

Economic Opportunities and Challenges in Adoption of Enhanced or New Conservation Management Practices

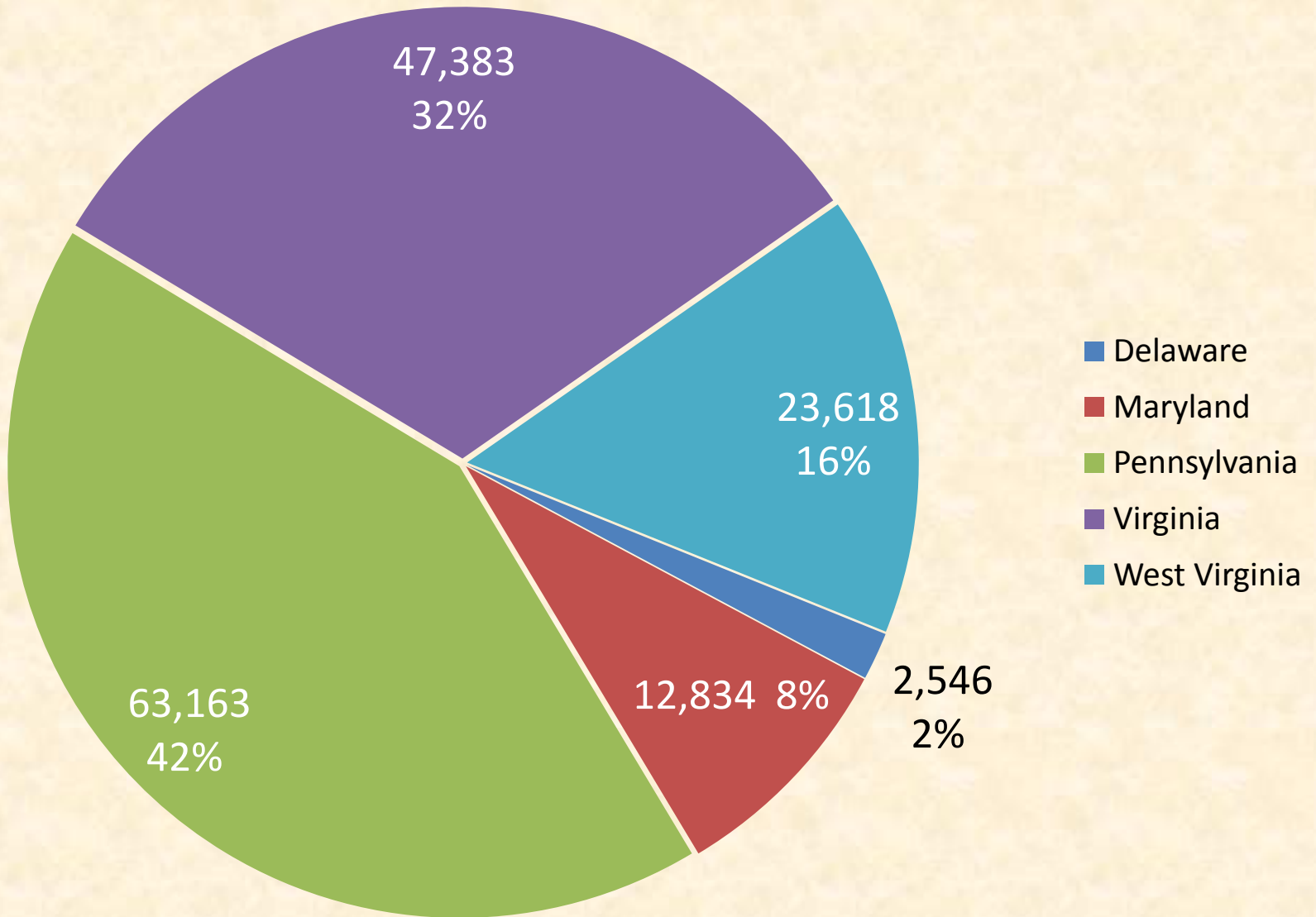
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Key Points

- Farm managers in the Bay watershed have very diverse characteristics that will affect both their motivations and their response to environmental conservation messages
- Agricultural pollution is a negative externality caused by nature and property rights
- Our focus on BMP adoption is a consequence of inability to measure pollution
- BMP adoption usually implies net cash or opportunity costs

Number of Farms, Mid-Atlantic States 2007



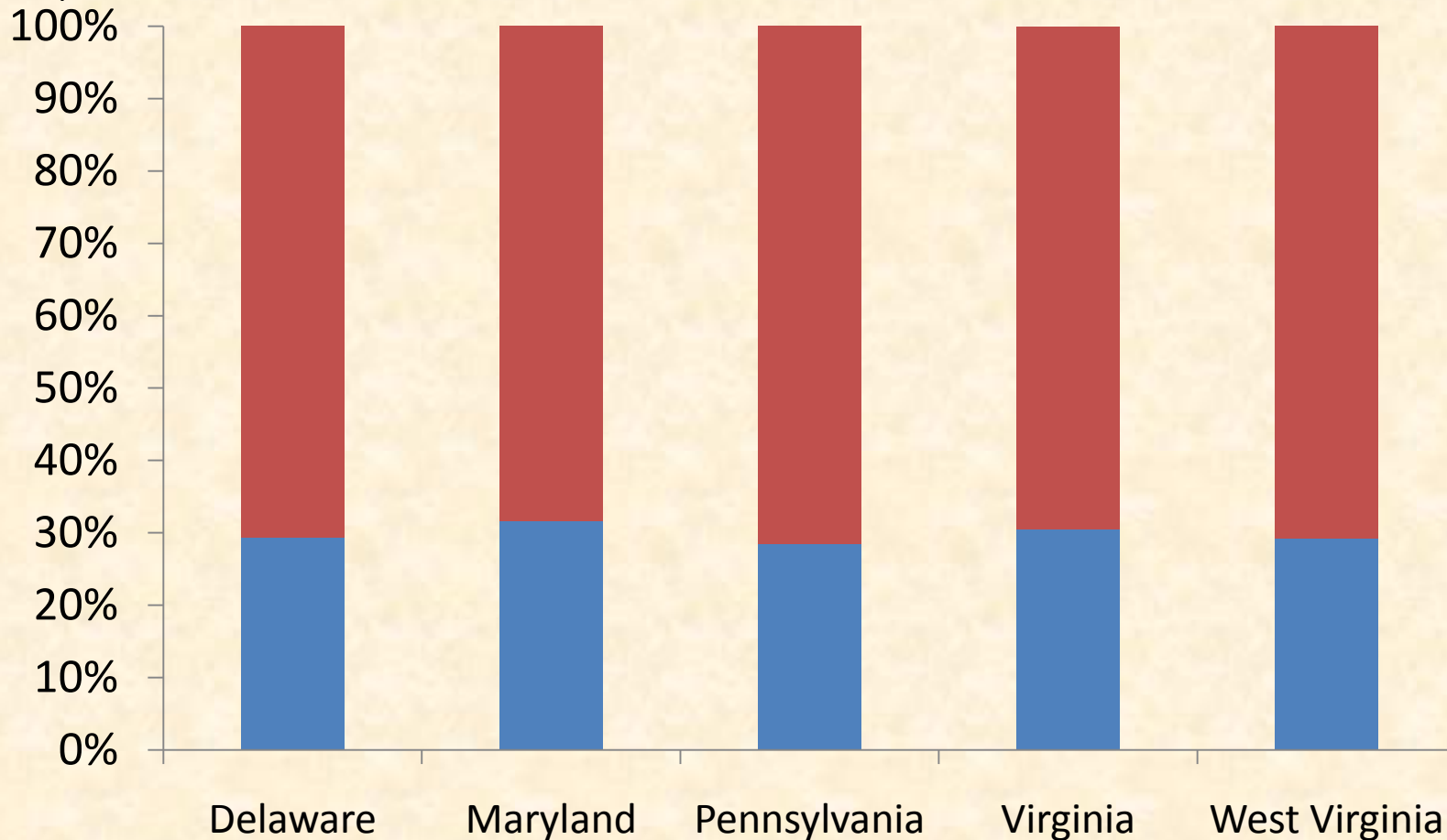
Source: 2007 Census of Agriculture



Proportion of Male and Female Farm Operators, 2007

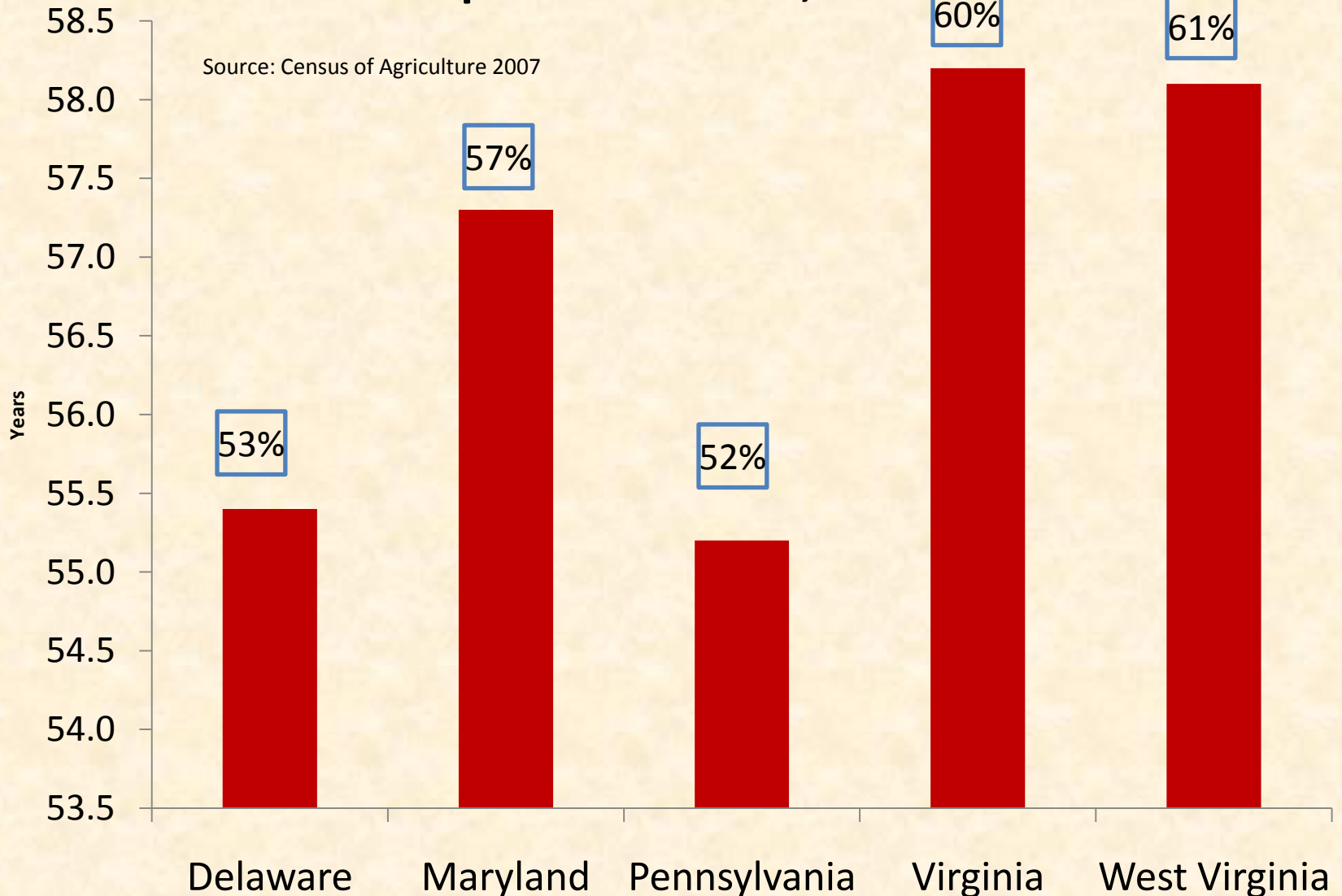
Proportion All Farm Operators

Female Operators Male Operators

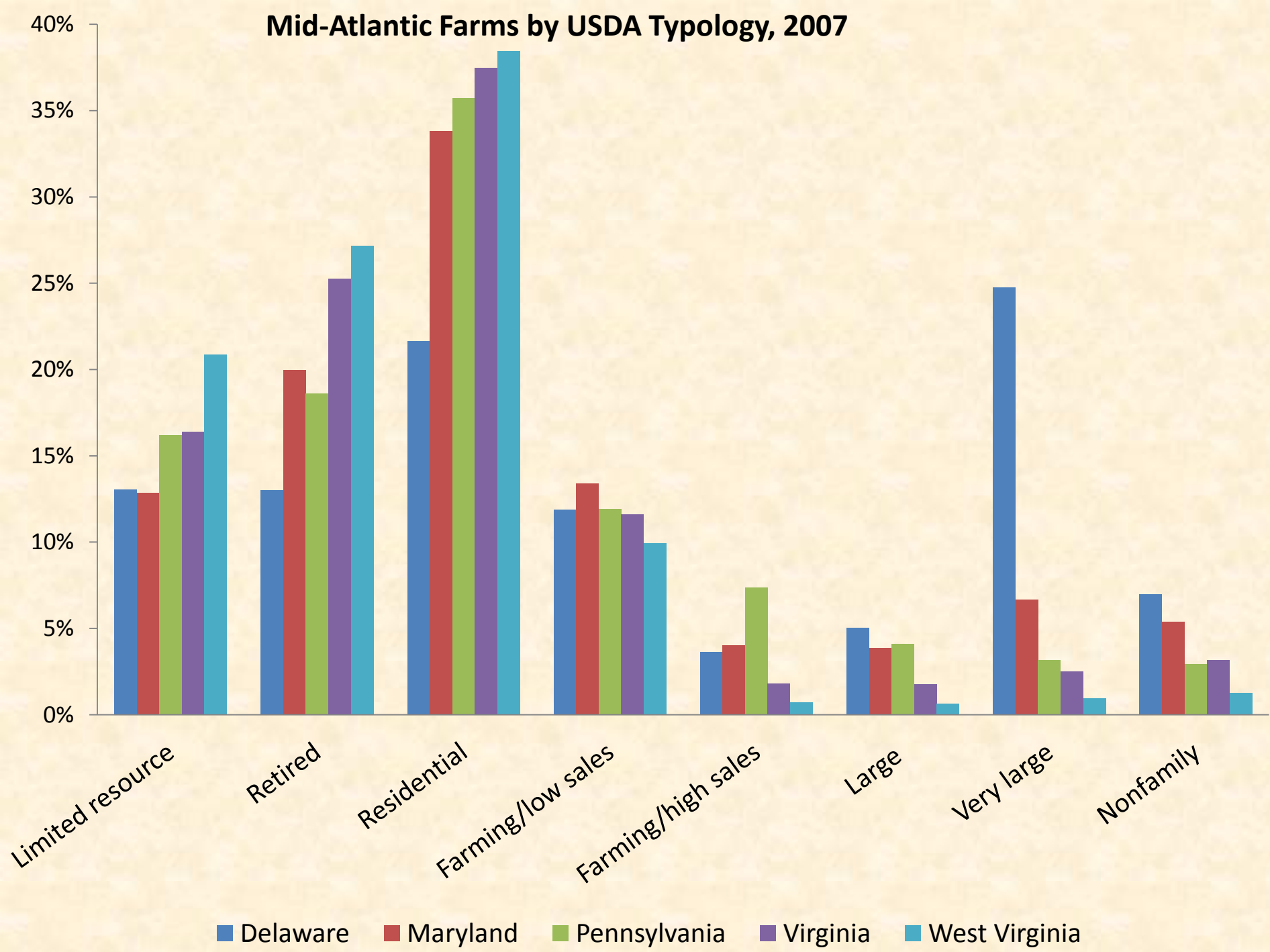


Source: Census of Agriculture 2007

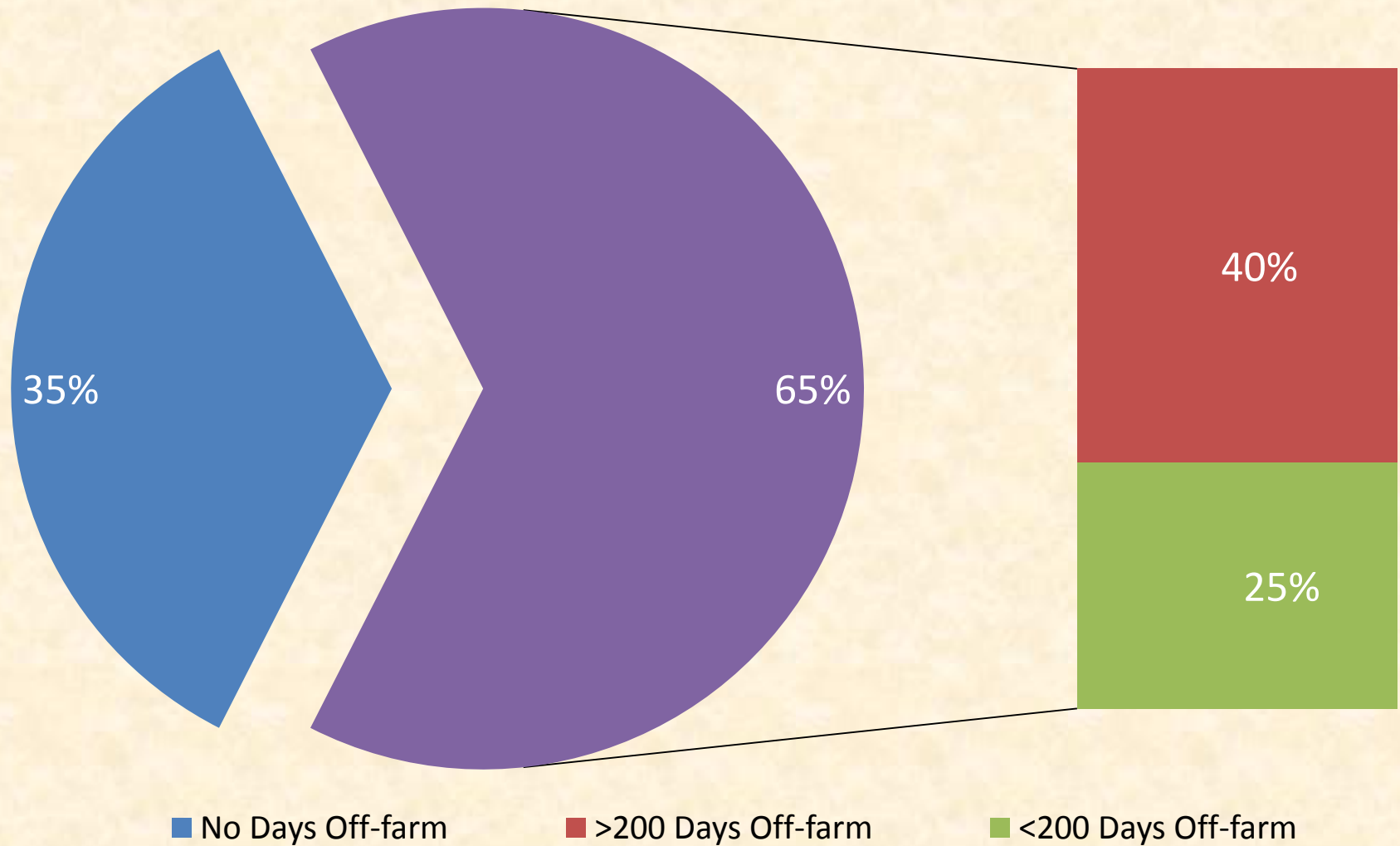
Mid-Atlantic Average Age of Primary Operator and Proportion Over 55, 2007



Mid-Atlantic Farms by USDA Typology, 2007



Mid-Atlantic Farm Operator Days Working Off-farm, 2007



Source: Census of Agriculture 2007

Mid-Atlantic Farms Reporting Net Gains/Losses, 2007



Source: US Census of Agriculture 2007.
States: DE, MD, PA, VA, WV
Total Farms = 149,544

BMPs: A Partial 'Fix' for Externalities

- Agricultural pollution is a negative externality caused by nature and property rights
- BMP reduces social cost of externality
- Our focus on BMP adoption is a consequence of inability to measure pollution

BMP Cost

- Total cost of BMP adoption is farm-specific
- In most cases, cost-share doesn't cover total cost of BMP adoption to farmer
- In most cases, farmer not required to accept the deal
- For reasons of their own, some farmers would have adopted the BMP w/o \$\$

BMPs vs. Performance Standards

- BMP adoption does not equate to fixed amount of pollution reduction
- Verifiable performance standards or quasi-standards can incentivize better pollution reduction performance

“Fair” Isn’t Efficient

- Political or simple geographic allocation of conservation funds is inefficient
- Targeting by delivered load effectiveness IS

Impact of Required BMPs on Regional Competitiveness

- Any required practices that do not fully compensate producers' costs make them less competitive with other regions
- Mid-Atlantic livestock and poultry industries are less competitive for reasons which include required practices

Questions?

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