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MATCHING USDA PROGRAMS WITH ENVIRONMENTAL NEEDS

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It is a pleasure to share a few thoughts with you about the USDA and environmental issues. As identified in the brochure, the title of my remarks is "Matching USDA Programs With Environmental Needs". Sometimes, when you're given a speech assignment months in advance and asked to give a title for your remarks, it's easy to approve the obvious. However, as this day drew nearer and I started to pull together my thoughts, I found some technical flaws as written.

First, I've noticed that in Washington, D.C., we tend to focus our attention, as the title implies, on "programs". I understand how this happens because it's how the system works -- it's how we convert budgets to action. Today, however, I want to talk beyond programs because programs are nothing more than a means to an end. In fact, the "policies" we create and the "practices" that are applied to the land by farmers and ranchers are what really makes the difference in addressing environmental issues.

Second, I think we should give consideration to our environmental needs. But addressing only environmental needs is neither the beginning, nor the end of all that must be considered. The point is often missed in our rush to resolve an environmental issue, that we must consider the economic part of the equation. Because when we neglect to look at the economic considerations, we severely undermine the opportunity for a realistic solution.

One of the most important things I have learned since I've been in government is that if we are going to protect our natural resources, we must have a policy framework that provides for both economic activity and environmental protection. We cannot exclude one from the other. For to do so we destine ourselves to failure.

So I want to expand my remarks today to how the USDA is providing the leadership to find the balance between our ecological and economic needs, and how we are assisting our producers to implement practices that are making a difference on the ground.

Before I get to policy, programs, and practices though, let me talk about something that is essential to the USDA approach. Our research, education, and technology transfer system is the foundation on which everything else we do is built.

It would be difficult for anyone to question that this approach has been the reason for our outstanding success in creating the most productive agricultural system in the world. When we've had a production problem, we've turned the creativity of our research people loose and let them experiment with their dreams to find the solution. As we look to address our environmental questions, this same discovery and technology transfer process will serve us just as well.

We have an impressive list of USDA programs that have a positive impact on the environment and our producer's economic bottom line. For example, the Conservation Reserve Program (CRP), perhaps one of the best illustrations from recent history, provides producers with income opportunities and also has tremendous positive environmental impact.

However, I think the real opportunity exists in identifying ideas that can improve resource protection and provide economic benefit above and beyond the traditional returns we receive in agriculture.

Assistant Secretary Gardner talked about ethanol production. I think we all understand the environmental benefit of using the oxygenated fuels in blends with gasoline. This program should and will be a USDA priority because of its positive environmental and economic impact.

But, I also hear our scientists now saying, we may have the opportunity to convert cellulose from biomass materials into alcohol fuels as well. This raises my level of enthusiasm even more because it means we may be able to use some lands that are not as well suited for producing grain for biomass energy production.

A couple of possibilities currently being researched at the USDA and the land-grant system, are a very fast growing hybrid poplar tree that has a superior capacity to capture solar energy; and switchgrass, a native prairie grass, that generates exceptional quantities of convertible biomass. These two plants give us the opportunity to protect soil and water resources, particularly the highly erodible soils, and also provide an income stream to farmers utilizing the land for its highest and best use.

Another example is tree planting on CRP land for long-term high value hardwoods production. We have nearly 36 million acres of primarily highly erodible land (HEL) land in the CRP and we know that starting in four years, some farmers are going to have to make some decisions about bringing this land back into production.

One option for producers is planting hardwood trees on this land. In spite of some very good economics for timber production on private lands, we've only planted about 2.3 million acres of CRP land to trees, most of which are softwoods. To encourage the planting of more hardwood trees, Congress included additional incentives in the 1990 Farm Bill including a provision allowing CRP contracts to be extended for five years if hardwood trees are planted.

I have a friend who planted 13 acres of hardwoods last spring on CRP. Recently, he told me it was the best economic decision he could have made for the land. He not only received a CRP payment, but also received USDA cost-share assistance to plant the trees. Based on current earnings from that land, if it were in grain production, the land was worth considerable more in current dollar adjusted value in 50 years, than if it were to remain in grain production. Again, it's the highest return and best use of the land and it provides a tremendous environmental benefit.

Another area is the wetland reserve program (WRP), a new part of the 1990 Farm Bill. The President has called for an extensive effort in wetland restoration in this country and a centerpiece of this effort will be WRP. There's \$46 million appropriated in the 1992 budget and the Administration will ask the Congress for more funding for 1993.

I believe an additional significant aspect of WRP is what we learn about wetland restoration and the potential economic benefit producers may be able to utilize by mitigating wetland conversions for urban economic development. It seems unlikely to me that a wetland will stand in the way of multi-million dollar metropolitan development project if government programs allow any kind of flexibility for replacing wetlands.

First, we have to become proficient and have reasonable proof that we can be successful at wetland restoration, and we're well on our way to understanding how to do this. But, once we know how to successfully restore wetlands, producers and developers will have the opportunity to meet not only our environmental goals, but our economic goals as well. A key point, however, is we must let the market determine the value of the exchange between rural landowner and urban developer, not the government.

I want to follow up on the point I made earlier about the relationship between USDA programs and producer implemented practices. Back at my alma mater, Purdue University, there's an ag economist, Dr. Dave Downey, who teaches agricultural sales and marketing. Posted on his door is an important message. You can't miss it as you walk in. The sign says, "If no one sells, a terrible thing happens...nothing."

That's exactly how I feel about matching USDA programs with our needs on the land. If we don't apply what we know; if we are unable to convert programs to practices, then again a terrible thing will happen -- nothing.

The good news is that's not what's going on. Instead, positive steps are taking place on the land that improve the producer's economic well-being and protect the resource. The bad news is the public is unaware it's happening.

For example, we're making significant progress on getting **conservation technology** on the ground. Clearly, some of this is occurring because of conservation compliance, but a lot of it is because farmers are learning that it makes good sense, both environmentally and economically.

When I converted to a ridge-till system on our farm in Indiana back in 1983, we cut our cost of production by 18 cents per bushel. That's a significant competitive edge we've had for the past 8 years. Our yields have continued to improve and we're improving the resource.

In my opinion, this technology can have as much impact as anything we can do at improving water quality in our streams and lakes. The concept's simple: keep the water on the land and you reduce the opportunity to move soil and nutrients to the drainage system. That's good for the natural resources, the producer, and the public.

Another "good news story" is input management. We're learning to become very specific out there on the farm in our testing techniques and application of agricultural inputs. I refer to it as site specific farming. Simply stated, we attempt to apply only what is required of a crop for production in that year and it's being done with greater precision than ever before.

This is especially important with nitrogen application because excess free nitrogen unused by the crop has the potential of moving off-site. Farmers are becoming very sensitive to this issue and recalibrating their nitrogen rates accordingly. What they're finding is yields stay up and costs go down -- it works economically.

A key point to remember is this production practice is being done voluntarily and rationally by producers, rather than by a superimposed regulation that says you must reduce rates by a certain percent in a given timeframe.

And finally, I think the most exciting news is that we are on the edge of technological breakthroughs that will allow for measurement of soil productivity and the ability to change input rates at the time and point of application.

We're linking computers to electronics, and now even to satellites. In the tractor cab when I do have the chance to plant crops at home, I sit in a electronic world. Around me are a variety of computers measuring ground speed; counting every seed I plant; changing herbicide and fertilizer rates to fit the need of the soil; determining field location, and measuring yields.

These technological breakthroughs, will increase productivity, reduce operating costs, and answer many of our environmental questions.

However, it's important to remember that all of this happens because of the solid partnership USDA has with farmers and ranchers of this country. We must be careful to make certain that every step the USDA takes reinforces this partnership. That's a critical goal at the Department. This partnership is clearly an issue of significant concern if the USDA is forced to move into a more regulatory mode and we find ourselves becoming the eco-cops for agriculture.

In closing, let me finish with a story. I don't think it was mentioned but I also have the pleasure of being a father to seven children. Now for those of you who are parents, you know how many questions a single child can ask. Multiply that by seven kids and I think you can begin to see that sometimes it's hard to give thoughtful answers to every question.

One day last summer when I was home, my eight-year-old son, Neal, and I were walking the fields to check out the crops since we had been going through the drought. And I will admit I was preoccupied with my own problems.

My son started asking questions. The first one he asked me, "Dad, when is it going to rain again?" I had to say "I don't know." We walked a little farther and then he asked me why God didn't make it rain? How do you answer that question? I said, "Neal, I don't know why." He then came back to me with, "Well, why can't the Secretary of Agriculture help us out. That's his job isn't it?" I said, "Neal, I don't know. Write him a letter and ask him." Finally, as we were nearing the house, my son asked, "Dad, I hope you don't mind my asking so many questions." "Of course not," I said. "How else are you going to learn?" Neal responded, "I don't know!"

As this story points out there are a lot of questions at USDA we're searching for answers. We're trying to adopt common-sense policies that encourage entrepreneurship; programs that stimulate the best technologies; and practices that protect both the resource and farmers economic well-being.

It's a system that is working and will continue to serve us well if we don't panic and over-react to the current pressure to "do something and do it right now!" From my perspective we are doing something. We're making excellent progress with science as our foundation and education as our guiding light. I thank you for your kind attention.