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GROWING WITH CONSERVATION

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The topic of my discussion, "growing with conservation," might once have been seen by some within agriculture as an oxymoron. As recently as the mid-1980s such an assessment was somewhat apt. In essence, this subject leads one to raise a question: "C*an* we grow with conservation?" In my opinion, this may be the most important question our industry will face in the new millennium.

Demand, environment to pose challenges

That U.S. agriculture will endeavor to be a high-intensity, high-output industry in the future is a given. Our nation's farmers and ranchers face increasing demand for the food, fiber and fuel that are derived from the raw agricultural products they produce. We are all aware of the projections for growth both in worldwide population and in per capita purchasing power. Striving to meet the demand from this population boom will be an economic imperative for American agriculture producers. Some in our nation will doubtless see it as a moral imperative as well.

In fact, the U.S. is very well positioned to accept this challenge. Our climate, soils, infrastructure and technology are unparalleled. But aggressive use of land resources and other inputs will be necessary for farmers and ranchers to maximize production.

Because of the stimulus to achieve more and more output, environmental pressures on American farmers and ranchers will likely continue to be significant. Today's list of specific policy challenges is daunting. Agriculture is, indeed, "in the crosshairs" regarding many environmental issues, with water quality of foremost concern. Development of "total maximum daily load" (TMDL) allocations for pollutants and the pressures of nutrient-induced hypoxia in the Gulf of Mexico are among the most conspicuous policy issues. Within the rubric of air quality, agriculture also faces major ramifications from the recent debate over global climate change and the new air quality rules for ozone and particulate matter.

And while agriculture has traditionally had substantial support from Congress, that support may be tempered in the future or may, in some cases, be irrelevant. For example, mixed constituencies will cause Members of Congress to listen when city dwellers complain about higher bills for the removal of agricultural contaminants from drinking water. And some issues, like TMDLs, are impelled by court action.

Note: Opinions expressed in this paper are not necessarily those of the National Conservation Buffer Council or its sponsoring organizations.

There will be environmental benefits to agricultural production in the U.S., to be sure. Ethanol produced from corn and other cellulosic material burns cleaner than fossil fuels and may, at some point, become economically competitive with gasoline. Growing plant material can act as a repository for atmospheric carbon. And to the extent that production in our country replaces the breaking of new, fragile lands such as rain forests in South America, it will preserve valuable carbon sinks. But in the net, the pressures on the environment from agriculture will still outweigh its direct benefits.

So we return to the question I posed at the outset about whether we can "grow with conservation" (perhaps better put, "can we increase production while vigorously protecting resources?"). The answer is simple -- we have no choice. We must do so.

Policy implications of the dual challenge

As American society strives to meet this dual challenge, what are the policy implications for the agricultural sector? One thing that seems inescapable to me is that the days that farmers and ranchers, and the organizations that represent them, can simply "hunker down" and ride out environmental policy challenges are over.

I would argue that, in fact, agriculture is no longer simply trying to lie low. Several commodity groups have developed stewardship programs or best management practice documents. The National Pork Producers Council participated in a provocative dialogue on environmental issues. And state-level organizations are getting increasingly involved in environmental matters. Consider a recent discussion I had with a friend who runs a state commodity association, in which he said he was considering hiring a full-time environmental staff person who would, among other things, solicit and oversee projects funded under section 319 of the Clean Water Act.

Of course, I feel that the National Conservation Buffer Council is also a cutting-edge example of the agriculture industry's increasing sensitivity to environmental issues. The seven agribusiness firms that fund the Council certainly have an enlightened self-interest in seeing that farmers and ranchers are not shackled by environmental regulations in the years to come. But they also recognize that it is only through the widespread adoption of conservation practices such as buffers and attendant improvements in water quality that burdensome new regulations will be avoided.

1996 farm bill provides new tools

Just as agriculture has become more attuned to environmental issues, our nation's farm policy has taken a major turn for the better. The 1996 farm bill eliminated annual acreage setasides and the base acreage concept, allowing farmers the flexibility to make economically and environmentally rational cropping decisions. The conservation title of the bill established the new Environmental Quality Incentives Program, which provides $200 million annually to promote conservation practices. EQIP signals a change in emphasis away from large-scale land

idling as our main conservation practice. Instead, EQIP focuses on wise environmental management compatible with the level of production that the demographic trends I mentioned earlier will dictate.

The Clinton Administration's operation of the Conservation Reserve Program has also been far-sighted since Congress reauthorized the program in the 1996 farm bill. The average environmental benefits of contracts let in the last two enrollment periods has jumped substantially. Particularly important to us at the National Conservation Buffer Council has been the continuous CRP signup for valuable buffer practices. The continuous signup is the most financially attractive incentive that will help us achieve Secretary Glickman's goal of the establishment of two million miles of buffers by 2002. I am pleased to note that more than half a million acres of buffers had been created through the CRP as of last December, and the Secretary has pledged to hold back 5.5 million acres for the continuous signup.

The fact is that these policies are allowing us to "grow with conservation" today and they leave our nation well positioned to continue to do so in the near future.

At this juncture, one is tempted to ponder what policies might one day be adopted to continue this environmental trend in the years to come. Bill Northey, who is a member of the Commission on 21st Century Production Agriculture, will presumably tackle that question in his presentation. But the question is so interesting I cannot pass up taking a small swing at it myself.

Stipulations for future debate

Let me begin by suggesting a couple of framework stipulations that, given my experience in the private sector and having worked for Congress, must be made by all participants in the debate if rational policy choices are to be arrived at in the future.

First, with respect to row-crop production and associated nonpoint source water pollution, there must be an appreciation by policy makers of the peculiarities of agriculture. These include the impacts of weather events, the difficulty of individual producers in a static situation to pass along the costs of environmental compliance, and the economic impetus for all farmers to maximize profit. These points argue for a management framework different than that for point sources, preferably one with economic incentives like those in the farm bill and in the President's fiscal 1999 budget.

At the same time, there is compelling evidence that nonpoint source pollution is our nation's major remaining water quality challenge and that agriculture is, collectively, among the most significant of the nonpoint sources. While we may be quibble at the margins about the magnitude of culpability, the industry must appreciate that there is a factual basis for concern about our impact on water quality.

Second, regarding confined livestock operations, there must be a clear differentiation drawn between the potential these facilities have to pollute water resources and the impacts these large

operations may have on the economic structure of the livestock industry. Too often, in my opinion, individuals and groups who are essentially against large farming operations for economic or sociological or political reasons are using environmental concerns as a stalking horse.

On the other hand, livestock operators must understand that a "we were here first" attitude will not pass muster with an increasingly urban public. Also, they must face up to the fact that large operations can have very serious detrimental environmental impacts in emergency situations. I like to say that animal agriculture is going through a growth phase somewhat analogous to the time of mechanization of row crop production. But recall that with the benefits of mechanization came new responsibilities, such as adhering to traffic laws while moving tractors and combines on rural highways. Animal agriculture must understand that its metamorphosis carries new responsibilities, also.

What farm policies for the future?

Much of the new policy that will affect agriculture will not be written in the agriculture committees of Congress, but by the other panels that have broader environmental jurisdiction. However, the agriculture committees will continue to have new opportunities to help farmers and ranchers meet their environmental responsibilities. While the National Conservation Buffer Council has no formal positions on future farm policy, I have a few personal ideas on the form the future debate may take.

There is already speculation as to what, if anything, will succeed the "market transition" or "Freedom to Farm" contract payments as direct support payments to agricultural producers. While it is true that the contract payments decline over the seven-year life of the 1996 farm bill, the Congressional Budget Office will likely rule that some baseline expenditure level will continue to be available for a successor program. Let me suggest first that environmental linkages with any direct payments to producers that may be forthcoming will be seen by many as appropriate. Environmental groups that pushed for the wetland and highly erodible land conservation provisions of the 1985 farm bill will likely insist the provisions remain in place, although their case may be weakened somewhat by the lower level of individual payments and the existence of the wetland conservation program authorized by section 404 of the Clean Water Act.

One subject of speculation is the possibility that the farm program baseline may be used for an enhanced form of crop insurance or some other type of risk management protection in the next farm bill. If this is the case, Congress may want to consider environmental factors among those types of risk that could be addressed. For example, payments to producers could be made in the form of vouchers redeemable for crop or revenue insurance or for some type of enhanced environmental technical assistance. A secondary market could allow producers in low-risk areas to sell their vouchers to those in higher-risk regions or areas of greater environmental sensitivity.

A less cumbersome option could be a simple shift of some funds from the farm program payment account to the EQIP program. This would have the advantage of targeting EQIP priority areas, although the payments would not be "entitlements" in the form of the current market transition payments.

Conclusion

U.S. agricultural policy has made tremendous moves in recent years toward allowing greater production within a framework of greater environmental protection. Urban interests will likely push for a continuation of this trend and the agriculture industry will be wise to continue building on the environmental achievements of the past decade.