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WHAT SHOULD BE THE ROLE OF RESOURCE STEWARDSHIP IN FUTURE FARM POLICY?

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I am pleased to be asked to suggest what role natural resource stewardship should play in future farm policy. I think it would be useful at the outset to reflect on the historic role resource stewardship has played in farm policy and on the role natural resource stewardship is playing today before we consider what the future role for stewardship might be.

Historic Role of Resource Stewardship

Natural resource stewardship first entered farm policy in the 1930s. At the time, there were crises on the farm and on the land. The role of stewardship then was largely to serve agriculture by developing and managing soil and water resources as a means of enhancing agricultural production and rural development. Conservationists and some policymakers, of course, recognized the larger social benefits of conservation —— flood prevention, pollution prevention, and habitat enhancement —— at the outset of what became the conservation movement of the 1930s. But those benefits were considered ancillary to enhancing and sustaining agricultural production.

Soil and water conservation proved spectacularly successful in fulfilling its historic role. Consider that in the 1930s, two national assessments reported that:

- Soil erosion had permanently destroyed nearly 60 million acres —— an area equivalent to 16 percent of current cropland.
- Another 255 million acres —— an area equivalent to 68 percent of current cropland —— had lost more than 75 percent of its topsoil.
- Only 160 million acres – about 42 percent of land we are currently cropping —— was considered capable of being safely cropped given conservation and farming know-how of the day.

Yet, in 1997 the National Resources Inventory reported that about 270 million acres —— 72 percent of cropland —— was being safely cultivated with no harm to productivity. Soil erosion of the magnitude that was causing the severe damage reported in the 1930s was occurring on less than 15 percent of cropland in 1997.

Application of conservation practices thus has close to doubled the area of cropland that can be farmed without damage to its productivity. Natural resource stewardship has contributed in a major way to the development of the highly productive agricultural enterprise we now enjoy. Moreover, conservation has sustained that enterprise without the widespread and persistent wastage and degradation of soil and water resources that were common historically and that now threaten many areas around the world.

I think it is safe to say that we simply could not have achieved the miracles modern agriculture has wrought, if conservation had not progressed hand-in-hand with agricultural technology.

That historic agricultural and environmental achievement was accomplished through a unique federal-local initiative that made science-based technical services and financial aid available to producers, communities, and units of government in nearly every county in this country. This victory over widespread waste and

degradation of soil and water resources is among the most significant, although now largely overlooked, accomplishments of modern conservation. In the process, we created a scientific and technical services infrastructure for conservation that quite literally is the envy of most nations.

Advent of Environmentalism

The environmental movement began in the late 1960s in the U.S., but environmentalism did not really enter farm policy and politics until 1985. The Food Security Act of 1985 contained three major innovations in the relationship between natural resource stewardship and farm policy:

- Conservation Compliance/Sodbuster.
- Swampbuster.
- Conservation Reserve Program.

In the case of Conservation Compliance/Sodbuster and the Conservation Reserve Program (CRP) the enemy was the same — soil erosion and land degradation. The reason to fight the enemy was different, however. In 1985, we worried more about sediment in our streams than about soil productivity. The off-site environmental cost of erosion rather than the on-site damage to agricultural production was our rationale for action.

Swampbuster was the clearest indication of the changing role of natural resource stewardship in farm policy. Farm subsidies were now denied for doing what we had once used conservation programs to encourage. Five years later, in the 1990 farm bill, we would authorize a program to begin restoring wetlands.

Today: Policy Better But The Reach of That Policy Is Limited.

Today, we are still working within the basic framework established in the Food Security Act of 1985. Conservation has not experienced the same dramatic policy change experienced in other areas of farm policy. Instead, the evolution of conservation's role in agricultural policy continued in small but important ways.

The movement away from natural resource development toward environment protection proceeded unchecked — symbolized by the transition from the Agricultural Conservation Program, to the Water Quality Incentives Program to, finally, the Environmental Quality Incentives Program.

The number and complexity of stewardship programs has multiplied. Wetland restoration, water quality, air quality, wildlife habitat, endangered species, and farmland preservation have been added to the conservationist's traditional concerns about soil and water conservation. The number of conservation programs authorized by Congress has likewise multiplied, along with natural resource and environmental issues. In 1996, seven new conservation programs were authorized at the same time that a concerted effort was made consolidate four existing programs into the Environmental Quality Incentives Program (EQIP).

Unfortunately, conservation funding has not kept pace with the multiplication of problems or programs. Conservation funding doubled (in constant dollars) after the Food Security Act of 1985, but nearly all of that increase occurred in one program — the CRP. Conservation funding since 1990 has been essentially flat — growing at less than one percent per year — even as the number of new programs multiplied. Financial assistance to help producers manage land producing crops and livestock actually has declined by 38 percent in real terms since 1985. Most troubling is disinvestment in scientific and technical services — the foundation of natural resource stewardship and conservation efforts. Funding has been flat, at best, in real terms, while scientists and technical staff devoted to conservation have

declined by 16 percent in the Natural Resource Conservation Service and 6 percent in the Agricultural Research Service.

Conservation policy has improved, but the ability of that policy to reach farmers, ranchers, and our agricultural land has shrunk. Ironically, most of our conservation financial assistance dollars are now spent to stop farming, rather than to facilitate farming in environmentally sound ways. In 1985, this country spent 97 cents of every conservation financial assistance dollar to enhance the management of lands producing crops and livestock. Today, only 15 cents of every conservation financial assistance dollar is spent for that purpose. The remaining 85 percent is spent to take land out of production. We are in danger of confirming what our harshest critics say —— the only way to make farming environmentally sound is to stop farming.

Conservation in Future Farm Policy

It seems to me we must ask ourselves two questions about what role natural resource stewardship and conservation should play in future farm policy.

- What do we want from conservation?
- What do we want from agriculture?

I'd like to discuss each question separately, although they are closely connected.

<u>What do we want from conservation?</u>

It seems to me what we want, at a minimum, from conservation in farm policy is what we have always wanted —— to facilitate if not enhance the growth and development of the agricultural enterprise. But conservation will play that role in a very different way than it has historically. Instead of developing soil and water resources as inputs to agricultural production, the primary challenge will be to develop agricultural production and conservation systems that protect the environment.

Environmental performance will become a key determinant of commercial viability for agricultural producers. For producers operating animal feeding operations or irrigating cropland or pasture, that day is already here. Consider the following:

- More than half of all the land in the U.S. is managed as cropland, pasture, or rangeland.
- Nearly 90 percent of all precipitation that falls in the U.S. falls on privately owned agricultural or forestland before it runs into our streams, lakes, or underground water.
- More than 60 percent of agricultural production, by value, is produced in metropolitan counties or counties adjacent to metropolitan counties, which suggests to me that that day is coming for most of agriculture.

It should not surprise us that the environmental agenda looms large in agriculture's future. In most of the U.S., agriculture is the environment, and that environment is increasingly shared with neighbors who care more about their quality of life than their supply of food or even the price of their food. Agriculture cannot escape the consequences of its environmental effects anymore than agriculture could escape the effects of soil and land degradation in the 1930s. We faced the first challenge and won. There is no reason why we can't face the environmental challenge in the same way.

Fortunately, we have most of tools —— both policy and programs —— in place that will allow conservation to enhance the environmental, and therefore, the commercial viability of agriculture. But we cannot simply abandon conservation's more traditional function to take on this new challenge. Erosion is still a problem on 108 million acres or 29 percent of our cropland and 50 million of those acres are

not considered highly erodible cropland. Progress on controlling erosion has stalled since 1995, an indication of the shrinking reach of conservation. We have to maintain the gains we have made since the 1930s while we devote energy and resources to the environment. It can be done, but only if we: (1) dramatically expand the reach of our existing conservation programs and policy, (2) ensure commodity and risk management programs do not exacerbate environmental problems, and (3) elevate the importance of conservation and environment in agricultural policy and in the U.S. Department of Agriculture.

The Soil and Water Conservation Society recently held a series of regional workshops at which we asked participants from the agricultural, water resource, and fish and wildlife communities to develop recommendations for reform of USDA conservation policy and programs. Participants recommended expanding the reach of existing USDA conservation programs through a combination of increased funding and programmatic reform, with increased funding being far and away the most important concern. Specifically, our workshop participants recommended:

- Funding conservation technical services and financial assistance programs at about $ 5 billion annually —— about double current spending.
- Enhancing the quality and quantity of technical services available from both public and private sectors.
- Making sure conservation programs work for all producers, in all regions of the country, by eliminating the current bias toward producers of row crops and by providing more flexibility at the state level to tailor programs to state and local needs.
- Striking a better balance between land management and land retirement by increasing technical and financial support for managing lands producing crops and livestock in environmentally sound ways.
- Simplifying the application and conservation planning process for participating in USDA conservation programs.
- Providing regulatory assurance for USDA conservation program participants by unifying planning and technical standards among local, state, and federal agencies; providing one-stop shopping for landowners and land managers; and creating “safe harbor” options for producers.

Participants also wanted to make sure that the structure of farm commodity and risk management programs did not exacerbate conservation and environmental problems by encouraging producers to break out fragile land, keep risky land in production, or intensify production of subsidized crops that are particularly risky for the environment. Participants disagreed about the extent to which commodity and risk management programs currently encourage producers to use and manage land in environmentally risky ways, and therefore disagreed over the need to reform such programs. There was general agreement, however, that current conservation compliance and swampbuster provisions should be maintained, and extended to all farm support programs, including crop insurance. There was also strong support for expanding the soil conservation provisions to all cropland, not just highly erodible cropland.

All of these measures could be taken within the context of existing programs and within the framework of the conservation title of the farm bill. The funding increase recommended is about the same as that experienced following the Food Security Act of 1985. Policy change of this scope, in other words, appears quite doable but only if conservation and the environment is accorded a much higher priority within farm policy and only if USDA both recognizes and exercises its role as the premier federal agency for the conservation and environmental management of 75 percent of the U.S. landscape.

What do we want from farm policy?

The more difficult and fundamental question is to decide what we want from farm policy itself. In my view, what we want from farm policy should be based on what we as a nation want from agriculture.

To date, it seems, we have wanted agriculture, first and foremost, to produce cheap, abundant, and safe supplies of food and fiber. And, it seems we have largely gotten what we have asked for. The productivity of the modern agricultural enterprise is a marvel. In fact, the productive capacity of American agriculture is so great that almost 70 percent of the value of agricultural production is produced by 8 percent of producers — about 175,000 farmers — operating 32 percent of farm acres (1999 Agricultural Resources Management Study, USDA-ERS). If all we want from agriculture in the future is cheap, abundant, and safe supplies of food and fiber, then it appears we can do with fewer producers and far fewer acres in production.

The implications of these figures and such a conclusion for farm policy are staggering. They clearly call into question the purposes, mechanisms, and priorities of farm policy. The policy turmoil we are experiencing is exacerbated by the reality of both the reach and effect of current farm subsidy programs. Even as government subsidies have tripled since 1997 — reaching $28 billion last year — we have learned that:

- Only 36 percent of all farms received government payments according to the 1997 Census of Agriculture (USDA-ERS Agricultural Outlook, October 2000).
- The major field crops that receive nearly 100 percent of those government subsidies accounted for only 20 percent of total cash receipts farm farming in 2000 (USDA-ERS Agricultural Outlook, October 2000).
- Only 37 percent of farm subsidies payments went to farmers in counties where those payments would be expected to play a significant role in the local economy (USDA-ERS Agricultural Outlook, October 2000).

Given these facts, it is not surprising that current and historic approaches to farm policy are in question.

If, in fact, it is time for a fundamental rethinking of farm policy, then I suggest that natural resource stewardship should be among the most important components of a new farm policy.

Farmers and ranchers control how most of our land is used and managed. They also control who has access to that land. They are, literally, the most important soil, water, fish, wildlife, and recreational managers in the U.S. That to me is what makes farming and ranching truly unique – and truly deserving of special attention in federal policy. I would argue that it is time to make conservation and natural resource stewardship a centerpiece of farm policy rather than an afterthought. I would argue that conservation and stewardship, as a centerpiece of farm policy, has unique advantages for both the public and producers.

For the public, such a policy change would create the opportunity to go beyond pollution prevention and damage control to widespread enhancement of our environment. What if we were to harness the management skills of America’s farmers and ranchers to become primary agents of enhancing the environment? Just as the land use and management decisions made by producers can impair the environment, those decisions can create fish and wildlife habitat, produce clean and abundant supplies of water, protect against the risks of climate change, and create recreational opportunities. Conservation at the center of farm policy would take us beyond simply helping (or requiring) farmers and ranchers to prevent environmental damage to rewarding farmers and ranchers for enhancing the environment — for using their labor and capital to provide environmental goods and services.

For agriculture, such a policy change would create the opportunity to use conservation to help keep people on the land and to escape some of the contradictions created by current farm policy. The land and its management drive conservation rather than the amount or kind of commodities produced. That means all farmers and ranchers, producing all kinds of commodities, in all regions of the country could participate in environmental enhancement. Conservation could and should reach those 92 percent of farms operating 68 percent of the acres, but producing only 31 percent of the value of food and fiber. Though not big players in the commodity market or in international trade, those producers are, or could be, very big players in the conservation market. Producers in Canada, Mexico, Argentina, Brazil, and France can compete in corn, soybean, wheat, and beef markets; they cannot compete with our farmers in producing clean water or fish and wildlife habitat. The environment is a niche market, but one in which every farmer and rancher has a niche.

Perhaps most importantly, bringing conservation to the center of farm policy would take us a long way toward creating an agricultural policy out of what increasingly appears to be a limited and contradictory farm policy. It would provide more options for policy makers and producers, instead of attempting to fit an increasingly diverse agricultural sector into a one-size-fits-all subsidy program. We could diversify agricultural policy to reflect the needs and unique circumstances of different farming and ranching operations. We could design a policy that works for those handful of producers who dominate commodity markets and trade, and we could design a policy that works for all those other producers in whose hands we entrust the management and care of most of our land, water, and wildlife. We could, create an agricultural policy that is truly open to all of agriculture and built on a solid foundation —— the unique status and responsibility of farmers and ranchers as the caretakers of our land, water, and wildlife.

To achieve those objectives, we would have to step outside the current framework of conservation and farm policy and create something new. On the conservation side, we would have to create the capacity to deliver technical services and financial aid to producers on a scale not seen in this country since the 1930s. At our workshops, participants wanted to create a broad-based stewardship program that would:

- Reward good actors —— producers who have been investing in and implementing conservation systems often without any governmental assistance or financial compensation.
- Provide technical services and financial aid to maintain existing conservation systems and habitat as well as to implement new systems or to restore habitat.
- Scale financial rewards to reflect the level of conservation effort and environmental goods and services produced.
- Make all agricultural land and all agricultural producers eligible.
- Emphasize keeping people on the land by fitting conservation into working farms and ranches rather than by restricting the use of agricultural land.
- Address conservation opportunities comprehensively on farms and ranches.
- Create one-stop-shopping through a single conservation planning process, a single application and administrative process, and regulatory assurance.

Making this vision real will require major investments in our technical services infrastructure —— public and private —— and creating within farm policy a stewardship program that is funded generously enough that it is truly open to all agricultural producers who want to make conservation and resource stewardship and fundamental part of their operations. It will require moving conservation to the center of farm policy with funding and attention equivalent to that provided commodity and risk management policy.