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"I am now pleased to report that we came away from the Punta del Este Ministerial meeting having achieved all of the objectives we identified. Multilateral negotiations will soon get underway on the full range of trade problems confronting us."

. . ."Status of U.S. Negotiating Objectives

"Following seven months of preparatory discussions in Geneva, the trade ministers of the 92 GATT member countries met last week in Punta del Este, Uruguay, to launch a new round of multilateral negotiations. As the final text of the Ministerial Declaration states, the ministers agreed on a comprehensive program for negotiations encompassing all issues of interest to all countries. Of particular importance to the United States was the clear consensus to begin negotiations on the critical issues of agriculture, services, intellectual property, investment and dispute settlement.

"I would like to summarize the highlights of the agenda for these negotiations.

"Agriculture

"It is time that we put an end to the chaos in trade in agriculture. Trying to treat agriculture with a different set of rules from trade in industrial goods has produced nothing but turmoil, inequities, and massive distress for farmers in this country and around the world.

"The terms of the Ministerial Declaration put all agricultural trade issues on the table and recognize the urgent need to address this critical problem. At the top of our list is agricultural subsidies, which are hurting our efficient farmers and busting budgets around the world. We will also go after the full range of market access restrictions affecting agricultural trade, including those based on phony health standards.

"The strength of the Ministerial Declaration on agriculture is due in large part to Secretary Lyng, who resisted efforts by some to weaken and narrow the terms of the negotiating mandate. We will push forcefully to turn this Ministerial mandate into concrete results as soon as possible, hopefully within two years." C

Clayton W. Ogg on Crop Surpluses

An Environmental Opportunity

The conservation provisions of the 1985 Farm Bill offer a challenge—an opportunity—for states to accomplish in the 1980's what was impossible in the 1970's. If state and local officials overlook this challenge, they will miss an opportunity to focus multi-billion dollar programs on their soil and environmental problems. If they miss the boat in the 1980's, then in the 1990's they could find higher farm commodity prices again thwarting their conservation goal. Moreover they could face a public attitude less sympathetic to programs that pay farmers for conservation.

To understand today's unique opportunities one need only contrast them with frustrations and difficulties encountered by environmental experiments in the seventies. Costly pollution control programs addressed urban and industrial pollution sources only to encounter new agricultural pollution from an unprecedented expansion in world food demand and U.S. crop acreage. Studies show that much of this expansion not only occurred on our most erodible soils, but included former wetlands and other critical environmental systems. Meanwhile, the last acreage left the Conservation Reserve of the sixties just before environmental policies turned to agricultural pollution abatement.

Clayton W. Ogg is an Economist Economic Research Service, USDA

Ironically, many water user groups became frustrated with agricultural pollution programs just as market reversals in the eighties led to crop surpluses and paved the way for the most powerful conservation program in history. The Conservation Reserve in the 1985 Farm Bill could idle the more erodible 10-15 percent of land in major crops, land which accounts for over three-fourths of the excessive erosion in the United States. These conservation provisions, which clearly respond to the great excess production capacity described in the recent CHOICES article by John Schnittker, contain provisions to reduce salinity loadings and plant pine forests. Indirectly, the Reserve may reduce groundwater mining in the Southern Plains and restore wetlands, as well. Farmers who do not make use of the Conservation Reserve by 1990 will be denied valuable program benefits on their whole farm, unless they find alternative means of treating their worst erosion problems.

State environmental efforts in farm areas therefore could find new vitality in light of this latest reversal in farm programs and in farmers' economic situation. Marginal land farming activities that seemed to benefit farmers at the expense of the environment during the seventies are now viewed as burdensome to both farm and environmental interests.

Federal and State Roles

Since current national policies are generally shifting government responsibilities to the state and local level, the massive new potential Federal water quality role comes as a double surprise. After all, erosion related pollution varies from one watershed to the next according to very local conditions and local needs that are often too numerous to be identified by a national program.

What specifically is the Federal role? The decision was made to focus much of supply control programs on the highly erodible land that accounts for the worst erosion—and likely the worst sediment and phosphorus pollution, nationally. This gives the Soil Conservation Service a badly needed technical basis for selecting the land nationally for removal from production. Likewise, land with the worst wetness problems is eligible for restoration to wildlife uses under the new Conservation Reserve. Finally, salinity and selenium loadings are concentrated on a small portion of irrigated land, suggesting that the inclusion of these acres will greatly reduce pollution. Past conservation programs at all levels of government failed to address these worst problem areas because they could not compensate for income losses from abandoning row crop production.

How, specifically, does this farm price support program complement state water quality efforts? It does so very directly

if states simply implement regulatory and cost share programs that are currently in their early stages. All state and county regulatory programs dealing with agricultural pollution have followed Iowa's lead by applying sanctions only if sufficient cost share money is available to assist farmers accused of contributing to erosion related pollution problems. Virtual 100 percent federal cost sharing for the most erosion prone land will test the local resolve for sanctioning the worst erosion related water quality offenders.

Likewise, state cost share programs can now be most effective by focusing on highly erodible land occurring in watersheds of state environmental concern. Minnesota has taken the lead in linking cost sharing to the multi-billion dollar Conservation Reserve by entering into the bidding process, using the leverage of state funds to get more bids accepted in areas of state water quality concern.

Combining State and National Perspectives

These state linkages are particularly valuable due to the inability of the federal program to identify which watersheds are valuable from the perspective of local water uses. Local needs vary in subtle ways that were considered in the nonpoint pollution planning activities that states were required to undertake in the seventies.

States, meanwhile, have not been very good at focusing even their relatively modest assistance on the concentrated pollution sources within their designated watersheds: thus, the federal highly erodible land focus or salinity loading focus comes in handy when local programs link up with the multi-billion dollar federal effort. Federal and local initiatives seem therefore to complement each other in several ways.

In addition, there is a new awareness of shared interests behind the new farm program environmental emphasis that might facilitate environmental activity at all levels. Many of the conservation provisions in the Farm Bill were supported by farm groups even before major environmental groups became aware of them. In particular, "conservation compliance" provisions, which deny program benefits to farmers who do not protect their highly erodible land, were first introduced by Agriculture Committee senators—without lobbying on the part of environmental groups.

States that regulate pollution in problem watersheds will encourage participation and reduce the cost of the Conservation Reserve in ways similar to the conservation compliance provision in the Farm Bill. The state regulatory and cost share approaches mentioned above can thus be viewed as supportive of farm interests. Farmer organizations have, of course, cooperated with conservation groups in the past, but we have a far clearer understanding today of how farm programs can benefit the environment.

Challenge of the New Federal Program

The Conservation Reserve will be implemented over the next four years, while the conservation compliance provisions apply after 1990. State environmental experiments that delay implementation beyond four years will not only miss the multi-billion dollar Federal funding, but may find higher farm prices making it far more costly, once gain, to practice soil conservation. Also, failure to exploit the opportunities that exist during the current farm crisis will surely make the public less sympathetic to any future initiatives that fail to take advantage of today's opportunities. The challenge to states is the need to demonstrate very soon where conservation can stand on its environmental merits—and where it cannot. The opportunity to do so may never come again. C

Wes Seitz on Policy Analysis Laboratories

They Are Needed To Supplement Current Research Efforts

In the second issue of CHOICES, Ed Schuh called for a massive revitalization of the service mission of public universities. In the third issue of CHOICES, Paul Kelley made a more modest proposal for additional research and extension activities related to the international dimensions of the agricultural sector. The concept presented here falls somewhere between. It suggests that, if agricultural economists are to realize their potential in serving the public sector, a new way of conducting and funding policy research is necessary.

To date, the bulk of research on policy issues has been conducted through small, short-term efforts. Projects typically involve a scientist working with a graduate student for one or two years. Such projects by necessity focus on a small subset of a larger problem. In those all too rare cases where a larger group of scientists are funded to conduct a more comprehensive analysis of the issues, the research team is almost always given a limited period of time to conduct the analysis.

Occasionally an individual or a group attempts to pull together the findings of a large number of such small research projects, often a review of the literature format, in an attempt to distill a better understanding of overall processes. It is unlikely that this approach is now or will be adequate to conduct the indepth analysis of major policy issues confronting the agricultural sector. It simply does not provide the structure necessary to capture the interdependencies, secondary effects, and complexities of the questions that must be addressed if we are to provide an adequate information base for public decisionmaking.

Creating a number of policy analysis laboratories, funded and staffed on a continuing basis and specializing in a selected policy area, would be one way to address this problem. A team of scientists with adequate resources to maintain a comprehensive data base, to allow access to powerful computational facilities, and to assure operating support could conduct indepth analyses of policy alternatives and their consequences. Over time, these laboratories would refine and expand their data bases, the sophistication of their modeling efforts, the range of the alternatives considered, and perhaps most importantly would develop a "feel" for the implications of the policy alternatives considered.

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