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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Conservation More Important Than Ever in Farm Bill

Market Report	Yr Ago	4 Wks Ago	10/26/01
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$69.63	\$66.47	\$65.35
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	86.19	*	84.83
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	69.63	97.68	92.88
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	105.81	106.67	104.40
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	35.50	43.63	37.00
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	43.50	50.00
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	119.05	114.90	106.25
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	62.25	46.42	*
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	150.50	123.22	123.47
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu	3.15	2.88	2.97
Corn, No. 2, Yellow Omaha, bu	1.81	1.83	1.79
Soybeans, No. 1, Yellow Omaha, bu	4.35	4.20	3.96
Grain Sorghum, No. 2, Yellow Kansas City, cwt	3.28	3.47	3.40
Oats, No. 2, Heavy Minneapolis, MN, bu	1.30	1.88	2.04
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	120.00	110.00	115.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	70.00	75.00	77.50
Prairie, Sm. Square, Good Northeast Nebraska, ton	82.50	105.00	105.00
* No market.			

When a new farm bill is signed into law, conservation provisions are likely to vie with commodity supports for top billing. After more than twenty such laws, this may be a first.

Soil conservation has been a part of farm bills since passage of the Soil Conservation and Domestic Allotment Act of 1936. However, not until passage of the Food Security Act of 1985 were wetlands, water quality, wildlife habitat and other natural resource issues addressed. Each subsequent farm bill has added one or more new conservation initiatives. The new legislation almost certainly will continue that pattern.

In recent years, federal money going back to farmers for conservation projects has totaled just over \$2 billion annually. Most of it has been for the Conservation Reserve Program (CRP), a long-term land-retirement program for lands subject to wind and water erosion. (The Natural Resources Conservation Service also spends several hundred million dollars annually to provide technical assistance to landowners).

The farm bill approved in the House would nearly double spending on conservation programs. The Senate probably will at least match the House proposal. Never will the conservation carrot have been so large.

A new survey of Nebraska farmers and ranchers indicates solid approval for the increased emphasis on conservation. Earlier this year, the University of Nebraska and 26 other land-grant universities participated in a random survey of producers to determine their preferences for a new farm bill. In Nebraska, we received over 500 responses. Those responding were divided into large and small farm categories, with the



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dividing line being \$100,000 in annual gross sales. About 60 percent of the responses were from large farmers.

One wide-ranging question asked whether the federal government should provide financial incentives for specific conservation and environmental initiatives. The relative share of those responding affirmatively to each proposal is shown in Table 1.

In general, small and large farmers offered similar responses. Strongest support went for programs to improve water quality, to reduce soil erosion and to produce fuels from crops and other biomass. The least support was offered for programs to provide habitat for endangered species, to increase carbon in the soil and to protect open space in rural areas.

In another question, producers were asked what the policy should be toward the conservation reserve program for the period after 2002. The responses are shown in Table 2.

Obviously, Nebraska producers would like to see the CRP expanded or, at the least, maintained at current enrollment levels. There's relatively little support for restricting the program to high priority (environmentally sensitive) areas, and even less support for phasing out the program altogether.

Left untested in the polling was the question of trade-offs between spending on commodity programs and conservation programs. Even if conservation spending increases substantially, it probably still will be less than spending on price and income supports for corn, wheat and other commodities. Whether that should change is one of the lingering questions of U.S. farm policy.

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Table 1.

	All Farms	Small Farms	Large Farms
	(% of "yes" responses)		
Protection of Open Space	55	58	50
Protection of Farmland	83	85	81
Protection of Water Quality	91	91	91
Provision of Wildlife Habitat	63	65	60
Management of Animal Waste	65	63	69
Reducing Soil Erosion	88	87	90
Increasing Carbon in the Soil	51	50	52
Producing Fuels from Crops and Other Biomass	89	88	92
Providing Habitat for Endangered Species	42	46	37

Table 2.

	All Farms	Small Farms	Large Farms
	(% choosing each alternative)		
Increase Funding and Enrollment Levels	45	44	47
Maintain Existing Funding Enrollment Levels	31	30	32
Restrict Future Funding to High Priority Areas	16	17	14
Eliminate the CRP as Contracts Expire	8	9	6