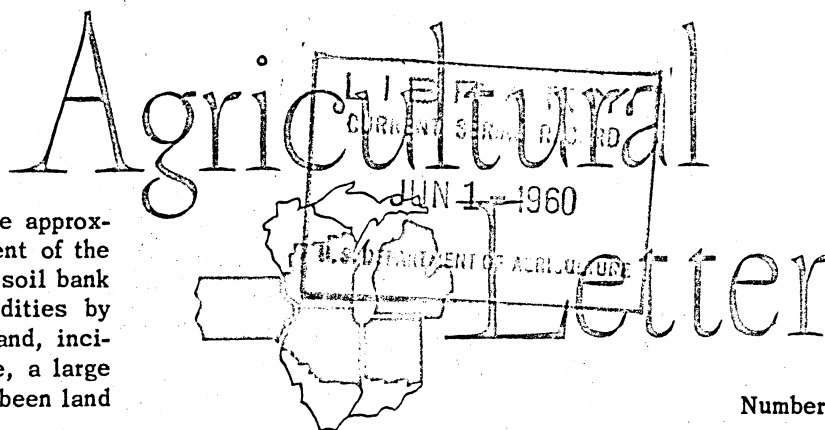


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THE CONSERVATION RESERVE will idle approximately 28 million acres this year or 6 per cent of the nation's cropland. The original purpose of the soil bank program was to reduce surplus farm commodities by temporarily retiring farmland from production and, incidentally, to promote conservation. In practice, a large proportion of the land idled by the program has been land having low productivity.

Those states with the largest proportions of cropland in the conservation reserve are: New Mexico, with 35 per cent; the Great Plains states (except Kansas and Nebraska), with 9 to 10 per cent; and Utah, Colorado, Georgia, South Carolina and Maine, with over 10 per cent.

Per Cent of Cropland in Conservation Reserve Program, 1960:

Illinois . . . 1.9%	Michigan . . . . . 6.6%
Indiana . . . 3.2	Wisconsin . . . . . 6.0
Iowa . . . . . 2.5	United States . . . 6.2

In the Seventh District, Michigan and Wisconsin have the same percentage as the U. S., but the Corn Belt states—Illinois, Indiana and Iowa—are well below the U. S. average. In examining the counties within these states (see back of Letter), the most striking feature is the low proportion of acreage placed under contract in the fertile Corn Belt areas. Those counties in the rolling and less productive areas of southern and western Iowa and southern Illinois and Indiana have the largest percentage of land included. Similarly, the less productive, sandy areas of central Wisconsin and cut-over areas of northern Michigan have heavy participation in the soil bank. In addition, however, those counties close to large industrial centers in Milwaukee, Detroit and southern Michigan have large percentages of land idled. Apparently those farms which were operated part time were placed in the program and the operators obtained full-time employment off the farm.

A study of land placed in the conservation reserve in Iowa has been published recently by Iowa State University. While some land in every Iowa county has gone into the reserve, the heaviest concentration is in counties with rolling land and generally lower-than-average crop yields. One of the reasons for this is that rolling land is generally susceptible to erosion. The conservation reserve can greatly reduce soil losses. However, another, perhaps more important, factor is that the differential in payment rates between low- and high-quality land isn't as large as the relative differences in net income per acre from the two types of land. Thus, the conservation reserve is generally a better income alternative for low-quality land than for high quality.

The study found that three-fourths of the conservation reserve participants operated land before entering the program and one-fourth were nonoperating landlords. Since entering the program, about 60 per cent of the

operators had quit farming any cropland. Generally these were farmers who had placed all their cropland in the reserve.

About twice as large a proportion of participants had off-farm employment as farmers generally in the same areas. Further, most of this group of participants had worked off the farm for a year or more before entering the program. Since farmers with off-farm jobs are usually younger and operate smaller farms, the reserve offers an opportunity to give full time to off-farm employment while still receiving a return on their land.

In terms of age, over half the participants were 60 or over compared with one-fourth of the nonparticipants in the same areas. In addition, participants included many young farmers. Thus, the program has greatest appeal to older farmers desirous of retiring and younger farmers who are "only partly in farming."

The size of farm tracts owned by participants wasn't greatly different from those of nonparticipants. Those farmers who continued to farm owned, on the average, 263 acres; those who quit farming, 197 acres; and nonparticipants, 214 acres. However, participants who quit farming had only 76 acres of cropland while nonparticipants had 142 acres of cropland. Smaller farms usually have relatively high operating costs per acre. Thus, an operator of a small farm who places all his cropland in the reserve has a relatively greater gain from participation than does an operator with a larger unit and lower per-acre costs. For farmers who placed only part of their land in the reserve, the study showed the lower-quality land was placed in the reserve and the better land was farmed, as would be expected.

Thus, the conservation reserve, according to this Iowa study, has helped those farmers with limited resources by providing an alternative "market" for their land. Undoubtedly, the adjustments made by these farmers are both desirable and necessary, but the original purpose of the soil bank was to reduce surpluses, not to boost income of farmers on low-quality land or to ease adjustments in land use. As pointed out by an Ohio State University study, "some group must determine what goals we are attempting to achieve" in national farm programs if the conservation reserve is to be reoriented and effectively used "to accomplish much needed adjustments in agriculture."

Research Department

Land Under Conservation  
Reserve Contract, 1959

