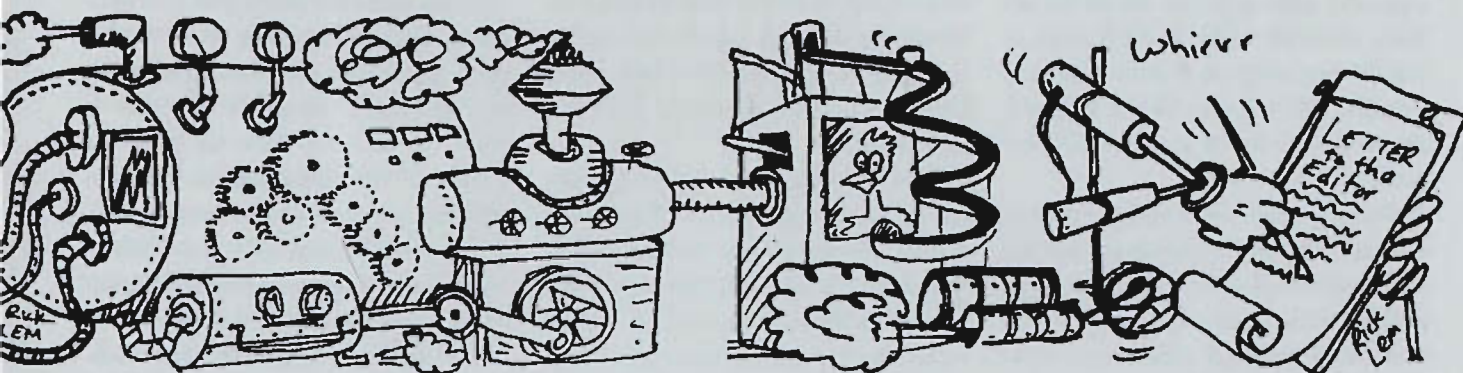
which have occurred since the program was implemented. The number of acres under conservation tillage, no-till, ridge-till, and mulch-till has more than doubled in the last five years (USDA/ERS AR-30, May 1993). Practices such as grass waterways, strip-cropping, terraces, and riparian area buffers have also increased through programs such as the Agricultural Conservation Program and the Great Plains Conservation Program. Thus, the environmental benefits once estimated for the CRP have certainly been reduced over the last ten years.

Michael R. Dicks  
Oklahoma State University

### The Authors Respond

■ Dicks' comment provides an opportunity to amplify some points. Conservation compliance provisions evolved over the course of debate on the 1985 FSA conservation title. Proposed as an extension of Colorado Senator Armstrong's "sodbuster" bill, conservation compliance was at first viewed as a less costly mandatory alternative to CRP, and later was seen as complementary to CRP in the way we described. Compliance also functioned as an inducement to enroll in CRP, as Dicks points out.

Dicks' interpretation of compliance goals for program participants is misleading because he cites part of the discussion of public comments on the final rule, not the rule itself. SCS field



office technical guides contain both basic conservation systems (BCS), designed to reduce erosion to tolerable soil levels (T values), and alternative conservation systems (ACS), defined to achieve "substantial" erosion reductions at reasonable cost. Program participants are free to use ACS if BCS prove too costly, contrary to Dicks' implication that they must meet rigid standards. Our point is that ACS standards are less difficult to meet than the original T-value standard and will not force producers to abandon crop production. Meeting ACS will reduce erosion, but not as much as under CRP and without the wildlife habitat benefits of CRP cover.

Dicks suggests that compliance standards could be strengthened in the 1995 farm bill. Conservation groups might like to see standards on expiring CRP contracts raised. However, farm groups who favored the 1988 change to less demanding ACS standards point out that changing compliance rules for CRP land in 1995 would not be fair to CRP landowners who entered into contracts based on current compliance rules.

Dicks comment about the methods ERS used to estimate CRP's environmental benefits is inaccurate. Ribaud, et al. (1990) estimated dollar benefits for soil productivity, surface water quality, air quality from windborne dust, wildlife habitat, and groundwater quantity. He used changes in discharge of suspended sediment, nitro-

gen, and phosphorus associated with CRP erosion reductions to estimate changes in recreational fishing activity, municipal water treatment costs, ditch maintenance costs, and costs for maintaining navigation, flood control, and water storage.

Dicks mistakenly asserted a doubling of conservation tillage in recent years. ERS data show that conservation tillage increased from 72 million acres in 1989 to a final total of 97 million in 1993, an increase of only 35 percent. Dicks apparently assumes that non-CRP erosion reductions supersede the benefits of CRP erosion reductions. However, even the 672 million-ton erosion reduction from CRP, while 1.4 times greater than erosion reductions from all other USDA programs combined, accounted for only 22 percent of total cropland erosion. Benefits from recent conservation improvements do not substitute for, but add to those from CRP. We have a long way to go before benefits from reduced cropland erosion are exhausted.

Ralph E. Heimlich  
C. Tim Osborn  
both of the Economic Research  
Service, USDA

### Grazing Debate Continues: another comment

■ Wittlesey, Huffaker, and Burcher provide an interesting view on the current grazing fee debate. We would agree that the profession needs to be

more active in these discussions, but are troubled by several aspects of their proposal.

First, the authors state that "fees for public grazing are far below lease rate for comparable private grazing ..." but later indicate that "Extensive cost-of-grazing studies have shown that ranchers, on average, are currently spending as much per unit for forage on public lands (current fees plus costs of use) as is paid for private lands." We wonder which view the authors support, but would assert that the second view is correct, given available data. Furthermore, the fact that many grazing allotments are currently set idle suggests that the cost of public and private grazing must be comparable.

Second, we are troubled by their contention that the value of the permits should be equal to zero. It seems reasonable that if there is some rent to be realized from private grazing, similar rents should also hold for public lands. The present value of this rent, stream most certainly would not equal zero. In addition it is not surprising that these rents are attached to private holdings given the tentative nature of public land grazing permits.

Third, for all their concern about equity, why do the authors argue that ranchers be the only users to pay for the benefits they receive; isn't there any value to off-road vehicle owners, backpackers, or big-game hunters? It doesn't make any difference in an economic sense that one value is reflected

in dollars and the others are not. An equitable pricing policy would extract rents from all users. Furthermore, it should not make any difference how "small" this segment of the livestock sector is if equity is a legitimate concern.

Fourth, while economics and politics can seldom be separated, we are not convinced that the profession should forfeit economic analysis in the interest of political expediency. Economics has much to contribute in terms of the costs and benefits of alternative proposals. A rational fee structure should accurately reflect the values of the resource in question, not be based on perception about what is politically feasible.

Fifth, we are puzzled as to why the authors would argue that the price of a resource be set equal to its cost, particularly since these permits are not traded in a competitive market. Furthermore, what costs are to be included in the fee assessment? This situation is greatly complicated by the fact that the costs associated with the grazing aspect of public lands are inexplicably intertwined with the overall costs of public lands maintenance. In addition, it is clear that if the government were able to impose its own costs of management on the livestock producer, the costs to the producer would essentially be double those experienced by the private market. On the benefit side, there is some evidence to suggest that for livestock (as well as wildlife) grazing yields greater plant diversity. How are such benefits accounted for in their proposed scheme?

Sixth, while recognizing that there most certainly are problems with the current grazing fee structure, including the issue of long-run productivity and manageability, it does not seem particularly productive to dismiss recent work that suggests that the current rate is, in-large, consistent with fees associated with private grazing.

Unfortunately, we fear that the data underlying this issue will become increasingly difficult to obtain, due in large part to the apparent lack of attention to it, as illustrated by these authors.

Finally, there is no way to guarantee sufficient quantities of forage and related resources for future generations and, even if there was, there is no way to take adequate account of future technological innovations that may render today's situation irrelevant. We would encourage additional discussion on this issue.

Donald L. Snyder  
Darwin B. Nielsen  
Utah State University

### And Another Comment

■ As a Western cattle rancher who is very dependent on federal land to maintain a viable family ranching operation, I was very concerned when I read the first paragraph in the article in *CHOICES*, 3rd Quarter, "Grazing Policy on Public Land." Point number one the authors make about the three major problems emerging from the debate about public grazing policy, "Rangeland quality continues to deteriorate despite over a half century of federal effort to protect and rehabilitate public lands." I was concerned because that statement is simply not true. I wrote a letter to the editor questioning that statement. A similar letter by Colin Kaltenback was published in the 4th quarter of *CHOICES*. I assumed the authors of the original article would qualify their statements like "some rangeland continues to deteriorate" or "public perception is that rangeland continues to deteriorate." At that point the article could have stood on its own merits and may have made a meaningful contribution to the debate on grazing policy on public lands. But that was not the case. They stood by the statement and offered further justifi-

cation for their contention.

It concerns me that a group of agricultural economists have suddenly become experts on rangeland conditions and trends. It seems to me that it might be well for them to leave the science of that discipline to the professional scientists in that area.

However, I will give the authors credit in their response article for making it clear that it was their "opinion" that rangeland conditions were continuing to decline. Everyone is entitled to their own opinion but no one is entitled to their own facts.

I look to and depend on our land grant universities as a creditable, unbiased source of information, so as a producer I have a problem with opinions being presented as fact.

As I said in my original response, very different policy directions are appropriate, depending on whether rangelands are continuing to deteriorate or not. If we don't get the facts right, then we may not get the policy right.

I believe one of our greatest challenges in the years ahead is to insure that we have science-based policy and not opinion-based policy when we're dealing with natural resource issues. I further believe that it is the central role of our land grant universities to provide that good science. We all hear that our land grant universities must change and must broaden their constituent base if they are to survive in the future, but if we get away from good science, their demise will come much sooner.

Bert Brackett  
Flat Creek Ranch, Rogerson, ID

### The Authors Respond

■ We appreciate the opportunity to respond first to the comments made by Drs. Snyder and Nielsen, and then to those of Mr. Brackett.

First, second, and fifth comments: We support our stated view that "fees

for public grazing are far below lease rates for comparable private grazing." However, we conclude in the same section that this is not the relevant comparison for setting grazing fees (p. 17). We cite the evidence that "extensive cost-of-grazing studies have shown that ranchers, on average, are currently spending as much per unit for forage on public lands (current fees plus cost of use) as is paid for private lands" to demonstrate a possible contradiction with the real-world observation that public grazing permits have positive value. The economic logic is that if public forage costs the same at the margin as buying it in the private market, then (assuming no rents on inframarginal units) one would expect public grazing permits to have (on average) zero value.

Our major point in the article is that, given the difficulty of establishing a fair market price based on the above information and without a bidding process, we should cease attempts to discover "fair market value" of public grazing and instead focus on mitigating damage to multiple uses, along with administering the grazing program. We realize that the full cost directly and solely attributable to grazing calculated in this way could be prohibitively high for some grazing units. If so, this is an indication that grazing has strong conflicts with multiple-use objectives in these units and probably should not occur.

Finally, any environmental benefits from grazing should be deducted from any environmental costs, so that the public fee would include "net public costs."

Third comment: We do not argue that any other public users should not pay for the benefits that they receive. Our article covers grazing policy, and thus focuses on ranchers. We agree that other users should also pay full public costs when they can be identified and assessed.

Fourth comment: We completely agree with Snyder and Nielson that "a rational fee structure should accurately reflect the values of the resource in question, [and] not be based on a perception about what is politically feasible." This is exactly what we propose by setting public grazing fees according to the public costs of providing the grazing. We have no idea how Snyder and Nielsen concluded from our article that economic analysis should be forfeited in the interest of political expediency.

Sixth comment: Our article demonstrates that we are aware of the recent work suggesting that the current public grazing fee is, in large, consistent with fees associated with private grazing. However, our major point is that this is an irrelevant comparison. Public lands have multiple-use obligations that private lands lack, and thus public grazing fees should be designed to recover the public costs of providing grazing, rather than to equal pri-

vate fees or extract all the benefits from the rancher.

Mr Brackett's comment: Mr. Brackett disagrees with our statement that "[r]angeland quality continues to deteriorate despite over half a century of federal effort to protect and rehabilitate public lands." He is not satisfied with our earlier response to the same issue (*CHOICES*, fourth quarter 1993) because he has "a problem with opinion stated as fact." In fact, we worked in the opposite direction. We looked at the available "facts" (set out in the paper and in our initial response), and used them to formulate a "considered" opinion. This is the best that anyone can do. As cited in our initial response, Professor Box (a well known rangeland biologist and thus presumably a "professional scientist") states that, "even if good data were available, we will continue to get disagreements about range condition until a management objective is determined for each site."

We disagree with Mr. Brackett's opinion that "very different policy directions are appropriate, depending on whether rangelands are continuing to deteriorate or not." Regardless of rangeland quality, public grazing fees should reflect the full public costs of providing the grazing.

Norman K. Whittlesey

Ray G. Huffaker

Walter R. Butcher

Washington State University

## Findings Citations

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Note: *AJAE* is the *American Journal of Agricultural Economics*, *JAAE* is the *Journal of Agriculture and Applied Economics*, *JEEM* is the *Journal of Environmental Economics and Management*, *LE* is *Land Economics*, *RAE* is the *Review of Agricultural Economics*.